

Scrap Dragon to QuickBooks Interface

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General

Scrap Dragon is designed so that accounting data can be passed electronically to QuickBooks. This is a one-way transfer and no information from QuickBooks is transferred back to Scrap Dragon. The Scrap Dragon data is directly updated into QuickBooks using a special QODBC driver which must be purchased separately. The end result is that the summarized data from Scrap Dragon appears in QuickBooks as if it had been keyed in manually, but without the duplication of effort. There are two options for transferring Scrap Dragon purchases to QuickBooks; by inventory item or by g/l account.

Transfer by Inventory Item

If you choose to transfer by inventory item, then you are committing to maintaining 2 different inventory systems, one in SD and one in QB. Maintaining one scrap inventory system is difficult enough, maintaining two can lead to insanity. If you choose to keep a duplicate inventory in QB, then QB will maintain the Cost of Goods Sold on each item. Items are set up in QB as Inventory Parts, and the inventory, revenue, and cogs accounts are set up in each item.

Transfer by g/l account

If you choose to transfer by g/l account, then you only have to maintain your SD inventory. Items are set up in QB as Non-Inventory parts for use only on the invoices and only the revenue account is set up on each item. Cost of Goods Sold and Inventory accounts have to be manually adjusted at the end of the month to account for the end of month inventory. The adjusting amounts are determined from the SD Cost of Goods Sold report.

Scrap Purchases and Payments- Accounts Payable

Because of the immediacy of most scrap purchase transactions, there isn't time to utilize the accounts payable features of QuickBooks. Instead all of the detail accounting for scrap purchases is completely handled by Scrap Dragon. Scrap Dragon maintains all of the detail information on what is owed and to whom. In accounting terms, this is known as a subsidiary detail ledger. Only summary A/P information is transferred to QuickBooks. This can be done either through a manual journal entry or with the electronic interface. With the electronic interface, Scrap Dragon purchases and payments are updated to QuickBooks in a single process.

Scrap Purchases

When electronically updating QuickBooks, Scrap Dragon uses the accrual method to record the scrap purchase when the material is received. It is recommended but not required to do the transfer of purchases and payments on a daily basis. Scrap Dragon keeps track of any ticket or payment that is adjusted for a prior date and will make an adjustment to QuickBooks as appropriate.

When transferring Scrap Purchases, all of the purchases within the date range and any adjustments that were made within the date range for tickets created prior to the beginning date are summarized **by inventory item** or **by g/l account** and **appear on a single bill** in QuickBooks under a specific vendor name that has been selected to represent the transactions in Scrap Dragon. Some customers name this vendor 'Scrap Dragon' or 'A Scrap Dragon' to keep it at the top of the vendor list. It is not necessary or desirable to maintain the individual vendors in QuickBooks.

The scrap purchase is recorded as:
dr Inventory or Cost of Goods
cr Accounts Payable – Scrap Dragon Vendor
dr Sales Tax Expense
cr Sales Tax Payable

Scrap Payments

Payments for scrap are made by cash, EZCash, writeoff or check. Check payments can be transferred individually for bank reconcillation purposes or summarized with the other payments. All other pay methods are summarized into **a single credit entry**. A check which is voided in Scrap Dragon will not be voided in QuickBooks due to the limitations of Quickbooks. However, the system will generate a reminder message to the operator when it is necessary to void a check in QuickBooks.

To record cash Payments:
dr Accounts Payable – Scrap Dragon Vendor
cr Cash

To record ATM Payments:
dr Accounts Payable – Scrap Dragon Vendor
cr Cash-EZCash

To record Write Offs:
dr Accounts Payable – Scrap Dragon Vendor
cr WriteOffs

To record check Payments:
dr Accounts Payable – Scrap Dragon Vendor (actual Payee name is shown in the Memo field of the check)
cr Checking Account

Scrap Sales - Accounts Receivable

Scrap Dragon handles the entire sale processing up to the creation of the invoice. Invoices are then transferred to QuickBooks and appear exactly as if they had been manually entered into QuickBooks. A/R balances and reconciling of receipts is handled in QuickBooks. Invoices that are transferred can be flagged in Scrap Dragon to prevent

duplicate transfers. If an invoice that has already been transferred is subsequently deleted, a credit memo is automatically generated by Scrap Dragon and sent to QuickBooks. Invoices can be transferred at any time. The QuickBooks account entries made by the invoice transfer are as follows:

To account for the money:

dr Accounts Receivable (by customer name)

cr Sales Revenue (by g/l account or by the revenue account set up for the item)

To account for the inventory/cogs (only if transferring by item):

cr Inventory (by the inventory account set up for the item)

dr Cost of Goods Sold (by the cogs account set up for the item)

If transferring by g/l account, then a manual journal entry must be made at the end of the month to reconcile Inventory and COGS. A Cost of Goods Sold report is available in Scrap Dragon to as a source for this entry.

