



**KBS CFO, LLC
Year End Close
(Including Tax Package preparation)
Overview of Annual Process**

Executive Summary:

Each year, we perform a year end close out process that is universally understood among the accounting community. It is a different process than our "month end close process".

Attempting to capture the essence of the process in a brief manner, the year end close process includes a final review of the accounting records, ensuring that we see no additional opportunities to make changes and that when reviewing each account, we can comfortably 'tell the story' behind the final results for the year.

When we close out the books, we are committing to no longer making any changes to the accounting information for the past year. The process also includes gathering documentation of each balance sheet account, pulling together specific documentation for tax preparation and compiling the documents into a year end tax package.

We regularly receive positive feedback from tax preparers that the package provides precisely what is needed for preparation and any planning and advisory. Documentation is compiled and provided that centers around how the returns are completed and in anticipation of what would be requested in the event of a tax audit.

Objective:

- Perform a final review of the financial activities for the prior fiscal year prior to closing out the year and passing on the information to tax preparers, or other accountants or third parties.
- As a final step prior to closing the prior year's accounting records, go through all the accounts and ensure that the final balance sheet balances align with supporting details, compile those supporting details into one location and provide other documentation customarily needed for tax return preparation of business returns.
- Provide Tax Preparers with comprehensive package of information structured towards tax planning and preparation.

Outcomes of our commitment:

Each year we receive feedback from those that are preparing the tax returns, that they are able to focus on performing advanced strategic tax planning and advisory, as opposed to having to start their process ensuring that all accounts are documented with supporting details; and not requiring re-work or tracking down of further information is required.



The year-end work file communicates to other accounting professionals the various details of the balance sheet and income statement so that they can collaborate on accounting tasks in a more efficient manner.

Additional Details regarding the process are reflected below (for the details folks)

Year-end processes commence after the month-end process has been completed.

Overview of process:

Ensure prior year-end trial balance matches the prior year tax return. Book any adjusting entries.

Scope of Services/Steps taken:

Using the current year-end trial balance, create columns to reference schedule numbers, comments, and any other special references (such as combination of numbers) that will tell the user what each account represents.



<p>Balance Sheet</p>	<p>Provide supporting documentation, reconciliation, or comments regarding each account in the balance sheet</p> <ul style="list-style-type: none"> ● Bank statements and bank reconciliations ● Credit card statements and credit card reconciliations ● Include documentation and details related to prepaid expenses, if applicable ● Provide information regarding the changes to fixed assets during the year for the tax return depreciation ● Provide Deferred Revenues/Customer deposits schedule and details supporting the deferral ● Document Owner Distributions, and any other changes to Equity accounts ● Document Accrued Expenses ● Document related party loans and interest calculations related to respective loans
<p>Income Statement</p>	<p>Within the Income statement section of the trial balance, provide supporting schedules and other documentation for tax sensitive accounts typically including:</p> <ul style="list-style-type: none"> ● Wage reconciliation to tax filings ● Jurisdiction Apportionment Schedule (Revenues, Payroll, Property, Rent) ● Small Equipment/Tools purchases – confirming fixed assets have been treated properly ● Guaranteed Payments/Officers Compensation ● Owners Insurance ● Life Insurance ● Charitable Contributions ● Depreciation ● Rent ● Interest Expense ● Legal transactions – review for capitalization requirements ● Documentation related to industry or tax return specific items
<p>Other Files customarily delivered as part of the package:</p>	<ul style="list-style-type: none"> ● Last Bank and Credit Card Reconciliations ● Last Bank and Credit Card Statements ● Payroll - W2's and 941's ● 1099s issued ● 1099s received ● Copy of Accounting system database (where applicable) ● General Ledger for year ● Job Costing Summaries, where applicable