

Office of Parish Finance Parish Resource

TOPIC

Year End (June 30) Procedures

INTRODUCTION

As you prepare to close the general ledger for the fiscal year, there are procedures that must be completed to ensure an accurate year-end close¹. This resource will assist users of ParishSOFT Accounting as you prepare to close year-end.

Who is this Parish Resource intended to assist?

Resource content is intended to assist business managers.

What are the goals and objectives of the year end process?

- To change the Current Date to July of the new fiscal year.
- To move the current fiscal year Asset, Liability and Net Asset balances from the ending balance field to the beginning balance field in the new fiscal year.
- To close the net income to the Net Asset account(s) and zeroes out the beginning Income and Expense account balances.
- To move Next Year budget amounts from the current fiscal year to the Current Year budget amounts in the new fiscal year.
- To prevent any new transactions from being entered in the closed fiscal year².

Year End Tasks

Before closing the fiscal year, complete these tasks:

- Prior fiscal years and months must be closed. Contact the Office of Parish Finance if you need assistance.
- Reconcile all bank and investment accounts.
- Review/reconcile all other asset and liability accounts to ensure balances are accurate and complete.
- Adjust and reconcile fixed assets and loans³.
 - Loans payable should be reconciled to year-end statements.
 - Record accrued loan interest for June that has not been paid as of June 30th. This will be a reversing journal entry posted to June and reversing in July.

¹ You DO NOT have to run the end of year process before you can work in the new fiscal year beginning July 1st. Simply enter transactions with July dates. You can continue working in the prior fiscal year until it is closed.

² It is recommended that corrections and adjustments are made in the current year. Please contact the Office of Parish Finance with any questions or issues at aodparishfinace@archden.org.

³ Under the modified cash basis of accounting, purchases of furnishings, fixtures and equipment and real estate are generally recorded directly to fixed asset accounts on the Statement of Financial Position (SoFP). However, capital expenditures for renovations, improvements, and new construction may be recorded in the Capital entity's Statement of Activity. Capital expenses should be capitalized on the SoFP at year-end, whether the construction is complete or still in process. Recording depreciation expense is highly recommended.

- Review and adjust due to and due from accounts as needed⁴.
- Calculate and record accrued vacation/paid time off, if any.
- Print a trial balance in summary for the period July 1st through June 30th and review (ensure including inactive history accounts and accounts without balances).
 - Confirm that it is in balance - Assets minus Liabilities minus Net Assets minus Income plus Expenses should equal zero.
 - Examine account balances for reasonableness.
 - Investigate any unusual items, such as negative balances and adjust as necessary.
- Review the Statement of Financial Position (**SoFP**) for the fiscal year-end and Statement of Activities (**SoA**) for the fiscal year and ensure that the net income agrees to the current period changes of net assets on the SoFP.
- Review the general ledger (July 1st through June 30th) for all activity and reclassify transactions posted to the wrong accounts, as necessary.
- If not already complete, enter the next annual fiscal year budget into ParishSOFT.

Closing the Fiscal Year⁵

After the year-end tasks are completed, you are ready to process year-end.

- Click on *Process* then on *End of Year⁶*.
- Compare balances to ensure that the closing was successful.
 - Review a Trial Balance Report for July of the next fiscal year and compare the Asset, Liability and Net Asset beginning balances to the ending balances of the prior fiscal year June 30th SoFP. Confirm that all income and expense accounts reflect a “zero” beginning balance.
 - Confirm the next fiscal year SoA reflects the accurate budget numbers, if already entered.
- Once the year is closed, remember the Annual Report and the Restricted Gifts Worksheet is due to the Office of Parish Finance by September 1st.
 - The Conflict of Interest Forms must be signed and retained at the Parish (this does not need to be sent to the Office of Parish Finance).

Thank you. If Parish personnel have any questions or require further clarification, please reach out to the Archdiocese of Denver’s Office of Parish Finance at aodparishfinance@archden.org.

⁴ Remember Due To represents monies owed from one entity within the parish to another entity. For example, if the parish General Entity paid a bill that is to be reimbursed from a separate Auxiliary Organization, the GEN Entity has a Due From and the Auxiliary Organization a Due to. Once the Aux. Org pays the Gen Entity the Due To/From will be zero. The Due To and Froms, in total must net to zero.

⁵ Refer to the ParishSOFT Accounting Ledger & Payables User Guide, Chapter 12 “Performing End-of-Period Processing” for additional guidance.

⁶ If you have not closed all months through May, you will get a message to perform the End of Month process. If this occurs, simply click on *Process* then on *End of Month* and *Submit*. When all months through May are closed, you will see a screen listing all entities and their associated Net Asset Account. If any are missing, click GO and assign the appropriate Net Asset account. If necessary, activate the appropriate Net Asset account first.