

Financial Tracking Guidance

Phase 1 Deliverable #12

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Status: Complete

Executive Summary

This document provides comprehensive financial tracking guidance, accounting recommendations, and template dashboards for Chocolat on James. The guidance focuses on establishing proper financial tracking systems, monitoring key performance indicators, and maintaining accurate records to support business growth and decision-making.

Accounting System Recommendations

Recommended: QuickBooks Online

Why QuickBooks Online: - Industry standard for small businesses - Integrates with Pavement website (once live) - Cloud-based, accessible from anywhere - Automatic bank reconciliation - Professional tax reporting - Cost-effective (\$50-100/month)

Alternative Options: - Wave (free, basic features) - FreshBooks (service-focused) - Xero (similar to QuickBooks)

Setup Requirements: 1. Create QuickBooks Online account 2. Connect business bank account 3. Set up chart of accounts (see below) 4. Configure sales tax settings (HST) 5. Connect payment processors (Stripe, PayPal)

Chart of Accounts Structure

Revenue Accounts

Primary Revenue: - 4001 - Walk-in Sales - 4002 - Online Sales (E-commerce) - 4003 - Corporate Gifting - 4004 - Wholesale Sales - 4005 - Event Sales - 4006 - Other Revenue

Revenue by Product Category (Optional): - 4101 - Truffles - 4102 - Gift Boxes - 4103 - Seasonal Collections - 4104 - Corporate Packages

Cost of Goods Sold (COGS)

Direct Costs: - 5001 - Chocolate Ingredients - 5002 - Packaging Materials - 5003 - Shipping Supplies - 5004 - Product Labor (if applicable) - 5005 - Other COGS

Operating Expenses

Fixed Expenses: - 6001 - Rent - 6002 - Utilities (Electricity, Gas, Water) - 6003 - Internet/Phone - 6004 - Insurance - 6005 - Bank Fees

Variable Expenses: - 6101 - Staff Wages - 6102 - Staff Benefits - 6103 - Marketing & Advertising - 6104 - Website & E-commerce Fees - 6105 - Email Marketing Platform - 6106 - Photography - 6107 - Professional Services (Consulting, Legal, Accounting)

Other Expenses: - 6201 - Supplies & Materials - 6202 - Repairs & Maintenance - 6203 - Depreciation - 6204 - Taxes & Licenses - 6205 - Miscellaneous

Financial Dashboard Templates

Dashboard 1: Weekly Sales Dashboard

Purpose: Track daily/weekly revenue, orders, and key metrics

Frequency: Updated daily

Where to pull data: Pavement (once live), Stripe/payment processor, email records

Structure:

WEEK OF: [Date Range]

DAILY BREAKDOWN

Date	Orders	Revenue	Avg Order Value	New Customers	Returning
[Date]	[#]	\$[amount]	\$[amount]	[#]	[#]
[Date]	[#]	\$[amount]	\$[amount]	[#]	[#]

WEEKLY TOTALS

Total Orders: [#]
Total Revenue: \$[amount]
Avg Order Value: \$[amount]
New Customers: [#]
Returning Customer %: [%]
Conversion Rate: [%]

WEEK-OVER-WEEK COMPARISON

This week: \$[amount]
Last week: \$[amount]
Change: [+/-]%

TOP PRODUCTS THIS WEEK

1. [Product]: [# sold]
2. [Product]: [# sold]

3. [Product]: [# sold]

NOTES / OBSERVATIONS

[Any anomalies, patterns, or insights worth noting]

Dashboard 2: Monthly Financial Overview

Purpose: Track monthly revenue, expenses, and profitability

Frequency: Updated monthly

Where to pull data: QuickBooks Online, payment processors

Structure:

MONTH: [Month Year]

REVENUE

Walk-in Sales: \$[amount]

Online Sales: \$[amount]

Corporate Gifting: \$[amount]

Other: \$[amount]

Total Revenue: \$[amount]

vs. Last Month: [+/-]%

vs. Last Year: [+/-]%

EXPENSES

COGS: \$[amount] ([% of revenue])

Rent: \$[amount] ([% of revenue])

Staff: \$[amount] ([% of revenue])

Marketing: \$[amount] ([% of revenue])

Other Expenses: \$[amount] ([% of revenue])

Total Expenses: \$[amount] ([% of revenue])

PROFITABILITY

Gross Profit: \$[amount] ([% margin])

Net Profit: \$[amount] ([% margin])

Break-even Analysis: [% above/below break-even]

KEY METRICS

Average Order Value: \$[amount]

Conversion Rate: [%]

Customer Acquisition Cost: \$[amount]

Customer Lifetime Value: \$[amount]

