

BUSINESS 101 SERIES

COMMON FINANCIAL TERMS

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Let's Talk LLC Money!

Now that you're a CEO, badass. You need to start tracking your finances for business as well. If you aren't already doing this, please start categorizing your money with these labels as you start having them. Here are some basic LLC financial terms.

Everyone Will Start With These.

Revenue Terms:

Revenue: Also known as sales, this is all the money you make in your business.

* For most, Revenue is anything that brings in money to your business

Revenue Sources: This is also called revenue streams. It's labeling "where each dollar comes from" as you track your Total Gross Profits. I recommend to key a key for categorizing all your sources, so you can abbreviate them in your records.

Taxes:

Taxes: Everyone's least favorite topic. Now that you're an LLC, your Revenue is going to be taxes as if it was a paycheck from a job. All of it.

* I recommend to expect 30% taxation on everything.

Expense Types Terms:

Cost of Doing Business Expenses: This is what you have to spend to stay in business. See the example for what these could look like.

* For you, Business Expenses could be: makeup, presets, equipment, domain and hosting, the retreat expenses, contractors, office decorations, background items, equipment, etc. I like to put my credit card processing fees in here, as well as bank fees.

Lifestyle for Business Expenses: This is a separate (micro) section of your Business Expenses. These are expenses that seem like personal expenses, but they're necessary to upkeep your professional status. Depending on how you file taxes, you will need this.

* For you, this can be: Haircuts, Hair dye, some clothing, manicures, unboxing items/subscriptions, etc.

Business Education Expenses: This is what you spend on to further educate you for your profession. This doesn't include any hobby education (like dancing lessons with your spouse).

* Common Education Expenses are: Coaches, Courses, Conferences where you're an attendee, etc.

Subscriptions & Dues: This is what you spend on any software subscriptions, magazines, trade organizations, etc.

* Common Subscriptions & Dues are: ConvertKit (email marketing), Gmail Email, Chamber of Commerce, etc.

Insurance: You need it, so you might as well plan for it.

* Common Business Insurances are: Liability, Auto, and Umbrella.

Business Travel Expenses: This is what you spend if you have to travel. It includes everything business related for the travel, but if you do personal things (like seeing a play with your spouse) that doesn't count.

* Travel Expenses include: Transportation, Flights, Baggage Fees, Food and Drink (not always if it's personal)

Marketing Expenses: This is what you spend on marketing. Once you're ready, you'll have a defined yearly budget that you'll break down into quarters or for specific goals/launches/regular advertising during the year.

* For you, Marketing Expenses can be: Instagram Ads, Facebook Ads, Photos at your events, videos/editing, trade shows, etc.

Business Savings: If you ever want to buy new equipment, pay for a new hire, etc. you're going to need some savings. Also, if you ever have a slow month, legal fees, or decide you want an office one day - you're going to need to pull your money for that from somewhere. Savings is where you'll pull it.

Salary/Payroll: This is what you pay yourself or employees home as a paycheck or wages. This will cover your living expenses, bills, and personal savings. Why do you need a Salary if the government is going to tax you on your total amount made in business per year (Revenue)? Having a Salary allows you to know how much you can spend on personal expenses and personal savings vs. what will be spent on the business. It's to help you not go over budget in any area, so you can have funds for everything plus more.

* I recommend waiting to decide your Salary amount until you do the Plan for Profit Masterclass.

Profit:

Profit: After everything is paid, you end up with Profit. Sometimes profit equals business savings, if you put everything left into savings, and sometimes savings comes after profit.

Quick & Dirty Profit Formula:

Revenue - All Expense Types = **X**

X - Taxes = **Y**

Y = Profit