



Child Care Provider Training

8 Rules of Good Recordkeeping:

- 1. Keep Up-to-Date Records** – Records are significantly more valuable to you, your tax preparer and the IRS if they are kept up to date.
- 2. Track Business Income** – There is often a tendency to focus on expenses. However, it is also important to keep good income records. Consider developing a payments received log.
- 3. Save and Organize Receipts** – Set up a system and save and mark receipts that are related to business expenses. Also keep an expense log to make adding up the total easier. Tax preparation is easier if records are sorted by type of expenses, not date.
- 4. Record the Number of Meals Served** – Unless you are certain that you want to keep receipts for actual food costs, record the number of meals you serve each day. Write down the name of each child and the type and number of meals and snacks the child received.
- 5. Review Your Records on a Regular Basis** – Conduct a monthly review of your records, checking for accuracy and completeness. When items that should have been recorded are missing (for example, you forgot to get a receipt for a business expense), make one of your own to remind you of the expense. If you have difficulty coming up with monthly totals for income or expenses, something is wrong. Try a different method.
- 6. Track Your Time** – Write down the number of hours you spend in your home working. You're likely to be surprised at how many hours you work. You will need this information at tax time.
- 7. Reconstruct Immediately** – If you haven't been keeping records this year so far, sit down with a calendar and notebook. Record, in writing, the estimated hours you worked, business items purchased and income received. Write it down on your calendar. Include as much detail as you can. Do it now! Your memory won't be any clearer tomorrow. Do this any time during the year when your recordkeeping slips.
- 8. Save Your Tax Records for at Least Three Years** – Generally, the IRS has up to three years from the due date of a tax return to examine the return and any supporting records.

About Us:

Since 1997, the Center for Economic Progress has provided thousands of home-based child care providers with the tools and training needed to run successful home-based child care businesses.

To sign up for a free training class or for individual assistance, please contact us at (312) 252-0280, ext. 268, or via email at taxtraining@economicprogress.org.

Visit www.economicprogress.org for more information.