
A Marlowe & Voss Guide

The Small Business Bookkeeping Checklist

The monthly, quarterly, and annual rhythms that keep an owner's books clean, and what clean books actually buy you when tax time arrives.

For small-business owners · Ann Arbor, Michigan



Why a rhythm beats a scramble

Bookkeeping is not one big job. It is a small job done on a schedule.

Most of the pain owners feel around their books comes from letting them drift. Receipts pile up, the bank feed goes uncategorized for weeks, and by the time anyone looks closely it is a reconstruction project rather than a quick review. The fix is not working harder in April. It is a steady rhythm the rest of the year, so the books are never more than a few weeks from current.

This checklist lays out that rhythm in three cadences: what to do every month, every quarter, and once a year. None of it is complicated. The value is in doing it on time, every time, so the numbers are ready when you need them and the tax return is a formality rather than an excavation.

Use it as a working document. Print it, keep it beside your accounting software, and check the boxes as you go. If a line does not apply to your business, skip it. If you work with an accountant, use it to see clearly which parts you own and which parts they do.

This guide is general educational information for small-business owners. It is not tax, accounting, or legal advice for your specific situation. When you are ready to talk through your own books, we are glad to help.

First, the foundations

Before the monthly rhythm can work, a few things need to be in place. These are one-time setup items, and getting them right makes every month afterward easier. If you already have them, use this as a quick audit.

- Open a dedicated business bank account, and run every dollar of business income and expense through it. Mixing personal and business money is the single most common cause of messy books.
- Use a separate business credit or debit card for business purchases, for the same reason.
- Choose an accounting platform that fits your business and connects to your bank, rather than tracking the business in a spreadsheet you have to update by hand.
- Set up a simple, sensible chart of accounts: the list of categories your income and expenses fall into. Keep it as short as it can be while still telling you what you need to know.
- Decide how you will capture receipts, whether a photo app, a folder, or your accounting software, and use the same method every time.
- Agree on who does the bookkeeping and when. A rhythm only holds if someone owns it.

None of this needs to be elaborate. A clean separation between business and personal money, reliable software, and a simple set of categories will carry a small business a long way.

The monthly rhythm

The monthly close is the heartbeat. If you do nothing else on this list, do this. A real monthly close means your books for the month are complete, reconciled, and final, so the financial statements actually mean something. Aim to close within two weeks of the month ending, while the details are still fresh.

Record and categorize

- Import or enter every transaction from each business bank account and credit card.
- Categorize each transaction to the right account, and split any that cover more than one category.
- Record income received, and match deposits to the invoices or sales they came from.
- Enter bills and expenses paid outside the main accounts, including cash, owner-paid, and automatic charges.
- Capture and attach receipts for anything that would be hard to explain a year from now.

Reconcile

- Reconcile every bank account to its statement, so the book balance matches the bank to the penny.
- Reconcile every credit card account the same way.
- Investigate anything that does not tie out rather than forcing a balancing entry.
- Confirm no duplicate transactions slipped in from the bank feed.

Review

- Read the profit and loss statement for the month and ask whether it looks right for how the month actually went.
- Check accounts receivable for invoices that are overdue and need a follow-up.
- Check accounts payable for bills coming due, so nothing is missed.
- Look at cash on hand against what is owed in the next few weeks.
- Flag any unusual charge, duplicate subscription, or category that looks off.

A clean monthly close is the single highest-value habit in bookkeeping. Twelve small closes a year are far easier than one twelve-month reconstruction, and they give you numbers you can actually run the business on.

The quarterly rhythm

Every three months, step back from the transactions and look at the business as a whole. The quarterly review is where bookkeeping turns into something you can plan around, and where you catch the items that a single month can hide.

- Compare the quarter to the previous quarter and to the same quarter last year, and note what changed.
- Review gross margin and watch whether it is holding, improving, or slipping.
- If you have employees, confirm payroll filings and deposits are current and reconciled to your books.
- If your state or locality requires it, prepare and file sales tax for the period on time.
- Set aside funds for estimated taxes if you make quarterly payments, based on how the year is actually tracking.
- Reconcile any loans or lines of credit to the lender's statement, so principal and interest are split correctly.
- Review who owes you money and act on anything aging past your terms.
- Revisit your budget or forecast for the rest of the year with real numbers in hand.

Owners who make estimated tax payments should treat the quarterly review as the moment to check that the money set aside matches the year so far. It is far easier to adjust a little each quarter than to discover a gap at filing time.

The annual rhythm

Once a year, the books need a deeper pass to close out the year cleanly and hand your accountant a complete, reliable picture. The better this is done, the smaller and calmer the tax preparation that follows.

Close the year

- Confirm all twelve months are closed and reconciled, with nothing left in a holding or uncategorized account.
- Reconcile the balance sheet, not just the bank accounts: confirm every asset, liability, and equity balance is real and explained.
- Verify loan balances against year-end lender statements.
- Record depreciation or ask your accountant to, so fixed assets are stated correctly.
- Count and value inventory if you carry it, and adjust the books to the count.

