A Year-End Financial Checklist for Churches & Ministries

Financial Tasks

1 ☐ VERIFY AND RECONCILE ALL ACCOUNTS

- Reconcile bank accounts, credit cards, loans, and petty cash (some churches wait until the end of the year to separate principal and interest on their books).
- Ensure all transactions are recorded accurately in the accounting system.
- Verify that all income, including tithes, offerings, donations, grants, and rental income, is recorded correctly.
- Review expenses to ensure they are categorized properly and all invoices and receipts are accounted for.

2 ☐ PREPARE AND SEND DONOR STATEMENTS

- Send year-end giving statements to all donors for their tax purposes, showing a summary of their contributions.
- Verify that "in-kind" donations have been sent out correctly.

3 ☐ REVIEW AND ADJUST JOURNAL ENTRIES

- Post any year-end adjusting entries, including depreciation, accrued expenses, and income adjustments.

4 ☐ REVIEW FINANCIAL REPORTS

- Generate and review the Balance Sheet and Statement of Activities.
- Ensure that restricted and unrestricted funds are correctly classified with a balance carryover.

5 ☐ PREPARE THE BUDGET FOR THE NEXT YEAR

- Work with leadership to finalize the budget, considering past performance and future needs.

6 ☐ AUDIT AND INTERNAL CONTROLS

- Schedule an audit or internal review of financial statements (if required).
- Review internal controls to ensure they are effective and identify areas for improvement.

7 ☐ FILE STATE AND FEDERAL REPORTS

- File any required annual state reports, including charitable organization registration renewals.
- For religious nonprofits, confirm whether Form 990 is required; if exempt (churches, etc.), ensure other compliance documents are filed as needed, such as Secretary of State information forms.

8 ☐ FIXED ASSET REVIEW

- Conduct a physical inventory and review of fixed assets to determine any items that need to be retired, sold, or logged on your balance sheet.
- Calculate depreciation as necessary.

9 ☐ REVIEW INSURANCE POLICIES

- Ensure all insurance coverages, such as property, liability, and workers' compensation, are up to date.

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Payroll Tasks

1 ☐ VERIFY EMPLOYEE INFORMATION

- Confirm employee information, including addresses, Social Security numbers, and tax withholdings, are up to date.

2 ☐ PROCESS FINAL PAYROLL

- Ensure all payrolls are processed, and accrued PTO or bonuses are paid out as necessary prior to the end of the calendar year.
- Make sure any additional retirement contributions are processed through payroll prior to 12/31/2024.

3 ☐ REVIEW AND ISSUE FORM W-2 AND 1099S

- Prepare and distribute Form W-2s to employees by January 31st (usually done through your payroll provider).
- Determine vendors who require a 1099-NEC (independent contractor vs employee) according to federal and state regulations.
- Issue Form 1099-NEC to independent contractors and other applicable recipients.

4 ☐ RECONCILE PAYROLL ACCOUNTS

- Reconcile payroll expenses and liabilities to ensure all taxes and withholdings are correctly recorded.

5 ☐ REVIEW HOUSING ALLOWANCES

- Ensure clergy housing allowances are correctly recorded and reported on W-2s, as applicable.
- Issue a letter from the board stating the amount of income designated as housing allowance for all employees qualifying for it.

6 ☐ FILE QUARTERLY AND ANNUAL PAYROLL TAX RETURNS

- Complete and file Form 941 (quarterly payroll tax return) and Form 940 (annual FUTA tax return).
- Ensure all state unemployment and income tax filings are completed.

7 ☐ UPDATE PAYROLL SYSTEMS

- Update any payroll system changes for the new year, including tax rate adjustments and benefit contributions.

8 ☐ COMPLIANCE WITH NEW LAWS

- Verify compliance with any new federal, state, or local payroll laws affecting minimum wage, overtime, or other employment regulations.
- Obtain new labor laws to post at your church or ministry each January.

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General Administrative Tasks

1 ☐ UPDATE LEADERSHIP AND BOARD CHANGES

- Document any changes in leadership, including board members and officers, and update registrations as needed.

2 ☐ REVIEW VENDOR CONTRACTS

- Assess contracts with service providers, ensuring they are up-to-date and renegotiated if necessary.
- This is also a good time to annually assess spending and see if there are opportunities to save money.

3 ☐ ANNUAL MEETING AND REPORTING

- Prepare for the annual meeting of members or the board, including distributing financial reports and updates.

4 ☐ REVIEW AND UPDATE POLICIES

- Update policies, including financial, employment, and conflict of interest, to reflect any changes in laws or operational needs.