

# Financial Tracking Guidance

## Phase 1 Deliverable #12

**Date:** November 2025

**Prepared for:** Dan Edwards, Chocolat on James

**Status:** Complete

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## 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.

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## 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)

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## 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

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## 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]

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### 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]

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### 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]

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## 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]

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## 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]]	[%]

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## 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

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## 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

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### 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

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## 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

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## 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 = (Revenue - COGS) / 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

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## 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

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## 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

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## 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

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## 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

**Last Updated:** November 2025