

## R.8

# Keeping Receipts and Notes on a Daily Basis

The only way to have accurate records of your business activities is to have a system to keep receipts and notes as you go, and to regularly organize that information and get it to a bookkeeper or enter it into a bookkeeping system yourself.

The foundation is in your daily practice of keeping receipts and making notes on the receipts or in an app you use to take pictures of the receipts.

We recommend picking one of two methods and sticking with it:

## **A phone-based app**

Take a picture of every receipt and upload it to the app. Add notes as often as you can to include extra information. If you do not get a receipt write out on a piece of paper what would have been on the receipt: date, amount, person or business, and the specific purpose of the transaction, and take a picture of the piece of paper as if it were a receipt and upload it to the app.

## **An envelope and folder system:**

You will need:

- At home: Four folders or large manila envelopes labeled: 1. Income, 2. Farm Expenses, 3. Equipment, 4. Other Expenses.
- With you in your truck: A few pens, a large manila envelope labeled “Daily Receipts” and a pad of note paper.
- During the day: Every time you get a receipt, put it in the “Daily Receipts” envelope. Unless it is completely obvious what the receipt was for, write a note on the receipt (front or back) with a bit of additional information. If you do not get a receipt write out on a piece of paper what would have been on the receipt: date, amount, person or business, and the specific purpose of the transaction.
- Each night, or at least once a week: Take all of the receipts out of the “Daily Receipts” envelope and organize them into the four manila envelopes or folders labeled 1. Income, 2. Farm Expenses, 3. Equipment, 4. Other Expenses. See R.9 Keeping receipts - Special Rules for Property Used in A Business for more information about what to put in the envelope labeled “Equipment.”

Once a month, or at least once a year, you will need to give the information on your phone app, or the envelopes you keep at home, to a bookkeeper or a tax preparer. See R.18 Organizing and Transmitting Receipts on a Monthly Basis for specific instructions on how to transmit your information to a bookkeeper.