

# Sunburst Software Solutions

2378 Dane Hill Road, West Charleston, VT 05872  
Phone: (802) 895-4929 Fax: (866) 684-5157  
Email: [sales@sunburstsoftwaresolutions.com](mailto:sales@sunburstsoftwaresolutions.com)  
Website: [www.sunburstsoftwaresolutions.com](http://www.sunburstsoftwaresolutions.com)

## *Properly Handling Negative Change Orders*

Negative Change Orders can be quite an ordeal in QuickBooks; and sometimes it is downright impossible to deal with them at all when you are working with Estimates and Progress Invoices and the Change Order result in a Negative Invoice – QuickBooks outright refuses to allow you to record a negative invoice and insists that you create a Credit Memo. While QuickBooks does an “OK” job at best at linking the Credit Memo to your job costing, CAPS has no way of really associating the Credit Memo with the Estimate for this job; as a Credit Memo is a totally separate transaction.

There will be times when you have to manually do a draw, because of this; until Ben is able to devise a way for CAPS to create a negative draw. While this may seem like it “should” be easily accomplished, programmatically it is a real challenge; and he does have it on his “To Do” list.

This instance should only occur when you have billed the job at 100% and then for some reason have to give a job credit – perhaps for faulty material. At this point you will need to make a copy of the plain paper billing template and complete the draw in Excel. To do this:

1. Using My Computer; double-click on your local disk C
2. Locate the Program Files folder and double click on it
3. Locate the CAPS folder and double click on it
4. Locate the Data folder and double click on it
5. Locate a file called SSSCAP or SSSCAP.xls
6. Right click on this file and choose Copy, close this window
7. Double Click on you're My Documents folder to open it; right click and choose Paste
8. Double Click on the file SSSCAP to open it in Excel, complete your draw request

In the normal course of events; and you have not billed the job at 100% and you experience a Negative Change Order; dealing with it is simple.

Some details to help you understand the process:

The original estimate totaled \$30,000.00; broken out as follows:

Excavation – 5000.00  
Concrete – 10000.00  
Site Work – 15000.00

Draw 1 totaled \$15000.00 as follows:

Excavation – 2500.00  
Concrete – 5000.00  
Site Work – 7500.00

A Change Order was received after Draw 1 but before Draw 2 as follows:

Concrete – credit for defective material \$ -4000.00  
Additional Site Work – 3000.00

