



The Basics of Record Keeping

Income

- Track business and personal deposits into all bank accounts
- Get receipts signed by parents at end of the year

Expenses

- General Record Keeping Rules
 - Keeping good records will save you money
 - Save records for at least three years
- Three Step Process for Claiming Deductions
 - **One:** Is it deductible?
 - It is if it's "ordinary and necessary" for your business
 - Must keep "adequate records" to support deduction
 - **Two:** How much is deductible?
 - 100% Business
 - Shared (business and personal): use Time-Space Percentage
 - **Three:** When can I deduct it?
 - Less than \$100: one year
 - More than \$100: depreciate
- Three Key Record Keeping Tips
 - Save receipts for all expenses associated with your house
 - Keep records of all meals and snacks served (including non-reimbursed meals and snacks)
 - Track all the hours you work in your home

This handout was produced by Think Small (www.thinksmall.org). For additional family child care business publications, contact Think Small's publishing division, Redleaf Press, at 800-423-8309 or visit www.redleafpress.org