

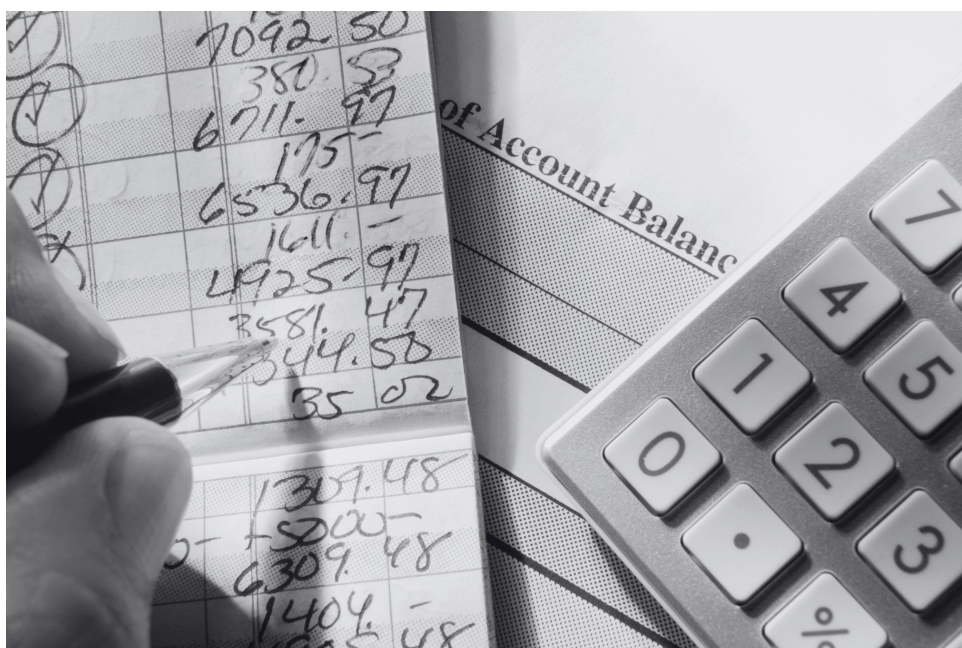


# THE COMPREHENSIVE YEAR-END FINANCIAL CHECKLIST

If you want to start the new year strong, get your financial house in order. These are the key tasks every entrepreneur must complete before the year is up, both for your business and personal finances.

## CATEGORY 1: BUSINESS FINANCES

### ✓ PREP KEY FINANCIAL DOCUMENTS



Small business owners and entrepreneurs must have a clear picture of their finances moving forward. Put together these essential documents to make it happen:

- Balance Sheet Report - includes all assets, liabilities, and equity
- Income Statement Report - includes all revenue, expenses, and profit
- Cash Flow Report - includes itemized cash inflow and outflow from operations, investments, and loans with repayment

• An accountant can help you put together these comprehensive and telling documents.

### ✓ RUN THE NUMBERS

- Once you have your financial documentation in order, do the math.

You need to determine your:

- Debt-to-Income Ratio (Debt divided by total assets)
- Gross Profit Margins (Leftover profit divided by total revenue)
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These numbers will help you see where your business has been ineffective and where you need to focus on debt repayment to improve your chances of acquiring future lending.



## ✓ GATHER TAX DOCUMENTATION

It's never too early to tax prep. Gather the numbers for your income and deductions, payroll, and invoices. If you have any W-2s or W-3s, prepare them. If your business works with contractors or other freelance individuals, prep to send 1099s. Consult with a CPA or other tax professional to ensure your bases are covered and that you're making the most of your exemptions and deductions.

## ✓ ASSESS NEW-YEAR NEEDS

Where did you excel and where did you fall short this year? Where are the gaps that need to be filled? Determine what you will need in the new year and calculate the cost. It might be additional employees or contracted services, new software or equipment, or the reconfiguration of your budget.

## ✓ UPDATE PAYROLL & EMPLOYEE INFO

Ensure that all of your business information is up to date. This includes employee contact information and permissions (such as access to sensitive financial or business information).

Revoke permissions from former employees if you have not done so, change out passwords, and be sure new employees have all of the tools they need to do their job well.

## ✓ MAKE DATA BACKUPS

Back up your data, both on your phone and all work computers. Invest in secure external hard drives. Make physical copies of key documents to file. Making backups can take time but do it anyway. It's much harder to recover data once it is lost. It would be wise to plan to make backups throughout the year rather than just at the end of the year.

## ✓ EVALUATE PERFORMANCE

Based on the documents you've gathered, review business performance. Did you meet revenue goals? Why or why not? What do you need to change moving forward? How can you effectively adjust your goals? What are your benchmarks for success?

# CATEGORY 2: PERSONAL FINANCES

## ✓ REVIEW INVESTMENTS



Evaluate all your investments, from stocks and bonds to real estate and crypto. Review asset allocation and risk exposure. Rebalance your portfolio and examine individual investment performance. Plan for diversification and new acquisitions. Determine what will stay and what should go and plan to execute your exit strategies accordingly.

## ✓ CONTRIBUTE TO RETIREMENT

Check on the status of any retirement accounts you have, be they a 401K or IRA of some kind. Make necessary contributions to these accounts to keep your retirement planning on track.

## ✓ REVIEW INSURANCE POLICIES

Are your insurance rates changing in the new year? Is your coverage adequate? You may find you need more or less coverage. You may also want to change or update your beneficiaries.

## ✓ REASSESS ESTATE PLANNING

Review your will and other estate planning documents. Verify business continuity, update beneficiaries and ownership, consider establishing a trust, and review life insurance policies. Update or establish healthcare directives and power of attorney, too.

## ✓ UPDATE YOUR BUDGET

Review your budget for the year. Did it work well, or did you blow it? Regardless, it's time to make some updates. Inflation will throw some numbers off, so adjust accordingly. Do you have new expenses or income that alter your budget allocations?



## ✓ EVALUATE CONTINGENCIES

Look at your passive income as well as your emergency funds. Do your safety nets hold under pressure? If your emergency funds need replenishing, take care of it. If your passive income is lacking, look at improving investment performance.

## ✓ REFOCUS YOUR FINANCIAL PLAN

Are your daily financial decisions serving your big-picture financial plan? A clear plan helps you make wise decisions. Hire a financial advisor to help you navigate your goals and maximize your wealth!