



**Accounting Formula: Assets = Liabilities + Equity**

**Chart of Accounts (COA):** An organizational tool that breaks down all accounts in a business. These will vary dependent on the business and industry.

Numeric Range	Account Type	Examples
100-199	Assets	Checking/Savings Account, Inventory, Equipment, AR
200-299	Liabilities	AP, Wages Payable, Loans, Expense Claim Payable
300-399	Equity	Owners Contribution/Draw, Retained Earnings
400-499	Revenue	Sales, Refunds
500-599	Cost of Goods Sold	Cost of Goods Sold (Direct Cost of Producing Goods)
600-699	Operating Expenses	Advertising, Consulting, Insurance, Legal, and office expenses
700-799	Taxes Paid	Depreciation, Tax Expense
800-899	Other Expenses	Interest Expense, Revenue Not Received

**Double Entry Accounting:** A system of bookkeeping that requires every entry to have a corresponding and opposite entry. These entries are credits and debits. It answers the question what did you receive (debits) and how did you pay for it (credits)?

**Debits:** What you received or bought (asset) and how you used your funds

**Credits:** Where the money came from and the source of your funds

Account Type	Reported On	Increase	Decrease
Assets	Balance Sheet	Debit	Credit
Liabilities	Balance Sheet	Credit	Debit
Equity	Balance Sheet	Credit	Debit
Revenue	Income Statement	Credit	Debit
Expenses	Income Statement	Debit	Credit

**Tax Deductible Expenses:** Tracking these accurately can save you money

*Advertising, Promotions and Marketing*

- Online Ads and Marketing Tools
- Printed or Promotional Items
- Business Cards

*Office Supplies and Expenses*

- Tangible Supplies: pens, paper, toner
- Expenses: Subscriptions like Calendly

*Other Common Business Expenses*

- Business Insurance
- Licensing
- Fees
- Incorporation or certificate fees

*Fees Paid to Individuals*

- Professional Fees: Accountant or Attorney
- Contractors: 1099 Workers
- Commissions

*Home Office Expenses*

- Small percentage of utilities or Internet
- Monthly Cell Phone Bill: A reasonable percentage

*US Based Only*