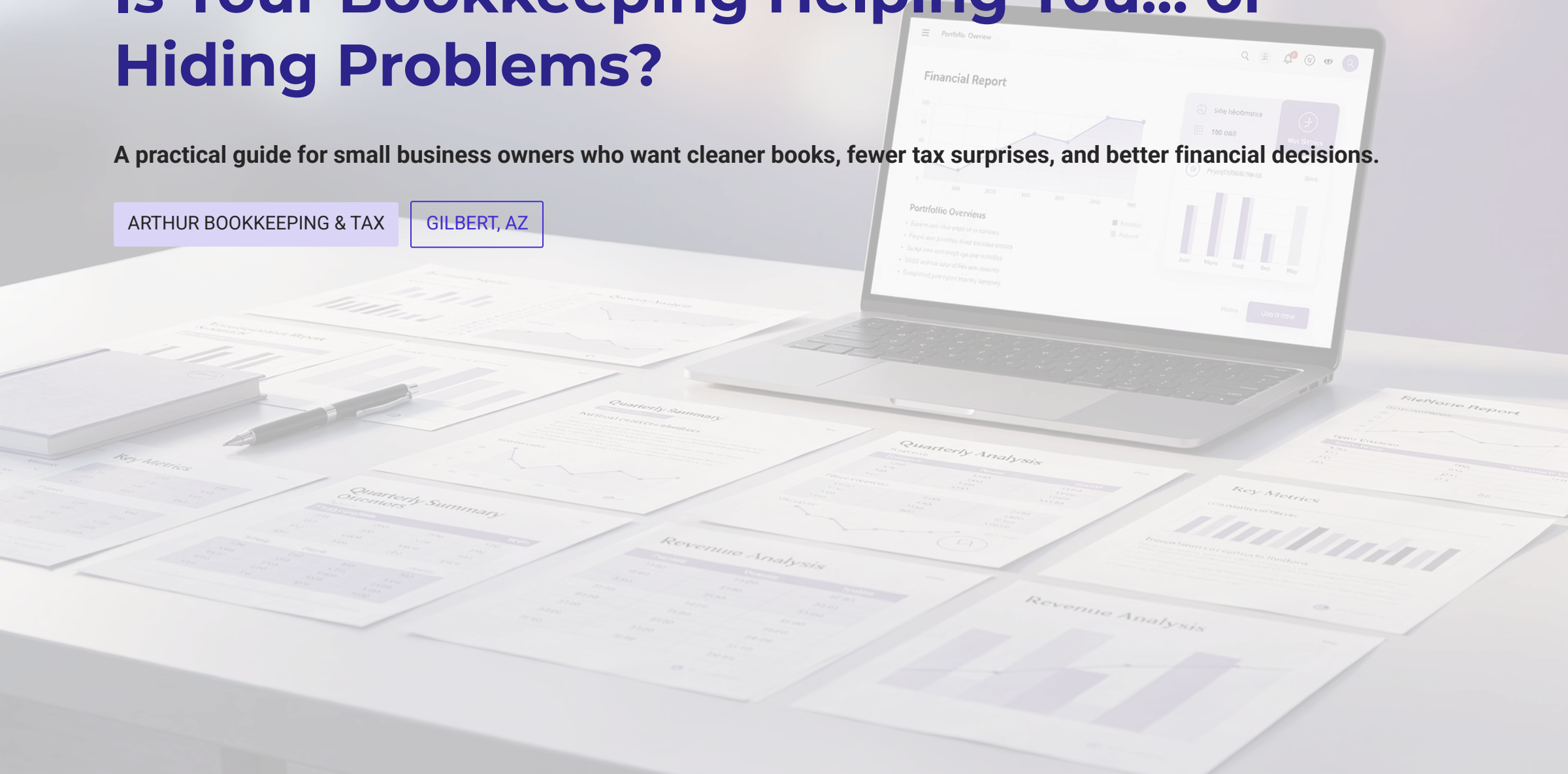


Is Your Bookkeeping Helping You... or Hiding Problems?

A practical guide for small business owners who want cleaner books, fewer tax surprises, and better financial decisions.

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Why Clean Books Actually Matter

Most business owners treat bookkeeping as a compliance chore — something to hand off once a year and mostly ignore. But accurate, up-to-date books are one of the most valuable sources of information you have: they tell you whether you're truly profitable, where your cash is going, and whether you can afford your next move.

