

Small Business CFO File Organization Guide

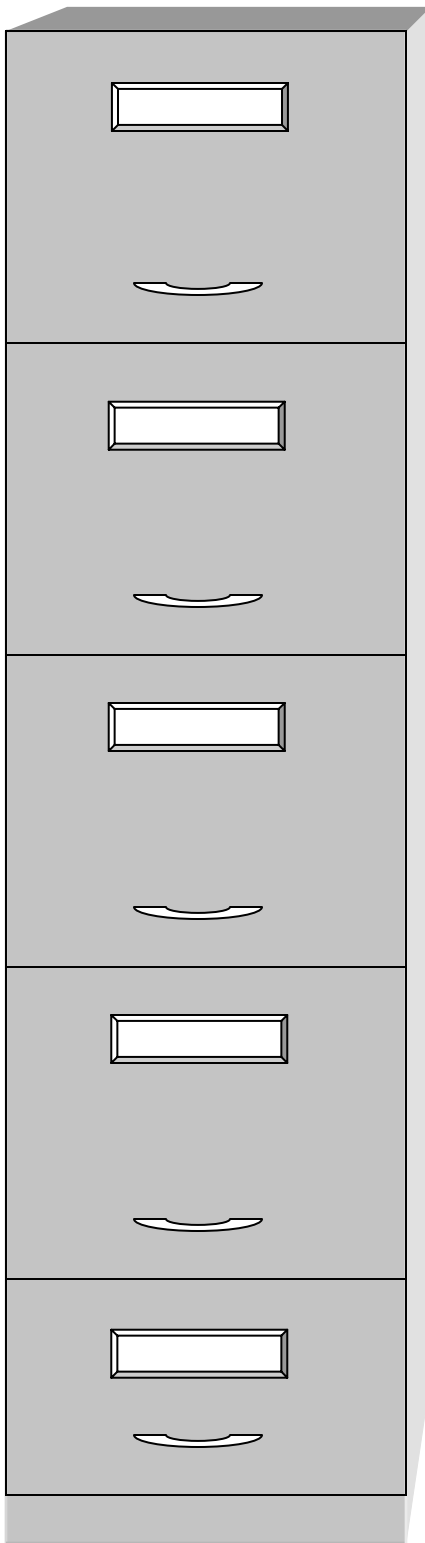
Financial activities generate a lot of paperwork. Small Business CFO put together this guide to help small business owners understand how to file paperwork after information has been entered into accounting software. If staff are disciplined about using this filing system, there won't be time wasted looking for missing paperwork—all records will have designated file folders.

As you look over the following pages, keep in mind these four key points:

1. Filing is first categorized by *major sections*:
 - a. Accounts payable
 - b. Accounts receivable
 - c. Payroll
 - d. Banking
 - e. Taxes...
 - f. And any other major category that comes up in business (such as contracts, loans, investor files, etc.).
2. Filing *within major sections* generally will be in either *alphabetical* or *reverse chronological* order, because
 - a. Everybody can think in terms of ABC, and
 - b. Usually the paperwork in question is the most recent, so put it at the front of the file with the most recent date first.
3. Sometimes filing will be a combination of alphabetical and reverse chronological order. For example, accounts payable files will be in alphabetical order, but paid bills will be filed each vendor file by reverse chronological order.
4. How refined should filing be? When does one set up a new folder? Filing should be broken down until the point is reached where setting up a new file would be a waste of time. For example, there's no reason to set up a new file folder for one bank statement. But if one has many bank statements and the current folder can no longer handle the paperwork, then change the label from "Acme Bank Statements" to "Acme Bank Statements: Jan. '05 to June '05."

Finally, feedback and suggestions are always welcome. Send an e-mail to Small Business CFO at jda@sbcfo.com.

