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SMALL BUSINESS YEAR END BOOKKEEPING WITH CONFIDENCE



A practical guide to closing your small business books accurately and confidently

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SMALL BUSINESS YEAR-END BOOKKEEPING WITH CONFIDENCE

A practical guide to closing your small business books accurately and confidently.

Year-end bookkeeping is a critical responsibility for small business owners. Accurate financial records ensure income, expenses, payroll, and liabilities are properly reflected before tax preparation and year-end reporting.

This resource is designed to help small business owners approach year-end bookkeeping with clarity, confidence, and readiness for tax season — whether they manage their own books or work with an external bookkeeper using accounting software such as QuickBooks.

This resource includes an overview guide, full checklist with notes column, and a one-page quick reference.

WHY YEAR-END BOOKKEEPING MATTERS FOR SMALL BUSINESSES

Year-end bookkeeping supports more than tax compliance. Clean, organized records help small business owners prepare for tax filings, reduce last-minute corrections, and support informed conversations with CPAs and advisors.

Incomplete or inconsistent bookkeeping can result in missed deductions, filing delays, or unnecessary stress during tax season — while a structured year-end process helps ensure financial information is complete, accurate, and ready for review.

Key Areas to Review at Year-End

A strong small business year-end review includes reconciling all financial accounts, confirming income and expense accuracy, reviewing vendor and customer balances, verifying payroll and tax filings, and organizing documentation needed for tax preparation.

COMMON YEAR-END BOOKKEEPING ISSUES — AND HOW TO AVOID THEM

These are the most frequent year-end problems small business owners' encounter. Awareness is the first step toward prevention.

Watch Out:

Unreconciled accounts — Waiting until year-end to reconcile means months of errors compound. Reconcile monthly so year-end is a quick confirmation, not a major cleanup project.

Watch Out:

Uncategorized transactions — Transactions coded to 'Miscellaneous' or 'Other Expense' throughout the year create inaccurate reports. Review and recode them before closing the year.

Watch Out:

Missing receipts and documentation — The IRS requires documentation for business expenses. Scan and attach receipts throughout the year so year-end isn't a paper hunt.



Watch Out:

Mixing personal and business expenses — Personal transactions in business accounts create reporting problems and tax complications. Clean these up before year-end by coding them as owner draws.

Watch Out:

1099-NEC tracking gaps — If you paid contractors \$600 or more during the year, 1099-NECs are due January 31. Make sure W-9s are collected and contractor payments are tracked throughout the year.

Watch Out:

Payroll reconciliation errors — Payroll totals in QuickBooks should match payroll provider reports exactly. Discrepancies cause problems at tax time and should be resolved before December 31.

Watch Out:

Open invoices inflating receivables — Uncollectible invoices artificially inflate accounts receivable. Review A/R aging and write off genuinely uncollectible amounts before year-end.

Pro Tip:

When in doubt about whether to handle a year-end issue yourself or ask for help, ask your bookkeeper. A short conversation at year-end is far less expensive than corrections during tax prep.

BEFORE YOU BEGIN: PRE-CHECKLIST

Before working through the full year-end checklist, confirm these foundational items are in place:

Checklist Item	Notes / Comments
<ul style="list-style-type: none"> You have access to your accounting software (QuickBooks Online or equivalent) 	
<ul style="list-style-type: none"> Bank and credit card statements for all of December are available 	
<ul style="list-style-type: none"> Your bookkeeper or CPA has been notified of your year-end timeline 	
<ul style="list-style-type: none"> You have a secure digital folder for year-end documents 	
<ul style="list-style-type: none"> You know your business tax filing deadline (March 15 for S-Corps/Partnerships, April 15 for Sole Proprietors/LLCs) 	

SMALL BUSINESS YEAR-END BOOKKEEPING CHECKLIST — FULL VERSION

Work through each section in order. Use the notes column to record questions, action items, or follow-ups for your bookkeeper or CPA.



1 Accounting Reconciliation

Reconciliation confirms that your bookkeeping records match your actual bank and credit card statements. This is the foundation of accurate year-end reporting.