Your bank balance tells you what you have today. Your books should help explain what happened, what changed, and what needs attention.

Understand Profit

Know whether the business is truly making money, not just generating revenue.

Tax Readiness

Avoid surprises at filing time by knowing your obligations throughout the year.

Manage Cash Flow

See where cash is coming from and where it's going — before problems arise.

Financing Confidence

Present clean financials to lenders, investors, or partners when it counts.

The 7 Warning Signs Your Books May Not Be Reliable

You don't need to be a CPA to recognize when something feels off with your finances. The warning signs are usually subtle at first – a number that doesn't look right, a question your tax preparer keeps asking, a month that should have been profitable but somehow wasn't. Below are the seven most common signs that your books may need attention.

Read through each one honestly. If more than two or three apply to your situation, your books are likely not giving you the reliable picture you need to make good decisions.

Bank accounts are not reconciled monthly

Reconciliation is how you confirm your books match reality. Without it, errors and missing transactions go unnoticed – sometimes for months.

You don't know if your profit matches your cash

If your P&L shows profit but your bank account feels empty, something in the books may be off – or cash is being used in ways that aren't clearly tracked.

Owner draws, loans, or reimbursements feel messy

Money moving between you and your business needs to be categorized carefully. Miscoded owner activity is one of the most common sources of inaccurate books.

You're unsure whether expenses are categorized correctly

Incorrect categorization affects your tax return, your profit reports, and your ability to understand where money is actually going in the business.

You only look at the books at tax time

Waiting until the end of the year to review your finances means spending the year flying blind – and scrambling to clean things up under deadline pressure.

Your tax preparer keeps asking for missing information

If your preparer regularly needs clarification on transactions or asks for supporting documents you can't find, the books are not doing their job.

You make decisions from your bank balance, not your reports

Your bank balance is a snapshot of right now. Your financial reports show context, trends, and whether what you see in the bank actually belongs to you – or to upcoming bills and taxes.

i If three or more of these apply to your business, a bookkeeping review may be one of the simplest ways to get clarity before small issues become expensive cleanup work.

The Monthly Bookkeeping Checklist Every Owner Should Expect

Whether you handle your own books, work with a bookkeeper, or use a combination of both, there is a core set of tasks that should be completed every single month. Think of this as the maintenance schedule for your financial engine. Skip it consistently, and things start to break down in ways that are costly to fix later.

If you're working with a bookkeeper, this list is a good way to evaluate whether the work is actually being done. If you're managing things yourself, use it as your monthly reset.



Reconcile All Bank Accounts

Match every transaction in your books to your bank statement. Every account, every month – no exceptions.



Reconcile All Credit Cards

Business credit cards are easy to overlook. Reconcile each one to catch missing receipts and miscoded charges.



Review Uncategorized Transactions

Any transaction sitting in an "uncategorized" or "ask my accountant" bucket needs to be resolved before the month closes.



Review Loans, Owner Activity & Payroll

Check that loan payments, owner draws, contributions, reimbursements, and payroll entries are all recorded correctly.



Review Receivables & Payables

If your business invoices clients or carries vendor balances, review what's outstanding and follow up on anything overdue.



Review Profit & Loss and Balance Sheet

Read both reports every month. Look for unusual balances, unexpected changes, or numbers that don't match your expectations.



Save Receipts & Documentation

Match receipts to transactions and store them somewhere accessible. Digital storage is fine – just be consistent.

i A complete monthly process gives you a reliable foundation. When pieces are skipped, small gaps can turn into bigger cleanup problems over time.

The Three Reports That Actually Matter

Most small business owners have heard of a profit and loss statement. Fewer use all three core financial reports regularly – and almost no one was taught what these reports actually mean for day-to-day decisions. Here's a plain-English breakdown of each one, and why it belongs in your monthly routine.



Profit & Loss Statement

Also called the income statement or P&L, this report shows your revenue, your costs, and the difference between the two over a specific time period. It answers the most fundamental question in business: **Did we make money?**

Use it to spot months where expenses are climbing faster than revenue, identify which services or products are most profitable, and understand whether your business model is actually working. Review it monthly – not just at year-end.



Balance Sheet

The balance sheet is a snapshot of your business at a single point in time. It shows what you own (assets), what you owe (liabilities), and what's left over (equity). The core equation is always: **Assets = Liabilities + Equity.**

Use it to understand how financially stable your business is, whether you could cover your obligations if needed, and what a lender or investor would see when they look at your business. Unusual balances here often reveal problems hidden in day-to-day transactions.



