



Before year-end financial statements are prepared, there are certain year-end closing procedures that should be done to ensure that the financial reports are complete and accurate:

### 1. CHART OF ACCOUNT LISTING

- Review your chart of account listing in QuickBooks. Have you deviated from the Standard CoA released in FY18? It is important that the structure be maintained to ensure consistency.
- Have you kept within the defined protocols with regards to adding/changing Tier 1 and Tier 2 accounts? If you have created additional Tier 2 accounts outside the defined parameters, you will need to move them to a Tier 3 subaccount under the corresponding Tier 2 "Other" account. Additionally, if you have created Tier 1 accounts outside the parameters of the standard CoA, you will need to move/merge them into the appropriate defined account.

### 2. GENERAL LEDGER

- Run a detailed general ledger report; scan and review all your accounts and transactions to ensure proper categories and amounts.
- Run a Profit & Loss Unclassified report to check for any unclassified transactions. Classify them into the correct class accounts.
- Ensure all transactions are posted to sub-accounts (not Tier 1 accounts.)

### 3. BALANCE SHEET ACCOUNTS

#### A. Cash Accounts

- Reconcile all checking accounts in QuickBooks, using the built-in reconciliation function. If there is a difference, check the QuickBooks reconciliation report for items in transit, or unrecorded interest, deposits, or payments.
- Review the outstanding check list. Research uncleared checks (all checks older than six months) to determine if they should be voided and reissued or written off.
- Transfer money above operating needs from checking account to DIAL account. We recommend the parish hold four to six weeks of operating expenses in their checking account.
- Reconcile All DIAL accounts in QuickBooks using the built-in reconciliation function. Compare DIAL balances to statement balances. If there is a difference, check the reconciliation report for items in transit, or unrecorded interest, deposits, or payments.
- Reconcile all endowment accounts in QuickBooks using the built-in reconciliation function. Confirm the endowment fund(s) agree to the month end statements. This could be that you did not properly record the market gain/loss, dividend income, or deposit.
- Reconcile petty cash. Verify that the cash really exists.



## Parish Finance

### Checklist for Year-End Financial Review

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#### B. Accounts Receivable

- Parish schools should be recording tuition on an accrual basis. Analyze and adjust accounts receivable for collectability. Write-off uncollectable tuition to 4387 Uncollected Tuition (Contra Revenue) for current year tuition or 8490 Other Administrative Expenses if the tuition is from a prior year.

#### C. Fixed Assets

- Review the fixed assets accounts listed on your balance sheet. Accumulated depreciation and associated expense must be recorded by those parishes' depreciating fixed assets.

#### D. Other Asset Accounts

- All inventory accounts (book/gift shop) should be adjusted to agree with the physical count.
- Review prepaid expenses and analyze to ensure that no adjustments are needed.

#### E. Accounts Payable

- Record unpaid invoices on June 30:** Any amounts due to others at year-end for receipt of goods or services should be recorded as accounts payable. This will ensure the expenditure is recorded in the proper fiscal year.
- Do not print checks dated in June with the intention of sending late July, this includes payments to vendors and deposits to DIAL.

#### F. Payroll Liabilities

- Reconcile all payroll tax, benefit, and other payroll accounts.
- Adjust accrued (unused) vacation payable to the correct year-end balance.
- Accrue teacher salaries, July 2024 payroll, 26 payrolls for the year.

#### G. Funds Held for Others

- Review each account to be sure funds were recorded in the appropriate second collection account. If you have minimal balances, forward these balances with the next collection.

#### H. Loans Payable

- DIAL Loan(s) Payable:** Be sure that the balances in the loan account match the DIAL loan statement.
- DIAL Security Advances:** Be sure that you are recording the expense as you use the monies and reconciling the corresponding DIAL account. If the parish received a DIAL security advance, confirm the balance on the payable account as well as the DIAL account.



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#### I. Stipends Payable

- Recalculate the number of unpaid Masses requested multiplied by the average intention donation to verify if the liability balance is reasonable.

#### J. Sales Tax Payable

- Are payments being remitted in a timely manner?

#### K. Deferred Revenue

- Is your FY23 Deferred Tuition zero? If not, it should be. Only FY24 Prepaid Tuition should be recorded.

#### L. Exchange Accounts

- Reconcile exchange activity accounts. If there is a debit balance, this is an expense to the parish or school, unless it is a timing difference.

#### M. Run a Comparative Balance Sheet Report

- Review the previous year's comparative Balance Sheet for unchanged balances between this year and last year.

### 4. INCOME AND EXPENSE ACCOUNTS

#### A. No Netting

- You should not record revenues received in expense accounts, nor should you record any expenses to a revenue account.

#### B. Tuition Income

- Tuition Revenue should be recorded gross with the appropriate financial aid/grant allowances being recorded properly to the contra revenue accounts.
  - 4380 Financial Aid Funded
  - 4385 Financial Aid Granted – contra account
  - 4386 Tuition Discounts – contra account
  - 4387 Uncollected Tuition – contra account
- 4386 Tuition Discounts: These are discounts given to teachers and staff whose children are enrolled in the school, prepaid tuition discounts, and any other discount that may be given. Tuition for multiple children enrolled is not a tuition discount and should not be included in account 4386.

#### C. Parish Investment in School

- Cash Contribution: This is cash paid by the parish to the school to help meet the cost of school operations.



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- Donated Services:** To be able to better evaluate the actual cost of operating the school, parishes will allocate a portion of parish operating expenses to the school. This could include, but not be limited to facilities and grounds maintenance costs, including in-house and contract maintenance and janitorial staff; parish finance office expense for time and effort spent on school accounting/finance issues; costs for utilities, janitorial supplies, etc. *Although a percentage allocation method for these types of expenses may not be precise, it still helps give a more representative picture of the actual cost of operating the school.*
- NOTE:** Financial Aid from the parish to the school is not Parish Investment in School.
- 4500 Parish Investment in School Income (school general ledger) **should equal** the 7500 Parish Investment in Expense (church general ledger).

#### D. Diocesan Assessments

- Confirm that Assessment bills have are properly coded. Only the Operating Assessment, Tuition Assistance Program and Arlington Catholic Herald recorded here.

#### E. Prior Period Adjustments

- This account is only for adjustments to prior periods due to audit findings. Contact the Parish Financial Liaison if you have an entry in this account,

#### 5.) OTHER INCOME AND OTHER EXPENSE (5000 and 9000 Accounts)

- For Capital Campaign and Other Extraordinary Income (5000s), if the amounts *are not material*, reclassify them to the appropriate 4000s account.
- For Capital or Other Extraordinary Expenditures (9000s), if amounts *are not material*, reclassify them to the appropriate 8000s expense account.

#### 6.) NET ASSETS

##### **Net Assets with Donor Restrictions:**

(a) **Temporarily restricted:** Has the church or school received restricted donations during the year that have not been fully expended? Or have previous restrictions been fulfilled?

(b) **Permanently restricted:** Has the church or school received funds to be kept in perpetuity?

##### **Year-end entry to re-classify net assets**

Use the End of Year Review Procedures Flowchart to analyze the accounts. Should you need assistance with your year-end entry to re-classify net assets please call the Office of Finance.