

CHART OF ACCOUNTS *for designers*



LOGISTIS *for* DESIGNERS

Interior design is a unique challenge, especially when it comes to accounting, but the geniuses behind Houzz Pro have created an amazing product to track ALL your most-needed metrics, and the best part is that it integrates with QuickBooks® Online (QBO). *mic drop*

Setting up QuickBooks Online (QBO) Chart of Accounts for Designers

We prefer a very specific chart of accounts for designers. The chart on the following page breaks down products by taxable goods and common COGS deductions. It yields accurate financial reports that make sense for both the tax preparer and the designer. The reports are used to prepare taxes or make managerial decisions. It allows designers to easily calculate gross profit percentages and measure whether they are charging enough markup.



What are COGS deductions?

COGS deductions refer to the deductions made from revenue to calculate the Cost of Goods Sold (COGS). These deductions include the direct costs associated with producing or acquiring the goods sold by a company. Examples of COGS deductions include the cost of raw materials, labor directly involved in production, and overhead costs directly attributable to production activities. Subtracting COGS from revenue yields gross profit, which is a key measure of a company's profitability.



Legend

R = Revenue
C = Cost
L = Liabilities

Chart of Accounts

Type	Account Name	Account Type/Details
R	Sales of Product Income	Income/Sales of Product Income
C	Cost of Goods Sold	Cost of Goods Sold/Supplies & Materials - COGS
R	Service & Design Fee Income	Income/Service/Fee Income
C	Service & Design Fee Costs	Cost of Goods Sold/Cost of Labor - COS
R	Shipping, Freight & Delivery Income	Income/Other Primary Income
C	Shipping, Freight & Delivery Cost	Cost of Goods Sold/Shipping, Freight and Delivery
R	Sales Tax Paid to Vendor Income	Income/Sales of Product Income
C	Sales Tax Paid to Vendor	Cost of Goods Sold/Supplies & Materials - COGS
R	Reimbursable Expense Income	Income/Other Primary Income
C	Reimbursable Expense Cost	Cost of Goods Sold/Other Costs of Services
R	Houzz Pro Transaction Fee Collected	Income/Other Primary Income
C	Houzz Pro Transaction Fee Cost	Cost of Goods Sold/Other Costs of Services
L	Payable Account (A/P)	Accounts Payable (A/P)
L	Sales Tax Payable	Sales Tax Payable
L	Houzz Pro Retainer Deposit (if filing IRS taxes on the accrual) *	Other Current Liabilities/Trust Accounts Liabilities

*If filing IRS taxes on the cash map retainers to unapplied income.



How to Add Value to Your Services

When Accounting for Designers

Basic financial reports are second nature to accountants, but not everyone understands how to fully interpret the information presented. It is important to bridge the gap so that accountants can assist designers and translate what they see into useful information.

Think of it this way...

It is similar to a person bringing a broken car to an auto shop and saying my car overheated, so my engine must be broken. The person wants to understand how their car works, but they never went to school to be a mechanic. It is not as obvious to some that there may be other reasons for the problem and those reasons might have nothing to do with the engine of the car. Increasing the value of services performed helps both you and the client succeed. We recommend that designers hire an accountant who is familiar with interior design and has extensive knowledge of QBO's capabilities for integration.

WE CAN HELP