Statement of Cash Flows

This report tracks where cash came from and where it went during a given period. It bridges the gap between profit on paper and money in the bank – which don't always match, especially if you use accrual accounting.

Use it when your P&L looks healthy but cash feels tight, or when you need to understand how your spending and collection habits are affecting liquidity. For businesses with thin cash reserves, reviewing this monthly (or even weekly) is worth the habit.

No single report tells the whole story. Used together, these three give you a clear, honest view of your business – past, present, and near future.

Tax Readiness Is Built All Year — Not Just in April

The most stressful tax seasons are the ones where work should have been done in January, February, and March of the prior year. Tax prep is not something that happens between you and your accountant in a few weeks — it's the result of everything you did (or didn't do) in your books throughout the entire year. The good news is that clean, consistent bookkeeping makes tax time almost routine.



Deadlines Vary by Entity

Tax filing and payment deadlines depend on how your business is structured. S Corps and Partnerships typically have earlier deadlines than sole proprietors or C Corps. Always confirm your specific deadlines for the current tax year — they can shift when they fall on weekends or holidays.



Estimated Taxes May Apply to You

If no one is withholding taxes from your income — which is common for business owners — you may be required to make quarterly estimated tax payments. Missing these payments can result in underpayment penalties. Confirm with your tax advisor whether estimated payments apply to your situation and set a reminder for each due date.



Entity Type Affects Tax Treatment

Sole proprietorships, LLCs, S Corps, C Corps, and Partnerships are all taxed differently. The entity you choose affects how you pay yourself, how profits are taxed, and what deductions are available. If you haven't reviewed your entity structure recently, it may be worth a conversation with a tax professional.



Don't Treat Other Taxes as Afterthoughts

Income tax is just one piece. Sales tax, payroll tax, self-employment tax, and excise taxes each have their own rules, rates, and deadlines — and the consequences for missing them are real. These should be part of your regular financial review, not a once-a-year scramble.

Tax rules change. Numbers that applied last year may not apply today. Always confirm current thresholds, rates, and deadlines with a qualified tax professional before filing.

When DIY Bookkeeping Stops Being Harmless

Managing your own books is completely reasonable in the early days of a business. When transaction volume is low, the accounts are simple, and you have the time and patience to stay on top of it, DIY bookkeeping can absolutely work. Many successful business owners start exactly this way – and there's no shame in it.

The problem is that most businesses don't stay simple for long. As things grow, the books get more complex, the stakes get higher, and the margin for error shrinks. At a certain point, the time and risk involved in doing it yourself outweigh the cost of getting help. Recognizing that moment is important – because catching up on messy books is always more expensive than keeping them clean in the first place.

Transaction volume has grown significantly

More transactions mean more chances for errors, more time to reconcile, and more categories to manage accurately. What took an hour a month may now take a full day – or more.

Payroll has been added

Payroll introduces tax withholding, filing requirements, and compliance obligations that carry real penalties if handled incorrectly. This is one of the clearest signals that professional help adds value.

Loans, assets, or inventory are involved

Tracking loans, depreciation schedules, and inventory correctly requires accounting knowledge that goes beyond basic bookkeeping. Mistakes here can misrepresent your financial position in meaningful ways.

You no longer fully understand your own reports

If you're looking at your P&L or balance sheet and not sure whether the numbers make sense, that's a clear sign the books may be outpacing your capacity to manage them confidently.

Tax planning depends on accurate numbers

Estimated taxes, deductions, and year-end planning are only useful if the books behind them are correct. Inaccurate books mean inaccurate tax strategy – which often means paying more than you should, or less than you owe.

📌 This isn't about whether you're capable. It's about whether the time and risk of DIY is still the right trade-off for your business at this stage.



Not Sure Whether Your Books Are Clean Enough to Trust?

Before you make tax decisions, apply for financing, or keep guessing from your bank balance – let's take a closer look. You've worked too hard to build your business to make important decisions without the financial clarity you deserve.

Schedule a Hassle-Free Fit Check with Arthur Bookkeeping & Tax. We'll talk through where things stand, what feels unclear, and whether bookkeeping, cleanup, tax, or advisory support makes sense for your business. No pressure. No jargon. Just a clear next step.

[Schedule Your Hassle-Free Fit Check](#)

Book a quick, no-pressure conversation to see what kind of support makes sense.



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