



HOYT^{PC}
ADVISORS | ACCOUNTANTS



3 Things
Business Owners
SHOULD DO
EACH MONTH

Do you want to feel more in control of your business finances? Do these 3 things each month and it will provide you with timely information to make good business decisions. Plus you will have peace of mind knowing your accounting and bookkeeping is up-to-date.

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Reconcile the puzzle

I know this sounds funny but many times you will hear me describe accounting as a puzzle. Reconciling your bank and credit card accounts is a huge piece of the puzzle and will tell you the story of what has happened with your business. So why reconcile?

- All transactions will be accounted for
- You might find unexpected expenses you didn't know you paid for
- You can budget for 2022 now that you can see all your income and expenses

Review receivables and payables

Who owes you and who do you owe? Now that does sound like a puzzle....Evaluating these each month is important to make sure all transactions have been recorded and none have been accidentally duplicated or forgotten. Invoicing your customers and collecting accounts receivables directly impacts the amount of cash flow you have each month to pay bills so you want to make sure you are doing both of these timely.

Who owes you (accounts receivable):

The first step is to look at your outstanding customer invoices and answer these questions.

- Do these customers still owe me?
- Is the balance due from each customer correct?
- How old is this balance and is it likely I will get paid?

Now that you know who still owes you, send a reminder to collect that payment. The older the invoice becomes the less likely it will be collected. Staying on top of this each month will help you get paid and improve your cash flow.

Who do you owe (accounts payable):

Making sure all of your expenses are recorded is a crucial step in determining if you have a profit or loss for a particular period. Review the list of outstanding bills and answer these questions.

- Have I recorded all my vendor bills?
- Are the current balances due to my vendors correct?
- Do I have enough cash to pay my outstanding vendor bills?

Now that you know how much cash you will be collecting from accounts receivable you can easily make sure you have enough cash to pay your outstanding accounts payable.

Read your financial statements

The income statement (profit and loss) and balance sheet can be overwhelming if you are not used to reading them. And that is ok....reach out to your CPA or accountant to review them. These statements are a direct result of putting the puzzle together, it tells the story of your income and expenses for a particular period of time. Here are some reasons why you should read your financial statements:

- Determine if your business has a profit or a loss
- See where you are spending your money
- Identify expenses you can reduce or eliminate
- Make changes to sales prices to meet annual goals
- Tax planning

Still not sure how to get started?
Send us an email with your question.

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