

WIP accounting for Property Flipping and Spec Project management – by Michele Hand

This type of activity means there is very little for Expense; it is considered Invested Values in the end product. That means you post to WIP (work in progress) or CIP (construction in progress) = Other Asset; not P&L accounting. This is you, creating your own Inventory to sell later.

In QB, using Items is how you get good info for Job reporting. That means you can set up and use as many items and take advantage of item Types and get the details you want to see on your reporting, use for tracking (such as on a project Estimate and on Purchase Orders to suppliers and subcontractors); you get to use quantity, too.

NAME	DESCRIPTION	TYPE	BALANCE TOTAL
WIP - Work In Progress	CIP or Work in Progress (WIP)	Other Current Asset	-850.00
Furniture and Equipment	Furniture and equipment with us...	Fixed Asset	0.00
Auction/Escrow funds		Other Asset	270,003.00
Accounts Payable	Unpaid or unapplied vendor bills...	Accounts Payable	0.00
Credit Card		Credit Card	0.00
Loaned to LLC		Other Current Liability	75,000.00
Construction Loan		Other Current Liability	294,711.00
Member Loan		Other Current Liability	-178,000.00
Member 1 Equity	Equity for member 1	Equity	301,493.48
Member 1 Draws	Monies taken out of the business...	Equity	0.00
Member 1 Contributions		Equity	301,493.48
Member 2 Equity	Equity for Danielle	Equity	2,988.85
Member 2 Contributions		Equity	2,988.85
Member 2 Draws	Monies taken out of the business...	Equity	0.00
Opening Balance Equity	Opening balances during setup ...	Equity	0.00
Retained Earnings	Undistributed earnings of the bu...	Equity	
Sales	Gross receipts from services	Income	
Property Costs		Cost of Goods Sold	
Supplies	Other supplies	Expense	
Advertising and Promotion	Advertising, marketing, graphic ...	Expense	

NAME	DESCRIPTION	TYPE	ACCOUNT	COGS AC...	PRICE
Appliances	Appliances	Service	WIP - Work In Progress		0.00
Cabinets	Cabinets	Service	WIP - Work In Progress		0.00
Closing Costs	Costs Associated with the sale	Service	Property Costs		0.00
Countertops	Countertops	Service	WIP - Work In Progress		0.00
Electrician	Electrician	Service	WIP - Work In Progress		0.00
Initial Clean out	Pre-construction clean up	Service	WIP - Work In Progress		0.00
Painting	WIP-Painting Labor w/ materials	Service	WIP - Work In Progress		0.00
Plumbing	Plumbing w/ materials	Service	WIP - Work In Progress		0.00
Sale of Property		Service	Sales		0.00
Close WIP	Enter as Negative	Other Charge	WIP - Work In Progress		0.00
COG Sales	Enter as Positive	Other Charge	Property Costs		0.00
HOA Dues	Dues	Other Charge	WIP - Work In Progress		0.00
Reimb Subt	Reimbursable Expenses Subtotal	Subtotal			
Reimb Group	Total Reimbursable Expenses	Group			
SOLD		Group			

Once you set up items, you will use them when you make your purchase entries with details, and this is on the items tab of Checks and Debit Card purchases, Bills, credit card charge entries, Vendor credits and credit card credits (for returns). Never use JE for anything here; you cannot list Items.

Everything you enter is Job Tracked for the project name from the Customer list and marked as Not Billable. The Sales creates income.

When the project is complete, you have a total invested cost, or Basis for the project.

Sales:

You want a Sale item linked to income to use on a Sales Receipt for the Closing date. This is the only item that links to Sales Income. You also want Closing Costs item(s) for negative entries, to use for the HUD or Closing Statement. That way, the Sales Receipt ends with a Net to Bank = the amount that you got deposited. Closing Costs is nice as Other Charge type items, linked to COGS, and use as few or as many as you want to see on your reporting and for data tracking purposes. It should be Single-Sided and link ONLY to COGS. This is not Negative Income.

WIP and Job Management:

You only need the one WIP account, because you will create reports on Job Names.

Reporting:

Job Reports: These are set to look for income and expense accounts only. During the course of your project, you need to change the Account Filter to WIP only.