SAMPLE FILING SYSTEM



← Accounts payable and bills paid to vendors (including expenses paid to employees)

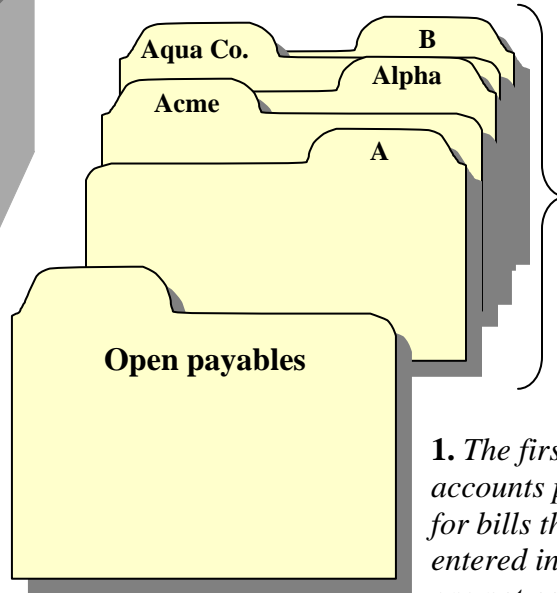
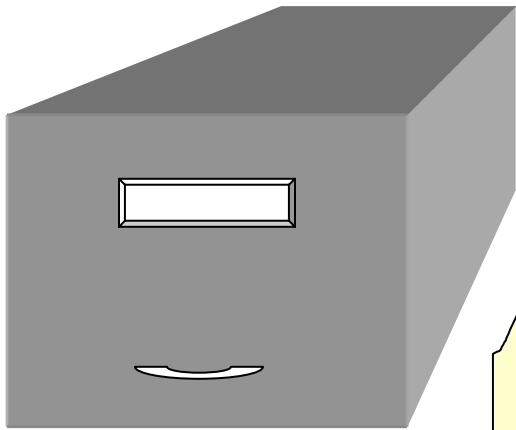
← Accounts receivable and invoices that customers paid

← Payroll records, including payroll taxes

← Bank statements and transaction receipts

← Corporate income, franchise, and sales taxes

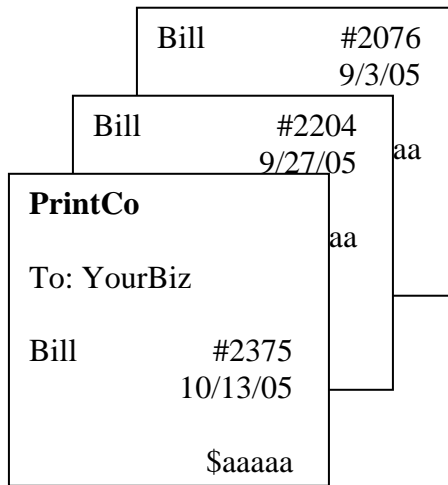
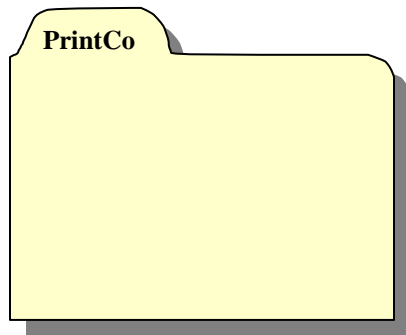
ACCOUNTS PAYABLE DRAWER



3. The folders continue in alphabetical pattern for the rest of the drawer.

2. Folders for bills that have been paid in full. Each folder is named for a vendor. The first folder is for one-time bills where the vendor's name begins with that letter of the alphabet.

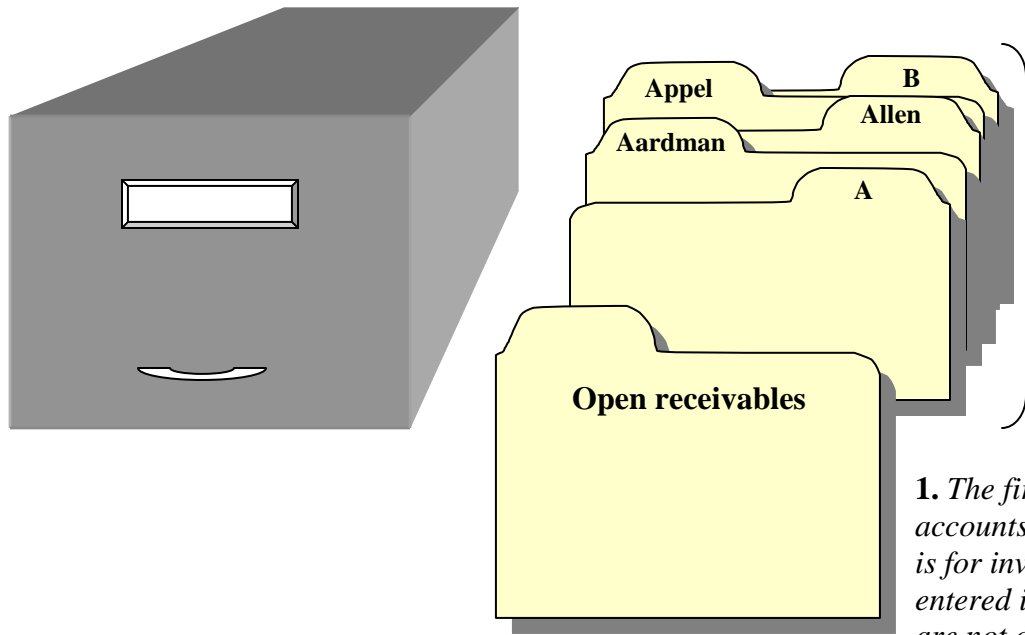
1. The first folder of the accounts payable drawer is for bills that have been entered into QuickBooks, but are not completely paid in full.



