



CLOSE OUT YOUR NONPROFIT'S FISCAL YEAR

A CHECKLIST TO HELP YOU KEEP YOUR NONPROFIT'S FINANCIALS ORGANIZED, YEAR AFTER YEAR.

At **Casey Peterson, LTD**, we understand that the end of the fiscal year is a busy time. Often, you have to juggle year-end accounting procedures in addition to your regular duties.

The following checklist can help you wrap up your fiscal year so you're ready to head into your new year organized and with your information up to date.



01 CASH

- **Reconcile all bank accounts.**
 - Evaluate and correct any large and unusual reconciling items.
 - Make sure the ending balance on the bank reconciliation report agrees with the cash balances in the accounting records.
- **Gather copies of your year-end bank statements and reconciliations for your auditors.**



02 INVESTMENTS

- **Update your spreadsheets, recording all activity for the year.**
 - Purchases
 - Sales
 - Earnings
 - Gains/Losses
 - Etc.
- **Adjust the ending value of investments in the accounting records to agree with the spreadsheet and year end statements.**
 - **Make sure your total asset values agree, as do total return on investments and fees.**



03 RECEIVABLES

- **Generate reports of outstanding balances by category:**
 - Fee for service receivables
 - Loans receivable
 - Grants & pledges
 - Etc.
- **Review reports for possible posting errors.**

One example to look for are payments not properly applied to balances.
- **Compare the total on aging report to asset balance in accounting records.**
 - Investigate differences and make corrections as needed.
- **Review listing for possible pre-payments of services (typically sales or fee for service-type activity).**
 - **Generate a list of those with pre-payments.**
 - **Record journal entry from receivables to unearned revenue.**
- **Review grant programs to determine amounts owed to your organization at year end.**
 - Generally, costs will need to be accumulated and compared to receipts to date to determine amounts owed.
 - **Record entry for receivables.**
 - **Request reimbursement from funding source.**
 - **Reconcile state remittance reports for grants and other programs to your general ledger for revenues and grant receivables.**
- **Review listing for grant funds received in advance.**
 - **Generate a list of those received in advance.**
 - **Record journal entry from receivables to refundable advance.**



04 INVENTORY



On the last day of the year or the days leading up to the last day, perform counts of all inventory items. The counts should include:

- Purchased or donated items used in the organization's activities or programs
- Items sold to the public
- Items used for fundraising efforts
 - May include office & maintenance supplies, materials, publications, etc.



Calculate value of inventory based on counts and cost per item using purchase history.



Adjust inventory balances in accounting records based on the calculated value of inventory.

- This will require a debit to inventory to increase the recorded balance or a credit to inventory to reduce the recorded balance.
- The offset to the entry will be a related supply expense account.





05

PROPERTY & EQUIPMENT

○ Review the previous year's depreciation schedules to identify items that have been disposed of during the year.

- Identify proceeds received for items disposed (cash for sale or insurance, trade-in value received, if applicable).

○ Identify assets purchases during the year.

○ Gather information on purchases, including:

- Date of purchase
- Purchase price
- Estimated useful life of asset
- Area in which asset will be used
- Funding source used to purchase asset

If you purchased assets with federal grant funds, be sure to include the grant name and contact number.



○ Record as fixed assets only those items that meet the capitalization threshold.

- Outline your capitalization policy in the audited financial statements.

○ Make sure all purchased assets are entered in the respective fund at cost with proper assignment of useful lives and depreciation method.

○ Make sure all donated assets are entered in the respective fund at fair value on the date of acquisition with proper assignment of useful lives and depreciation method.

○ Report in the proper class of net assets depending on the existence or absence of donor-imposed restrictions.



