

Seven Things To Do Before Year-End.

Business is rolling along just fine, and then suddenly you realize it's year end! You think, "How does that sneak up on me every single year?"

Well, the answer is you are likely busy running your business! However, if you can get some preparation time in before year-end, being proactive will almost surely pay off. In fact you can save yourself a large dose of year-end panic by taking the following steps before year-end hits.

- 1. Review Financial Reports.** Reviewing financial reports ahead of time enables you to see if there have been posting problems, such as posting to the wrong account. Try running an income statement, balance sheet, and general payroll report. If there is a suspiciously large amount showing up on an accounting transaction, start printing transaction reports now to see where the error was made, so you can fix it.
- 2. Reconciliation.** Take the time to go into your system and reconcile all cash, loans, credit lines and credit card accounts with their statements. Then file the reconciliation reports. In doing this, you will have an accurate balance sheet. By not reconciling, you could end up with a payment due that you had not planned for.
- 3. Record Adjustments and General Journal Entries.** Adjusting entries are transactions that adjust the balance of one or more accounts. Good accounting practices suggest that you keep a separate record of each general ledger entry you make. This record will be very helpful if you are ever audited and need to justify the reasons for your adjustments. Recording adjustments and general journal entries at the end of each accounting period minimizes the amount of year-end adjustments and ensures correct balance reporting.
- 4. Install Tax Form Updates.** As you know, your tax form updates will have to be installed before you can print the year's most current forms. By waiting until year-end to do this, you are creating unnecessary pressure for yourself. While you may be able to install tax updates without a hitch, if you do have problems, you will be asking your software company for help during their busiest time of year. Installing your updates early will let you breathe easy going into year-end!
- 5. Back up and Archive your Data.** Year-end is a good time to store away a copy of the year-end data somewhere safely. Of course backing up and archiving your data is something you should be doing fairly often. But at year-end, make a backup, test its integrity, and take a physical copy of the backup and store it someplace safe.
- 6. Check 1099s for Accuracy.** Take the time to start reviewing your vendor 1099s before year-end. Check to see that they all have social security number or federal tax ID numbers for all vendors. Then print a 1099 report to verify 1099 amounts. At the end of each year you must prepare, print and send IRS Form 1099 to your vendors no later than January 31st. Use 1099-MISC to report payments made to vendors who performed business-related services for your company. If the vendor is a corporation or if total annual payments to the vendor do not equal or exceed \$600, you are not required to prepare a 1099-MISC for that vendor.
- 7. Print Reports.** Print reports for the year and verify their accuracy. Enter adjusting entries as necessary and reprint the reports.

Follow these simple steps, and you will be in control and prepared during a busy time of year that can take its toll on the unprepared. Good luck!