PRO-FI 20/20 DENTAL CPAs

PHASEONE DENTAL CPAS

# Business Cash Flow Systems Matter!

## Tips and Tricks for Success

- **Goal: 3-6 Months of Expenses in Business Savings**
- **Floss your Finances daily!**
- **Collections are deposited daily!**

**What is your <u>largest</u> monthly expense?** PAYROLL!

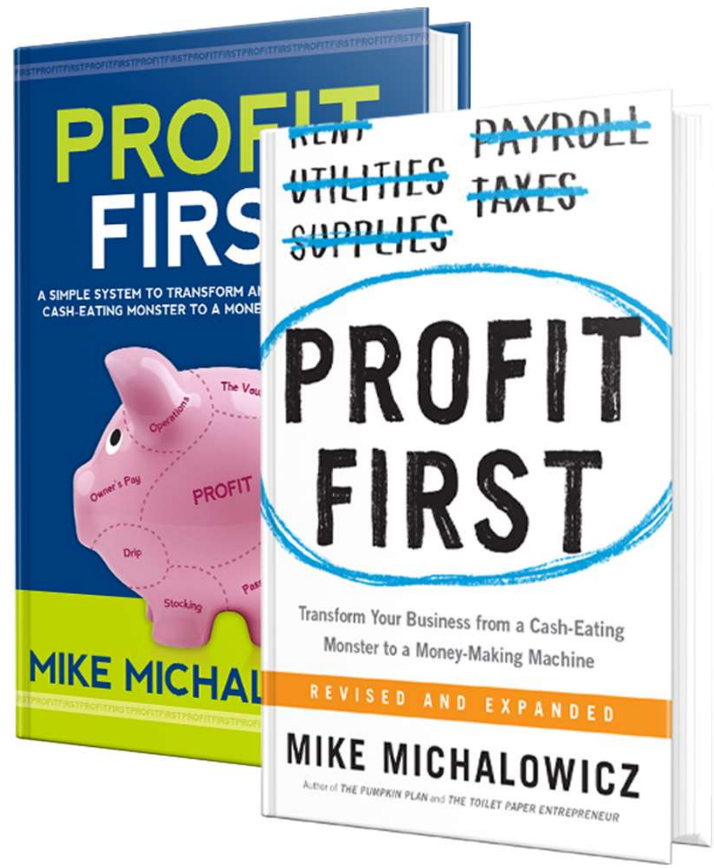
- Payroll should be run 2x/month.
- Payroll should have its own bank account.

**What is the 2nd largest <u>annual</u> expense of the practice?** TAXES!

- Taxes need to be paid out of the business.
- Taxes should have its own bank account.

**Battle "Parkinson's Law" by using multiple bank accounts!**

- Operations Expense Accounts - Labs/Supplies, Marketing, Rent/Loans, Consulting/CE
- Profit Account (Owner takes Distributions from here)
- Tax Account (40% of all Distributions filtered here)

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CASH FLOW
Your Daily Transfers

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# DAILY TRANSFERS – Dentistry's 9 Accounts

- CORE EXPENSES -

1. Deposit/Operating ($________ buffer) → CC (small items)
2. Payroll ($________/___days = $________/day) → Payroll Co.
3. Labs & Supplies ($________/___days = $________/day) → CC
4. Marketing ($________/___days = $________/day) → CC
5. RENT & Loans ($________/___days = $________/day) →Bill Pay
6. Consulting/CE ($________/___days = $________/day) → CC

- PROFIT -

7. Profit Savings (Major Purch) - $________/day x ___days = $________/mo
8. Profit Distributions (60%) $________/___days = $________/day
9. Profit Taxes (40%) →IRS Quarterly Estimated Tax Payments

$________ BAM Daily Collections to Stay Open

**WOW = $________________   SUPER WOW = $________________**

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RULES

1. Money only moves one direction, from top-down. It can never transfer back.
2. The Main/Operating account is the only account with physical check-writing ability. All other accounts make transfers, credit card payments, or eCheck payments.
3. Once money is given its purpose in an account, it is transferred out from that account to pay vendors.
4. In order for money to be taken home to a personal account, it must pass through either Payroll or the Distribution account.
5. When taking Distributions home, first drop them in the Distributions account, then transfer 40% to the Taxes account to prepare to taxes owed.

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# DAILY TRANSFERS – TIPS on Frequency

Run Payroll twice (2x) per month – ON DATES! (NOT every Two Weeks!)

- 8th & 23rd
- (1st & 15th not recommended since many other payments happen on 1st)

Pay off business Credit Card(s) weekly, every Friday.

- Link 4 accounts to credit card for payments – (1) Labs & Supplies, (2) Marketing, (3) Consulting/CE, (4) Income/Deposit

Transfer Distributions once (1x) per month as reward for previous profitable month.

- 15th

Empty business Tax Account to pay IRS quarterly **estimated tax payments** online. !!

- **40% Tax Rule** withholding of Distributions should overfund Tax Account.
- Empty the account and over-pay quarterly estimates Q1-Q3, square up in Q4 with planning.