

Financial Reporting for your Creatives Business

- Are you profitable?
 - How can you tell?
 - Cash is key –
 - Reconcile cash monthly
 - Great indicator of profitability
 - Keep your business income and expenses in a cash account separate from your personal cash, same with credit cards
- Update your accounting records
 - Keep it basic and meaningful
 - Spend up to 1 hour each month
 - If using software, use automated feeds for fast, accurate updates
 - Compare Income Statement to last year to see how you've improved or not
- Understand the basics of a Balance Sheet
 - What you own and what you owe
 - Track receivables – people who owe you
 - Track payables – bills you need to pay
- Income and expenses do's and don'ts
 - Account for all your income, including barter arrangements
 - Claim appropriate expenses – don't try to claim personal expenses
 - Do – keep a mileage log, keep receipts, log business meals
 - Don't – claim home office for your spare room unless it's used solely your studio
 - Know the rules about employee vs. independent contractor
 - Plan for estimated tax payments – roughly 1/3 of income
 - Talk with your bookkeeper or accountant about alternative business structures – LLC, S Corp