Inside of a file folder, the bills are arranged in reverse chronological order.

ACCOUNTS RECEIVABLE DRAWER

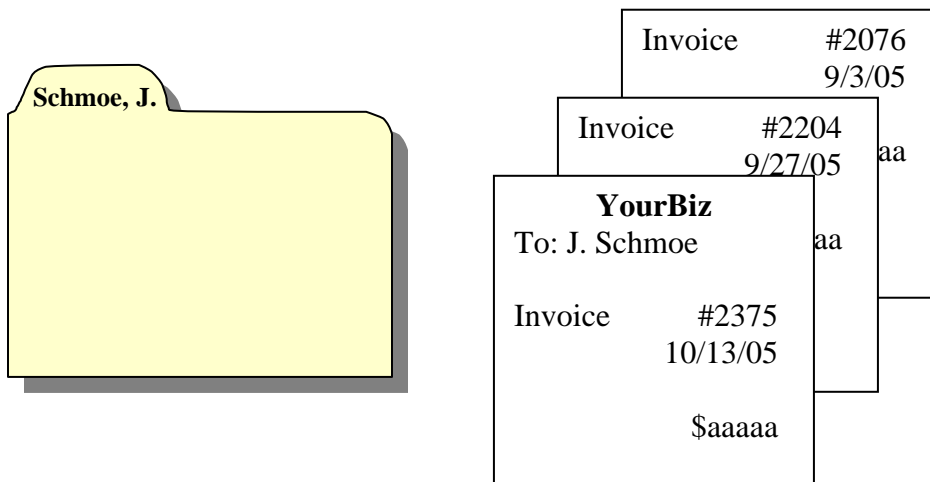
This drawer will be similar to the accounts payable drawer, but for customers instead.



3. The folders continue in alphabetical pattern for the rest of the drawer.

2. Folders for invoices that have been paid in full. Each folder is named for a customer. The first folder is for one-time bills where the customer's name begins with that letter of the alphabet.

