



# **Financial Savvy Cheat Sheet**

Are you ready to level up  
your small business  
finance game?

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# Financial Savvy

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*Are you ready* to level up your small business finance game? As a business owner, it's important to keep your finances organized and understand your financial statements. But we get it, numbers can be boring and confusing. That's why we created this cheat sheet to help you stay on top of your income and expenses, maximize your tax deductions, and get a better understanding of your financial health. So grab a cup of coffee, put on your finance hat, and let's dive in!

The cheat sheet includes a list of common income and expense categories that you may encounter in your business, along with some tips for tracking them and maximizing your tax deductions. By categorizing your income and expenses, you can get a better understanding of your cash flow and profitability.

But let's be real, numbers aren't everyone's favorite thing. That's why we've put together this cheat sheet in a fun and easy-to-understand way. You'll be a finance pro in no time!

So, what do these categories mean, and where do they show up in your financial statements? Let's break it down:

The income statement, also known as the profit and loss (P&L) statement, shows your business's revenue and expenses over a specific period of time. Think of it as a report card for your business. The income statement includes your revenue, cost of goods sold, and various operating expenses, such as rent, utilities, salaries, and marketing.

The balance sheet is like a snapshot of your business's financial health. It shows your business's assets, liabilities, and equity at a specific point in time. Assets are things that your business owns and uses to generate revenue, such as cash, inventory, equipment, and property. Liabilities are what your business owes to others, such as loans, taxes, and accounts payable. Equity is the residual interest in the assets of your business after deducting liabilities.

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**N**ow, let's talk about how some of the income and expense categories on this cheat sheet may show up in your financial statements. For example, your revenue will show up on the income statement as sales or services rendered, while your cost of goods sold will be subtracted from revenue to arrive at your gross profit. Operating expenses like rent, utilities, and salaries will also show up on the income statement, and may be grouped by category to give you a better understanding of where your money is going.

Assets like inventory, equipment, and property will show up on the balance sheet, while liabilities like loans and accounts payable will also be listed. Equity is calculated by subtracting liabilities from assets, and represents the net worth of your business.

We hope this cheat sheet helps demystify some of the financial jargon and makes managing your finances a little less daunting. Remember, if you ever have any questions or need help with your finances, don't hesitate to reach out to a qualified accountant or bookkeeper.

Just a quick disclaimer before we dive in - this cheat sheet is for educational purposes only and should not be taken as financial or tax advice. While I may be a number cruncher extraordinaire, I'm not your accountant, so please consult with a qualified professional before making any major financial decisions.

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## Business expenses:

- Keep a separate business bank account and credit card to make it easier to track your business expenses.
- Use a budgeting tool or app to categorize and track your expenses.
- Make sure to keep receipts for all business expenses, as they may be needed for tax purposes.



## Home office expenses:

- Keep a dedicated workspace in your home for business use only.
- Consider using a portion of your home as a home office and deducting the expenses on your taxes.
- Keep track of the square footage of your home office and the hours you use it for business.



## Car expenses and mileage:

- Keep track of your business-related mileage, including the date, destination, purpose, and starting and ending mileage.
- Keep receipts for gas, maintenance, and repairs for your business vehicle.
- Consider using a mileage tracking app to make it easier to record your business mileage.

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## Technology expenses:

- Keep track of all your technology expenses, including software, hardware, and internet service.
- Consider using cloud-based software to save money on software licensing and hardware costs.
- Keep your technology up-to-date to improve productivity and security.



## Supplies and Materials:

- Keep track of all your supplies and materials purchases, including office supplies, cleaning supplies, and inventory.
- Consider buying in bulk to save money on supplies.
- Keep your inventory organized and regularly checked to avoid running out of essential supplies.



## Professional fees:

- Keep track of all professional fees, including legal and accounting fees.
- Consider getting a professional to help with your taxes or bookkeeping to ensure accuracy.
- Shop around to get the best rates for professional services.

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### Office space:

- Keep track of your office space expenses, including rent, utilities, and maintenance.
- Consider using a virtual office or shared office space to save money on office space.
- Keep your office space clean and organized to improve productivity.



### Postage:

- Keep track of all postage expenses, including mail and shipping costs.
- Consider using online postage services to save time and money.
- Keep track of delivery confirmation and tracking numbers for shipments.



### Health insurance premiums:

- Keep track of your health insurance premiums and other medical expenses.
- Consider getting a health savings account (HSA) to save money on medical expenses.
- Keep records of all medical expenses and payments made.



### Business Phone Bills:

- Keep track of all expenses related to your business phone, including your monthly bill and any equipment purchases.
- Consider using a virtual phone service to save money on your phone bill.
- Separate your business phone from your personal phone to avoid confusion and keep your business expenses organized.



