



Profit & Loss Basic Review Checklist

Income & Expenses

- Review classifications
- Review “Uncategorized” transactions - Everything should be classified
- Income** - Is there anything that doesn't belong (i.e. Job Materials) that should be reclassified (i.e. Cost of Goods Sold or COGS)?
- Account duplicates** - Can any accounts be combined to simplify?
- Payroll** - Ensure payroll is entered completely / accurately
- Subcontract labor** - Do you have Form W-9 on file?
- Review expense category** - Any items that can be capitalized?
- Meals & Entertainment** - **As of 2018, these need to be two separate accounts. Only meals are 50% deductible.**
- Miscellaneous account** - Everything must be categorized. This account should not have a balance.

P & L by Month

- Confirm monthly expenses are appearing correctly
- Income review** - Look month-to-month to see how you're doing on a regular basis.
- Rent / large expenses** - These should be consistent.
- Look at trends** - Any large increases or decreases? Research if needed.

P & L ties to Balance Sheet

- Confirm net income ties out on each statement.