PROSPECTIVE BUSINESS SOLUTIONS, LLC

Audit Preparation Checklist for Nonprofit Organizations

General Documents

- Year-end trial balance
- Prior year audited financial statements and 990
- General ledger covering the entire fiscal year
- List of checks written during the fiscal year
- List of automatic payments (ACH) made during the year
- Articles of Incorporation and Bylaws
- IRS Determination Letter
- Employee handbook
- Accounting/Financial Policies and Procedures manual
- Property and liability insurance policies
- Organization chart
- Debt agreements such as bond documents, bank loan agreements, and lease agreements
- Minutes of meetings of the Board of Directors and any other oversight committees
- List of Board of Directors and Title
- Board approved budget

Assets:

Cash and Investments

- Year-end bank reconciliation and bank statements
- Year-end bank statements of investment accounts
- We will provide standard forms and ask you to prepare confirmations, which we will mail to the bank
- Monthly bank statements received from the bank for the fiscal year and the first two months following the end of the fiscal year

Accounts Receivable

- Detailed aged listing of all accounts receivable balances by customer as of the end of the year (reconciled to the general ledger)

Inventory

- Detailed inventory reports as of the end of the year (reconciled to the general ledger)

Property and Equipment

- Fixed asset roll-forward schedule showing beginning balance in each asset class plus additions, less disposals equals ending balance
- Detail of fixed asset additions and disposals during the year
- Depreciation schedule by asset including useful lives, depreciation method, etc.

Liabilities

Accounts Payable

- Accounts payable aging report as of the end of the fiscal year (reconciled to the general ledger)
- Check registers for the period between year-end and the date of fieldwork

Accrued Expenses

- Reconciliation of accrued salaries
- Reconciliation of accrued sick and vacation leave balances
- Access to payroll registers for the year and the first two months following the end of the fiscal year

Long-Term Debt

- Debt roll-forward schedule showing beginning balance in each note plus borrowings, less repayments equals ending note balance
- Compliance schedules for covenants

Income/Expense

- Grant award letters and grant agreements entered into during the fiscal year
- Reconciliation of donor restricted net assets
- Reconciliation of in-kind revenues and expenses
- Statement of functional expenses and allocation method at year end
- Schedule of lease agreements including a schedule of future minimum lease payments over the life of the leases
- Access to all manual journal entries made during the year
- Details of repairs and maintenance account
- Detail of legal fees paid, with the name and address of all attorneys used throughout the year
- Schedule of expenditures of federal awards for the fiscal year (if applicable)