

Family Child Care Provider: Using the Record Keeping System

“What is a Family Child Care Provider?”

If you were asked to describe a family child care provider, how would you respond?

“Teacher, negotiator, fitness instructor, cook, storyteller, musician, art instructor, first aid responder, cleaner-upper.”



A family child care provider has so many more titles and duties than just “babysitter.” Now, how many of you would describe a family child care provider as a small business owner?

Me?

A small business owner?



As a family child care provider, you are a self-employed professional operating a business out of your home. This defines you as a *small business owner*. As a taxpayer and self-employed proprietor you are required by the Internal Revenue Service (IRS) to file an accurate tax return at the end of the year. As a small business owner, you need to keep track of business *income* (money coming in) and business *expenses* (money paid out). This is called “record keeping”. Keeping good, organized accounts of income and expenses will help you file an accurate tax return. Record keeping not only is necessary for tax purposes, it helps you realize if your tuition rates are enough to maintain your desired level of *net profit* (money left over after paying all expenses associated with your business). You will see just where and how you are spending your hard earned money.

Me? A Record Keeper? Where do I start?

With the TSA Calendar and Record Keeping System!



Let's start with income, or money coming in. Each month a provider receives money. Income can come from tuition, or money charged for child care. In most cases, tuition may be based on attendance. Use the monthly *Income and Attendance Record* to record arrival time (Time In) and departure time (Time Out) for each child on a daily basis. The amount owed is entered as money due (\$ Due). When a payment is made, the amount paid is entered as money paid (\$ Paid). In this example, J. Smits was present four days this week. His tuition is \$25 per day. On Friday his parents paid \$100.

At the end of each month, carry over the total monthly income received to the workspace provided on the monthly *Business Expense* page.

Child's Name	January 2007	Mo 1	Tu 2	We 3	Th 4	Fr 5
J. Smits	Time In		6:00	6:00	6:00	6:00
	Time Out		5:00	5:00	5:00	5:00
	\$ Due		\$25	\$25	\$25	\$25
	\$ Paid					\$100

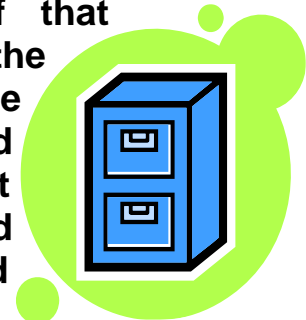
MONTHLY INCOME RECEIVED	
CACFP AMOUNT/DATE RECEIVED	\$ _____ / _____
+ TOTAL PAYMENT RECEIVED FROM PARENTS THIS MONTH	\$ _____

Please note that the monthly income received from the CACFP can be recorded on this chart, too.

Take a closer look at the monthly *Business Expense* page. This is where monthly purchases, or monthly business expenses, are recorded. As purchases are made record the date, place of purchase, check number and type of purchase. Most columns match the tax deductible items listed on IRS Form Schedule C.

January 2007 Business Expenses-For IRS Schedule C (Form 1040) Profit or Loss from Business. Record your 2007 Utilities and Home Expenses on the worksheet provided at the back of the calendar.											
Date	Purchased From	Chk #	Food	Household Supplies	Program Supplies	Office Supplies/ Postage/ Bank Charges	Toys & Equipment	Business Repairs & Maintenance	Laundry/ Cleaning	Legal/Prof Services	Training/ Dues
1/3	Acme Food Store	555	\$34.56								
1/10	Acme Toy Store	556					\$45.98				

After entering the expenses information, file each receipt in a folder, envelope or file labeled with the name of that category. For example, the receipt from Acme Food Store would go in a file named "Food Expenses." The receipt from Acme Toy Store would go in a file named "Toys and Equipment."



To record food expenses, the Standard Meal Allowance may be the preferred method to use for tax purposes. With this method, a provider keeps track of all meals and snacks served to children (not just CACFP reimbursed meals and snacks). These totals are recorded monthly using the chart called *For Standard Meal Allowance Record Total Number Of Meals And Snacks Served this Month* on the *Business Expense* page.

A separate page called *Utilities and Home Expense Worksheet* found near the back of the calendar. This chart is used to record your monthly utility and home expenses such as Electric, Water, Gas, Trash, and other categories from IRS Form 8829. Simply record the date paid and the dollar amount spent on the utility or home expenses. The example shows in the month of January the Electric, Natural Gas, Water and Sewer, Trash and Recycling, and Homeowner's Insurance was paid this month.

MONTH	Electric		Natural Gas		Water and Sewer		Trash and Recycling		General Home Repairs		Homeowner's Insurance		Real Estate Taxes	
	Date Paid	Amount	Date Paid	Amount	Date Paid	Amount	Date Paid	Amount	Date Paid	Amount	Date Paid	Amount	Date Paid	Amount
January	1/31	\$56.78	1/31	\$45.67	1/31	\$65.43	1/15	\$12.34			1/2	\$159.00		

There are many features on the monthly *Business Expense* pages in addition to the ones already discussed. There is space on the charts to bring previous balances forward for income and expenses. There is even a place on the charts to record the amount of money put in savings for tax payments!



And finally, TSA has included a *Federal Tax Worksheet* to put the finishing touches on organization for tax time!



Enjoy the record keeping portion of the calendar and make use of it. Take the time to get a “jump-start” on organization and take some of the stress out of tax time!