Builder, Inc
Job Profitability Summary Filtered on WIP
 January 2017

	Act. Cost	Act. Revenue	(\$) Diff.
Sample	4,050.00	0.00	-4,050.00
TOTAL	4,050.00	0.00	-4,050.00

Builder, Inc
Job Profitability Summary (As Sold)
 All Transactions

	Act. Cost	Act. Revenue	(\$) Diff.
001.Project	92,912.86	112,336.09	19,423.23
002.Project	90,450.99	113,697.33	23,246.34
003.Project	119,073.85	155,760.43	36,686.58
Sample	4,050.00	56,500.00	52,450.00
TOTAL	306,487.70	438,293.85	131,806.15

Builder, Inc
Job Profitability Detail for Sample as WIP
 All Transactions

	Act. Cost	Act. Revenue	(\$) Diff.
Service			
Appliances	1,500.00	0.00	-1,500.00
Countertops	2,500.00	0.00	-2,500.00
Electrician	50.00	0.00	-50.00
Total Service	4,050.00	0.00	-4,050.00
Other Charges			
Close WIP	4,050.00	0.00	4,050.00
Total Other Charges	-4,050.00	0.00	4,050.00
TOTAL	0.00	0.00	0.00

Builder, Inc
Job Profitability Detail for Sample as Sold
 All Transactions

	Act. Cost	Act. Revenue	(\$) Diff.
Service			
Closing Costs	0.00	-3,500.00	-3,500.00
Sale of Property	0.00	60,000.00	60,000.00
Total Service	0.00	56,500.00	56,500.00
Other Charges			
COG Sales	4,050.00	0.00	-4,050.00
Total Other Charges	-4,050.00	0.00	-4,050.00
TOTAL	4,050.00	56,500.00	52,450.00

Closing WIP to COGS for the date of Sale:

Create a Vendor name for Close WIP. Create two Other Charge type items: Close WIP = Links to the WIP account, and COGS for Sales = Links to the COGS account. You can put these in a Group Item, to always have them appear Together.

TYPE
Group Use to quickly enter a group of individual items on an invoice.
[What's the difference between a Group and an Inventory Assembly?](#)

Group Name/Number
SOLD

Description

Item is inactive

Print items in group

ITEM	DESCRIPTION	QTY
Close WIP	Enter as Negative	
COG Sales	Enter as Positive	

Use a "\$0 Bill" method. WIP is the negative (to clear that balance) and COGS is the positive.

Enter Bills

Main Reports

Find New Save Delete Create a Copy Memorize Print Attach File Clear Splits Recalculate Pay Bill

Bill Credit Bill Received

Bill

VENDOR: Close WIP DATE: 02/01/2017

ADDRESS: Close WIP REF. NO.:
AMOUNT DUE: 0.00

TERMS: BILL DUE: 02/11/2017

MEMO:

Expenses \$0.00 Items \$0.00

ITEM	DESCRIPTION	QTY	COST	AMOUNT	CUSTOMER:JOB	BILLABL...
SOLD						
Close WIP	Enter as Negative		-4,050.00	-4,050.00	Sample	<input type="checkbox"/>
COG Sales	Enter as Positive		4,050.00	4,050.00	Sample	<input type="checkbox"/>
			0.00	0.00		

Save & Close Save & New Revert

Enter Sales Receipts

Main Formatting Send/Ship Reports Payments

Find New Save Delete Memorize Mark As Pending Print Email Email Later Attach File Add time/costs Process payment

CUSTOMER: Sample TEMPLATE Custom Sal...

Sales Receipt

DATE: 02/01/2017 SOLD TO: Sample

SALE NO.: 4

CASH CHECK CREDIT DEBIT e-CHECK MORE

CHECK NO.:

ITEM	DESCRIPTION	QTY	RATE	AMOUNT
Sale of Property	Sold!		60,000.00	60,000.00
Closing Costs	Costs Associated with the sale		-3,500.00	-3,500.00
TOTAL				56,500.00

CUSTOMER MESSAGE:

MEMO:

Save & Close Save & New Clear

Managing WIP includes creating a Custom Transaction Detail report on the WIP account, set to total by name. Make two versions of the report and title them and memorize them. One is All Activities and one is Current Activities.

Memorized Report List

- REPORT NAME
- WIP Reporting
 - WIP Transaction Detail Report - All Activities
- Accountant
 - Balance Sheet

WIP Transaction Detail Report - All Activities

Customize Report Comment on Report Share Template Memorize Print E-mail Excel Hide Header Refresh

Dates: All From To Total By: Customer Sort By: Default

10:40 AM
02/02/17
Accrual Basis

Builder, Inc
WIP Transaction Detail Report - All Activities
All Transactions

Type	Date	Num	Source Name	Item	Item Description	Memo	Clr	Debit	Credit	Balance
Sample										
Check	01/31/2017	2		Appliances	Appliances	Appliances		1,500.00		1,500.00
Check	01/31/2017	2		Countertops	Countertops	Countertops		2,500.00		4,000.00
Check	01/31/2017	2		Electrician	Electrician	Electrician		50.00		4,050.00
Bill	02/01/2017		Close WIP	Close WIP	Enter as Negative	Enter as Negative			4,050.00	0.00
Total Sample								4,050.00	4,050.00	0.00
TOTAL								4,050.00	4,050.00	0.00