Checklist Item	Notes / Comments
■ Reconcile all bank accounts through December 31	
■ Reconcile all credit card accounts through December 31	
■ Review and resolve any uncleared or pending transactions	
■ Investigate and resolve any reconciliation discrepancies	
■ Confirm ending balances match year-end bank and credit card statements	
■ Lock or close reconciled periods in QuickBooks if applicable	

2 Income & Expenses

Accurate income and expense recording ensures your Profit & Loss statement reflects the true performance of your business for the year.

Checklist Item	Notes / Comments
■ Review all income categories for accuracy and completeness	
■ Confirm all expenses are properly categorized — no large 'Miscellaneous' balances	
■ Review owner draws, distributions, or capital contributions	
■ Identify and document any unusual or one-time transactions	
■ Confirm reimbursements are recorded correctly and not double-counted	
■ Review and recode any transactions that were guessed or miscategorized during the year	

3 Vendors, Customers & Receivables

Reviewing vendor and customer balances ensures your Balance Sheet accurately reflects what you owe and what you're owed at year-end.

Checklist Item	Notes / Comments
■ Review vendor list for accuracy — merge or deactivate duplicates	
■ Review outstanding vendor balances (accounts payable) — confirm all are legitimate	
■ Confirm vendor payments are properly coded and not sitting in accounts payable	
■ Review accounts receivable aging — identify overdue or uncollectible invoices	



Checklist Item	Notes / Comments
<ul style="list-style-type: none"> Write off genuinely uncollectible invoices with approval from your CPA 	
<ul style="list-style-type: none"> Confirm all customer payments are properly applied to invoices — no unapplied credits 	

4 Payroll, Contractors & Taxes

Payroll and contractor accuracy at year-end directly affects your W-2 and 1099 filing obligations. Errors here can result in IRS penalties.

Checklist Item	Notes / Comments
<ul style="list-style-type: none"> Verify payroll totals for the year — reconcile to payroll provider reports 	
<ul style="list-style-type: none"> Confirm all quarterly payroll tax filings (Form 941) are complete and paid 	
<ul style="list-style-type: none"> Review payroll liabilities — confirm no unexplained balances remain 	
<ul style="list-style-type: none"> Review all contractor payments — identify anyone paid \$600 or more 	
<ul style="list-style-type: none"> Confirm W-9 forms are on file for all qualifying contractors 	
<ul style="list-style-type: none"> Prepare or confirm 1099-NEC forms for all contractors paid \$600+ (due January 31) 	
<ul style="list-style-type: none"> Reconcile payroll summary reports to QuickBooks expense totals 	
<ul style="list-style-type: none"> W-2 forms prepared or confirmed ready to file (due January 31) 	

5 Financial Reports & Documentation

Once the books are reconciled and reviewed, generate your year-end financial statements. These are the deliverables your CPA needs to prepare your tax return.

Checklist Item	Notes / Comments
<ul style="list-style-type: none"> Generate year-end Profit & Loss statement (January 1 – December 31) 	
<ul style="list-style-type: none"> Generate Balance Sheet as of December 31 	
<ul style="list-style-type: none"> Review both reports for accuracy and reasonableness — do the numbers make sense? 	
<ul style="list-style-type: none"> Identify and document any open questions or items for CPA review 	
<ul style="list-style-type: none"> Organize receipts and supporting documentation for significant expenses 	
<ul style="list-style-type: none"> Compile asset purchase records for depreciation review 	
<ul style="list-style-type: none"> Gather mileage logs if claiming vehicle deductions 	
<ul style="list-style-type: none"> Organize prior year tax return for CPA reference 	
<ul style="list-style-type: none"> Assemble complete CPA package — reports, payroll summaries, and supporting docs 	



YEAR-END COMPLETION CHECK

Before handing off to your CPA, confirm all of the following are complete:

Checklist Item	Notes / Comments
■ All bank and credit card accounts reconciled through December 31	
■ All income and expenses accurately categorized with no large miscellaneous balances	
■ Vendor and customer balances reviewed and cleaned up	
■ Payroll totals reconciled and W-2/1099-NEC filing ready	
■ Year-end Profit & Loss and Balance Sheet generated and reviewed	
■ All supporting documentation organized and accessible	
■ Open questions documented for CPA review	
■ CPA engagement confirmed with timeline for filing	

