TIPS FOR BETTER BOOKS

____ 1. Hire a good bookkeeper. Don't try to do it yourself or force a family member to do it who is not experienced.

____ 2. If your network has recommended Accounting Guidelines, share them with your bookkeeper. Adopt the recommended guidelines and assure they are followed so you always know your financial reports are comparable to system-wide benchmarks.

____ 3. Find a good outside accountant that you can call on for business advice, not just tax work – one that explains your financial results and issues in a way that makes sense to you.

____ 4. If your network has a standard Chart of Accounts, utilize it.

____ 5. Keep books on the accrual basis of accounting – record revenue when earned and expenses when incurred.

____ 6. Run a clean business and a clean set of books.

____ 7. Deposit checks and cash daily.

____ 8. Make sure all accounts payable invoices are entered weekly.

____ 9. Have your bookkeeper adjust cost of goods sold and inventory at the end of **each month** your matching inventory from your Balance Sheet to Point of Sale reports. Without this adjustment the gross profit on your P&L is not accurate.

____ 10. Conduct regular inventory "spot" counts throughout the year to ensure inventory accuracy.

____ 11. Take a complete physical inventory count each year and match the amounts to your books. Monitor and investigate discrepancies as they may be a sign of bookkeeping errors or inventory shrinkage (spoilage, damage or theft).

____ 12. Reconcile bank statements immediately. If your bookkeeper is responsible for writing checks and reconciling the statements, you should review the bank statement, reconciliation and the outstanding checks every month. Be sure to look at cancelled checks – either on line or on paper if you have them – to make sure the payees and amounts seem reasonable.

____ 13. After each month is reconciled, review your statements to ensure you are not surprised by an expense or line item and so you have ample time to self-correct before year end.

____ 14. Avoid overuse of the category "miscellaneous expenses".

____ 15. Don't run excessive owner's discretionary expenses through the business.

____ 16. Have a small tools/equipment threshold so that you expense items of insignificant dollar value, saving time with record keeping.

____ 17. Know what's on your balance sheet. Be confident that each account represents a real asset or liability and that the amount is accurate.

____ 18. Stay current on all tax payments and make sure your bookkeeper matches the amount shown on your balance sheet to your tax returns and deposit records every month.

____ 19. Record prepaid expenses and have your bookkeeper expense them in the correct month(s).

____ 20. Have your bookkeeper adjust the current portion of long term debt at year-end.

____ 21. Record principal and interest on loan payments every month when you make the payment.

____ 22. If you carry accounts receivable, make it a priority to immediately resolve billing discrepancies.

____ 23. Write off bad debts when you learn they are clearly uncollectible.

____ 24. Schedule a meeting with your business coach to provide feedback and discuss your financial statements.

____ 25. Make sure your accounting office is neat and orderly. If it's a mess, your books are probably a mess, too.

____ 26. Ask your accountant and your bookkeeper for suggestions on how to improve the accuracy and usefulness of your monthly statements.