



BOOKKEEPING BASICS

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WHO WE ARE



Small Business Development Center:

The SBDC is part of a nationwide network of centers that deliver services to anyone who operates a business or is planning to start a business. We work with businesses in every industry and at every stage of growth from start-ups to well-established companies.

You are busy working IN your business. We help you work ON your business. Have an idea for expansion, need to refinance, or wondering if there opportunities to sell to the government? Through our one-on-one no charge consulting we can help!

For more
information visit us
at:

Coconino.edu/sbdc

YC.edu/sbdc

NPC.edu/sbdc



America's SBDC Clients

- > Start a new business every 32 minutes
- > Create a new job every 5.3 minutes
- > Access \$100,000 in capital every 9.4 minutes
- > Make \$100,000 in new sales every 8 minutes



SERVICES WE OFFER:

- No cost Confidential Business Counseling
- No cost to low cost Seminars & Training
- New Business Check List
- Access to Capital Loan Assistance
- Government Contracting
- And much more



“SIMPLE CAN BE HARDER THAN COMPLEX. YOU HAVE TO WORK HARD TO GET YOUR THINKING CLEAN TO MAKE IT SIMPLE. BUT IT’S WORTH IT IN THE END BECAUSE ONCE YOU GET IT THERE, YOU CAN MOVE MOUNTAINS.”

STEVE JOBS

- **Responsibilities of a Business Owner**
- **Assets and Liabilities**
- **Revenue and Expenses**
- **Timeline for Bookkeeping Tasks**



Responsibilities of Business Owners:

Three legged stool

- ❖ Make it
- ❖ Sell it
- ❖ Everything else



Bookkeeping Options:

- ❖ **Business owner does the bookkeeping.**
- ❖ **Hire a bookkeeper (in house or hourly).**
- ❖ **Hire (after the fact) bookkeeper or accountant.**

Bookkeeping Software:

QuickBooks

Sage 50

NetSuite

SAP

Wave

Zoho

Zero

Reckon

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Using a Bookkeeper or Accountant:

There are no buckets! It is continuous.



ASSETS

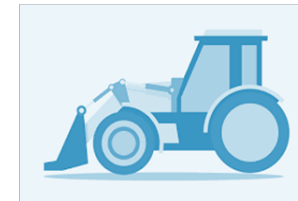
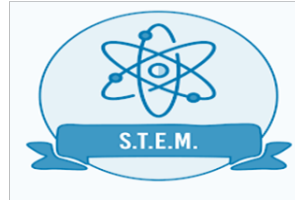


Tangible

Intangible

Living

Moving



**Assets
are what
you own**



LIABILITIES



TAX	Current	YTD
Income Tax	43.34	3,465.55
Security (FICA)	136.59	6,504.76
al Medicare	254.91	4,633.10
land Income Tax	185.32	1,083.55
Federal Income Tax	43.34	3,465.55
Social Security (FICA)	136.59	6,504.76
Federal Medicare	254.91	4,633.10
Maryland Income Tax	185.32	1,083.55
TOTAL	620.16	15,686.76



**Liabilities
are what
you owe**

REVENUE



**Revenue
is what
you earn**



EXPENSES



**Expenses
are regular
and
operational
outputs**



Chart of Accounts

Number	Description	Account Type	Financial Statement
1-001	Cash	Asset	Balance Sheet
1-010	Accounts Receivable	Asset	Balance Sheet
1-020	Prepaid Expenses	Asset	Balance Sheet
1-030	Inventory	Asset	Balance Sheet
1-040	Fixed Assets	Asset	Balance Sheet
1-050	Accumulated Depreciation	Asset	Balance Sheet
1-060	Other Assets	Asset	Balance Sheet
2-001	Accounts Payable	Liability	Balance Sheet
2-010	Accrued Liabilities	Liability	Balance Sheet
2-020	Taxes Payable	Liability	Balance Sheet
2-030	Payroll Payable	Liability	Balance Sheet
2-040	Notes Payable	Liability	Balance Sheet
3-001	Common Stock	Equity	Balance Sheet
3-010	Retained Earnings	Equity	Balance Sheet
3-020	Additional Paid in Capital	Equity	Balance Sheet
4-001	Revenue	Revenue	Income Statement
4-010	Sales returns and allowances	Revenue	Income Statement
5-001	Cost of Goods Sold	Expense	Income Statement
5-010	Advertising Expense	Expense	Income Statement
5-020	Bank Fees	Expense	Income Statement
5-030	Depreciation Expense	Expense	Income Statement
5-040	Payroll Tax Expense	Expense	Income Statement
5-050	Rent Expense	Expense	Income Statement
5-060	Supplies Expense	Expense	Income Statement
5-070	Utilities Expense	Expense	Income Statement
5-080	Wages Expense	Expense	Income Statement
6-001	Other Expenses	Other	Income Statement



ACCOUNTING STATEMENTS



- **Income Statement (Profit and Loss)** – Compares Revenue vs. Expenses
- **Balance Sheet** – Summarizes and compares Assets, Liabilities, and Owner's Equity
- **Cash Flow Statement** – Summarizes cash is entering and leaving your business in a given period

Financial Goal: Earn more than you spend.



TRACKING TIMELINE



Daily Bookkeeping Tasks:

Evaluate Cash Flow

Enter your Sales and Cash Receipts

Check your Bank Account Balance

Prepare Deposits



TRACKING TIMELINE



Weekly Bookkeeping Tasks:

Prepare and send invoices	Payroll
Pay vendors	Reports due to Government Agencies
Review Cash Flow	Document and File Receipts



TRACKING TIMELINE



Monthly Bookkeeping Tasks:

Reconcile Bank Account	Analyze Inventory
Reconcile Petty Cash	Complete Monthly Payroll Reports and Payments
Complete Sales Tax Report and Payment	Review Financial Statements
Review Past Due Accounts Receivables	Compare Actual to Budget



TRACKING TIMELINE



Quarterly Bookkeeping Tasks:

Complete Estimated Quarterly Taxes and Payments

Complete Quarterly Payroll Reports and Payments



TRACKING TIMELINE



Annual Bookkeeping Tasks:

Review Accounts Receivables

Backup Accounting Software

Complete Physical Inventory

Prepare info for Tax Preparation

Review Financial Reports

Prepare W-2s and 1099s



BEST PRACTICES



- **Keep business and personal finances separate.**
- **Automate as much as possible.**
- **Keep thorough records.**
- **Set reminders for deadlines.**
- **Leave an audit trail.**
- **Track business expenses.**
- **Keep your books as a TOP THREE (stool) priority.**



THREE LEGGED STOOL TIPS



- **Review the person sitting on the stool**
- **You owe it to your business to review often if the three legs are doing their job**
- **Make changes if needed- more training or responsibility shifts**
- **Don't let your business outgrow the expertise of the accounting function**



QUESTIONS?



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