

Nonprofit Month-End Close Checklist

A step-by-step close for nonprofit books. Work through it every month, in order, and your statements will be ready for your board and your restricted balances will be ready for your auditor.

Month _____ Closed by _____ Reviewed by _____

Before you start

- ☐ **Collect statements**
Bank, credit card, loan, investment, payroll and payment processor statements for the month (PayPal, Stripe, Square, your online giving platform).
- ☐ **Clear the inbox**
Receipts, bills and deposit detail that arrived after the transactions were entered.
- ☐ **Check last month is locked**
Confirm the prior period is closed in your accounting system so nothing lands there by mistake.

Revenue and donations

- ☐ **Match deposits to donor records**
Every deposit agrees to your donor database or giving platform report. Platform fees recorded gross, not netted out of revenue.
- ☐ **Code restricted gifts correctly**
Gifts and grants with donor restrictions recorded as restricted, to the right fund or class.
- ☐ **Record new pledges and grant awards**
Unconditional promises to give recorded when made, with a receivable. Conditional grants are not revenue until the condition is met.
- ☐ **Grant reimbursements billed**
Reimbursement requests submitted for costs incurred this month on cost-reimbursement awards.

Expenses

- ☐ **Every transaction categorized**
Nothing left in Uncategorized, Ask My Accountant or Suspense.
- ☐ **Program and function coded**
Every expense carries a program or function (class), so the functional expense split comes out of the system.
- ☐ **Grant-funded spending tagged**
Costs charged to a grant are tagged to that grant and fall inside its period of performance.
- ☐ **Bills entered**
Bills received for this month's goods and services entered, even if not yet paid.
- ☐ **Payroll recorded and allocated**
Payroll journal entries agree to the payroll register, and salaries are allocated across programs, management and general, and fundraising.

Reconcile

- ☐ **Bank and credit card accounts**
Every account reconciled to the statement, with old uncleared items investigated rather than carried forward.
- ☐ **Payment processors and clearing accounts**
Clearing and undeposited funds accounts return to zero or contain only items in transit.
- ☐ **Payroll liabilities**
Payroll tax and benefit liability balances agree to what is actually owed.
- ☐ **Receivables**
Pledges and grants receivable agree to a list of who owes what. Old balances reviewed for collectibility.
- ☐ **Prepays, deposits and fixed assets**
Prepaid expenses amortized and depreciation recorded.

Restricted funds

- ☐ **Update the roll-forward**
Opening balance, new restricted revenue, releases and closing balance for every restricted fund.
- ☐ **Record the net asset release**
Release restricted net assets equal to the restricted spending this month, and any time restrictions that expired.
- ☐ **Tie out**
Total of the roll-forward equals net assets with donor restrictions on the balance sheet.

Review and report

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|--------------------------|---|--|
| ☐ | Scan the balance sheet
Every balance makes sense. Negative balances, unexplained changes and old suspense items get a note. | |
| ☐ | Budget against actual
Variances over your threshold explained in a sentence each. | |
| ☐ | Grant budgets
Spending on each grant compared to its budget, with any line likely to overrun flagged now. | |
| ☐ | Cash forecast
Cash on hand and the next 90 days of expected inflows and outflows. | |
| ☐ | Close the period
Lock the month in your accounting system and send reports to the executive director and treasurer. | |

The last column is for initials or a date.

Would you rather hand the close to someone else? We close nonprofit books by the 10th of every month.
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