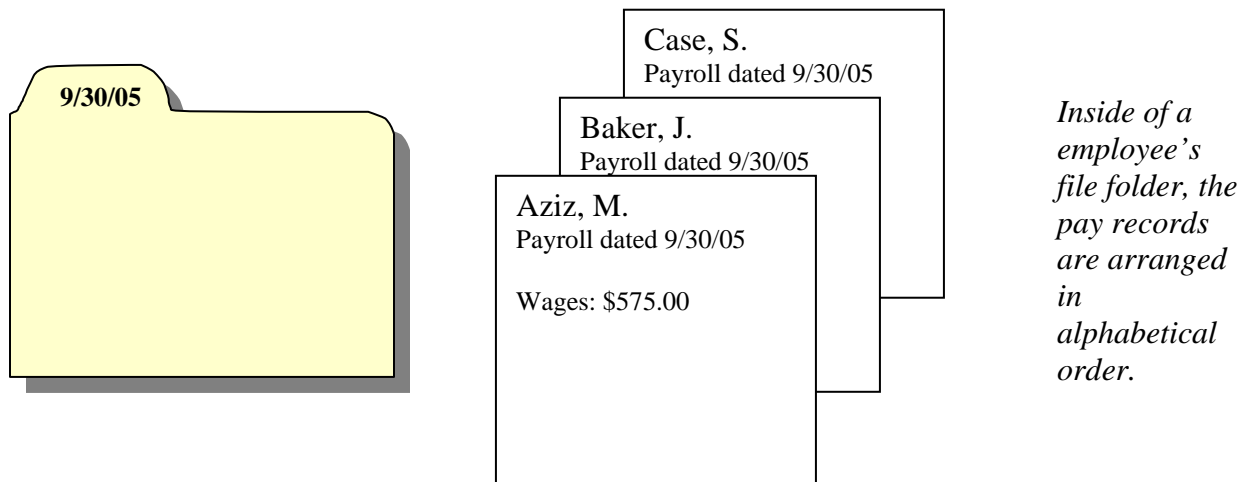
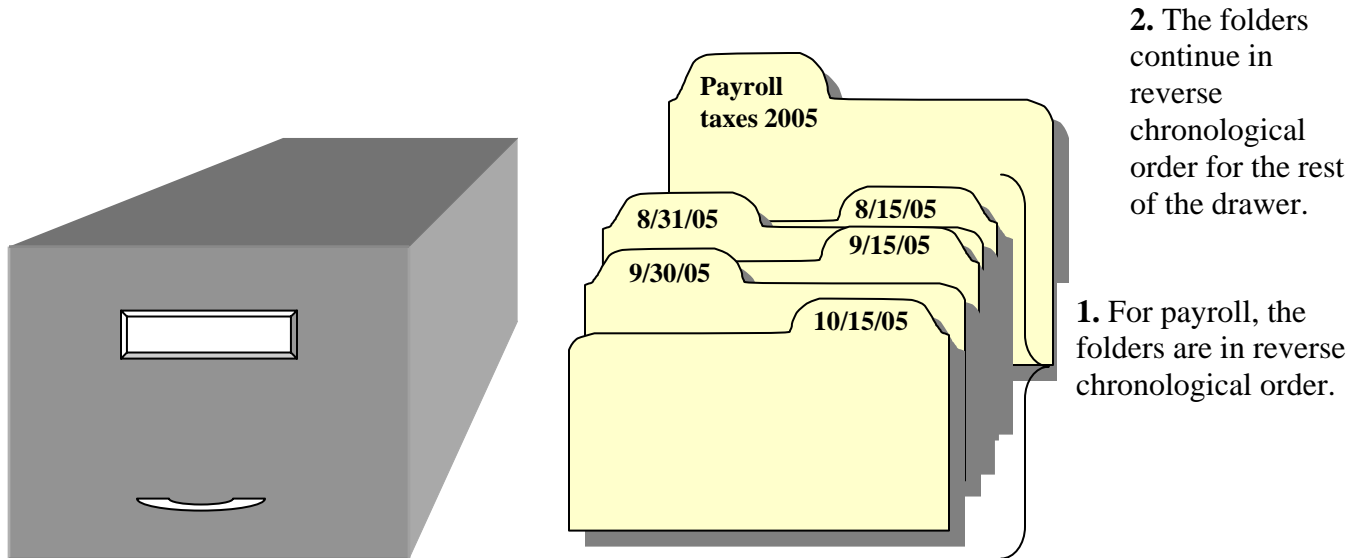
1. The first folder of the accounts receivable drawer is for invoices that have been entered into QuickBooks, but are not completely paid in full.