Dashboard 3: Quarterly Business Review

Purpose: Quarterly financial review and planning

Frequency: Updated quarterly

Where to pull data: Monthly dashboards, QuickBooks reports

Structure:

QUARTER: [Q# Year]

QUARTERLY REVENUE

Q1 Revenue: \$[amount]

Q2 Revenue: \$[amount]

Q3 Revenue: \$[amount]

Q4 Revenue: \$[amount]

Total Annual: \$[amount]

vs. Last Year: [+/-]%

vs. Budget: [+/-]%

QUARTERLY EXPENSES

COGS: \$[amount]

Operating Expenses: \$[amount]

Total Expenses: \$[amount]

Profit Margin: [%]

QUARTERLY METRICS

Average Monthly Revenue: \$[amount]

Average Monthly Orders: [#]

Average Order Value: \$[amount]

Customer Growth: [+/-]%

Email Subscribers: [#]

Website Traffic: [#]

TRENDS & INSIGHTS

[Key trends, patterns, or insights from the quarter]

NEXT QUARTER FOCUS

[Priorities and goals for next quarter]

Dashboard 4: Channel Performance Tracking

Purpose: Track performance by sales channel

Frequency: Updated monthly

Where to pull data: QuickBooks, Pavement analytics, POS system

Structure:

MONTH: [Month Year]

CHANNEL PERFORMANCE

Channel	Revenue	Orders	Avg Order Value	% of Total	Growth %
Walk-in	\$[amount]	[#]	\$[amount]	[%]	[+/-]%
E-commerce	\$[amount]	[#]	\$[amount]	[%]	[+/-]%
Corporate	\$[amount]	[#]	\$[amount]	[%]	[+/-]%
Other	\$[amount]	[#]	\$[amount]	[%]	[+/-]%
Total	\$[amount]	[#]	\$[amount]	100%	[+/-]%

CHANNEL INSIGHTS

[Analysis of each channel's performance and trends]

Dashboard 5: Product Performance Tracking

Purpose: Track revenue and profitability by product

Frequency: Updated monthly

Where to pull data: QuickBooks, POS system, Pavement analytics

Structure:

MONTH: [Month Year]

TOP PRODUCTS BY REVENUE

Product	Units Sold	Revenue	Avg Price	% of Total	vs. Last Month
[Product]	[#]	\$[amount]	\$[amount]	[%]	[+/-]%
[Product]	[#]	\$[amount]	\$[amount]	[%]	[+/-]%
[Product]	[#]	\$[amount]	\$[amount]	[%]	[+/-]%

PRODUCT CATEGORIES

Category	Revenue	Units	Avg Price	% of Total
Truffles	\$[amount]	[#]	\$[amount]	[%]
Gift Boxes	\$[amount]	[#]	\$[amount]	[%]
Seasonal	\$[amount]	[#]	\$[amount]	[%]
Corporate	\$[amount]	[#]	\$[amount]	[%]

Key Performance Indicators (KPIs)

Revenue KPIs

Monthly Targets (Year 1): - Total Revenue: \$58K-60K/month (\$698K-723K annual) - Walk-in: 75% of revenue (\$44K/month) - E-commerce: 15% of revenue (\$11K/month) - Corporate: 10% of revenue (\$6K/month)

Growth Metrics: - Month-over-month growth: +2-3% - Year-over-year growth: +30-35% - Seasonal adjustment: Account for 5.2x variance

Profitability KPIs

Target Margins: - Gross Profit Margin: 70-75% - Net Profit Margin: 45-50% - Break-even: \$14K/month (maintain 219% safety margin)

Cost Management: - COGS: 16-20% of revenue - Rent: 14-16% of revenue - Staff: 8-10% of revenue - Marketing: 5-8% of revenue

Customer KPIs

Customer Metrics: - Average Order Value: \$55-70 - Conversion Rate: 1.5-2.5% (website) - Customer Acquisition Cost: \$30-50 - Customer Lifetime Value: \$200-300 - Repeat Purchase Rate: 20-30%

Customer Growth: - New Customers: 50-100/month - Email Subscribers: 150-200/month - Returning Customers: 20-30% of total

Monthly Reporting Cadence

Weekly Reports (Internal)

Every Monday: 1. Review previous week's sales dashboard 2. Compare week-over-week performance 3. Identify trends or anomalies 4. Plan weekly priorities

Data Sources: - QuickBooks sales reports - Payment processor dashboards - Email marketing metrics - Social media analytics

Monthly Reports (Internal & Advisory)

First Week of Each Month: 1. Complete Monthly Financial Overview 2. Review channel performance 3. Analyze product performance 4. Update quarterly dashboard 5. Review KPIs vs. targets

