



Evidence-First Accounting Checklist

A practical guide for keeping your books tied to real activity

This checklist helps owners and operators ensure that every transaction in the books is supported by clear, dated, and accessible evidence. When the evidence is present, the accounting becomes straightforward. When it's missing, adjustments start doing too much work — and clarity fades.

1. Income Evidence

Every income entry should tie to a real deposit or transaction.

Confirm you have:

- A matching bank deposit or payment record
- The correct date tied to the economic event
- Invoices, lease agreements, or contracts (when applicable)
- Documentation for non-cash income (rare, but possible)

Avoid:

- Journal entries used to “force” income into a period
- Dates that don't match the deposit
- Income recognized without a source document

2. Expense Evidence

Expenses should be supported by receipts or vendor documentation.

Confirm you have:

- Receipts for all card transactions
- Vendor statements for recurring services
- Proof of payment (bank or card)
- Notes for unusual or one-off expenses

If a personal card was used:

- Attach the receipt
- Document the reimbursement or contribution
- Keep a simple Excel list if multiple items were paid personally

Avoid:

- “Miscellaneous” or “Ask My Accountant” as a parking lot
- Expenses recorded without support
- Adjustments used to clean up missing receipts

3. Owner Contributions & Reimbursements

Owner activity must be documented clearly to avoid confusion later.

Confirm you have:

- Receipts for personal-card business purchases
- A simple schedule of items paid personally
- Clear notes on whether the entry is a contribution or reimbursement
- Bank evidence for reimbursements

Avoid:

- Recording contributions without support
- Mixing personal and business activity without documentation

4. Inter-Company Activity (When One Owner Has Multiple Entities)

Cash movement between entities must be mirrored in both sets of books.

Confirm you have:

- A clear record of the cash movement
- A matching “mirror entry” in both entities
- Notes explaining the purpose of the transfer
- Alignment of “Due To” and “Due From” accounts

Avoid:

- Recording only one side of the movement
- Using adjustments to “fix” imbalances later
- Treating inter-company transfers as income or expenses

5. Payroll Evidence

Payroll must reflect the correct entity and the correct period.

Confirm you have:

- Pay period details
- Payroll reports from the provider
- Documentation for owner-officer wages
- Entity-level clarity (which company employs whom)

Avoid:

- Payroll entries posted to the wrong entity
- Adjustments used to “fix” payroll timing
- Missing support for owner compensation

6. When Adjustments Are Appropriate

Adjustments are not the enemy — they just shouldn't replace evidence.

Appropriate uses include:

- CPA year-end adjustments
- Accrual-to-cash conversions
- True corrections of prior errors
- Depreciation and amortization entries
- Loan interest/principal splits (with schedules)

Avoid:

- Using adjustments to fill documentation gaps
- Using adjustments to force a balance
- Relying on adjustments instead of fixing upstream workflows

7. Evidence Storage & Organization

Where evidence lives matters.

Confirm you have:

- A consistent folder structure (by month or vendor)
- Receipts stored digitally and labeled
- Bank statements saved monthly
- A simple "supporting docs" folder for unusual items

Avoid:

- Storing evidence across multiple apps with no structure
- Relying on email searches to find support
- Letting documentation pile up until year-end

8. The Outcome

When evidence comes first:

- Adjustments become rare
- Reports match reality
- Inter-company activity stays aligned
- Cleanup becomes lighter
- Owners gain confidence in the numbers

Evidence-first accounting isn't about perfection — it's about clarity. And clarity is what keeps the books trustworthy.