



## The Monthly Close Checklist

*A practical, step-by-step monthly workflow for small business owners*

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### 1. Record & Review All Activity

- Gather all invoices, receipts, statements, and supporting documents.
  - Enter all customer payments.
  - Enter all vendor bills and expenses.
  - Verify payroll entries.
  - Confirm all transactions are recorded in the correct month.
  - Review uncategorized transactions and assign correct accounts.
  - Check for duplicates or missing entries.
  - Ensure all bank feeds have fully imported.
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### 2. Reconcile Balance Sheet Accounts

- Reconcile checking accounts.
  - Reconcile savings accounts.
  - Reconcile credit cards.
  - Reconcile lines of credit and loans.
  - Match A/R aging to customer balances.
  - Match A/P aging to vendor balances.
  - Review undeposited funds and clear any old items.
  - Verify fixed asset additions, disposals, and depreciation.
  - Confirm inventory counts or adjustments (if applicable).
  - Review owner draws, contributions, and inter-company transfers.
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### 3. Post Adjusting Entries

- Record accruals for expenses incurred but not yet billed.
- Record revenue earned but not yet invoiced (if applicable).
- Adjust prepaids for the month's usage.
- Post depreciation and amortization.
- Correct timing differences identified during reconciliation.
- Clear temporary holding accounts (Ask My Accountant, Suspense, etc.).
- Review and adjust any misclassified transactions.

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#### 4. Prepare Monthly Financial Statements

- Generate the Profit & Loss for the month.
- Generate the Balance Sheet as of month-end.
- Generate the Statement of Cash Flows.
- Compare P&L to prior month and prior year.
- Review margins, expenses, and unusual variances.
- Confirm the Balance Sheet balances ( $A = L + E$ ).
- Ensure cash balances match reconciled totals.

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#### 5. Final Review & Close the Period

- Scan all statements for inconsistencies or missing items.
  - Confirm all reconciliations show zero or acceptable variances.
  - Verify no negative balances exist in asset or liability accounts.
  - Review aging reports for old or incorrect items.
  - Lock the month in your accounting software.
  - Document any issues to resolve next month.
  - Save or export final reports for your records.
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