

Improving your financial record-keeping

PRESENTED BY: ANDREA DUNATHAN, DUNATHAN CONSULTING

JUNE 27, 2018

© 2018 DUNATHAN CONSULTING, LLC

1

Agenda

Why good records make tax preparation easier

What is an expense receipt

What information should be on an expense receipt

Collecting, using, and storing expense receipts

Revenue receipts – how to keep good records of your revenue

Summary

Good records make tax preparation easier

Why Are Taxes So Awful?



Collecting the information you need
Filling out the forms
Paying what you owe

Records -> Bookkeeping -> Reporting -> Taxes



Professional Development	142.03
Meals & Entertainment	106.89
Office Expense	1,025.41
Advertising & Marketing	286.47
Professional Services	495.00
Bank Fees	45.00
Permits & Licenses	50.00
Insurance - General	119.67
Taxes	0.00

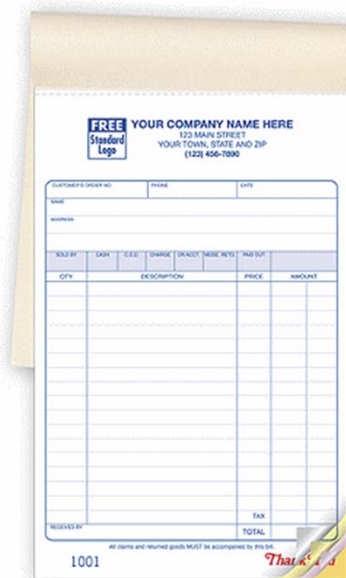


Part I Income		Part II Expenses. Enter expenses for business use of your home only on line 30.	
1	Gross receipts or sales	1	10000
2	Returns and allowances	2	100
3	Subtract line 2 from line 1	3	3900
4	Cost of goods sold (from line 42)	4	6000
5	Gross profit. Subtract line 4 from line 3	5	3900
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7	Gross income. Add lines 5 and 6	7	3900
8	Advertising	8	100
9	Car and truck expenses (see instructions)	9	
10	Commissions and fees	10	
11	Contract labor (see instructions)	11	
12	Office expense (see instructions)	12	
13	Person and profit-sharing plans	13	
14	Rent or lease (see instructions)	14	
15	Vehicles, machinery, and equipment	15	
16	Other business property	16	

What is an expense receipt?

Poll: Which of the following are valid expense receipts?

- Cash register receipt
- Packing slip
- Emailed receipt
- Lease agreement
- Online order record (without payment information)
- Hand-written paper receipt (with date, item, quantity, amount, method of payment)
- Online confirmation of purchase (with payment information)



Zoom Video Communications, Inc. <billing@zoom.us>

andrea@dunathanconsulting.com

1 Sun

Zoom Payment Processed for Account

You forwarded this message on 6/17/2018 2:01 PM.
Click here to download pictures. To help protect your privacy, Outlook prevented automatic download of some pictures in this message.

INV03443559_A00297737_06172018.pdf
69 KB

Dear Andrea Dunathan,

Thank you for your payment. It has been successfully processed and applied to your account. Below you will find details of the transaction.

Zoom Account Number: [REDACTED]
 Payment Method: Credit Card
 Payment Date: 06/17/2018
 Amount: \$40.00 US Dollar

Log in at the link below to review or change your billing information or subscription:
<https://zoom.us/billing>

Thank you for your business!

Zoom Video Communications, Inc.

© 2018 DUNATHAN CONSULTING, LLC
9

RENTAL AGREEMENT

The Tenant(s) known as _____, hereinafter referred to as "Tenant", is located at _____.

The premises are to be occupied by the above named tenants only. Tenant shall not sublet, assign, or otherwise dispose of the premises without the prior written consent of the Landlord.

TERM The term shall commence on _____, at \$ _____ of each month in full.

LATE FEES In the event rent is not paid by the _____ (5th) day after due date, a late charge of _____ shall be assessed.

Monthly payment <h3 style="margin: 0;">\$36</h3> <input type="button" value="Add seats"/>	Current Plan <h3 style="margin: 0;">Silver</h3> <input type="button" value="Change Plans"/>
<input type="button" value="Start paying annually"/>	
of sales tax. Sales tax will be added for customers in the state of New York.	
Billing details	
Company name	Dunathan Consulting, LLC <input type="button" value="Change"/>
Payment method	Visa <input type="button" value="Update"/>
Next billing date	Jul 8, 2018
Billing country	United States

© 2018 DUNATHAN CONSULTING, LLC
10

What information should be on an expense receipt?

Key info on a receipt

Item, quantity, date, amount, payment method

Business purpose

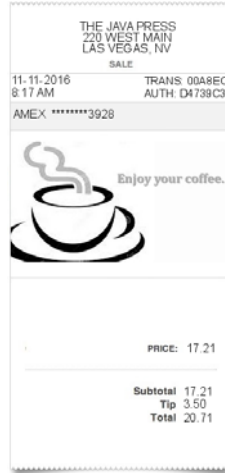
- Business purpose may be obvious
- If not obvious, write the business purpose on the receipt



Obvious



Not so obvious...



Write on the receipt



Why not Item, quantity, date, method, amount Business purpose Amount?

