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From: Mark Reed, Joe Mierendorf, and Sue Cobb

RE: Year End Clean Up

Our clients often ask us what they can do to wrap up the year in their computer systems and prepare for a new fiscal year. As you know, many of the computer software packages in use today do not require many specific "year end" tasks. We recommend that you reconcile all balance sheet accounts. Some of the most troublesome areas are as follows:

1. Reconcile all bank accounts. Be sure to look at transactions more than a year old, and consider whether it is appropriate to make journal entries to void old outstanding checks and/or deposits.
2. If you use a credit card for your business, reconcile the ending balance on the credit card to the computer balance. Remember that transactions dated prior to the last day of your fiscal year should be included, even though the charges may not appear until a future statement.
3. Review the accounts receivable aging. You may find that an invoice has been paid, but still is listed on the aging, or that a credit memo has been issued, but it is not matching with the invoice and has not been removed from the aging. There may also be small balances that should be adjusted to zero, or you may find an invoice that is a bad debt.
4. Perform the same type of review on the accounts payable aging. Sometimes a bill is entered, but payment is made with a regular check instead of a bill-payment check, or you may find what appear to be unused credit memos. Contact us if you would like our printed instructions for "cleaning up" customer and vendor accounts.
5. If you are keeping track of inventory in your computer, reconcile your computer detail with an actual physical inventory. This may require adjusting quantities, or you may find that the cost of an item has been incorrectly entered.
6. Review a detailed list of your property and equipment for items that you may no longer own. Removing these things should help to reduce your personal property taxes, and your financial statements will be more accurate.
7. If you have employees, make sure that your employee files are updated with current W4 forms. It's also a good time to check for correct addresses. If you use subcontractors, make sure you have identification numbers and addresses for vendors who will be issued a 1099.
8. Make a back up of your computer file, and store it away. Having an extra copy of the accounting records has been a life saver for more than one of our clients who had a computer crash and did not have a good backup copy. We recommend making a backup copy at least weekly.

Please do not hesitate to call us if you would like assistance with any of these tasks. We look forward to a successful 2010 for everyone.