

**MODULE 2**

**ACCOUNTING AND MONEY MANAGEMENT  
MADE EASY**



# In This Lesson

Why this is one of the most important lessons in AIA

Where most people go wrong with accounting for their business

How to practice singularity and make your life so much easier

The world's simplest bookkeeping system you can use even if you're making \$50,000,000/year

The one financial statement that will change your life



# Disclaimer

While most of what we are going to cover in this lesson is objectively good advice, this is not legal advice.

Contact a professional to get legal advice.



**This Is One Of The Most Important Business Lessons In AIA**



# What Is Accounting?

## Dictionary

Definitions from [Oxford Languages](#) · [Learn more](#)

Search for a word



ac·count·ing

/ə'koun(t)iŋg/

*noun*

the action or process of keeping financial accounts.  
"an investigation into suspected false accounting"



# MOST ONLINE ENTREPRENEURS

It is comical how overlooked accounting and bookkeeping is in the online business space.

It's literally a foundational pillar of business.



# Why Is Accounting So Important?

There are many reasons why good accounting in your business is so insanely important.

1. **Get rid of unhealthy amount of stress.** Most people have this dark cloud over them all the time because they don't know their finances or they know it's a mess.
2. **Better decision making based on new insight.** You will be able to make good decisions based on accurate information instead of blind decisions based on a mess.
3. **Tax Season.** "This was my profit, here are my taxes". Can save you a lot of money, time and fatal levels of stress.

This lesson will turn accounting from a fear to a strength. Give you complete clarity and confidence in something that used to give you stress.

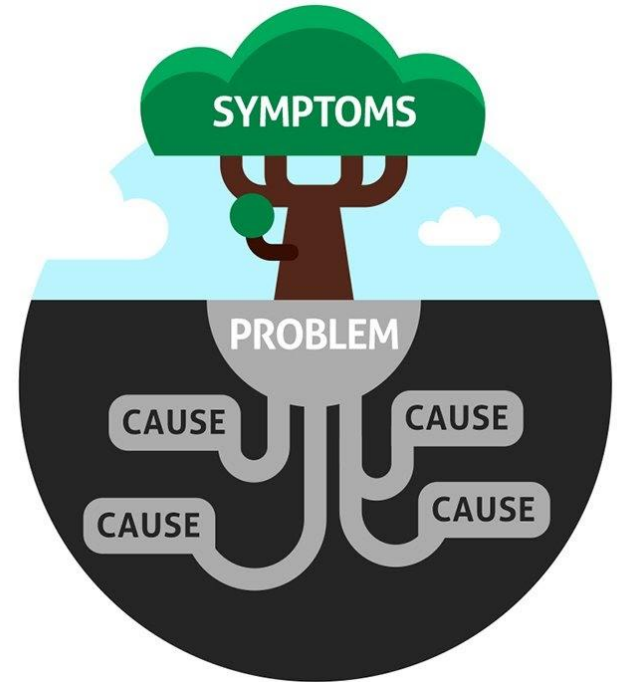


# Where Many People Go Wrong With Accounting

Hire an accountant/bookkeeper and think that solves everything.

If you just hire an accountant, you are treating the symptoms and still ignoring the actual problem which is...

**YOU'RE ACCOUNTING IS A MESS AND YOU DON'T KNOW WHAT YOU'RE DOING.**





# SINGULARITY

reducing things to one



# How To Practice Singularity In Accounting

Singularity is the key to clean and organized accounting.

**1 account** - Everything needs to be centralized into one bank account. Move all of the business's money into one bank account and get rid of the rest.

**1 inflow of money** - All the money you make goes into this one bank account.

**1 outflow of money** - All the money you spend goes out of this one bank account with a debit card. Get rid of all credit cards.

You now have everything you need to know about money in 1 place. How simple is that?



# Separate Business Money From Personal Money



You never ever mix personal money with business money.



# Separating Your Money

**1 business bank account.** All business income goes into this bank account and all business expenses go out of this bank account.

Anything that has to do with your business is a business expense (paying writers & narrators, software, this course, business travel, dinner with business associates, new computer for work, etc.)

You only pay taxes on profit, not income/revenue.

**1 personal bank account.** All personal income goes into this bank account and all personal expenses go out of this bank account.

Use the right card to pay for things and it's impossible to mix them.