05 PROPERTY & EQUIPMENT

- **Record all disposals of property and equipment in the respective fund.**
 - Include proceeds received for disposals.
- **Calculate the depreciation for the period.**
 - **Verify asset and accumulated depreciation totals agree with the previous year's balances plus additions, less disposals.**
 - **Evaluate depreciation expense to determine that calculations appear correct.**



06 PREPAID EXPENSES

- **Identify expenses that should be allocated monthly that may cross over year-end, including insurance, subscriptions fees, computer licenses, etc.**
 - Create a list of the dates covered by such items and the payments made during the year for such expenses. Examples include:
 - Liability insurance policy covering 12-1 though 11-30 paid in two installments on 12-1 and 5-1
- **Adjust prepaid asset balances to agree with schedule.**



07 ACCOUNTS PAYABLE

- **Generate reports of outstanding bills as of year-end.**
 - **Review the list for possible posting errors.**
 - Review the list for errors related to voided checks or payments not applied to bills previously recorded.
- **Accumulate a list of bills received after year-end that related to goods or services received before year-end.**
 - **Create an adjustment to record items on this list as payables.**
- **If there are any major projects in progress, review contractor bills for timing of services performed and possible retainage.**
- **Evaluate invoices for major equipment, and inventory or supply purchases for delivery date of items to determine proper recording.**





08 OTHER LIABILITIES

- **Evaluate timing of payroll for salaried and hourly staff to determine if the hours they worked before year-end were paid in the following month.**
 - ○ Determine what portion of hourly wages were worked before year-end, and record that amount as a payable.
 - ○ Include FICA taxes in amount calculated.

- **Accumulate unpaid leave balances for all staff as of year-end to determine amounts owed to staff.**
 - ○ **Verify balances are consistent with leave policies.**
 - If staff can only accumulate a set number of days, make sure there aren't any balances greater than that number.
 - ○ **Make sure wage rates for all staff are correct or wages rates used in making the determination are consistent with policy.**
 - ○ **Typically, you would accrue any types of leave that would be required to be paid to staff should staff members leave the organization**
 - For example, an organization may have a policy where unused vacation time is paid, but sick leave is not. In that case, unused sick leave would not be included in the unpaid leave accrual.

- **Review payroll deduction liabilities, and compare to actual payments made before the end of the year.**
 - ○ Adjust balance to agree with payments actually made.

- **Review unearned revenues and grants received in advance.**



09 LONG TERM DEBT

- Review payments of principal and interest for long-term debt.
- Make entries to reflect payments made during the year of principal on debt balances.
- Use templates on our website to show the debt payment activity in the current year.
- Reconcile the ending balances in debt accounts to support provided by debt holders and/or amortization schedules.



10 NET ASSETS

- Review balances in equity accounts to make sure that they agree to balances presented in your prior-year audit.
 - If there are differences, investigate the difference, and post an entry to correct the error.
- Review support for tracking restricted and board-designated net assets to make sure classes of net assets are reported at the correct amounts as of year-end.
 - Net assets can be tracked in various ways. Common methods include:
 - Using classes within QuickBooks
 - Using spreadsheets
 - Using specific accounts within the chart of accounts
 - The method used should show increases in net assets (new contributions restricted to specific activities, time, or purpose) and the amounts released from restriction (expenses meeting the restricted purpose of funds).
 - If there are differences, investigate the difference, and post an entry to correct the error.



11 OTHER TRANSACTIONS

- **Scan a comparison of current year revenues and expenses to prior-year amounts, and investigate any unusual items.**
 - This may result in the need to recode items.

- **Prepare a schedule of functional expenses.**
 - **Start with a listing of all expenses by natural classification**
 - Salaries
 - Rent
 - Insurance
 - Utilities
 - Office supplies
 - Etc.

 - **Categorize the expenses within the respective function (program, management and general, and fundraising) using direct identification and/or an allocation method.**
 - Allocation methods can be based on square footage, personnel expense, and time studies.



WE'RE ALWAYS HERE FOR YOU

We're always here to work with you to find solutions to whatever you're challenges you face.

If there's anything we can do for you or any questions we can answer, please don't hesitate to reach out.

PHONE Rapid City 605-348-1930
 Gillette 307-682-4795

WEBSITE caseypeterson.com

SOCIAL

