

# Hybrid Accounting Checklist

## Set Up Your Profit First Bank Accounts

Open separate business bank accounts:

- Income Account
- Profit Account
- Owner's Pay Account
- Tax Account
- Operating Expenses Account

Use your current bank for simplicity or choose one that offers free multiple accounts.

## Determine Your Initial Allocation Percentages

Start simple:

- Profit: 1-5%
- Owner's Pay: 30-50%
- Taxes: 15-20%
- Operating Expenses: 30-50%

Adjust quarterly based on real cash flow.

## Continue Using Traditional Accounting for Reporting

Maintain:

- Income statements
- Balance sheets
- Cash flow statements

Required for tax filings, audits, lenders, and investors.

Use accounting software (e.g., QuickBooks, Xero) or work with a CPA.

## Schedule Regular Profit First Allocations

Transfer funds:

- Twice a month (recommended) or monthly.

Stick to your preset percentages each time revenue comes in.

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Celebrate your Profit Account growth - but don't touch it unless for designated purposes (distributions, reinvestment, or true emergencies).

## Review and Adjust Quarterly

Assess:

- Are your operating expenses too high?
- Can you increase your profit allocation?
- Do you need to revise tax or owner's pay percentages?

Adjust your Profit First allocations as your business grows or shifts.

Review financial reports to stay compliant and strategic.

## Bonus Tips

- Link your accounting software to your Profit First accounts for easy tracking.
- Use a fractional CFO or a Profit First Professional if you need expert guidance.
- Keep personal and business expenses strictly separate - no exceptions.

## Download and Start Today:

Use this checklist to set up a hybrid system that keeps your business compliant and profitable.