



KEEPING BUSINESS RECORDS

Like with any other small business owner, family child care providers are required by the Internal Revenue Service (IRS) to keep records of all incoming and outgoing expenses. Keeping a good, organized account of income and expenses will help you file accurate tax returns at the end of the year. Record-keeping is not only necessary for tax purposes, you can use them to determine if your tuition rates are enough to maintain your desired level of net profit. This will help you review the progress of your business and help you plan for the future.

MONTHLY BUSINESS EXPENSE & INCOME RECORD

Record any funds coming in (i.e. tuition) and going out (i.e. toy purchase) on a monthly basis. As purchases are made, remember to record the date, place of purchase, check number, and the type of purchase. It is important to keep all of your receipts, whether you pay with cash, credit card, or check.

UTILITIES & HOME EXPENSE WORKSHEET

Record your monthly utility and home expenses such as electric, trash, and other categories from IRS Form 8829. Record the date paid and the dollar amount spent on the utility or home expense. Keep a copy of the check or payment confirmation with the billing statement.

STANDARD MEAL ALLOWANCE RECORD

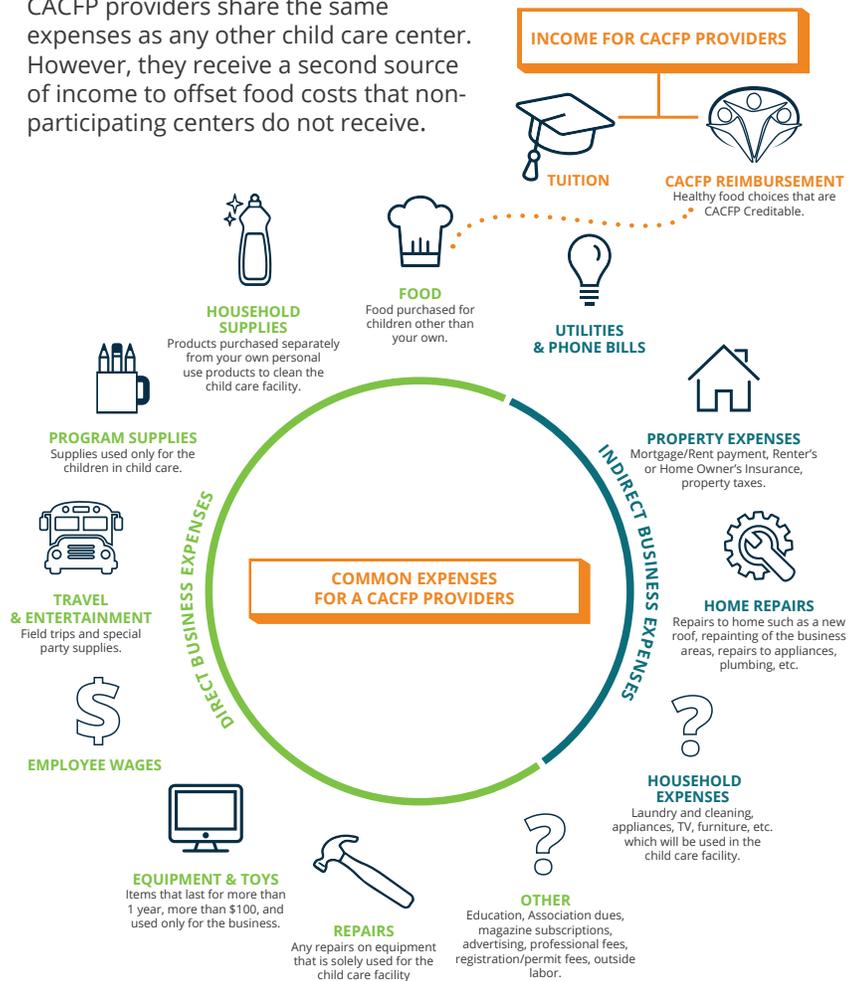
Business food expenses can be calculated for tax purposes in two ways. You can claim your actual business food costs (by saving all business and personal food receipts) or you can use the Standard Meal Allowance method. With this method, you keep track of all meals and snacks served to children in your care, not just CACFP-reimbursed meals and snacks. You can claim up to one breakfast, one lunch, one dinner, and three snacks per child per day for tax purposes. Do not include meals and snacks served to your own children or other residential children, even if income eligible.

Reminder: The CACFP requires that you keep accurate daily records on the foods you offer and the children you serve each day to earn your reimbursement.

Visit cacfp.org for more information. CACFP is an indicator of quality Child Care. This institution is an equal opportunity provider.

INCOME VS. EXPENSES

CACFP providers share the same expenses as any other child care center. However, they receive a second source of income to offset food costs that non-participating centers do not receive.



SOURCE DOCUMENTS

It is imperative that you find an efficient way to organize all source documents such as receipts, utility bills, bank statements, credit card statements and checks. Set up a system to file each in a folder, envelope, or file labeled with the name of that category. For example, a receipt from the local grocery store would go in a file titled Food Expenses. The receipt from a toy store would go in a file titled Toys and Equipment. Make sure to mark if the items were business or shared between personal and business before filing them away. The IRS recommends keeping records for three previous years, plus the current year.