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## Check It Off the List: Simple Reminders for Your Dealership's Smooth 2015 Year-End

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**Is the thought of a chaotic year-end getting you down? Sometimes a simple set of reminders that brings you back to the basics can be the cornerstone to successfully closing your calendar year. There's no question that it's that time – when the fourth quarter arrives and the reality of everything you and your dealership personnel need to complete while**

ringing in the New Year starts to sink in. Fortunately there are a variety of items in your control that, if approached punctually and methodically, can help deconstruct an otherwise cumbersome process. Through proper planning, you can simplify your year-end responsibilities into one-by-one “check it off the list” tasks that will not only make your life easier, but may even save you and your dealership dollars.

We see plenty of tax planning tips out there. But what about the lengthy process that occurs before the tax returns are filed? Yes – we're talking about the audit or review of the financial statements. Effectively planning for both tax and audit or review may significantly decrease the chaos and headache you may historically associate with year-end responsibilities.

We understand and recognize that dealers operate in a world where tax planning and year-end audits or reviews may not appear in their “favorites” list, which is why we are sharing our consolidated “Top 10 List” of tax and audit or review items for you to consider adopting into your year-end process.

- 1 Make sure your accounting system or third-party payroll company is ready for The Affordable Care Act (ACA) compliance now. This will minimize the work you will otherwise have to put forth in January.
- 2 Update your depreciation/fixed asset schedule prior to the year-end to minimize the adjustments needed in January, or on the famous 13th month statement.

- 3 Clean your schedules. Examples of how you can tidy things up include writing off uncollectible receivables, ensuring that proper accruals have been set, identifying any related party items and considering if any prepaid expenses need to be fully expensed. In addition, identify incorrect entries in your receivables/payables and clear them from your schedules.
- 4 Be sure to reconcile your bank, floorplan and factory statements as of Dec. 31, 2015 to identify any adjustments. It is a best practice to reconcile these statements at least monthly – even daily for cash – to identify corrections early and save time during your year-end reconciliations.
- 5 Ask your CPA for their Prepared by Client (PBC) packet or request list now. This will enable you to get a head start on getting your documents in order before year-end. You will additionally familiarize yourself with what your CPA will ask from you. As you close your year, you can eliminate duplicate work by pulling the information your CPA needs while you're working on it, eliminating duplicate work.
- 6 Triple check that you have all W-9s on file for each vendor you use so that 1099 preparation will be a breeze.
- 7 Provide any new documents as you receive them to your CPA so that they are already on file. This may include ownership changes, new leases, new franchise agreements, new loan or floorplan agreements and more.
- 8 Perform an inventory count for vehicles on-hand at or near year-end and reconcile to your general ledger. Be sure to include service loaners to ensure proper classification. Also, reconcile your parts inventory on hand to your general ledger at year-end to see if any significant adjustments to your parts accounts may be needed.

- 9 Adjust any reserves you may have been tracking during the year. Ask yourself questions such as “do any balances need to be taken into income?” Or, “do any balances need to be increased for potential liabilities after year-end?”
- 10 Compare principal balances on December loan statements to your general ledger to ensure all entries have been properly recorded.

In addition to the items listed above, our final tip would be to talk to your CPA. Keep him/her in the loop! Discussing any major business activities, such as construction or litigation, ahead of time – most preferably as they're taking place – will allow your CPA to advise what you can do to remain ahead of the game, giving you plenty of time to determine what additional information might be necessary in wrapping up your year-end. We urge you to take the above items into account as you plan for your 2015 year-end. Get a head start on crossing off your list of “to-do's” so you may alleviate anxieties in this area.

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