Draw 2 is ready to be billed as follows

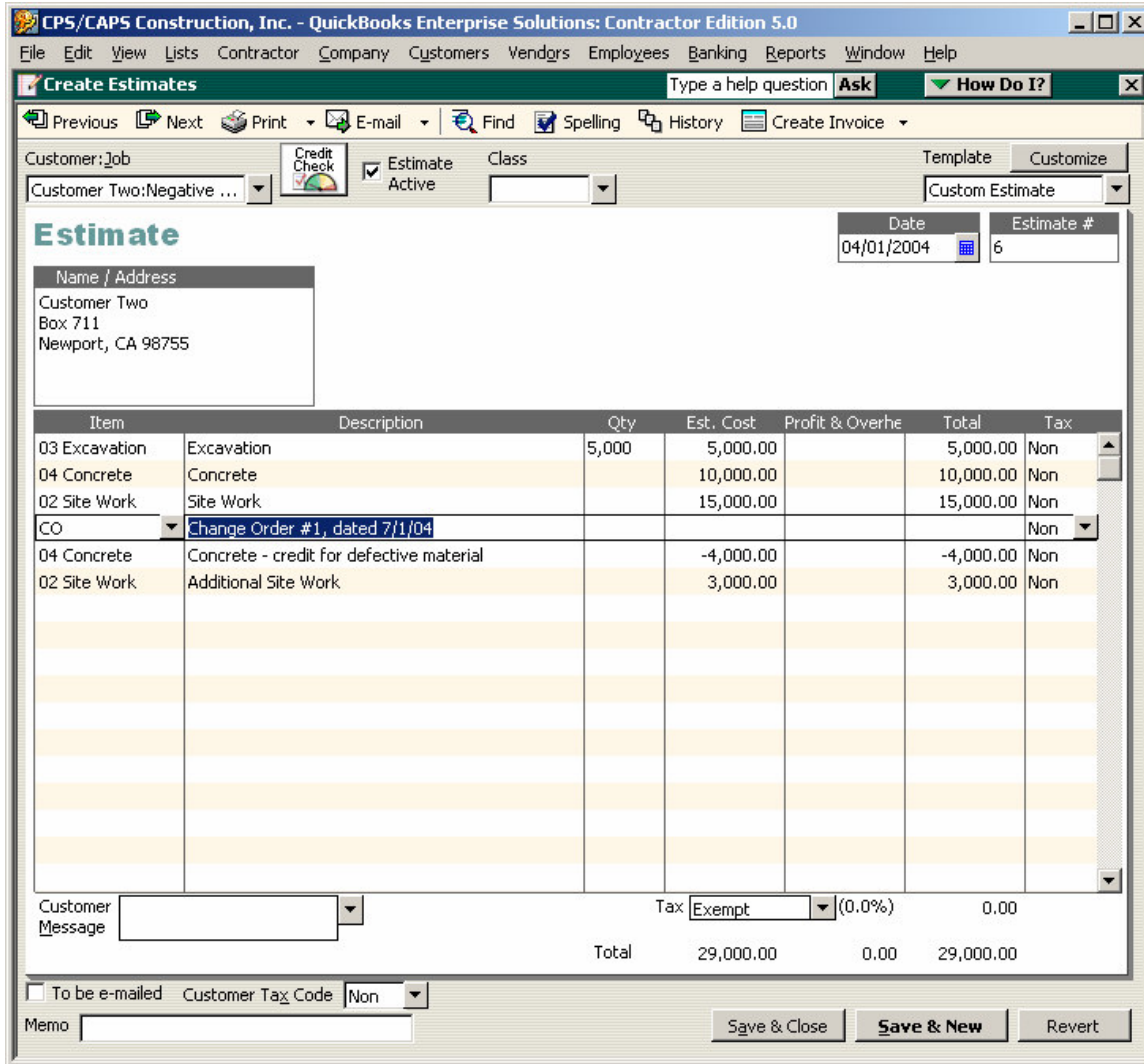
Original Site Work – 2000.00  
Concrete – 1000.00  
Give credit for the defective material

**Step 1:**

Open your Original Estimate; pull in your Change Order Item and add the details.

Pull in the item that is the cause of the negative change order (in the sample shown below you are giving a \$4000.00 Credit on Concrete due to defective materials).

Add in any other items that are included in the Change Order (in the sample shown below you have also received change order that will increase the contract by \$3000.00 for Additional Site Work).

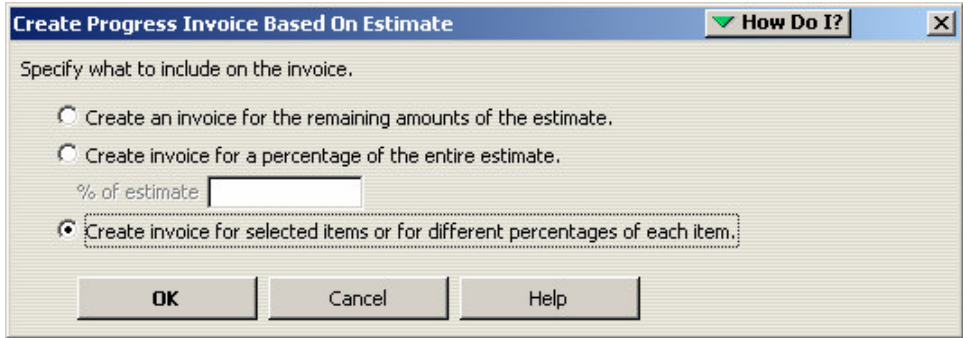


**Step 2:**

Choose Save & Close to record your changes; ignoring the addition of the Premier Contractor Edition's Change Order function.

