The Ultimate End-of-Year Bookkeeping *Checklist*

Phase 1
Clean-Up and Reconciliation

Bank & Credit Card Reconciliation

- ☐ Reconcile all bank and credit card statements against your accounting software ledger for all 12 months.
- ☐ Investigate and resolve all outstanding transactions or discrepancies.

Organize and Categorize Expenses

- ☐ Upload and categorize all outstanding paper and digital receipts for the year.
- ☐ Review expense categories to ensure they are consistent and accurate for tax purposes (e.g., separating Cost of Goods Sold from Operating Expenses).

Fixed Assets & Depreciation

- ☐ Update your Fixed Asset Register (equipment, furniture, vehicles, etc.) with any new purchases or disposals.
- ☐ Calculate and record the correct depreciation expense for all applicable assets.

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Phase 2
Accounts Review and Adjustments

Accounts Receivable (A/R) Cleanup

- ☐ Run an Aged Accounts Receivable Report.
- ☐ Follow up on all outstanding customer invoices to collect payment before year-end.
- ☐ Identify and formally **write off** any bad debt (uncollectible invoices).

Organize and Categorize Expenses

- ☐ Upload and categorize all outstanding paper and digital receipts for the year.
- ☐ Review expense categories to ensure they are consistent and accurate for tax purposes (e.g., separating Cost of Goods Sold from Operating Expenses).

Inventory Count (If Applicable)

- ☐ Conduct a final physical count of all inventory on hand.
- ☐ Adjust inventory records to match the physical count and write off any obsolete or damaged stock.

Phase 2 continued. . .

Year-End Adjusting Journal Entries

- ☐ Record accruals (expenses incurred but not yet paid, or revenue earned but not yet invoiced)..
- ☐ Adjust prepaid expenses (e.g., insurance, rent) to reflect the portion consumed in the current year.

Phase 3 Payroll and Tax Documentation

Payroll Reconciliation

- ☐ Reconcile total wages, bonuses, and tax withholdings against quarterly tax filings (Form 941).
- ☐ Verify all employee names, addresses, and Social Security Numbers are accurate for W-2 preparation.

Contractor Reporting (1099s)

- ☐ Collect updated Form W-9s from all independent contractors or service providers paid $600 or more during the year.
- ☐ Prepare to issue Form 1099-NEC (Nonemployee Compensation) for the new year.

Tax Planning

- ☐ Gather all required tax documents (loan interest statements, prior year returns, etc.).
- ☐ Consult with your CPA or tax advisor for any last-minute, year-end tax-saving moves (e.g., timing major purchases, retirement contributions).

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Phase 4 Reporting and Planning

Run Final Financial Reports

- ☐ Generate and review the final Profit & Loss (P&L) Statement (Income Statement)..
- ☐ Generate and review the final Balance Sheet.
- ☐ Generate and review the **Cash Flow Statement**.

Data Backup & Final Close

- ☐ Create a secure backup of all financial data and documents.
- ☐ Formally close the books in your accounting software (locking the prior period to prevent accidental changes).

Budgeting & Goals

- ☐ Use the year-end reports to analyze profitability and set a detailed budget for the upcoming year.
- ☐ Define specific, measurable financial goals for the new year.

Need help tackling this checklist? **Awtrey Bookkeeping** specializes in getting small business financials year-end ready!

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