

BOOKKEEPING Baby Steps



HOW DO YOU EAT AN ELEPHANT?

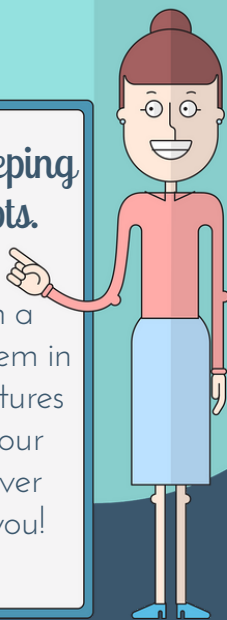
One bite at a time!

HOW DO YOU MAKE SENSE OF
YOUR BUSINESS FINANCES?

One step at a time!

Step 1: Start keeping all your receipts.

Shove them in a shoebox, store them in a folder, take pictures of them with your phone - whatever works best for you!



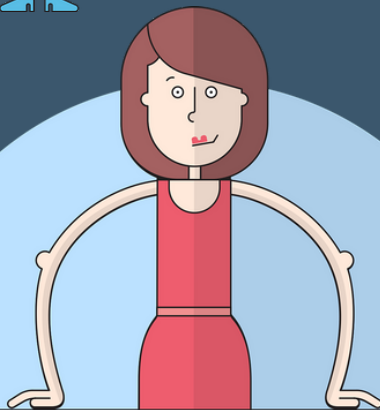
Step 2: Get a business bank account

Your business finances **NEED** to be separate from your personal finances. It's easy to get a business account - many of them are free! It will make managing your finances so much clearer!



Step 3: Keep track of your money

Write down any money coming in or going out. Use a notebook, spreadsheet, or bookkeeping program.



BOOKKEEPING

Baby Steps



Step 1:
**Start keeping
all your
receipts.**



Why is this important?

- In case you are audited. You want to have proof that your purchases are for what you say they are!
- For your own records. In case you need to look back to remember a price, an item, a store, etc.
- For returns or refunds if a product doesn't work for you.

Where should you keep them?

- At the very least, have a designated box or folder where they all go.
- Scan them and save them all in a folder - preferably a folder on the cloud (like in Google Drive or Dropbox) so they can't get lost if your computer crashes.
- Use an app on your phone to take a picture of them and upload to your bookkeeping software. Then you can throw the receipt away!



HELPFUL HINT

Write a note on your receipt to remind yourself what it was for. Two months from now you might not remember! For example, "Dinner with H.M. to discuss partnership opportunity."

EXCEPTION! Make sure to keep the original receipt if you might need it for a return!



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Step 2:

Get a business bank account



Why is this important?

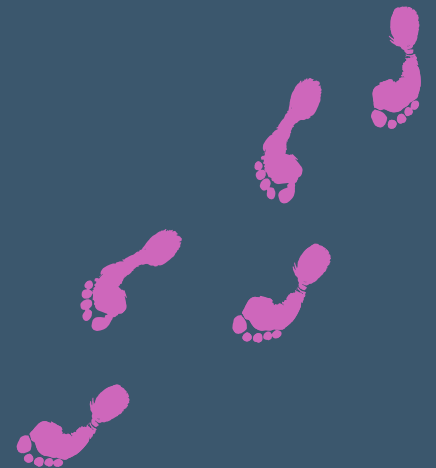
- Your business finances **NEED** to be separate from your personal finances.
- A separate account keeps all your numbers clear and amounts exact.
- Gives you credibility. You can send checks with your business name on them, conveying professionalism.
- It provides legal protection (especially for an LLC, partnership, or corporation)

HELPFUL HINT

There are lots of **FREE** business bank accounts out there! Ask at your current bank, or look in your area for a small, local bank that offers free accounts.

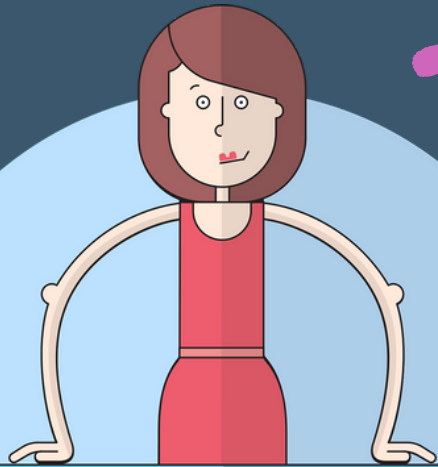
Real-Life Benefits:

- You will have a better idea of how your business is doing. If you just see the number of dollars in your personal account, it's hard to tell what part of that is your business money and what is your personal money. You want to know if your biz is profitable!
- You can get a merchant account to accept credit card payments.
- It makes life easier come tax time, when you don't have to slog through your personal transactions to pick out which ones were for business.
- Makes your business more official. It's not just a hobby - it's your business! And having a business bank account will help the IRS to see it that way also. It will look more legitimate and you won't have to fight for those business deductions.



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Step 3: Keep track of your money

Write down any money coming in or going out. Use a notebook, spreadsheet, or bookkeeping program.

Why is this important?

- Know where your money is going
- Discover areas where you might be spending too much, and keep track of who owes you money.
- Less stress at tax time.
- Greater potential for business growth because you can plan ahead.

HELPFUL HINT

Want more help setting up your bookkeeping? Click below to check out my blog, join my bookkeeping facebook group, or send me a message!

blog



How to do it:

- **Good:** A notebook.

At least you're keeping track. Have columns labeled for date, payer/payee, category, amount, and notes. Write down all your transactions, and go back through frequently to check for errors. At the end of the month, add everything up and write down your totals. This is a pretty labor-intensive option!

- **Better:** A spreadsheet.

The nice thing about a spreadsheet is that it can do the adding for you, and you can change a number without having to cross things off. You'll still have to go back and manually figure out your totals and still have to take the time to type everything in.

- **Best:** Bookkeeping software.

There are many options, but you definitely want one based in the cloud. That way, your information isn't lost if your computer crashes. Your transactions can often be automatically uploaded from the bank, then you just assign them to categories. You can create reports at any time with the click of a button. Definitely faster than adding everything up on a calculator! Certain programs also integrate with helpful apps, can file certain tax forms, and can manage your invoices and even payroll.