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- Write off truly uncollectible invoices after a real collection effort.

Prepare for filing

- Gather year-end statements for every bank, credit card, and loan account.
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- Collect the documents needed to issue information returns to contractors, and confirm you have a completed form on file for each one.
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- Reconcile payroll totals for the year to your filings if you have employees.
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- Assemble records for major purchases of equipment or property during the year.
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- Note any large or unusual transactions your accountant should understand before preparing the return.
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- Deliver a complete, reconciled set of books to your accountant rather than a box of raw records.

Look ahead

- Review the full-year financial statements and what they say about the business.
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- Set a simple budget or plan for the coming year.
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- Decide on any bookkeeping improvements: cleaner categories, better receipt capture, a tighter close schedule.

Common mistakes worth avoiding

Most bookkeeping trouble traces back to a short list of habits. If you recognize any of these, they are worth fixing before the next close.

- Running personal expenses through the business, or business expenses through personal accounts. It muddies both the books and, later, the return.
- Letting the bank feed pile up uncategorized, so a quick monthly review turns into a large reconstruction.
- Treating transfers between your own accounts as income or expense. A transfer is neither, and miscounting it distorts the whole picture.
- Forcing a reconciliation to balance with a plug entry instead of finding the real difference.
- Skipping receipts for cash and owner-paid expenses, which are the ones most easily lost and most often questioned.
- Waiting until year-end to look at the books at all, which turns twelve small jobs into one very large one.

Signs your books need attention

A few plain signals that the rhythm has slipped:

- You are not sure how much cash the business really has after what it owes.
- Accounts have not been reconciled to the bank in more than a month.
- There is an uncategorized or ask-my-accountant pile that keeps growing.
- You dread the accountant's year-end request rather than simply forwarding a report.

A few notes for Michigan owners

Bookkeeping is largely the same wherever you are, but a few items come up often for small businesses here in Ann Arbor and across Michigan. Treat these as reminders to check, not as tax advice, and confirm the current specifics for your situation.

- If you sell taxable goods, you likely collect and remit Michigan sales tax on a schedule the state sets. Track what you collect as money you are holding for the state, not as your own income, and reconcile it so filing is straightforward.
- If you have employees, state and local payroll obligations sit alongside the federal ones. Keep payroll reconciled to your books every period rather than sorting it out at year-end.
- If you pay contractors, gather the documents you need to issue their information returns as you engage them, not the following January.
- Keep business licenses, registrations, and any local requirements current, and record their costs in the books when you pay them.

Keeping the rhythm when the season is busy

The hardest months to keep the rhythm are the busy ones, which are also when the books matter most. Two things help: make the monthly close a fixed appointment rather than a someday task, and keep the close small by capturing receipts and categorizing as you go. If a month is genuinely lost to a rush, close two months together as soon as you can rather than letting the gap grow. The goal is not perfection. It is never being more than a few weeks from current.

What clean books mean at tax time

The reason to keep this rhythm is not tidiness for its own sake. It is what clean books do for you when the return is due.

| At tax time you get | Because the books are clean |
|--------------------------------------|--|
| A faster, calmer preparation | Your accountant works from finished numbers, not a reconstruction, so the return moves quickly. |
| Fewer surprises | A reconciled year means the tax picture matches reality, so there is no late discovery of income or missing expenses. |
| Every deduction you earned | Expenses captured and categorized through the year are far less likely to be missed than ones reconstructed from memory. |
| A return you can stand behind | Books that tie to your bank statements and balance sheet are records you can support if anyone ever asks. |
| Better decisions all year | The same clean books that make filing easy also tell you, month to month, where the business actually stands. |

Clean books are not extra work at tax time. They are the reason tax time stops being work. The rhythm in this checklist is how you get there: small, steady, and on schedule.

A plain-English glossary

The words bookkeeping uses, without the jargon:

| Term | In plain English |
|----------------------------|--|
| Chart of accounts | The list of categories your income and expenses are sorted into. Keep it short and sensible. |
| Reconcile | Check your records against the bank statement until they match exactly, so you know the books are right. |
| The close | Finishing a month's books: everything recorded, reconciled, and final, so the statements can be trusted. |
| Profit and loss | The report that shows income minus expenses over a period. It tells you whether you made money. |
| Balance sheet | A snapshot of what the business owns, owes, and is worth at a point in time. |
| Accounts receivable | Money customers owe you for work already done or goods delivered. |
| Accounts payable | Money you owe to others for bills not yet paid. |

| Term | In plain English |
|---------------------|---|
| Gross margin | What is left from sales after the direct cost of delivering them. A quick read on how the core work is doing. |

Marlowe & Voss is a small-business accounting firm in Ann Arbor, Michigan. If keeping this rhythm on your own is more than you want to carry, monthly bookkeeping is exactly the kind of work we take off an owner's plate. This guide remains general information and is not tax advice.