PRIME ENTRY BOOKKEEPING™

Year-End Bookkeeping Review

What to Check Before the CPA Engages

Year-end has a way of arriving faster than it feels. This guide is for the owner who wants to know where the books stand — before the CPA engages, before the questions start, and while there is still time to do something about what it finds.

Work through each section. Check what's confirmed. Flag what needs attention. If something here reveals a gap, that gap is worth closing now.

> ***The goal isn't a perfect close. It's a clear picture — so the conversations ahead can be about your business, not your bookkeeping.***

SECTION 1 — Bank & Credit Card Reconciliations

Reconciliation is the foundation. If the accounts aren't reconciled, the numbers above them can't be trusted.

- ☐ **All bank accounts reconciled through September 30**
  If you're in October, reconcile through the most recent complete month.
- ☐ **All credit cards reconciled through September 30**
- ☐ **No unexplained differences in any reconciliation**
  A difference that 'always resolves' is still an unexplained difference.
- ☐ **Opening balances in QuickBooks match the statements for each account**
- ☐ **No reconciliation 'forced' with an adjusting entry**
  Forced reconciliations hide problems — they don't fix them.

SECTION 2 — The Balance Sheet

The balance sheet holds things the P&L doesn't show. Most year-end surprises live here.

- ☐ **Accounts Receivable balance matches what customers owe**
  Old receivables that won't be collected should be reviewed and written off.
- ☐ **Accounts Payable balance matches what the business owes vendors**
- ☐ **Loans and lines of credit match the lender's current balance**
- ☐ **Owner draws are recorded as equity draws — not as expenses**
- ☐ **Any security deposits or retainage held are recorded as liabilities**
  Common for contractors: retainage withheld by clients should be in its own account.
- ☐ **No old balances sitting in 'Ask My Accountant' or 'Uncategorized'**
- ☐ **Inventory (if applicable) reflects a physical count or current estimate**

SECTION 3 — Income & Expenses

The P&L tells the year's story. Make sure the story is accurate before the CPA reads it.

- ☐ **All revenue has been recorded in the correct period**
- ☐ **Large or unusual expenses are categorized correctly and have documentation**
- ☐ **Owner reimbursements are categorized as such — not as random expenses**
- ☐ **'Ask My Accountant' and 'Uncategorized Expense' accounts are cleared to zero**
- ☐ **Subcontractor payments are recorded and 1099 eligibility has been flagged**
  Payments of $600 or more to unincorporated individuals may require a 1099.
- ☐ **Any personal expenses run through the business have been identified and reclassified**

SECTION 4 — Payroll (If Applicable)

Payroll errors surface at year-end when W-2s and 941s are compared. Better to find them now.

- ☐ **Payroll liability accounts reconcile to the amounts actually paid**
- ☐ **All payroll tax deposits are confirmed through the current quarter**
- ☐ **Officer compensation is recorded correctly for S-Corp owners**
- ☐ **Any payroll provider reports match what's in QuickBooks**

SECTION 5 — Job Costing & Project Tracking (Contractors)

For project-based businesses, the year-end picture includes what happened inside the jobs — not just the totals.

- ☐ **All open jobs have accurate cost totals through the current date**
- ☐ **Deposits collected on jobs are recorded as liabilities until the work is complete**
- ☐ **Retainage withheld by clients is tracked separately from receivables**
- ☐ **Completed jobs have been closed in the system**
- ☐ **Subcontractor costs are matched to the jobs they belong to**
- ☐ **Any overbillings or underbillings on long contracts are identified**

SECTION 6 — What to Flag for Your CPA

Some items aren't bookkeeping problems — they're questions for your CPA. Surface them now so the conversation is productive.

- ☐ **Any significant asset purchases that may qualify for depreciation or Section 179**
- ☐ **Any loans taken from or made to the business by the owner**
- ☐ **Any new entities, ownership changes, or business structure questions**
- ☐ **Any income that may have a different tax treatment (installment sales, insurance proceeds, etc.)**
- ☐ **Any expenses you're unsure about — flag them, don't just guess at the category**

> ***A flagged item is always better than a wrong answer. Your CPA can work with a question. They can't work with a number that was quietly recorded wrong.***

SECTION 7 — If You Find Gaps

Most owners who work through this checklist find at least one area that needs attention. That's the point. A gap found in October is manageable. The same gap found in January, when the CPA is already in the file, is a problem.

The most common gaps:

- ☐ **Reconciliations not completed — start there; everything else builds on clean reconciliations**
- ☐ **Uncategorized or 'Ask My Accountant' balances — work through them before year-end**
- ☐ **Old receivables — review and write off what won't be collected**
- ☐ **Missing documentation — gather receipts, invoices, and bank records while the year is fresh**

If the gaps are significant — multiple periods behind, structural errors in the chart of accounts, or issues that go back more than a few months — a cleanup engagement before year-end is worth considering.

Want to talk through what you're finding?

A Clarity Call is a calm, no-pressure place to start. Schedule one at calendly.com/jim-primeentrybookkeeping.

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