**Get Organized with This 32-Item Year-End Close Checklist**

A great way to make a wonderful start to 2022 is to wrap up 2021 feeling organized and on top of the world. Here’s a checklist of items that you can start on now to make your year-end close go smoother than ever before. And don’t worry if you don’t know how to do some of these tasks – that’s what we’re here for.

1. Catch up on your books, especially if you do them only once a year. By doing it now, you’ll be able to get into your accountant faster this time of year and they will appreciate getting the work done ahead of their crunch time.
2. Catch up on bank reconciliations in case they are not up to date. Don’t forget your savings accounts, PayPal, and any other cash equivalents. Void any old, uncleared checks if needed.
3. Review unpaid invoices in accounts receivable and get aggressive about collecting them, especially if you are a cash basis taxpayer. Clean up any items that are incorrect so that the account reconciles.
4. Write off any invoices that are no longer collectible.
5. Ask employees and vendors to update their addresses in your payroll system so that W-2s and 1099s will reflect the correct addresses.
6. Collect any W-9s that you don’t already have on file for contractors that will receive a 1099 form from you.
7. Collect workers compensation proof of insurance certificates from contractors so you won’t have to pay workers comp on payments you have made to them.
8. Collect sales tax exemption certificates from any vendor who has not paid sales tax.
9. Decide if you’ll pay employee bonuses prior to year-end.
10. Review employee PTO and vacation time and reset or rollover the days in your payroll system.
11. After the final payroll runs, contact your payroll software company to make any W-2 adjustments necessary for things like health insurance.
12. Set the date to take inventory, and once you have, make adjustments to your books as necessary.
13. Write off any inventory that is unsalable. If possible, sell scrap inventory or other waste components.
14. Prepare a fixed assets register, calculate depreciation, and make book adjustments as needed.
15. Record all bills due through year-end and reconcile your accounts payable balance to these open bills.
16. Make loan adjustments to reflect interest and principal allocations.
17. Perform account analysis on all other balance sheet accounts to make sure all balances are correct and current.
18. Make any additional accrual entries needed, or if you’re a cash basis taxpayer, make those adjustments as needed.
19. Get an idea of what your profit number will be. Choose whether you want to maximize deductions to save on taxes or whether to want to reflect more income. Decide what you can defer into 2022 or what you want to have as part of your 2021 results.
20. Match all transactions with their corresponding documents – receipts, bills, packing slips, etc. – to make sure you have the paper trail you need.
21. Download your bank statements and store them in a safe place.
22. Download any payroll reports and store them in a safe place.
23. Scan in paper documents so that they’re stored electronically.
24. File any important papers such as new leases, asset purchases, employee hiring contracts and other business contracts.
25. Prepare a budget for 2022 and enter it into your accounting system.
26. Take a look at the 2022 calendar to determine which holidays you’ll close and give employees a copy.
27. Review your product and service prices if this is the time of year you do that and make any changes you decide on.
28. Update your payroll system for any new unemployment insurance percentages received in a letter each year.
29. Update the mileage deduction rate if that rate has changed at the beginning of the year.
30. Set a time with your accountant to go over 2021 results and get ideas on how to meet your financial goals in 2022.
31. Review the metrics you’ve been using in 2021 and decide on the list of metrics and corresponding values that will take you through 2022.
32. Celebrate the new year; it’s a wonderful time to gain perspective and be hopeful about the upcoming year.