

# Building Financial Relationships



**DECAL**  
**Thriving Child Care**  
**Business Academy**

As a small business owner, it is imperative that you have financial relationships that support your business. Having specialized financial professionals who are looking out for your specific business and personal circumstances can save you time. When you entrust your finances to the right people and organizations, you mitigate financial risk and enhance your security. In this guide, we will explore some basic financial relationships that are most critical for your success as a child care business owner.

## Basic banking

Just like you have a checking account for your personal use, it is best practice to have a separate checking account for business use. Your business checking account is the account where all your business expenses are taken out of and where all your business income is deposited into. Keeping all your business transactions in one place helps streamline your record-keeping process.

You may also want to have a separate savings account just for your business. Ideally, your business will regularly allocate some money to savings so that it has its own reserve of emergency funds. If your business is financially unsteady due to the pandemic and its continued aftershocks, you can still set up a savings account. The best savings accounts have no fees and no or small minimum amounts needed to open an account. Simply opening a savings account can be what you need to motivate you to continue to work on your cash flow and cost of care analysis and to increase your profits.

When you are ready to set up your business checking and savings account, where do you go?

Even if you enjoy your experience with the bank that you currently use for personal reasons, it is worthwhile to investigate what other banking options are available that might be more beneficial for your business use. There are [rankings of the best national banks to use for small business bank accounts](#).

The benefits of large, national banks are that they probably have a user-friendly, efficient online banking software, both via web and on a mobile app. They probably also have extended customer service hours. Moreover, depending on the bank, you could have more options for ATMs or branch locations. On the flip side, it is unlikely that you will receive free, personalized recommendations for your financial situation from a national,

corporate bank. That one-on-one attention is usually best received at a local bank. You can find a community bank [here](#).

Some individuals and businesses prefer to use *credit unions* instead of banks. Credit unions are nonprofits, whereas banks are for-profit corporations. Ultimately, this means that the financial institution can channel more of its profit into beneficial cost savings for account holders. For you, this could mean that you will generate higher interest on your account deposits or perhaps face lower fees if you mistakenly overdraw your account.

Many credit unions offer expanded assistance for the smallest businesses. Sometimes, micro businesses (defined as a business with fewer than ten employees) are excluded from certain services at banks that are available for larger businesses, such as short-term, emergency financing. Credit unions may offer specialized services for micro businesses that are unavailable for those same businesses at banks.<sup>1</sup>

## Business Credit

You may also want to have access to a line of credit so that your business can stay afloat if an unanticipated cash flow crunch is encountered.

When you are researching the financial institution that is the best choice for you, look for what short-term credit options are offered. If you needed a small loan tomorrow, how much money would you be eligible for, how much interest would you be charged, and how quickly would you need to pay it back?

If you are a micro business, or a small business without a long history of ownership, you might find that a credit union might have more options for you than a large bank.

Business credit cards are another option as a line of credit. Credit lines come with a high interest rate but offer a useful lifeline in times of unexpected hardship. Consider opening a business credit card that will help your business generate rewards, like cash back. Remember that credit cards are intended to help your financial situation, not harm it, and high-interest debt will be harmful. Although business credit cards should serve as one of your last options, they can be a critical tool for business survival if you experience unexpected circumstances.

## Accounting: Bookkeeping & Tax Preparation

If you are a home-based, sole proprietor, you may be doing all your financials solo. If you are leveraging tools like a basic bookkeeping system and following good practices with record-keeping, this might be working well for you. As your child care program

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<sup>1</sup> [Gran & Foreman \(2021\). \*Is joining a credit union right for you?\* Forbes.](#)

grows, having a bookkeeper to manage your financial records is critical to keeping your business's financials on track.

Knowing that a qualified financial professional is tracking your incoming revenue and outgoing expenses can give you peace of mind as a business owner. It can also allow you to focus more of your time managing the business and less time handling financials. Having a bookkeeper maintaining your records becomes particularly advantageous at tax time. A good bookkeeper will keep easy-to-understand financial records that will streamline the process of filing your business taxes.

With time, resources, and patience, most sole proprietors can file their own annual taxes. (Have you seen our guides that help you self-file your taxes using [TurboTax](#), [Tax Act](#), and [H&R Block](#)?) However, whether you *want* to invest your time and effort into filing your own taxes is another question entirely. If you contract with a bookkeeper, they might be able to file your taxes for you or with you, depending on their qualifications. Otherwise, you might want to seek out a professional tax preparer to file your taxes for you.

A qualified, reliable tax preparer with specialized knowledge about child care business taxes can be difficult to find. Child care businesses—particularly in-home child care programs—are a niche in tax law that can be understudied by accountants.