Bank statements are not always enough

Credit card statement

02/04	02/04	7498750DK0433XNZH	tc		\$54.00
				MCC: 5817 MERCHANT ZIP:	
02/06	02/06	2432300DM7BW30B9P	GREATER SILVER SPRING	301-565-3777 MD	\$25.00
				MCC: 8699 MERCHANT ZIP: 20910	
02/06	02/06	2432300DM7BW30B95		ID	\$325.00
02/08	02/08	2449398E00RM3K10D			\$250.00
02/09	02/09	2469216E22XQVTHF0			\$12.00
02/16	02/16	2449398E00RM3K10D		9000 CA	\$14.99
				MCC: 5968 MERCHANT ZIP: 95113	
02/17	02/17	2443099E0BM944Z1E	MSFT * E03005APWE	800-642-7676 WA	\$8.25
				MCC: 5045 MERCHANT ZIP: 98052	
02/19	02/19	2469216E22XQVTHF0	Amazon.com AMZN.COM/BILL	WA	\$9.63

Collecting, using, and storing expense receipts

Collecting and using business receipts

Keep receipts with your business credit/debit cards

- Wallet, cellphone case, zip pouch
- Maybe a dedicated case for business bank cards and receipts

Empty it out at your office/desk **regularly**

- Put in “to be processed” spot – a folder, bin, tray, etc.

Do bookkeeping at least once a month

- Use receipts when entering transactions into system
- File entered receipts in your permanent storage spot

Don't lose them!

Consistent spot!

Use, then file!

Poll: Where do you currently keep receipts?

- On my desk
- In a folder
- In a box or bin
- Various places around the office
- I throw them away
- I scan and store on my computer
- In my email folders
- I'm not sure
- Other

Bookkeeping

Receipt -> entry

Bank statement -> reconciliation (bank balances match accounting system balances)

Expenses		Vendors				
<input type="checkbox"/>	DATE ▲	TYPE	NO.	PAYEE	CATEGORY	TOTAL
<input type="checkbox"/>	06/21/2017	Credit Card Expense		ABC Company	64000 General Marketing	\$63.63
<input type="checkbox"/>	06/23/2017	Credit Card Expense		DEF Company	64040 General Marketing: Print	\$703.84
<input type="checkbox"/>	06/23/2017	Expense		ABC Company	10500 Money Market	\$20.00
<input type="checkbox"/>	06/23/2017	Credit Card Expense		GHI Company	60610 Continuing Education	\$2,499.00
<input type="checkbox"/>	06/23/2017	Credit Card Expense		USPS	68000 Office Services	\$25.00
<input type="checkbox"/>	06/23/2017	Credit Card Expense		JKL Company	71000 Rent	\$235.00

Poll: How do you do your bookkeeping?

- I do it myself, in Excel
- I do it myself, in QuickBooks
- I do it myself, in another accounting system
- I have a bookkeeping service, and I can log into their system to see my reports
- I have a bookkeeping service, and they send me reports when I ask for them
- I don't have a bookkeeping process yet
- Other

Storing receipts

Consistent, convenient place

Store by revenue or expense,
and by time period (month or
year)



Name	Date modified	Type	Size
2008	9/19/2017 5:40 PM	File folder	
2009	9/19/2017 5:40 PM	File folder	
2010	9/19/2017 5:40 PM	File folder	
2011	9/19/2017 5:40 PM	File folder	
2012	9/20/2017 2:59 AM	File folder	
2013	9/20/2017 3:00 AM	File folder	
2014	9/20/2017 3:01 AM	File folder	
2015	9/20/2017 3:01 AM	File folder	
2016	9/20/2017 12:12 PM	File folder	
2017	1/10/2018 11:17 A	File folder	
2018	6/6/2018 6:45 PM	File folder	

Revenue receipts

Receipts for revenue

Revenue: less obvious as to how to document

Associate the customer **payment** with the **product or service** that you sold them

- Customer payment: date, method, amount
- Product or service: item, quantity, business purpose

Poll: What does your business sell?

- Services (like plumbing, consulting, or insurance)
- Products (like toys, machinery, or food products)
- Both
- Other/Not Sure

Example: Services Revenue

BILL #103	Chk # 565
Project ABC - Dec 2015	
Customer XYZ	
Item 1	\$ 654.00
Item 2	\$ 4.00
Total	\$ 658.00

Customer XYZ	# 565
Customer Address	Date: <u>Jan 1, 2016</u>
Pay to: <u>Dunathan Consulting</u>	
Amount: <u>Six Hundred Fifty-Eight Dollars</u>	<input type="text" value="\$658.00"/>
For services Bill #103	Signature <u>Signature</u>

Example: Products Revenue



Cash revenue with no register



Summary: What we covered today

- Good record-keeping is the first step to better reports and easier tax preparation
- Good records start with keeping a receipt for every expense or revenue transaction
- Write the business purpose of an expense on the receipt
- When you receive customer payments, record what the payment is for (what you sold to them)
- Consistently save your receipts, keep them in one place until you do your bookkeeping, then store them in a convenient spot

About Dunathan Consulting

Dunathan Consulting helps small business owners who feel burdened by administrative tasks to set up straightforward, efficient systems so they have more time for the work that matters.

- **Consulting:** we act as your temporary COO
- **Courses:** we teach you the practical aspects of managing finances, HR, and more
- **Coaching:** we provide guidance as you do it yourself

Contact us for more information!

info@dunathanconsulting.com

office 301-495-0800