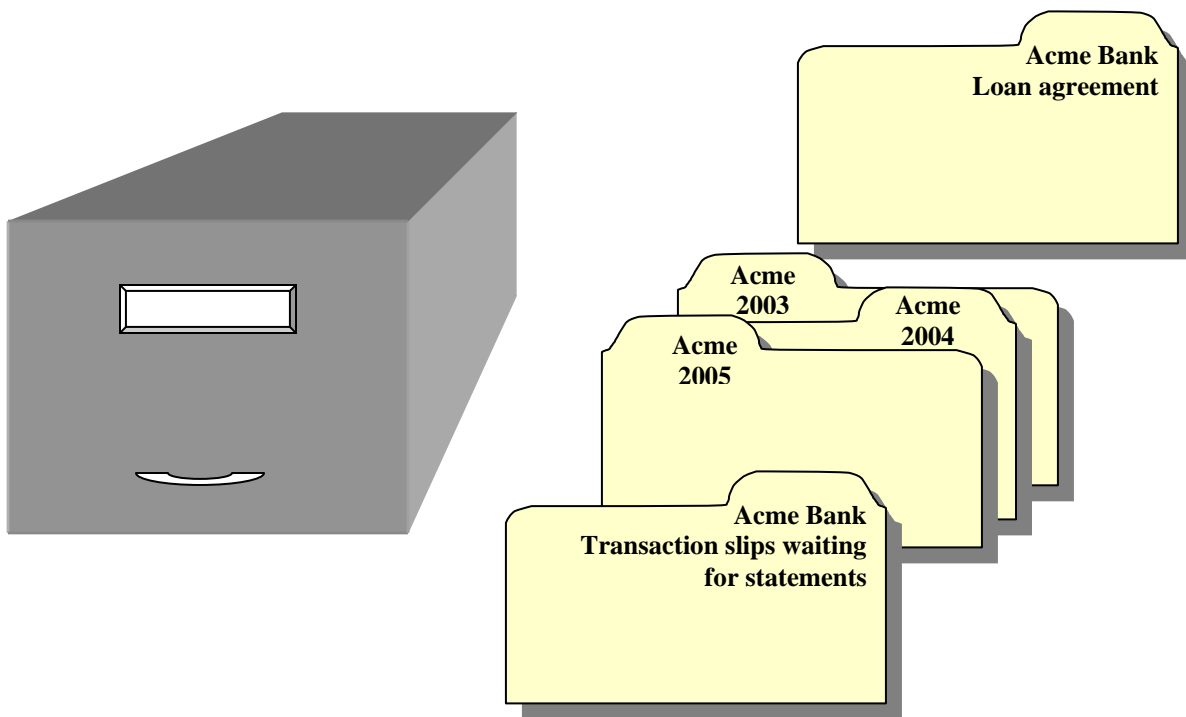
Inside of a customer's file folder, the invoices are arranged in reverse chronological order.

PAYROLL DRAWER

This drawer will be similar to the accounts payable drawer, but for employees instead.