QuickBooks Setup

Vendors

It is not desirable to have all of the scrap vendors individually identified in QuickBooks. All purchase and payment information is transferred in summarized form to a single QuickBooks vendor 'Scrap Dragon' or 'A Scrap Dragon'. At any point in time, the Aged Payables report in Scrap Dragon should match the account balance for the 'Scrap Dragon' vendor in QuickBooks.

Customers

It is necessary to have the customers that are invoiced set up in both QuickBooks and Scrap Dragon. You have the choice of matching the Company Names in both systems, or you can match the Accounting Customer Number field in Scrap Dragon with the Customer Name in QuickBooks.

Inventory

Transfer by Inventory Item

Detailed inventory is maintained in Scrap Dragon and in QuickBooks. It is necessary to have matching inventory items in QuickBooks that are setup as 'inventory parts'. Either the Scrap Dragon Inventory ID or the longer Scrap Dragon G/L ID must match the Item Name in QuickBooks.

Transfer by g/l account

Detailed inventory is maintained in Scrap Dragon. It is only necessary to have matching inventory items in QuickBooks if you are transferring Invoices from the sell side. If so, then these should be setup as 'non-inventory parts'. Either the Scrap Dragon Inventory ID or the longer Scrap Dragon G/L ID must match the Item Name in QuickBooks.

Accounts

Specific accounts in QuickBooks have to be specified in Scrap Dragon. Typical accounts and their type in QuickBooks:

Accounts Payable, Accounts Payable

Accounts Receivable, Accounts Receivable
Cash, Bank
ATM/EZCash, Bank
Checking, Bank
Inventory/purchases, Asset
Cost of Goods Sold, Cost of Goods

QODBC Setup

The QODBC driver needs to be downloaded from this address and installed:

<http://www.qodbc.com/usa.html>

Contact Scrap Dragon Help desk for Activation. The QODBC Driver for QuickBooks USA Edition Read Write, Single User is \$175 when purchased from Scrap Dragon.

Scrap Dragon Setup

General Setup

In Back Office; Maintenance; Setup; Program Options; General Ledger tab

G/L Package = QuickBooks

Application Name = \\servername\dragon\qbout.app

Chart of accounts – Enter pertinent account numbers/names for combo boxes

Setup the cash account, checking account, accounts payable, accounts receivable

Account identification – Specify the required accounts

Checking Setup

In Back Office; Maintenance; Setup; Program Options; Payments tab

Checking Account Setup; Details Tab

G/L account = QuickBooks checking account bank name

Customer Setup (sales only)

In Back Office; Master Files, Customer, Customer Maintenance

Choose one of the following options and set up for ALL ‘Sell To’ customers only:

1. Company Name must match QuickBooks Company Name
2. Accounting Customer Number must match QuickBooks Customer Name

Inventory/Commodity Setup

In Back Office; Master Files; Inventory; Inventory Master, Item Setup tab

Transfer by Item #

Set up every inventory item so that the Inventory ID or the G/L ID matches the QuickBooks Item Name

Transfer by g/l account

Assign either a purchase account or COGS account to each item

Set up every inventory item so that the Inventory ID or the G/L ID matches the QuickBooks Non-inventory part Item Name (only if transferring Invoices from the Sell Side)

In Back Office; Master Files; Commodity; Commodity Master; Details tab
Assign each commodity an 'Inventory As' Inventory Item.

Scrap Dragon G/L reports

There are 2 reports available in Scrap Dragon that can be used to manually update QuickBooks, or to verify the automatic updating.

1. The Cashier Report 05 G/L Posting for Purchases & Payments provides the Journal entries for purchases and payments. Prior date tickets adjustments and prior date payment adjustments that were made within the date range for tickets closed or payments made before the date range are included.
2. The Cashier Report 06 G/L Posting for Sales provides the journal entry for invoices, either summarized by g/l account or by individual invoice.

Transferring Data

Configure and initiate data transfers to QuickBooks from Back Office; Cashier; Accounting Transfer. This will present the QuickBooks Transfer menu with these choices:

1. Transfer Options – sets defaults for the interface
2. Purchases & Payments – initiates the buy side transfer
3. Customers – transfers customer names (not available yet)
4. Sales Invoices – initiates the sell side transfer
5. Cancel – quits the Accounting Transfer