MONTHLY YEAR-ROUND HABITS — MAKE NEXT YEAR-END EASIER

The easiest year-end is the one where you've been doing the work all year. These monthly habits prevent the year-end scramble:

- Reconcile all bank and credit card accounts every month — never let it fall behind
- Categorize all transactions weekly so nothing accumulates
- Photograph and attach receipts to transactions at the time of purchase
- Review your Profit & Loss monthly — even 10-minute review catches problems early
- Track contractor payments throughout the year against the \$600 threshold
- Post and reconcile payroll after every pay run
- Save year-end documents to a dedicated folder as they arrive

QUESTIONS TO ASK YOUR BOOKKEEPER OR CPA

Use these questions to strengthen your year-end close and your overall financial health.

About Your Books:

- "Are my books accurate and current enough to support a clean tax filing?"
- "Are there any accounts or categories I should clean up before you start the return?"
- "Do my financial reports reflect the actual performance of my business?"

About Tax Preparation:

- "What documentation do you need from me to file my return?"
- "Are there any deductions I might be missing based on my expense categories?"
- "What should my quarterly estimated tax payments be for next year?"



About Next Year:

- “What bookkeeping improvements would make next year’s tax prep faster and less expensive?”
- “Is my current business structure still the most tax-efficient for my revenue level?”
- “Are there any red flags in my books or return that I should know about?”

SMALL BUSINESS YEAR-END: QUICK REFERENCE

Use this one-page reference to confirm all major year-end areas have been addressed.

Area	Key Actions
Reconciliation	All bank and credit card accounts reconciled through December 31
Income & Expenses	All transactions categorized accurately — no large miscellaneous balances
Vendors & Receivables	A/P and A/R reviewed, cleaned up, and accurate
Payroll & Contractors	W-2s and 1099-NECs prepared, payroll reconciled to provider reports
Financial Reports	Year-end P&L and Balance Sheet generated, reviewed, and organized for CPA

Key Deadlines	Date
W-2s and 1099-NECs due to recipients	January 31
S-Corp and Partnership returns due	March 15
Individual and LLC returns due	April 15
Q1 estimated taxes due	April 15
Extension deadline (if filed)	October 15

YOUR FREE SMALL BUSINESS FINANCIAL REVIEW

OakPath offers a free 30-minute Small Business Financial Review to help you assess your current bookkeeping system. During this session, we will:

- Review your current bookkeeping setup and identify any gaps
- Identify opportunities to save time and reduce errors
- Give you 3 clear next steps toward cleaner books
- Answer your bookkeeping questions — no preparation required

Schedule Your Free Bookkeeping Review

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SECURITY & CONFIDENTIALITY

Professional bookkeepers use secure, encrypted systems to protect financial information. Your records remain private, controlled, and accessible only to authorized users.

Trust begins with security.

ABOUT OAKPATH BOOKKEEPING SERVICES

OakPath Bookkeeping Services provides trusted, reliable bookkeeping support for small businesses and nonprofits in Jefferson County, Washington and beyond. We believe bookkeeping is more than entering numbers — it is about creating clarity, supporting your goals, and building confidence in every financial decision you make.

Founded by Marie Osborne, a Certified QuickBooks Online ProAdvisor with 40+ years of leadership experience including 17 years overseeing multimillion-dollar nonprofit and county budgets, OakPath brings deep expertise and genuine care to every client relationship.

We serve clients locally in Jefferson County and throughout Washington State through secure, cloud-based bookkeeping services that are organized, accessible, and always reliable.

Value	What It Means for You
Trust	Your financial records are handled with care, discretion, and complete integrity
Accuracy	Precise, up-to-date records that support confident decisions and clean tax filings
Partnership	Supportive bookkeeping so you're never facing your finances alone

*Strong financial habits create strong financial confidence. You've already taken the first step.
Now keep the momentum going — toward clarity, confidence, and peace of mind.*

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