



## *The QuickBooks™ Client Newsletter*

Helping You Grow a Profitable Business with QuickBooks™ Software

### **From the office of:**

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## **December 2015**

### **Get Ready for 2016: QuickBooks Can Help**

*We'll be ringing in the New Year soon. Will you have wrapped up your 2015 finances by then?*

There's something very satisfying about turning our calendars to January. It always feels like a fresh start. We resolve to develop new, better ways of using our work and leisure time. We reflect on what we accomplished in the last 12 months, and we look forward to achieving even more in the next 12.

But sometimes we have a nagging feeling that we forgot something. And it often has to do with our finances, both personal and professional.

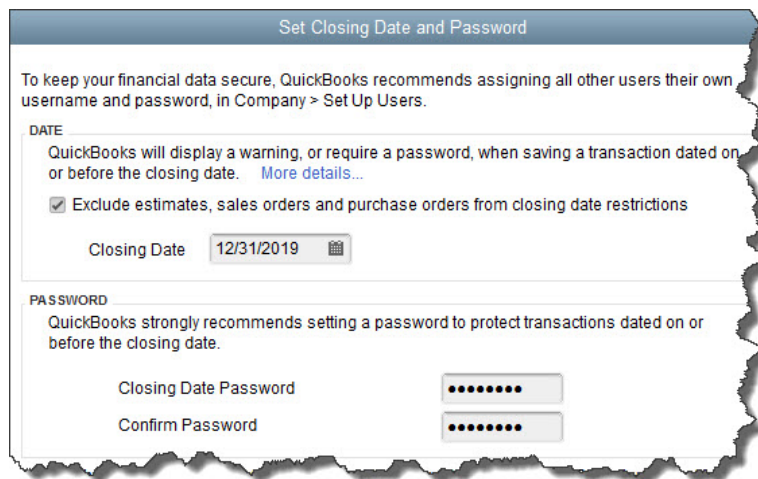
You can take steps now to make New Year's Day less worrisome. Doing some extra work in QuickBooks during December will ensure that you'll start 2016 ready to move ahead, rather than scrambling to see what you missed on January 2.

#### **Thinking Ahead**

Where to start? Depending on how conscientiously you entered transactions and ran reports, you might need to set some extra time aside in the midst of your other year-end and holiday-related commitments.

For example, did you instruct QuickBooks to "close your books" at the end of the year? QuickBooks will automatically make year-end adjustments, however, once all transactions are entered it is wise to set a closing date, December 31, 2015 in **Preferences**.

There are both advantages and disadvantages to setting a closing date. We can help you decide if this is the best decision for your company.



*Figure 1: If you set a closing date of December 31 in QuickBooks' Preferences, you need to prepare your company file for this deadline in advance. We can help you get ready.*

Prior to this, though, there's another important task you should complete before the end of the year. It is common sense, but not everyone thinks of it during the December rush: **Make sure you have entered all transactions and payments that should be included in your QuickBooks file for 2015.**

If anyone else on your staff works in QuickBooks; make sure they know that you are trying to wrap up the year. If they are holding anything back because of questions and comments, now is the time they need to confer with you.

### Taxes and Accounts

You may have already been working with us on tax planning for the 2015 tax year. If you have not, and you haven't been doing so on your own, you need to look at your incoming and outgoing funds for the year before year-end. Do you need to hold until 2016 some income and/or expenses that have not been recorded as yet? This kind of question really needs to be resolved now.

Income by Customer Summary	
January 1 through December 15, 2019	
Jan 1 - Dec 15, 19	
▼ Abercrombie, Kristy	
Family Room	811.05
Kitchen	2,147.00
Remodel Bathroom	1,333.27
Abercrombie, Kristy - Other	32.00
<b>Total Abercrombie, Kristy</b>	<b>4,323.32</b>
▼ Allard, Robert	
Remodel	14,510.00
Allard, Robert	0.00

*Figure 2: Time is short, but we may be able to help you make some decisions about carrying some 2015 income and/or expenses over to 2016 if it will help reduce your tax obligation.*



**Talk to us about your tax situation** if you think this may be necessary. We cannot prepare your taxes yet, of course, but we can create some reports and advise you on any situations where you might want to put off – or accelerate – some actions. Is your income running high and your offsetting expenses low? If so, this may be a good time to make a fairly major purchase you have been considering.

### Odds and Ends

How do you back up your QuickBooks company file; on a local drive or in the cloud? How often do you do this? **Archiving your data is critical.** Think about what would happen if you lost your customer records or a month's worth of transactions or multiple payments. This is an area where we can provide guidance. Is there a better, safer way to ensure data security? Are there special backup activities you should do at year's end?

Some companies wait until January to do a **physical inventory count.** Inventory needs to be counted as of the last day of your taxable year. It should also be taken during the year in order to have a valid cost of sales. Rather than being surprised in January, you may want to consider doing this now, which will allow you to know your true profit and loss so far. You will need to take a physical inventory account again on the last day of the year in order to close 2015.

And when you think you've entered everything but payments or transactions that may come in at the last minute (unless you're going to defer these until 2016), **all bank and credit card accounts should be reconciled.** QuickBooks makes it easy to do this regularly. In order to prepare valid financial statements it is very important to reconcile these accounts.

*Figure 3: Before the end of December, you should do a final reconciliation of all accounts for 2015.*

It will be painful to open QuickBooks on January 2 if you do not feel like you paid extra attention to your finances in December. We can help you ring in the New Year on a more confident note.

We hope you find this month's QuickBooks tips helpful. Please visit our company website <http://www.accountingconnections.org> often as it is updated constantly and offers a wealth of tax and accounting tips, along with links to better serve your business needs. Our QuickBooks Tips newsletters are archived on our website as well.

Accounting and Taxation is **our** business; having us a part of your team allows **you** to concentrate on **your** core business.



**Diane Offutt**, *Managing Partner at Accounting Connections, LLC*  
*Enrolled Agent (EA), Master of Accounting (MAcc), NTPI Fellow (National Tax Practice Institute), Certified QuickBooks™ ProAdvisor*



*An **Enrolled Agent (EA)** is a federally licensed tax professional, who has taken an extensive test in taxation and must comply with continuing education in tax law to maintain their license.*

*Enrolled Agents are allowed to represent clients before all administrative levels of IRS without their clients' presence (the same as a Certified Public Accountant).*