

Personal to Business Money Boundary Kit

Use the method

Make personal and business money movements understandable and traceable. Use this when purchases, transfers, reimbursements, or owner withdrawals cross the boundary. The result is a written routing rule and an exception record. It is an operating aid; entity-specific accounting, tax, payroll, and legal treatment belongs with a qualified adviser.

- 1. Map the current routes.** List account nicknames, cards, payment apps, and who uses each. Identify where business receipts and spending should normally be recorded. Never write credentials or full account numbers here.
- 2. Set a routine boundary.** Where appropriate, use designated business accounts for business activity and personal accounts for personal activity. Confirm the arrangement and required treatment for your business structure with your adviser.
- 3. Define crossing types.** List owner funding, owner withdrawal, personally paid business purchase, business-paid personal purchase, and reimbursement. These labels describe a movement; they do not determine its accounting treatment.
- 4. Record exceptions promptly.** Capture date, amount, origin and destination nicknames, purpose, source evidence, and person involved. Flag mixed-use purchases and missing receipts for review.
- 5. Resolve with evidence.** Have the responsible bookkeeper or adviser confirm classification and any reimbursement or correction. Document approval and matching transfers so the same purchase is not counted twice.
- 6. Review the pattern.** At each monthly review, reconcile boundary movements and unresolved items. Fix repeated routing problems, tell users the rule, and retain the supporting records.

Worked example

Illustrative example: the owner buys \$80 of business supplies using a personal card. The receipt, date, business purpose, and account nickname are captured in exception B-01.

The bookkeeper reviews the appropriate entry and reimbursement method for this business. If an \$80 reimbursement is authorized, its payment evidence is linked to B-01; it is not treated as a second supplies purchase.

A \$200 owner transfer into a business account is labeled owner funding pending confirmed accounting treatment. It is not automatically labeled customer revenue. A mixed personal and business purchase stays flagged until its supported split is reviewed.

The owner sets a practical routing rule: ordinary business supply purchases use the designated business card; accidental crossings are reported with evidence within the next review cycle.

Before you put it to work

- ☐ Account nicknames and approved routes are clear.
- ☐ Crossings preserve source evidence and purpose.
- ☐ Classification is confirmed for the actual business structure.
- ☐ Reimbursements and transfers do not duplicate purchases.

If the problem keeps returning

If exceptions recur, change the purchase route or access arrangement. Do not relabel a movement to hide it. Ask the responsible adviser to resolve uncertain owner, payroll, or mixed-use treatment.

Connect the tools

Use MF-02 to reconcile accounts and MF-04 for supported operating categories.

Background reference

Recordkeeping background: Internal Revenue Service, Recordkeeping,
<https://www.irs.gov/businesses/small-businesses-self-employed/recordkeeping> (checked September 29, 2026).

Working worksheet

Name or team _____ Date _____

Scope and setup

Business or household, record owner, designated account nicknames, adviser or bookkeeper, and review date.

Reusable record

Date and ID	Movement type	Amount	From and to	Purpose and evidence	Review status

Duplicate rows or this worksheet for additional records.

Use your own records. The examples on page 2 are illustrative. Continue on a duplicate worksheet when you need more space.

Complete and review

Routing rules

Normal receipt and purchase routes; who may use each; how an accidental crossing is reported.

Resolution and approval

Exception ID, confirmed treatment, adviser or bookkeeper, reimbursement or correction, and matching evidence.

Monthly boundary review

Unresolved items, reconciliation result, repeated cause, routing change, owner, and next review.

Review after use

Which crossing remained unresolved? _____

Did a reimbursement duplicate a purchase? _____

What routing rule would prevent the next exception? _____

Next action _____ Owner _____ Due _____