Reports to Generate: - Profit & Loss Statement - Balance Sheet (if applicable) - Cash Flow Statement - Sales by Channel Report - Product Performance Report - Expense Analysis Report

Quarterly Reviews (Strategic)

End of Each Quarter: 1. Complete Quarterly Business Review 2. Compare actuals vs. budget 3. Analyze trends and patterns 4. Identify opportunities and challenges 5. Plan next quarter priorities

Review Topics: - Revenue trends - Profitability trends - Channel performance - Customer metrics
- Operational efficiency - Strategic adjustments needed

Cost & Margin Tracking

Product Cost Analysis

Tracking Requirements: - Cost per unit for each product - Material costs (chocolate, packaging)
- Labor costs (if applicable) - Overhead allocation - Total cost per unit

Margin Calculations: - Gross Margin = $(\text{Revenue} - \text{COGS}) / \text{Revenue}$ - Target Gross Margin: 70-75%
- Monitor product-level margins - Identify low-margin products for pricing review

Channel Cost Analysis

Channel Costs: - Walk-in: Rent, staff, utilities - E-commerce: Platform fees, payment processing, shipping
- Corporate: Sales time, custom packaging, delivery

Channel Profitability: - Calculate net profit by channel - Factor in all associated costs - Compare channel ROI - Optimize channel mix

Tax & Compliance

Sales Tax (HST)

Current Status: - HST Registration: Verify current status - HST Rate: 13% (Ontario)

Tracking Requirements: - Track HST on all sales - Track HST paid on expenses (Input Tax Credits) - Quarterly HST remittance - Annual HST return

Best Practices: - Separate HST in accounting system - Set up HST tracking in QuickBooks - Reconcile HST monthly - File HST returns on time

Budgeting & Forecasting

Annual Budget Process

Budget Components: 1. Revenue Budget (by channel, by month) 2. Expense Budget (by category, by month) 3. Cash Flow Budget (monthly cash position) 4. Capital Expenditure Budget (equipment, improvements)

Budget Timeline: - October: Prepare next year's budget - November: Review and finalize budget
- December: Implement budget in QuickBooks - Quarterly: Review actuals vs. budget

Forecasting

Monthly Forecasts: - Update 3-month rolling forecast - Adjust based on actual performance - Identify variance causes - Update annual forecast as needed

Scenario Planning: - Conservative (base case) - Moderate (+30% growth) - Aggressive (+50% growth) - Model different scenarios for decision-making

Cash Flow Management

Cash Flow Tracking

Monitor Weekly: - Cash balance - Accounts receivable (if applicable) - Accounts payable - Upcoming expenses - Seasonal cash needs

Monthly Review: - Cash flow statement - Cash position vs. budget - Identify cash gaps - Plan for seasonal fluctuations

Cash Flow Optimization

Best Practices: - Maintain 3-6 months operating expenses in reserve - Plan for seasonal cash needs (build reserve in peak months) - Negotiate payment terms with suppliers - Accelerate collections where possible - Monitor accounts receivable aging

Implementation Timeline

Phase 1: Setup (Month 1)

- Set up QuickBooks Online account
- Create chart of accounts
- Connect bank account
- Set up payment processor integration
- Configure sales tax settings

Phase 2: Dashboard Creation (Month 1-2)

- Create weekly sales dashboard (Google Sheets)
- Create monthly financial overview
- Set up quarterly business review template
- Create channel performance tracking
- Set up product performance tracking

Phase 3: Training & Documentation (Month 2)

- Train staff on data entry procedures
- Document reporting cadence
- Set up automated reports where possible
- Create process documentation

Phase 4: Ongoing Operations (Month 3+)

- Weekly sales dashboard updates
 - Monthly financial reporting
 - Quarterly business reviews
 - Continuous optimization
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Recommended Tools & Resources

Accounting Software

- **QuickBooks Online** (recommended)
- **Wave** (free alternative)
- **FreshBooks** (service-focused)

Dashboard Tools

- **Google Sheets** (free, flexible)
- **Excel** (if preferred)
- **QuickBooks Reports** (built-in)

Analytics Tools

- **Google Analytics** (website analytics)
 - **Pavement Analytics** (e-commerce, once live)
 - **Email Platform Analytics** (Klaviyo, Mailchimp)
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Related Deliverables

- **Financial Analysis Report:** Baseline financial analysis and projections
 - **Revenue Projections 2026-2027:** Detailed 2-year financial projections
 - **Growth Roadmap:** Revenue targets and timelines
 - **Analytics Dashboard Templates:** Additional dashboard templates
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Document Status: Complete

Next Review: After accounting system setup

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