Memorized Report List

REPORT NAME

- WIP Reporting
 - WIP Transaction Detail Report - Current Activities
 - WIP Transaction Detail Report - All Activities
- Accountant

WIP Transaction Detail Report - Current Activities

Customize Report Comment on Report Share Template Memorize Print E-mail Excel Hide Header Refresh

Dates All From To Total By Customer Sort By Default

10:42 AM
02/02/17

Builder, Inc
WIP Transaction Detail Report - Current Activities
All Transactions

Type	Date	Num	Source Name	Item	Item Description	Memo	Debit	Credit	Balance
Sample									
Check	01/31/2017	2		Appliances	Appliances	Appliances	1,500.00		1,500.00
Check	01/31/2017	2		Countertops	Countertops	Countertops	2,500.00		4,000.00
Check	01/31/2017	2		Electrician	Electrician	Electrician	50.00		4,050.00
Bill	02/01/2017		Close WIP	Close WIP	Enter as Negative	Enter as Negative		4,050.00	0.00
Total Sample							4,050.00	4,050.00	0.00
TOTAL							4,050.00	4,050.00	0.00

Modify Report: WIP Transaction Detail Report - Current Activities

Display Filters Header/Footer Foots & Numbers

CHOOSE FILTER

Search Filters

Account

WIP - Work In Progress

Include split detail?

No

Yes

For detail accounts matching

ACCOUNT FILTER

Choose the types of accounts or a specific account from the drop down list. Indicate whether or not you want split details.

CURRENT FILTER CHOICES

FILTER	SET TO
Account	WIP - Work In Progress
Cleared	No

Remove Selected Filter

Here is the difference:

When a project sells, you will Close WIP for that project. Then, you reconcile the WIP account to an ending balance of 0. You always use 0, because you are closing a project that needs to end at 0 = all accrued values are no longer in WIP, but moved to Cost of Goods Sold. You reconcile for that one project and checkmark only its activities.

WIP Transaction Detail Report - All Activities

Customize Report Comment on Report Share Template Memorize Print E-mail Excel Hide Header Refresh

Dates All From To Total By Customer Sort By Default

10:44 AM
02/02/17

Builder, Inc
WIP Transaction Detail Report - All Activities
All Transactions

Begin Reconciliation

Reconcile - WIP - Work In Progress

For period: 02/01/2017 Hide transactions after the statement's end date

Checks and Payments					Deposits and Other Credits				
DATE	CHK #	PAYEE	AMOUNT		DATE	CHK #	MEMO	TYPE	AMOUNT
02/01/2017		Sample	4,050.00		01/31/2017		Appliances	CHK	1,500.00
					01/31/2017		Counterto...	CHK	2,500.00
					01/31/2017		Electrician	CHK	50.00

Highlight Marked

Mark All Unmark All Go To Columns to Display...

Beginning Balance	0.00		
Items you have marked cleared			
3 Deposits and Other Credits	4,050.00		
1 Checks and Payments	4,050.00		

Modify

Service Charge	0.00
Interest Earned	0.00
Ending Balance	0.00
Cleared Balance	0.00
Difference	0.00

Reconcile Now Leave

WIP Transaction Detail Report - All Activities

Customize Report Comment on Report Share Template Memorize Print E-mail Excel Hide Header Refresh

Dates All From To Total By Customer Sort By Default

10:45 AM
02/02/17
Builder, Inc
WIP Transaction Detail Report - All Activities
All Transactions

Type	Date	Num	Source Name	Item	Item Description	Memo	Clr	Debit	Credit	Balance
Sample										
Check	01/31/2017	2		Appliances	Appliances	Appliances	✓	1,500.00		1,500.00
Check	01/31/2017	2		Countertops	Countertops	Countertops	✓	2,500.00		4,000.00
Check	01/31/2017	2		Electrician	Electrician	Electrician	✓	50.00		4,050.00
Bill	02/01/2017		Close WIP	Close WIP	Enter as Negative	Enter as Negative	✓		4,050.00	0.00
Total Sample								4,050.00	4,050.00	0.00
TOTAL								4,050.00	4,050.00	0.00

WIP Transaction Detail Report - Current Activities

Customize Report Comment on Report Share Template Memorize Print E-mail Excel Hide Header Refresh

Dates All From To Total By Customer Sort By Default

10:45 AM
02/02/17
Builder, Inc
WIP Transaction Detail Report - Current Activities
All Transactions

Type	Date	Num	Source Name	Item	Item Description	Memo	Clr	Debit	Credit	Balance
TOTAL										
TOTAL										0.00

That is why the "Current Activities" version of that report is Filtered on Cleared Status = No. You will use the All Activities report to monitor that a project was or was not Closed to COGS, and was or was not Reconciled. This is an important management tool, since sometimes, a final cost transaction comes in after closing, and needs to be managed properly to not leave random or stray late balances in WIP for a closed project.