**Step 3:**

Open the Estimate; choose Create Invoice; choose to "Create invoice for selected items" and Select OK to continue

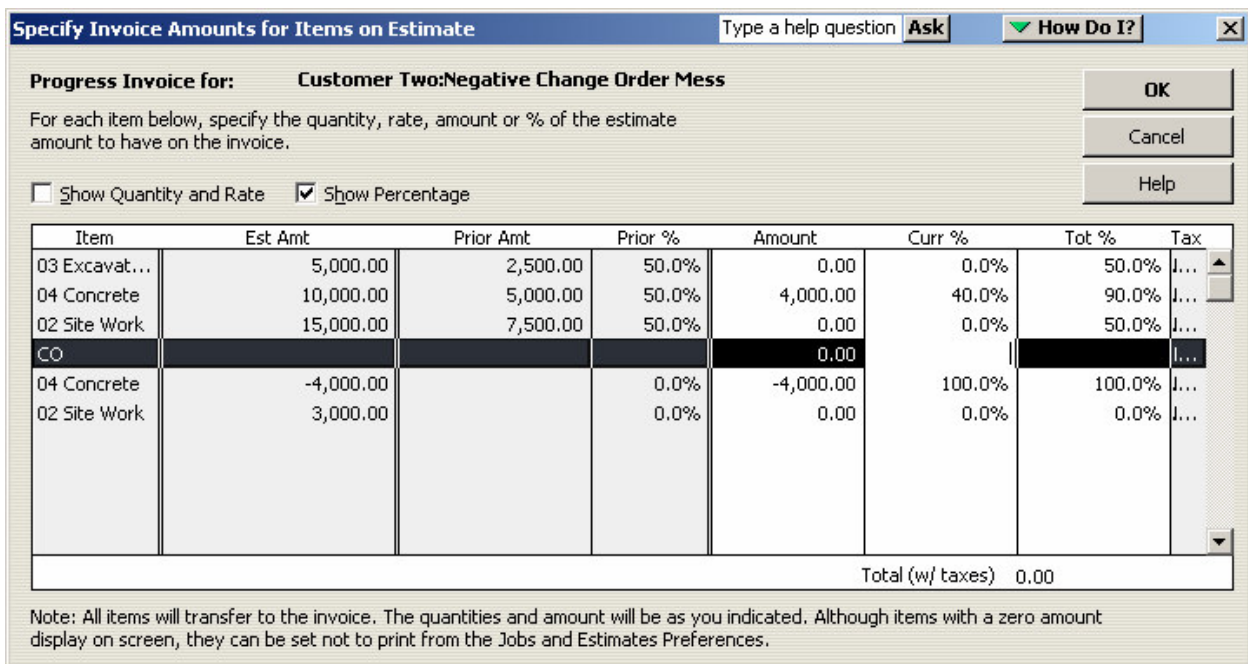


**Step 4:**

The first thing that needs to be done is to bill the negative change order at 100% (because we are giving the customer the full credit now).

Next we need to apply the credit to the original line item by "billing it".

This will produce a "0" invoice and not only "show" the amount of credit you are giving (-4000.00), but also "showing" what you are giving the credit for by billing for it in the original section of the Estimate.



Realizing that you will probably never issue a draw for a "0" amount we'll continue on. However, it was important that you understand the concept of billing the negative change order for 100% and reducing the original line item by the same positive dollar amount to effectively "balance them out".

For this draw; well also bill the remaining amount of the Concrete line item (\$1000.00), and \$2000.00 on the original Site Work line item; for a total of \$3000.00. See below:

**Specify Invoice Amounts for Items on Estimate** Type a help question **Ask** **How Do I?**

**Progress Invoice for:** Customer Two:Negative Change Order Mess **OK**

For each item below, specify the quantity, rate, amount or % of the estimate amount to have on the invoice.

Show Quantity and Rate  Show Percentage **Cancel**

**Help**

Item	Est Amt	Prior Amt	Prior %	Amount	Curr %	Tot %	Tax
03 Excavat...	5,000.00	2,500.00	50.0%	0.00	0.0%	50.0%	J...
04 Concrete	10,000.00	5,000.00	50.0%	5,000.00	50.0%	100.0%	J...
02 Site Work	15,000.00	7,500.00	50.0%	2,000.00	13.33%	63.33%	J...
CO				0.00			J...
04 Concrete	-4,000.00		0.0%	-4,000.00	100.0%	100.0%	J...
02 Site Work	3,000.00		0.0%	0.00	0.0%	0.0%	J...

Select OK to be taken to your Progress Invoice.