BANK DRAWER

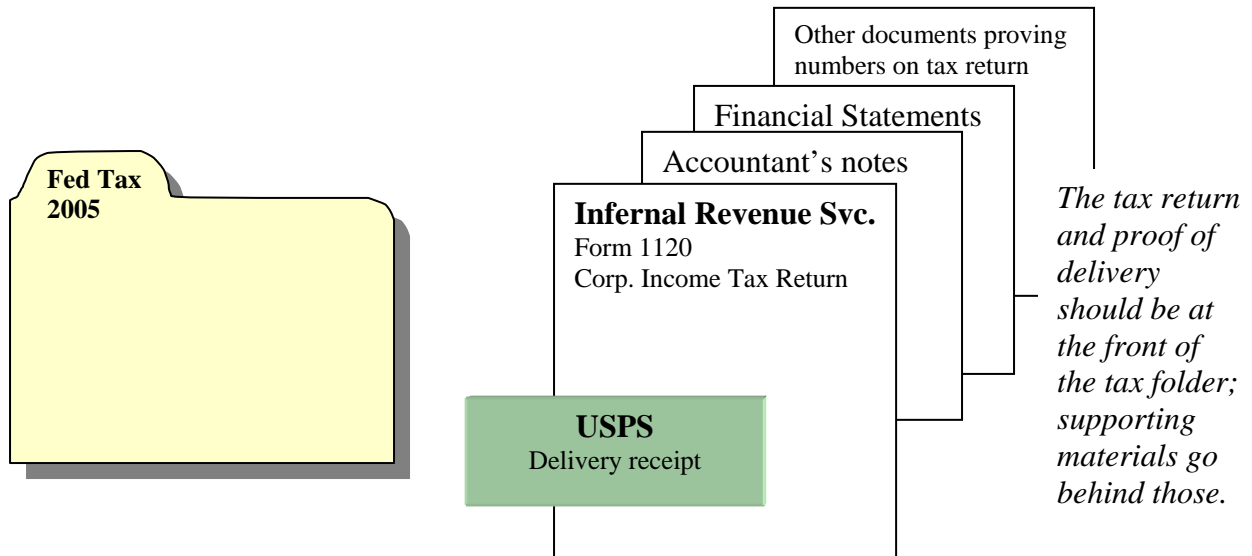
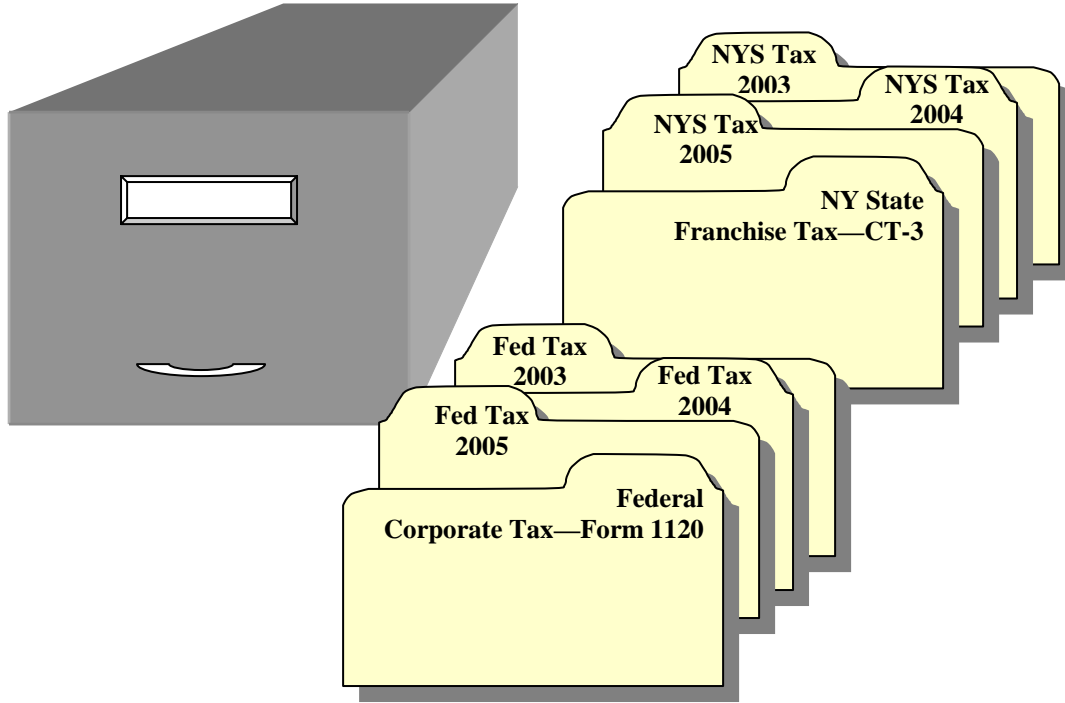


A key point to understand about the bank files is the first folder: “Transaction slips waiting for statements.” Deposit slips, ATM receipts, bank notices, wire transfer instructions, etc. should all go in this file until a statement arrives. When the statement is reconciled, all transaction receipts that are reflected on the statement should be removed from the “Waiting for statements” folder and attached to the reconciled statement. This method provides a temporary home for the transaction slips, and then gives them a permanent home when the statement arrives and there is proof on the statement that the transaction occurred. What if the transaction slip isn’t shown on the statement? There might be a problem, so investigate it further.

If a business has multiple banks, put a divider in the drawer and replicate this set of folders.

Cancelled checks should also be included with the statement they came in.

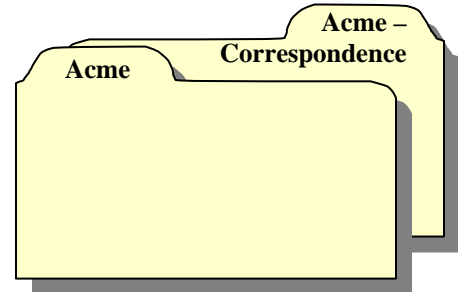
TAX DRAWER



Finer Details

Accounts Payable

Sometimes a vendor will have supplemental information in addition to invoices. This might be a contract or correspondence. The way Small Business CFO deals with this is to have a second folder behind the vendor's paid bills folder that contains the additional paperwork.



Accounts Receivable

Just like accounts payable, clients may also have supplemental information, which may be handled by the same method of keeping the supplemental information behind the client's paid invoices folder.

Some businesses not only have clients or customers, but they also categorized work for the client by contracts. For example, an architect might have a client for which is does specific jobs such as an interior renovation one year, and an exterior renovation later on. The solution to the client / job filing is to have a master file for the client, and then filing paperwork for the client inside of the master file (if using a hanging file folder, for example), or immediately behind it.

