

End of Year Bookkeeping Checklist:



- Get Organized:** Find all of the receipts for any deduction you are claiming on your tax return. This may involve looking on your desk, in your car, on the kitchen counter, etc. Keep in mind that no receipt equals no deduction. The best way to stay organized during the year is to enter your transactions into an accounting software, like QuickBooks. After collecting all receipts, look over your personal bank statements for any business charges you paid for out of your personal account. Next, look over your business bank statement, but this time look for any personal expenses paid out of your business account. Make a list of these transactions to give to your tax preparer.
- Reconcile Your Bank Account(s):** Bank Reconciliations are a great tool to verify all transactions have been posted into your accounting software. This ensures your general ledger bank balance (the bank balance in QuickBooks) matches your bank statement. If not, fix any mistakes you discover in the process.
- Invoices:** Have you invoiced all of your customers for work you've done and products you've delivered/shipped for the year? If not, get caught up on those invoices.
- Collections:** Follow up with any customers who owe you money. Send them a past due statement and/or give them a call to remind them they owe you money. Now's a great time to collect your receivables.
Look through your accounts receivables. Are there any receivables that you are unable to collect that need to be written off your books or sent to a collection agency?
- Inventory:** Verify your inventory balance is correctly reported on your balance sheet. The best way to do this is to have an accurate count as of December 31st. You'll also want to verify that your inventory is valued correctly – determine if any inventory items cost more than they're worth and need to be written down. Remember, your tax preparer is going to need the following in order to prepare your tax return: 1. Inventory balance at the beginning of the year (January 1st); 2. The cost of inventory purchased throughout the year; 3. The amount of inventory that was sold during the year; 4. The ending inventory balance as of December 31st.
- Fixed Assets:** These are the larger purchases you made throughout the year (i.e. equipment, automobiles, furniture, computers, etc.). Do you still have all of the fixed assets that are reported on your balance sheet? If not, record the sale or disposal of these fixed assets. Don't forget to verify the depreciation on your fixed assets as well. Make any necessary adjustments.
- Expenses and Accounts Payable:** Verify all of your accounts payables have been recorded in your accounting software, such as QuickBooks. Now's a great time to make your 401(k), SEP IRA, and Simple IRA contributions, if you have not done so already.
If you are a sole proprietor or a small business, did you know your cell phone charges and internet usage for your business are deductible on your tax return? Collect your cell phone bills & internet bills for the year and determine what percentage of your cell phone calls were for business purposes and what percentage of your internet was used for business. Make a list to give to your tax preparer.

- ❑ **Notes Payable:** Verify your notes payable (i.e. loans) amounts on your balance sheet match your bank statements. Are you missing any notes payables? Do you have any notes payables that you paid off during the year or debts that were forgiven? Make any necessary adjustments.
- ❑ **Mileage:** Great news, you can deduct \$0.54 per mile for business miles driven in 2016. That means any trips to clients or for meetings are deductible. I keep a mini notebook in the car to track all of my business mileage throughout the year (date, purpose of the trip, starting odometer reading and ending odometer reading) to ensure I have the necessary documentation to claim the mileage deduction. There are also a few apps out there that can track your mileage for you. Please note that your daily commute does not qualify for the deduction.

The IRS also gives businesses the option to calculate the actual costs of using your vehicle (i.e. gas, maintenance, repairs, etc) rather than using the standard mileage rate. If you decide to go this route, you will need to determine the percentage of time you use your car for business and use this percentage to calculate your deduction.

- ❑ **Collect W-9's:** If you have not collected W-9's from your vendors and/or contractors you paid \$600 or more to throughout the calendar year, now is a good time to collect those. Don't forget your 1099's are due on January 31st. Speaking of 1099's now is a good time to order your 1099's. They can be purchased at most office supply stores (Staples & Office Max) or you can order them for free from the IRS (irs.gov).
- ❑ **Payroll Taxes:** Verify your payroll tax liabilities match your quarterly payroll returns.
- ❑ **Double Check your Profit & Loss:** After making all of the adjustments listed above, double check your P&L Statement (aka Income Statement). Do your income and expense numbers make sense? Compare your profit and loss statement against prior years and against your budget. Think long and hard to make sure there is no additional income you are missing (i.e. advertising income from your blog, any contract work you did, etc.) and no additional expense items you are missing (i.e. those missing receipts you'll find at the bottom of your purse or in your junk drawer). Make any necessary adjustments. Remember, no receipt equals no deduction.
- ❑ **Create a Budget for Next Year:** Start the steps of creating a budget for next year. Thinking forward on where you want to take your business. What areas do you want to grow and how do you plan on getting there?
- ❑ **Back Up:** Back up your financial files to protect yourself from loss of data.



Robert Pipas is the owner of Eagle Eye Bookkeeping Services, LLC. I started to work with small businesses to help them develop a financial system so that they have a useful tool in managing their business. I truly believe financial statements are a powerful tool to help businesses run better and more profitable.

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