**CPS/CAPS Construction, Inc. - QuickBooks Enterprise Solutions: Contractor Edition 5.0**

File Edit View Lists Contractor Company Customers Vendors Employees Banking Reports Window Help

**Create Invoices** Type a help question **Ask** **How Do I?**

Customer: Job **Credit Check** Class **Template** **Customize**

Customer Two:Negative ... **Progress Invoice**

**Invoice** Date: 7/31/04 Invoice #: 33

Bill To: Customer Two, Box 711, Newport, CA 98755

P.O. No. Terms

Item	Description	Est Amt	Prior Amt	Qty	Rate	Total %	Class	Amount	Tax
03 Excavation	Excavation	5,000.00	2,500.00	0	1.00	50.0%		0.00	Non
04 Concrete	Concrete	10,000.00	5,000.00	0.4	12,500...	100.0%		5,000.00	Non
02 Site Work	Site Work	15,000.00	7,500.00	0.13333	15,000...	63.33%		2,000.00	Non
CO	Change Order #1, dated 7/1/04			0	0.00			0.00	Non
04 Concrete	Concrete - credit for defective material	-4,000.00			-4,000.00	100.0%		-4,000.00	Non
02 Site Work	Additional Site Work	3,000.00		0	3,000.00	0.0%		0.00	Non

Customer Message **Tax** Exempt (0.0%) 0.00

Total 3,000.00

To be printed  To be e-mailed Customer Tax Code Non **Apply Credits** Payments Applied 0.00 Balance Due 3,000.00

Memo

[Let QuickBooks help you get paid online by credit card.](#) **Save & Close** **Save & New** **Clear**

Choose Save & Close to record your Progress Invoice. Open CAP and retrieve the invoice. Your draw will look similar to what is shown next.

**TO OWNER:**  
 Customer Two  
 Box 711  
 Newport CA, 98755

**PROJECT:**  
 Juan in CT,

**APPLICATION NO:** 2  
**PERIOD TO:** 7/31/2004

Distribution to:  
 OWNER  
 ARCHITECT  
 CONTRACTOR

**FROM CONTRACTOR:**  
 Nancy Smyth 802-895-4929  
 CPS/CAPS Construction, Inc.  
 2378 Dane Hill Road  
 West Charleston CA, 05872

**VIA ARCHITECT:**  
 An Architect  
 Address  
 City VT, 05872  
 Architect Contact 866-684-5157

**PROJECT NOS:**  
 Fed Project  
 St. Proj  
 Arch. Proj

**CONTRACT FOR:** Juan's negative CO mess

**CONTRACT DATE:** 4/1/2004

**CONTRACTOR'S APPLICATION FOR PAYMENT**

Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet is attached.

1. ORIGINAL CONTRACT SUM \$ 30,000.00
2. Net change by Change Orders \$ (1,000.00)
3. CONTRACT SUM TO DATE (Line 1 + 2) \$ 29,000.00
4. TOTAL COMPLETED & STORED TO DATE (Column G on Continuation Sheet) \$ 18,000.00
5. RETAINAGE:
  - a. 10 % of Complete Work (Columns D + E on Continuation Sheet) \$ 1,800.00
  - b. Varies % of Stored Material (Column F on Continuation Sheet) \$ -
 Total Retainage (Line 5a + 5b or Total in Column I of Continuation Sheet) \$ 1,800.00
6. TOTAL EARNED LESS RETAINAGE (Line 4 less Line 5 Total) \$ 16,200.00
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate) \$ 13,500.00
8. CURRENT PAYMENT DUE \$ 2,700.00
9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 6) \$ 12,800.00

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which Certificates for payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: CPS/CAPS Construction, Inc.

By: \_\_\_\_\_ Date: \_\_\_\_\_

State of: NS  
 County of: Notary County

Subscribed and sworn to before me this 11th day of February 2005

Notary Public: \_\_\_\_\_ Notary Name \_\_\_\_\_  
 My Commission expires: \_\_\_\_\_ Notary Expires \_\_\_\_\_

**ARCHITECT'S CERTIFICATE FOR PAYMENT**

In accordance with the Contract Documents, based on on-site observations and the data comprising this application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \_\_\_\_\_

(Attach explanation if amount certified differs from the amount applied for. Initial all figures on this Application and on the Continuation Sheet that are changed to conform to the amount certified)

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	\$ -	-
Total approved this month	\$ 3,000.00	\$ (4,000.00)
<b>TOTALS</b>	<b>\$3,000.00</b>	<b>-\$4,000.00</b>
NET CHANGES by Change Order	\$3,000.00	-\$4,000.00

ARCHITECT: \_\_\_\_\_

By: \_\_\_\_\_ Date: \_\_\_\_\_  
 This certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract

