



**A guide to the integration of DISTILL x 5
And QuickBooks Online**

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Things to Know Before You Integrate

This integration manual is intended to help users complete and understand the integration between DISTILL x 5 and QuickBooks Online. We recommend fully reading this manual and any accompanying documentation to make sure that this integration is right for your company. The integration is not customizable in any way. As such, changes to your company's standard practices or workflows may be expected.

Enabling this integration will allow DISTILL x 5 to submit inventory and production activities to your QuickBooks Online account according to the behaviors identified in this manual. Neither FIVE x 5 Solutions nor DISTILL x 5 are providing legal or accounting counsel.

The user alone is responsible for monitoring all accounting activities, including (but not limited to) inventory transactions, invoicing/billing, and account activities. By enabling the integration, the user accepts the FIVE x 5 terms and conditions for use.

How to Get The Dx5 + QBO Integration

The Dx5 + QBO Integration is offered to all users as an add-on package to your base DISTILL x 5 subscription. For more information on pricing and adding this integration to your DISTILL x 5 system, please reach out to support@fx5solutions.com.

Assisted QBO + Fx5 Integration

The FIVE x 5 support team offers our Assisted QBO + Fx5 Integration package to those that are looking for additional assistance while integrating their FIVE x 5 system with Intuit's QuickBooks Online (QBO) software. For more information on this package, please refer to our website: <https://fx5solutions.com/customized-support/>

Please note that this package is not required to take advantage of our QBO integration.

What you get with this package:

- A 90-minute session conducted remotely with an experienced support team member
- We will go over your system with you to make sure everything is ready for the integration
- We will walk you through the actual integration process from start to finish
- After the integration is complete, we will spend the remaining time going over best practices in the system and answer any questions you may have
- The call will be recorded and sent to you to keep as your own internal resource

Integration Preparation

Preparing QuickBooks Accounts

Dx5 requires that a few accounts (listed below) appear on your QuickBooks Chart of Accounts to properly track your production data. If those accounts already exist, with *exact naming*, Dx5 will seamlessly link to QuickBooks – if not, the integration will create those accounts in your QuickBooks system. ***Screenshots of a correctly created Chart of Accounts follows on page 4 of this manual.***

You may always reassign transactions once they're in QuickBooks, but if you already have similar accounts to those listed below, it is STRONGLY recommended that those accounts be renamed before integrating.

QuickBooks Accounts Created/Linked

- Assets:Inventory
 - Bottled Spirit
 - Bulk Spirit
 - Ingredients
 - Supplies
 - WIP
- Income:Sales
 - Bottled Spirit Income
 - Bulk Spirit Income
- Cost of Goods Sold:COGS
 - Bottled Spirit COGS
 - Bulk Spirit COGS
 - Inventory Adjustments
 - WIP Loss

Preparing QuickBooks and Dx5 Contacts

The integration process creates a one-to-one contact link between Dx5 and QuickBooks for all customers, suppliers, and in-bond recipients. Because duplicates cannot be accommodated, we recommend consolidating any duplicates before integrating.

If a contact exists in Dx5, but not QuickBooks, the integration can create a matching QuickBooks contact. However, if a QuickBooks contact exists without a match in Dx5, we recommend adding that contact to Dx5 before integrating.

Chart of Accounts Screenshots

Use these screenshots to help verify that your accounts are accurately named in the Chart of Accounts:

Assets: Inventory

Inventory	Other Current Assets	Inventory
Bottled Spirit	Other Current Assets	Inventory
Bulk Spirit	Other Current Assets	Inventory
Ingredients	Other Current Assets	Inventory
Supplies	Other Current Assets	Inventory
WIP	Other Current Assets	Inventory

Income: Sales

Sales	Income	Sales of Product Income
Bottled Spirit Income	Income	Sales of Product Income
Bulk Spirit Income	Income	Sales of Product Income

Cost of Goods Sold: COGS

COGS	Cost of Goods Sold	Supplies & Materials - COGS
Bottled Spirit COGS	Cost of Goods Sold	Supplies & Materials - COGS
Bulk Spirit COGS	Cost of Goods Sold	Supplies & Materials - COGS
Inventory Adjustments	Cost of Goods Sold	Supplies & Materials - COGS
WIP Loss	Cost of Goods Sold	Other Costs of Services - COS

Screenshots © Intuit Inc. Used with permission

Integrating with QuickBooks

Enabling the QuickBooks Integration

- Navigate to **QuickBooks > Overview**
- After reading the integration agreement, click **Intuit Login**
- Sign in to Intuit to allow Dx5 to send information to QBO

Accounts Setup

You'll automatically be redirected to this page, or you may click **QuickBooks > Accounts**. As explained above, Dx5 requires specific accounts to be in your Chart of Accounts to track your production data. If the accounts already exist (*with exact naming*), we'll integrate seamlessly. You may always reassign transactions once they're in QuickBooks, but if you have similar, though not exactly, named accounts, you will want to rename them before integrating.

Click **Link Accounts** to accept the creation or linking of these accounts.

Contacts Integration

Navigate to **QuickBooks > Contacts**. As detailed in "Before You Integrate," each customer, supplier, and in-bond recipient should be mapped to or added as a QuickBooks contact. On each tab on the Contacts integration page, select the appropriate QBO contact for each Dx5 contact displayed, or select "Add New Contact to QBO" at the bottom of the dropdown list.

Inventory Integration

Once the QuickBooks integration is enabled, inventory costs will begin to calculate based on received material costs. To set the value of existing inventory:

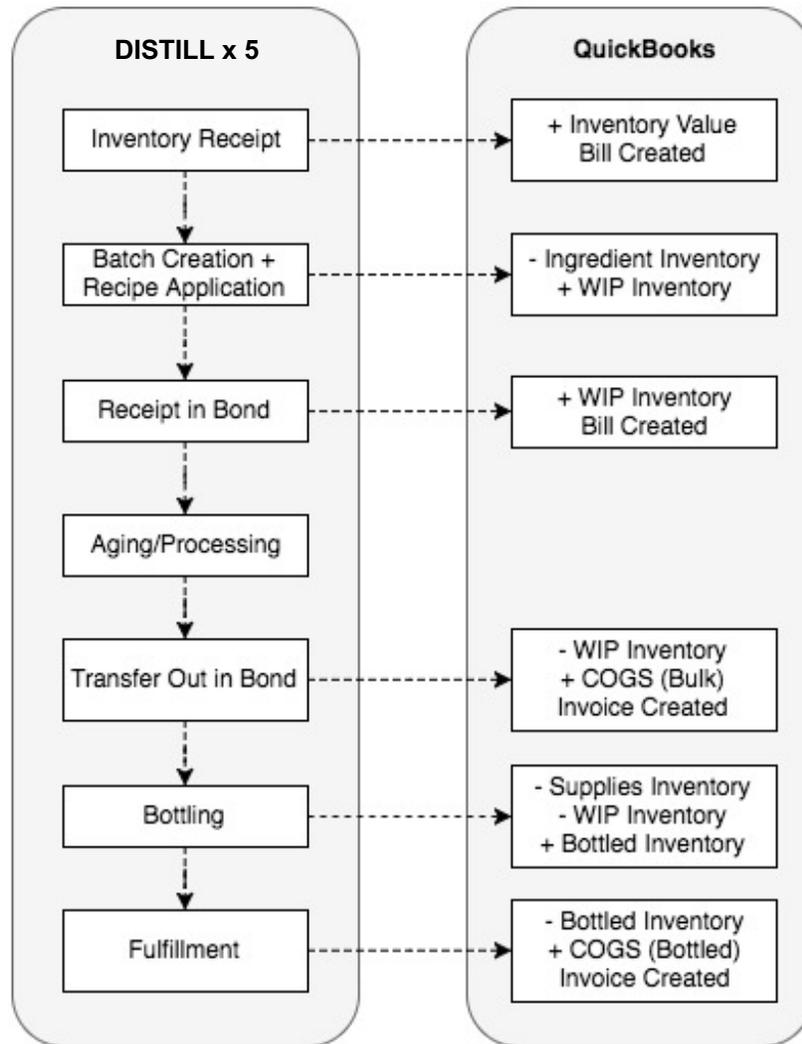
- Navigate to **QuickBooks > Inventory** and click the Raw Materials tab
- For each item, enter the total value of the on-hand inventory, or click the existing unit costs, in blue, to use that unit cost to calculate the total inventory value. The "Use Default" button, in yellow, will use default costs for all items to determine the total inventory value.
- If you have not yet accounted for the value of the materials in QuickBooks or are using Dx5 inventory costs as the source of truth for reconciliation, check "Send to QBO" to submit the value as an adjusting journal entry to QuickBooks. This entry will appear as a debit to *Inventory:Ingredients* and a credit to *COGS:Inventory Adjustments* (per QuickBooks inventory defaults).
- Click "Submit" to submit the total inventory values for raw materials, and repeat the process for any Supplies by clicking the next tab.

Finished Products Integration (Requires QuickBooks Plus Subscription)

Navigate to **QuickBooks > Finished Products**. To track finished product inventory and create invoices when orders are shipped, all Dx5 finished products must exist in QuickBooks. Just like in Contacts, for each product size, choose the appropriate QuickBooks product, or select "Add New Product to QBO." Each size must be set as a unique product in QBO.

Standard batch flow

The figure below is an illustration of how basic Dx5 user actions are reflected in QuickBooks Online.



DISTILL x 5 actions in QuickBooks

A detailed guide to what is happening with each Dx5 user action.

RAW MATERIALS AND SUPPLIES TRANSACTIONS

1. Purchase Orders

- **Action: PO Creation**
 - **DISTILL x 5:** A PO is created in anticipation of inventory receipt from a specified supplier. No price information is captured at this point, though the system predicts the total cost based on the default unit cost.
 - **QuickBooks:** No action
- **Action: Full PO Receipt** (*Note: the QBO integration will not allow for multiple invoice/document numbers, therefore partial PO receipts will not be pushed. Once the "Mark as Closed" option is selected upon PO receipt, the receipt will be pushed to QBO as entered.*)
 - **DISTILL x 5**
 - The PO receipt captures the actual unit cost as presented on the supplier's bill of lading.
 - Inventory is added to the total of that item, and the average unit cost is recalculated to account for the additional units at their purchase price.
 - **Freight Options**
 - *Count freight as an operating expense.* Enter the freight cost directly into QuickBooks, not Dx5.
 - *Divide freight by the number of weight units received.* Divide the freight charged by the number of units received, then add that number to the per-unit cost of each material.
 - *Assign it to one inventory item.* Divide the freight charged by the number of units of that material received, then add it to the per-unit cost of that material.
 - **QuickBooks**
 - A bill is created to reflect the total owed to the supplier
 - Inventory is received in its appropriate account (*Inventory:Ingredients or Inventory:Supplies*)
 - Inventory will always appear *with a value of \$1.00 per unit and the quantity necessary to reflect the total value of inventory.* For example, if 500 units are received at \$0.27/unit (\$135.00), QuickBooks will display a receipt of 135 units at \$1.00/unit.
 - QBO does not support variable unit costs; to properly calculate batch costs, Dx5 should serve as the primary inventory manager with QuickBooks holding only the value of inventory, rather than the quantity.

2. Inventory Adjustments

Please Note: Adjustments should only be used in the case of found/lost inventory, as there is no compensatory cost transaction for these transactions. Adjustments **will** impact your average unit cost.

- **DISTILL x 5**
 - The quantity of inventory on hand will be increased or decreased in accordance with the action taken.
 - **Action: Increase**
 - The quantity of units are added, with average unit cost adjusted to accommodate the additional units.
 - For example, if 500 units are on hand at \$0.27 each, and an adjusting entry is logged for +100 units, the new average unit cost will be \$0.225.
 - **Action: Decrease**
 - The quantity of units are depleted, with average unit cost adjusted to accommodate the additional units.
 - For example, if 500 units are on hand at \$0.27 each, and an adjusting entry is logged for -100 units, the new average unit cost will be \$0.3375.
- **QuickBooks:** You may see a corresponding transaction push to a *COGS:Shrinkage* account. If you see this, feel free to remove that transaction. This is a current limitation of the QuickBooks Online platform as it relates to manual inventory adjustments.

Inventory Use

Please see **Batch Actions > Add Material and Bottle Spirit**

OPERATIONS BATCH ACTIONS

Please Note: All gallons refer to physical (wine) gallons

1. **New Mash/Cook (with Recipe Application)**
 - **DISTILL x 5**
 - Quantity of raw materials added are multiplied by their respective average unit costs, and the total value of raw materials added are applied to the batch, thus creating the batch cost.
 - The consumed inventory is depleted from totals. Average unit cost remains static and total inventory value decreased by the value applied to the batch.
 - **QuickBooks**
 - The *value* of inventory consumed by the new batch is moved from *Inventory:Ingredients* to *Inventory:WIP*. It will stay here until it is lost, bottled, or sold.
 - Journal entries for these transactions will indicate batch name in the Description or Memo field.
 - For more details on how Dx5 gives inventory values to QuickBooks, please see Inventory Transactions.

2. Add Material

This is the same process as a New Mash/Cook with Recipe Application, for Recipe, Formula, or Single Material.

3. Batch-to-Batch Transfer

- **DISTILL x 5**
 - The batch cost is divided proportionately by the transferred wine volume; for example, if a batch has a total cost of \$500 and a volume of 100 gallons, a transfer of 60 gallons will have a batch cost of \$300.
 - If the batch size shrinks in transfer (the remainder is marked as lost) the entire batch value will be divided among the remaining volume.
- **QuickBooks:** No action

4. Dump

- **DISTILL x 5**
 - **Action: Partial Dump:** No change to batch value.
 - **Action: Full Dump** The entire batch value stays with the batch.
- **QuickBooks**
 - **Action: Partial Dump** No action
 - **Action: Full Dump** The entire batch value is moved from *Inventory:WIP* to *COGS:WIP Loss* as a Cost of Goods Sold value.

5. Add Spirit: See Transfer

6. Withdraw Spirit

- **Action: Withdraw Entire Contents**
 - **Withdrawal Type: Withdraw Spirit**
 - **Reason:** Withdrawal for Research or Destroyed
 - **DISTILL x 5:** The entire batch value stays with the batch
 - **QuickBooks**
 - No sale log is created
 - The entire batch value moves from *Inventory:WIP* to *COGS:WIP Loss*
 - **Reason:** Withdrawal for any other reason
 - **DISTILL x 5:** The entire batch value stays with the batch
 - **QuickBooks**
 - If Bulk Spirit Income is recorded, the batch value moves from *Inventory:WIP* to *COGS: Bulk Spirit COGS* account and a customer invoice is generated with the recorded sale price
 - If Bulk Spirit Income is not recorded, the batch value moves from *Inventory:WIP* to *COGS:WIP Loss*

- **Withdrawal Type: Transfer Out in Bond**
 - **DISTILL x 5:** The entire batch value stays with the batch
 - **QuickBooks**
 - The batch value moves from *Inventory:WIP* to *COGS:Bulk Spirit COGS*
 - A customer invoice is generated with the recorded sale price
- **Action: Partial Withdrawal**
 - **Withdrawal Type: Withdraw Spirit**
 - **Reason:** Withdrawal for Research or Destroyed
 - **DISTILL x 5:** The value attached to the withdrawn volume is lost. The remaining volume retains the remaining value.
 - **QuickBooks**
 - No sale log is created.
 - The value of the partial withdrawal moves from *Inventory:WIP* to *COGS:WIP Loss*.
 - **Reason:** Withdrawal for any other reason
 - **DISTILL x 5:** The value attached to the withdrawn volume is lost. The remaining volume retains the remaining value.
 - **QuickBooks**
 - If Bulk Spirit Income is recorded, the withdrawn batch value moves from *Inventory:WIP* to *COGS:Bulk Spirit COGS* account and a customer invoice is generated with the recorded sale price.
 - If Bulk Spirit Income is not recorded, the withdrawn batch value moves from *Inventory:WIP* to *COGS:WIP Loss*.
 - **Withdrawal Type: Transfer Out in Bond**
 - **DISTILL x 5:** The value attached to the withdrawn volume is lost. The remaining volume retains the remaining value.
 - **QuickBooks**
 - The transferred batch value moves from *Inventory:WIP* to *COGS:Bulk Spirit COGS* account
 - A customer invoice is generated with the recorded sale price

7. Recalibrate

- **DISTILL x 5:** The per gallon batch value is consolidated/diluted accordingly.
- **QuickBooks:** No action.

8. Cut Batch

- **DISTILL x 5:** The per gallon batch value is diluted accordingly.
- **QuickBooks:** No action.

9. Receive Spirit

- **Action: Receive Bulk Spirit**
 - **DISTILL x 5:** The batch value is equal to the purchase price as specified
 - **QuickBooks**
 - The total purchase price is added to *Inventory:WIP* with the batch reference
 - A bill is created for the supplier with the purchase price specified
- **Action: Receive Full Barrels**
 - **DISTILL x 5:** Batch cost per barrel is entered determined by user at time of receipt.
 - **QuickBooks**
 - The total purchase price is added to *Inventory:WIP* with the appropriate references.
 - A bill is created for the supplier with the purchase price specified.

10. Transfer Barrels in Bond

- **DISTILL x 5:** The total batch value for each barrel remains with the batch and is removed from the system as a bonded transfer.
- **QuickBooks**
 - The total value of the transfer as calculated from each barreled batch is moved from *Inventory:WIP* to the *COGS: Bulk Spirit COGS* account.
 - An invoice is created for the customer (in-bond recipient) specified and the defined sale price.

11. Bottle Spirit

In the case of two-step bottling, all actions will take place on Complete Bottling.

- **DISTILL x 5**
 - Bottled Batch Cost is determined as a percentage of the original batch volume; if the remainder is marked as lost, the bottled batch cost will be the entire original batch cost.
 - The average unit cost of all supplies used are used to calculate the sum Supplies cost.
 - A Total Packaging Cost (Bottled Batch Cost + Supplies Cost) is calculated for the entire run, with unit costs determined from the total cost.
 - All inventory packaged is added to on-hand inventory quantities. The value of the Total Packaging Cost is added to the Total Inventory Value of the finished product. The new average unit cost is recalculated by dividing the new total inventory value by the new total quantity of units on hand.
- **QuickBooks**
 - The Bottled Batch value is moved from *Inventory:WIP* to *Inventory:Bottled Spirit* as Packaging Cost.
 - The Bottling Supplies value is moved from *Inventory:Supplies* to *Inventory:Bottled Spirit* as Packaging Cost.

- **For QuickBooks Plus Only:** The quantity of finished product units packaged are added to the appropriate bottled spirit product with a value of \$0.00.

12. Edit Cost

- **DISTILL x 5**
 - Entire batch cost is adjusted to match what is input into the Batch Cost field under the Batch Actions > Edit menu.
 - There is no compensatory transaction within DISTILL x 5
- **QuickBooks**
 - Batch value moves from *Inventory:WIP* to *COGS:Inventory Adjustments*

FINISHED PRODUCT ACTIONS

Inventory (finished product) tracking requires QuickBooks Online Plus. Simple Start and Essentials subscription will not allow for the linking of finished products to your QuickBooks account. Even without inventory tracking, all account-level transactions will update, keeping everything accurate.

If inventory tracking is included in your QBO subscription, all finished products should be pushed or linked to QBO products during setup.

1. Add New Finished Product

- **DISTILL x 5:**
 - A new product and/or size will be created with a starting quantity of 0 units and a starting total inventory value of \$0.00.
- **QuickBooks**
 - For each size created in Dx5, an equivalent product will be pushed to QuickBooks.
 - If products exist in QuickBooks, but not in Dx5, contact support for help entering these items.

2. Add Size: See Add New Finished Product

3. Transfer Inventory

- **DISTILL x 5:** Product moves to new warehouse and/or tax status as determined by user. No change in total inventory value or average unit cost is recorded.
- **QuickBooks:** No action

4. Adjust Quantity

- **Action: Addition**
 - **Reason: Received**
 - **DISTILL x 5**
 - Inventory quantity is revised to reflect the addition of product.

