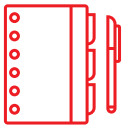




THE ADVANTAGES OF CLOSING MONTHS AS YOU GO DURING THE YEAR



Closing months in a timely manner creates several advantages for law firms, and not all of them are about making end-of-year less taxing:

- Errors can be promptly identified and corrected, making the reconciliation process more manageable. Waiting until year-end to reconcile a year's worth of bank accounts and journals can be overwhelming.
- Users are prevented from backdating entries in previously reconciled months.
- Entries that have exceeded their allowable retention periods (stale checks) can be purged.
- Federal and state taxes are made easier to prepare in a timely, organized fashion.
- Organized and accurate trust account records are mandated by your local bar association. Many bar associations perform random audits to test compliance.
- Bank reconciliations must be complete before your firm can print financial statements. Financial statements allow your firm to:
 - Compare your firm's financial standing against budget.
 - Determine what's available for profit distribution.
 - Present a better lending profile to your bank.
- Updated month-ends may also help your firm save on end-of-year accounting fees. At year-end, all you'll have to do is close out the final month and send financial statements off to your accountant for adjustments. Once adjusting entries are made, the final month can be closed. With everything in order, there's no last-minute rush that can cost your firm excessive rush fees for hour-intensive catch-up work.

.....
by Deborah J. Schaefer, CPA