**Year-End Financial Close Checklist**

Payroll:

* Process payroll entries from last pay period to end of the year
* Prepare and reconcile payroll tax reporting forms
* W-2
* W-3
* 1099
* 1096
* 941
* 940
* NC-5
* NCQ5
* NC-3
* NCUI 101

General Ledger:

* Analyze year end balances by comparing to prior year noting any unusual or unexpected balances. Review transactions for proper coding and inclusion when unusual balances are noted. Research and resolve.
* Reconcile all balance sheet accounts
* Prepare the year end bank reconciliation and confirm the general ledger balance to the bank reconciliation for each cash account
* Enter the final credit card liability and agree the balance to the year-end credit card statement
* Print the accounts receivable aging summary and confirm the balance to the general ledger
* Prepare a journal entry to adjust ending inventory to physical inventory counts, ensure the general ledger amounts equal to the physical count documentation. Consider the need to adjust inventory to lower of cost or market
* Review aged receivables to determine accounts for adjustment, record bad debt expense and adjust allowance for doubtful accounts
* Review accounts payable, research and resolve items outstanding greater than 90days
* Review fixed asset listing for assets sold or scrapped during the year and ensure transactions are recorded, confirm balances on the fixed asset schedule to the general ledger
* Calculate and record depreciation expense for fixed assets
* Amortize prepaid expense, agree the general ledger balance to the worksheet used to amortize expense
* Record interest expense for loans and notes payable, confirm the general ledger balances matches the year end loan statement or loan amortization schedule
* Prepare and record entries to adjust securities to fair market value, verify the brokerage statement to the general ledger
* Prepare the grant revenue schedule and compare balances in the general ledger for grant revenue, grant receivable, grant deferred revenue to the grant revenue schedule
* Confirm the grant reports provided to the grantor agree to the general ledger

Miscellaneous:

* Review chart of accounts and consider making unused accounts inactive
* Review the vendor files to ensure W-9’s have been obtained for all active vendors, consider making unused vendors inactive
* Review customer files for duplicates and resolve, consider making inactive customers inactive in the computer system
* Print year-end reports into a document management system or on paper and binding in year end binders to create historical records
* Accounts Receivable: Sales journals, cash receipts journals, customer ledgers and statements, aged accounts receivable, invoice register
* Accounts Payable: Checks register, aged accounts payable, 1099’s
* Inventory: valuation sheets, item cost list, inventory reports used by management
* Payroll: check register, tax compliance reports, yearly earnings report, all state and federal forms sent to IRS and state department of revenue
* General Ledger: trial balance, journal entries, system generated financial statements
* Backup the company data files and consider storing off-site or using cloud backup. Back up prior to running the year-end close function on the accounting software.
* Purge old records such as terminated employees, unused items list, vendor and customer records that have been inactive for X years.
* Perform the software close. Use a password so once the trial balance is finalized and the close is performed so users cannot access or edit the transactions.