

2022 Year-End Checklist

Accounts Receivable

- Reconcile accounts to ensure balance sheet amount agrees with customer aging detail.
- Write off any identified uncollectable accounts and establish an overall reserve methodology based to apply to 30, 60, and 90+ day aggregate balances.
- Make a push to receive payment for past due A/R.

Accounts Payable

- Extend the normal A/P close date until later in January to ensure that all the current year invoices are captured as a current year expense.
- Communicate this in advance to team members.
- Accrue any material expenses that you have incurred but haven't received an invoice for.
- Run a year-end vendor aging and ensure it matches the balance sheet.
- Request a statement of open balance from your major vendors to ensure you are not missing any bills

Inventory

- Perform a year-end inventory as close as possible to the end of the year.
- Review inventory for slow moving and obsolete inventory and create an inventory reserve or write-off the inventory.

- Schedule and perform an inventory count then prepare the necessary adjustments in your accounting system.

Prepaid Expenses

- Run an analysis on any prepaid expense balances and ensure the amount recorded on the balance sheet reflects what will be expensed the following year.

Deferred Revenue

- If your company has deferred revenue, make sure the ending balance is enough to cover the deferral amount for the following year or years.

Accrued Payroll

- Book an accrual to ensure that 365 days of labor have been expensed to the current year. Although you likely book monthly payroll accruals, it is a good practice to take a step back to make sure that 26 weeks have been properly accounted for.

Bank Reconciliation

- Perform the final reconciliation for the year, and clearly document items in transit that will carry over to the next year.
- Investigate any stale checks that were written but haven't cleared and reach out to payees to coordinate any necessary check replacement.
- If you maintain petty cash or cash drawers, make sure to count the cash in these locations agree with applicable cash accounts on the balance sheet.
- Request that office staff submit final receipts for petty cash used for reconciliation purposes.
- If you use multiple subsidiary accounts, prepare a year-end cash sweep journal entry if needed.

- Ensure that the balance in Undeposited Funds clears shortly after the year end and no duplicate deposits were posted.

Payroll

- If you've received a notice from Employment Development Department (EDD) with updated employer contribution rates, make sure to forward to your payroll provider.
- If your company processes payroll for your employees, make sure the person responsible has the correct rates.
- Send out an email to your employee's requesting an update if they've changed mailing addresses. You will need updated address information when sending out W2's.
- Determine if your payroll provider is mailing the W2's or if you are responsible for printing so that you can be prepared with the proper forms
- Review any payroll adjustments that need to be submitted before 12/31/2022
- Have a calendar of the federal holidays and ensure that payroll is processed on time to deposit on scheduled dates

Loans

- Reconcile the ending loan amount to the balance sheet and book any necessary interest or principal adjustments to ensure consistency.
- If taxes or insurance are escrowed, reconcile restricted cash to make sure it matches the lender's escrow statement.
- Make any necessary adjustments to differentiate between current and long-term portions of debt

Capital Leases

- If your company has capital leases, make sure all payments are booked and reconcile the lease statements with the long-term and short-term lease balance sheet accounts.

Fixed Assets

- Update the Fixed Asset listing to properly reflect any new acquisitions or dispositions and make sure the proper depreciation is recorded for each asset.
- Pay special attention to assets that have fully depreciated during the year and make sure a negative book value is inadvertently created.
- Use the ending Fixed Asset listing to establish the beginning depreciation expense for the following year.

Vendors & Contractors

- Review charitable contributions and receipts. If you haven't received a receipt, reach out to the charitable organization and they should be happy to provide one for your records.
- Review your checking account for outstanding payments to vendors and contractors. If necessary, request that your bank place a stop payment order on the payment and re-issue before end of year.
- Review and prepare for possible 1099s. Make sure you have valid W-9s on file for all. If you will be filing the 1099s, decide if you will file electronically. If filing on paper, order the proper 1099 forms ahead of time (1099—MISC, 1099-NEC, 1099-INT).

Close Year in Accounting System

- Once the year has been fully closed, make sure to properly end the year in the financial/accounting software so that retained earnings and starting balance sheet amounts are carried over to the following year. Run a final trial balance and publish financial reports. If an audit is to be performed, wait until the audit is complete and issued before closing the year in the system.

2023

- Begin preparation of next year's budget