



Why You Must Have a Formal Bookkeeping System as a Blogger

WITH NAYO CARTER GRAY

ABOUT NAYO

Making Accounting a Little Less Taxing[®] for small business owners is Nayo Carter-Gray's goal as owner and founder of 1st Step Accounting LLC. A self-proclaimed techie Nayo decided a virtual accounting practice was the best way to experience her love of travel and still help small business owners all across the US reduce the stress of managing their disorganized financial systems.

1ststepaccounting.com/



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[00:00:07.790] - Liz Stapleton

Keeping track of your blog's business finances can be tricky, and it's likely even more important than you thought. Creating and keeping a formal bookkeeping system will help you better manage your business and stay in compliance and tax codes. Not to mention, it's going to help you see the return on your investments and how you're doing in terms of your profit.

[00:00:24.440] - Liz Stapleton

Hi, I'm Liz Stapleton, founder of the Blogger Breakthrough Summit and host of the Blogger Breakthrough Summit Podcast. Welcome. In today's episode, I'm sharing tips from virtual accountant Nayo Carter Gray about why you need a formal bookkeeping system for your business.

[00:00:37.850] - Liz Stapleton

To hear more business finance tips and tax tips, head over to BloggerBreakthrough.com/Podcastdeal to learn how you can hear all of the 2021 Blogger Breakthrough Summit sessions in full, including Nayo's. Let's get started.

[00:00:51.110] - Nayo Carter Gray

I will advocate this every day, all day, because I know how this will help you not only keep your business classified as a business, but it will also help you build and grow your business. It will help you stay in compliance for all things tax. It is creating a formal bookkeeping system.

[00:01:15.230] - Nayo Carter Gray

And I will say it again, this is one of the things I will always highly encourage and recommend, because it not only helps you stay in compliance with taxes, but it also helps you manage the business and keep your business classified as a business.

[00:01:31.820] - Nayo Carter Gray

So you may be currently using in an informal bookkeeping system, which is using something like an Excel spreadsheet, or Google Sheets, or numbers, pages, whatever it is that you're using that isn't automated, that has a lot of manual data entry, that is called an informal bookkeeping system. And there's nothing wrong with that. You can totally start there.

[00:01:56.000] - Nayo Carter Gray

However, I want you to take it to the next level and prove that your business is operating as a business by setting up a formal bookkeeping system. And most of you are familiar with Quickbooks. It's probably one of the more popular apps out there for the bookkeeping systems.

[00:02:14.660] - Nayo Carter Gray

But there are some other options out there. You can look at Wave Accounting, you can look at Sage, or you can look at Xero. All of these are cloud-based apps that will help you manage the accounting and bookkeeping for your business.

[00:02:30.440] - Nayo Carter Gray

And I like these systems, one, because, like I mentioned, they will automate the process for you. What they normally do is link with your bank account and pull in those transactions so that you don't have to manually key anything.

[00:02:46.010] - Nayo Carter Gray

Because the issue with manually typing data is what happens if you type something wrong? Where's the checks and balances? There aren't any. But with a formal bookkeeping system, it'll pull in that data for you so you don't have to manually type anything.

[00:03:01.940] - Nayo Carter Gray

And there's a way to reconcile monthly so that way you can just verify that the information and the bookkeeping system is actually what happened. And then at the end of the year, you have the beautiful financial statement that you can use to then file your tax return.

[00:03:19.730] - Nayo Carter Gray

Or if you're trying to do something like get a loan, here's your financial statement that you can print out for your loan officer or your banker, and say, this is how well my business is doing. They will appreciate and love that, because then you look like a professional. You have a document here that is showcasing how your business is doing.

[00:03:42.230] - Nayo Carter Gray

Then also you can use this to make management decisions. How would you know what your business is doing if you don't know your numbers? So if you've ever watched a show like Shark Tank, that's one of the first things they ask, do you know your numbers?

[00:03:59.630] - Nayo Carter Gray

So having a formal bookkeeping system will allow you to be able to pull that information directly from your bank, manipulated into a beautiful profit and loss statement, a balance sheet, and look and see how well or how bad your business is doing so that you can make improvement and change your processes.

[00:04:18.830] - Nayo Carter Gray

And again, this will keep the IRS off your back. You have a profit and loss statement. This legitimises what you're doing. And that's the whole point of this webinar today is to teach you how to legitimise it so that you understand exactly what it is you want to avoid at all costs so that your business does not get classified as a hobby.

[00:04:42.080] - Nayo Carter Gray

So I'm going to say this once again, set up that formal bookkeeping system. It is imperative.

[00:04:50.720] - Liz Stapleton

All right, so hopefully this episode has helped you better understand your business bookkeeping need and inspired you to improve your business finances. Join me next time as we learn tips about improving your copywriting skills to help you find your unique voice. I'll catch you then.