

SMALL BUSINESS ACCOUNTING HEALTH CHECKLIST

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Worrying about your business' finances can be overwhelming. Most small business owners are not even sure where to start when it comes to accounting and bookkeeping. Use this checklist to ensure your small business' accounting and financial health is in the best shape possible.

Have a business bank account

If you are a LLC or Corporation, you need to keep all of your business financial transactions separate from your personal to protect your personal assets. Having a separate bank account also makes the bookkeeping for your business easier to complete.

Reconcile your bank accounts on a monthly basis

Ensuring that your bank accounts are reconciled monthly gives you the opportunity to ensure clients are paying promptly, no unauthorized charges have been taken out of your account and all expenses are being tracked correctly.

Reconcile your Paypal account on a monthly basis

You may not think that your Paypal account is important to reconcile, but it's actually just like a bank account. There are multiple transactions with fees that need to be tracked, so you don't miss out on any tax deductible expenses.

Pay your quarterly income and sales tax on time

There is nothing worse than receiving a letter from the state comptroller or the IRS saying you owe money, or worse, that you owe interest and penalties. If your revenues are large enough, be sure to pay your quarterly income taxes on time. Also, if you set up a sales and use tax account with your home state for your business, submit your sales tax payments on time. If you have a period of time with no sales, you still need to submit a zero statement for sales tax purposes.

Review your financial statements every month

Reviewing your financial statements might seem as fun as going to the dentist, but honestly it is very important for you to understand what is happening with your business. If you make decisions based on how you feel your business is doing, you could end up hurting your business in the long run. The numbers don't lie, so if you don't understand your financial reports, hire a business accountant or money mentor that can explain these reports to you.

Create a budget for the business

By creating a budget, you'll know how much money you will need to cover your expenses. And, during the year, you can easily track how your business is performing versus your expected budget.