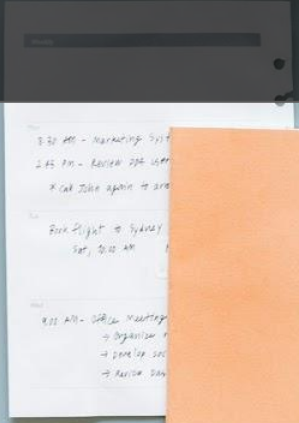
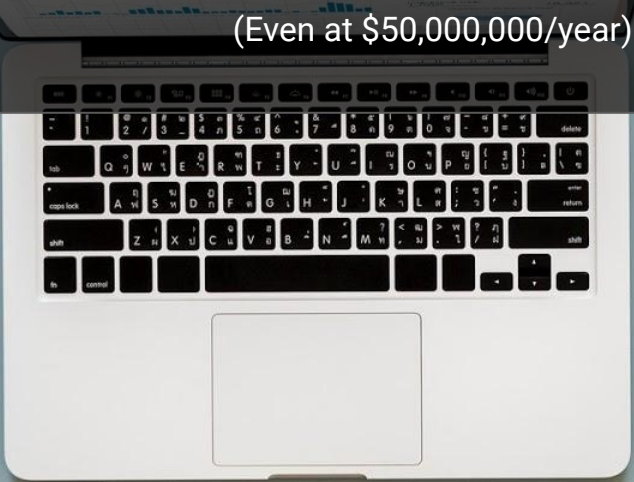






# THAT IS HOW YOU HAVE CLEAN BOOKS

(Even at \$50,000,000/year)



# Organize Everything In One Financial Statement

		YEARLY SUMMARY							Comparison with Previous Month Increase <span style="color: green;">■</span> Stable <span style="color: yellow;">■</span> Decrease <span style="color: red;">■</span>	
		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	YEARLY SUMMARY		
REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	REVENUE	\$0.00	Increase <span style="color: green;">■</span>
EXPENSES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	EXPENSES	\$0.00	
NET CASH FLOW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	NET CASH FLOW	\$0.00	Decrease <span style="color: red;">■</span>
DIVIDENDS RELEASED								DIVIDENDS RELEASED	\$0.00	
RETAINED EARNINGS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	RETAINED EARNINGS	\$0.00	
OPENING BALANCE								OPENING BALANCE		
CLOSING BALANCE								CLOSING BALANCE		
		JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER			
REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
EXPENSES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
NET CASH FLOW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
DIVIDENDS RELEASED										
RETAINED EARNINGS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
OPENING BALANCE										
CLOSING BALANCE										

AIA Profit/Loss Statement



# AIA Profit/Loss Statement

**Timing.** Take 1 hour on one of the first few days of every month to fill out the profit/loss statement for the prior month.

**Cash vs Accrual accounting.** Cash accounting recognizes revenue and expenses only when money changes hands. Accrual accounting recognizes revenue when it's earned, and expenses when they're billed. The difference lies in the timing of revenue and expenses.

Cash accounting is more simple because you only look at money in/money of your bank account.

Accrual accounting is more realistic/accurate but you'll need to backdate when the actual royalties were earned by looking in your publishing dashboards.

Which one you use is up to you.



# AIA Profit/Loss Statement

		YEARLY SUMMARY							Comparison with Previous Month Increase  Stable  Decrease 	
		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	YEARLY SUMMARY		
REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	REVENUE	\$0.00	Increase
EXPENSES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	EXPENSES	\$0.00	Stable
NET CASH FLOW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	NET CASH FLOW	\$0.00	Decrease
DIVIDENDS RELEASED								DIVIDENDS RELEASED	\$0.00	
RETAINED EARNINGS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	RETAINED EARNINGS	\$0.00	
OPENING BALANCE								OPENING BALANCE		
CLOSING BALANCE								CLOSING BALANCE		
		JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER			
REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
EXPENSES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
NET CASH FLOW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
DIVIDENDS RELEASED										
RETAINED EARNINGS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
OPENING BALANCE										
CLOSING BALANCE										

“File” then “make a copy” to edit the spreadsheet.





# Final Notes On Accounting

1 bank account + P/L statement = **Accounting mastery**

Your P/L statement will make your life so easy come tax season. You will have everything you need (except for receipts) in one simple spreadsheet. But do hire an accountant to handle that.

Don't worry about cash flow in the beginning (your job should provide cash flow), focus on reinvesting in what will grow your publishing income.

When you focus on cash flow too early, you can't grow your business. **Feed the machine** and use this accounting system to stay on top of everything in your publishing business.