### Continuing Education Courses:

- Keep track of all expenses related to continuing education, including tuition, textbooks, and travel expenses.
- Consider taking the lifetime learning credit on your taxes.
- Invest in your education to help you grow your business and stay up-to-date in your field.



### Rent or Mortgage:

- Keep track of rent or mortgage payments made for your business location.
- If you work from home, you can claim a portion of your home expenses as a business expense.
- Keep receipts for repairs, maintenance, and other related expenses.

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## Utilities:

- This includes electricity, gas, water, internet, and phone bills related to your business.
- Keep track of these expenses throughout the year.
- Consider setting up automatic payments to avoid missing any bills.



## Office Supplies:

- This includes pens, paper, envelopes, staples, and any other supplies used for your business.
- Keep track of these expenses throughout the year.
- Consider buying in bulk to save money.



## Parking for Business-Related Trips:

- Keep track of all parking expenses related to business-related trips.
- Consider using a parking app or service to save money on parking.
- Keep track of parking receipts and invoices.



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## Travel Expenses:

- This includes any expenses related to business travel, such as airfare, hotel, and meals.
- Keep track of all travel-related receipts and invoices.
- Consider using a travel rewards credit card to earn points or miles for future travel.



## Marketing:

- This includes any expenses related to marketing your business, such as advertising, website design, and social media management.
- Keep track of these expenses throughout the year.
- Consider hiring a professional marketer to help you get the most out of your marketing budget.



## Miscellaneous Expenses:

- This includes any other expenses related to your business that don't fit into the categories above.
- Keep track of these expenses throughout the year.
- Make sure the expenses are ordinary and necessary for your business to claim them on your taxes.

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## Dues and Subscriptions:

- Keep track of all professional dues and subscriptions.
- Consider joining industry organizations that provide valuable resources and networking opportunities.
- Don't forget to renew memberships on time to avoid late fees.



## Uniforms:

- Keep track of all uniform expenses, including cleaning and maintenance.
- Consider using a uniform service to save time and money.
- Be sure to follow any uniform requirements or guidelines for your industry.



## Promotions and Advertising:

- Keep track of all advertising expenses, including online ads and print ads.
- Consider using social media platforms to advertise for free or at a low cost.
- Be creative with promotions and consider offering discounts or hosting giveaways to attract new customers.

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## Publications:

- Keep track of all subscriptions to newspapers, magazines, and other industry publications.
- Consider using online resources or e-books to save money on publications.
- Stay up-to-date with industry news and trends by reading publications regularly.



## Security:

- Keep track of all security expenses, including security systems and monitoring services.
- Consider using security cameras to monitor your business and deter theft.
- Ensure that your business is compliant with any security regulations in your industry.



## Subcontractors:

- Keep track of all payments made to subcontractors for services rendered.
- Consider using a contract or agreement to outline the terms of the subcontractor's services.
- Be sure to file all necessary tax forms for subcontractors, such as a 1099-MISC.

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## Education and Training:

- Keep track of all expenses related to education and training, including seminars, webinars, and courses.
- Consider attending free or low-cost workshops and training sessions.
- Invest in your own education to improve your skills and knowledge in your industry.



## Meals and Entertainment:

- Keep track of all expenses related to meals and entertainment, including business lunches and dinners.
- Be sure to follow IRS guidelines for deducting meal and entertainment expenses.
- Consider hosting events or meetings at your business to save money on meals and entertainment.



## Taxes:

- Keep track of all taxes owed, including income tax and sales tax.
- Consider hiring a tax professional to help with tax preparation and planning.
- Ensure that your business is compliant with all tax laws and regulations.



### *License and Permits:*

- Keep track of all licenses and permits required for your business, including state and local permits.
- Be sure to renew licenses and permits on time to avoid penalties.
- Ensure that your business is compliant with all licensing and permit regulations in your industry.



### *Business Insurance:*

- Keep track of all insurance policies, including general liability insurance and property insurance.
- Consider using an insurance broker to compare rates and find the best coverage for your business.
- Ensure that your business is adequately insured to protect against unexpected losses or damages.



### Save Your Receipts!

- Make sure to keep all your receipts and invoices related to your business expenses.
- You can keep physical copies or use a digital filing system.
- Keeping organized records will make it easier to file your taxes and claim all your deductions.

The IRS requires receipts for all expenses over \$75, so make sure to keep all your receipts organized and easily accessible. When saving your receipts, make sure they include the date, amount, and purpose of the expense. If you don't have a physical receipt, take a photo or scan it to keep a digital copy.



### Bonus Tip:

- Use a receipt tracking app to snap pictures of your receipts and automatically categorize them for easy expense tracking. Some accounting softwares include this option with a subscription.

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