



# Five Necessary Preparations For A Year End

## [Founder's Five From Judy Ricker](#)

Year end is just around the corner, here are some things you should start doing *now* to be prepared for 2021! It is never too early to start planning!

### **BANK RECONCILIATIONS**

If You aren't caught up on your bank reconciliation, get caught up now. We recommend business owners work on their reconciliations monthly but we do run into a large amount that only do it once or twice a year. It's easy to forget what you do on a day to day basis as a business owner sometimes, trying to wait until year end to do these bank recs not only requires A LOT of work in a small amount of time but it's easy to forget what happened in the month of February while your trying to reconcile that months bank account in December of that year. Another reason to get up to date on your bank reconciliations is to see if you have outstanding expenses that haven't cleared the bank yet, it's common that this is where I find duplicate entries in financial reviews we do.

## **REVIEW YOUR FINANCIAL STATEMENT**

There are so many reasons to review your financial statements on a monthly basis but if you haven't yet run your statements to see how you are doing this year now's the time!. This will help you understand where you are profit wise to verify if you've paid enough in estimates within the current year. This will also help you understand if you've hit your income goals and understand where your money is going when it goes out the door. I could go on and on about what simply running your financial statements and reviewing them can do for you but just trust us and do it! ?

## **REVIEW YOUR FIXED ASSETS**

Around this time of the year your town will send you a property tax declaration request. This asks you about your company's personal property (fixed assets) details; before you fill that out by just copying what you did the prior year, do a quick Fixed asset audit and make sure you still own or are actually still using the fixed assets you are about to declare and pay taxes on. It's very common that companies end up just doing the Same thing year after year and in fact they have assets they should have added and more likely assets they sold off or scrapped years ago but are still reporting.

## **RUN AR AND AP STATEMENTS**

Review your AR and AP and reconcile them to verify they are accurate and up to date. If you can collect or pay off some debt prior to year end this will help you have cleaner financial statements for tax reporting to your CPA (don't forget most of our smaller businesses are cash basis so if they are using their financial system to track AR and AP those balances will be written off to the P&L for tax statements at year end)

## **VERIFY YOU HAVE ALL THE INFORMATION YOU NEED FROM YOUR CONTRACTORS.**

If you have contractors that you have paid over \$600.00 within the year you will need to provide them a 1099 by January 31<sup>st</sup> of the next year. Make sure you have collected a W9 from each of these contractors and have flagged them in your system so when you run your 1099 report their information comes up and is ready to go when you need it.