The first step to finding a trustworthy accountant for your business is to inquire within your network of child care providers. Which financial professionals in your community have other providers had positive experiences with?

The right tax preparer for you will be willing to review resources that you provide pertaining to child care business taxes, such as the [Confidence in Quality Tax Prep Rubric® App for Child Care Providers](#). Do not feel shy about presenting your potential tax preparer with this information—remember, you are hiring them to do a job for you. You should only work with preparers who are willing to learn about child care business taxes so that they can offer you the best service possible.

Before you start looking for a tax preparer, decide how much you are willing and able to pay for your annual return. Tax preparation services can range from \$100 to \$1000 depending on the size of your small business and who you choose.

Ultimately, if you speak with a few tax preparers and the one who is willing to learn, patiently explain, and return your messages is the most expensive of your options, it is likely in your best interest to work with them despite the cost. A high-quality tax preparer can help you mitigate risk and maximize your annual return. A tax preparer who is underinformed about child care businesses (or a poorer quality tax preparer in general) could put your business at risk of a costly audit or lead you to lose out on returns from deductions you can claim. The extra few hundred dollars you may spend annually on a

high-quality tax preparer will likely save you money that you otherwise would part with as a result of suboptimal tax preparation services.

## **Insurance agents**

Insurance agencies maintain relationships with different insurance providers. After learning all about your circumstances, insurance agents will assess your cost for different policies and offer you the best price for your insured value. Insurance agents are looking for the best package for you, regardless of insurance provider, whereas an independent insurance provider can only offer their brand of products.

The biggest advantage to using an insurance agency is time and cost savings. As a small business owner, working with insurance agencies offers the opportunity to streamline your business and personal insurance policies and ensure that you are getting the best, most affordable coverage for your circumstances. You will receive highly individualized customer service at insurance agencies. Keep in mind that many insurance agencies do not charge fees to the consumer, but some do.

There are many liability risks for child care businesses and working with a knowledgeable insurance provider who connects you to the relevant, right-sized insurance products for you is extremely valuable. Especially for home-based sole proprietors, finding a well-informed, no-fee insurance agent who offers many different insurance products will offer a great deal of financial security and peace of mind.

Please note that although the Georgia Department of Early Care and Learning (DECAL) does not require child care programs to carry liability insurance, if a licensed family child care learning home Provider does not carry liability insurance coverage sufficient to protect its clients, the provider must post that fact in a conspicuous place in the program. Such notice must be in at least ½ inch letters. A provider that fails to post may be subject to a civil fine of \$1,000.00. If a licensed child care learning center does not carry liability insurance coverage sufficient to protect its clients, the provider must include information about liability insurance in the center's policies and procedures (i.e., whether the center does or does not carry the insurance). Programs granted an exemption from licensing must comply with the requirements regarding notification to parents of enrolled children if the program does not carry liability insurance.

## **Financial planners**

If you have a sizable child care business that is profitable year after year, you might want to engage a financial planner. A financial planner will help you to set financial goals like paying off debt, saving for retirement or college, or insurance. Financial planners will analyze your personal income, debt, and savings and help you strategize about how to most effectively use your hard-earned money to build your future. They will also help

you stay on track to meet your goals over time and help you adjust your goals as your life changes (such as having another baby or readying for retirement).

If you are just starting to get your finances in order, it is understandable to feel overwhelmed by the number of financial relationships there are to build. Your time investment in building your team of financial professionals will pay off. Focus on one step at a time. Soon, you will have assembled your team of professionals whose jobs are to help your business (and personal) finances thrive.

## **Additional Resources**

**If you have questions or need help, assistance is available.**

[GaPDS Website](#)

[DECAL Thriving Child Care Business Academy Website](#)

[Georgia Licensing Rules and Regulations](#)

**To Find Other Study Guides:** Click on [Resources](#) on the Academy home page

**To Find Training:** Click on [Trainings](#) on the Academy home page

**To Register for Training:** Click on [Schedules & Registration](#) on the Academy home page

**To Sign Up for Study Groups:** Fill out the [Intake Assessment](#)

**For questions about coaching or study groups:** Email [GAcoaching@civstrat.com](mailto:GAcoaching@civstrat.com)

**To Find Other ECE Resources:** Visit the [DECAL Website](#)

**For General Questions about the Academy:** Email [thriving@decals.ga.gov](mailto:thriving@decals.ga.gov)

**For More Information:**

[Family Child Care Learning Home Rules and Regulations](#)

[Child Care Learning Center Rules and Regulations](#)