- Average unit costs adjust to account for additional product at the specified cost per unit.
 - **QuickBooks**
 - The quantity of the applicable finished product increases to accommodate the additional units with a value of \$0.00 per unit.
 - The total value of *Inventory:Bottled Spirit* increases to account for the total received value.
 - *COGS:Bottled Spirit COGS* remains unchanged.
- **Reason:** Inventory Overages
 - **DISTILL x 5**
 - Inventory quantity is revised to reflect the addition of product
 - Average unit costs adjust to accommodate additional product, though total inventory value does not change.
 - **QuickBooks**
 - The quantity of the applicable finished product increases to accommodate the additional units with a value of \$0.00 per unit.
 - No changes are made to the value of *Inventory:Bottled Spirit*.
- **Action: Depletion**
 - **Reason:** Transferred in Bond, Withdrawn Free/Without Payment of Tax, For Exportation
 - **DISTILL x 5**
 - Inventory quantity is revised to reflect the depletion of product
 - The average unit cost remains stable
 - **QuickBooks**
 - Inventory quantity for the affected finished product is adjusted to reflect the depletion of product
 - The total value of inventory depleted moves from *Inventory:Bottled Spirit* to *COGS:Bottled Spirit COGS*.
 - An invoice is created for the specified customer and the defined sale price.
 - **Reason:** Dumped for Further Processing
 - **DISTILL x 5**
 - Inventory quantity is revised to reflect the depletion of product
 - The average unit cost remains stable
 - The batch receiving the dumped product will inherit a batch cost equal to the total cost of the dumped units, including the initial packaging cost.
 - **QuickBooks**
 - Inventory quantity is revised to reflect the depletion of product.
 - The total batch cost of the dumped spirit is moved from *Inventory:Bottled Spirit* to *Inventory:WIP*.

- **Reason:** Withdrawn for R&D, Destroyed, and Recorded Losses
 - **DISTILL x 5**
 - Inventory quantity is revised to reflect the depletion of product
 - The average unit cost remains stable
 - **QuickBooks**
 - Inventory quantity is revised to reflect the depletion of product.
 - The value of the inventory depleted is moved from *Inventory:Bottled Spirit* to *COGS:Bottled Spirit COGS*.
- **Reason:** Inventory Shortages
 - **DISTILL x 5**
 - Inventory quantity is revised to reflect the depletion of product
 - Average unit costs adjust to accommodate fewer units, though total inventory value does not change.
 - **QuickBooks**
 - Inventory quantity is revised to reflect the depletion of product.
 - There is no change to total *Inventory:Bottled Spirit* account.

FULFILLMENT ACTIONS

1. Add New Order (Includes Comp/Donation)

- **DISTILL x 5**
 - An order is created in anticipation of inventory depletion to a specified customer.
 - Documents for Sales Order, Invoice, and Pull Sheet are immediately available
- **QuickBooks:** No action

2. Change Order Status

- **Packed**
 - **DISTILL x 5:** No action
 - **QuickBooks:** No action
- **Shipped**
 - **DISTILL x 5**
 - The shipped inventory is removed from the quantity on hand
 - The Total Inventory Value is decreased by the appropriate amount (Quantity Shipped • Average Unit Cost)
 - There is no change to the Average Unit Cost
 - **QuickBooks**
 - The value of the shipped inventory (Quantity Shipped • Average Unit Cost) is credited to the *Inventory:Bottled Spirit* account and debited to the *COGS:Bottled Spirit COGS* account.
 - *For Essentials + Plus Only:* An invoice is created for the specified customer reflecting the Dx5-specified Wholesale Cost for the item shipped. This invoice may be edited in QuickBooks before submission to the customer or receipt of payment.

- *For Plus Only*: The number of bottles in inventory for each of the shipped finished products is decreased by the number of units sold.
- **Cancelled**
 - **DISTILL x 5**
 - From New/Packed: The order is removed from Pending. No inventory action.
 - From Shipped: All shipped inventory is returned at the current average unit cost and added to both Quantity on Hand and Total Inventory Value.
 - **QuickBooks**
 - From New/Packed: No action
 - From Shipped: No action. Please manually adjust accounts to compensate for this reversal.
- **New (From Cancelled)**
 - **DISTILL x 5**: The order is returned to Pending for further action. No inventory transactions occur.
 - **QuickBooks**: No action