

Financial Management End-of-Year Checklist for Nonprofit Leaders

6 min read



Key Takeaways

- **3 Quick Housekeeping Tips:** Prepare for End-of-Year Giving- Most nonprofits see an influx of donations towards the end of the calendar year.
- **Calendar Year-End Financials for All Nonprofits:** Whether your fiscal year ends December 31st or at another time of the year, you still need to address the following action items at the end of the calendar year.
- **Nonprofit Fiscal Year-End Financial Checklist:** If your fiscal year also ends December 31st, set aside time to address these fiscal year-end action items.

Every time December rolls around, it's always hard to believe yet another year has gone by. And with the demanding schedule of running a nonprofit, we wouldn't be surprised if you feel like you only just addressed your year-end housekeeping for last year!

Whether you want to believe it or not, the time has come again to tidy up your books, collect last-minute donations, get your nonprofit accounting in order, and bid farewell to another year gone by.

Whether or not January marks the beginning of your organization's fiscal year, to help your nonprofit transition smoothly into the next year, take some time to work through the following nonprofit end-of-year checklists (*yes, we've got you covered with both calendar year-end and fiscal year-end checklist*).

Your Nonprofit Year-End Checklist: 3 Quick Housekeeping Tips

1. Prepare for End-of-Year Giving

Most nonprofits receive an influx of donations at the end of the calendar because it also marks the end of the fiscal year for donors, and tax-savvy donors want to do their best to minimize taxable income by donating some of their disposable income while they still have the chance.

Make sure you're well-prepared to receive and process these donations in a timely manner. Check that your website is up-to-date and that all of your digital donation portals and online giving forms are optimized and in working order.

2. Make Your End-of-Year Appeal

Set aside time to send out a high-quality end-of-year appeal to your donor base and potential donors.

Write a heartfelt greeting that demonstrates the impact of donations in a tangible way (i.e. X number of dollars donated equals X number of people served).

Tip from Fundraising Expert: Roger Craver, Co-Founder of Donor Voice and Author of *Retention Fundraising: The New Art and Science of Keeping Your Donors for Life.*: “The most effective copy-writings are stories that are told in the same way as romance fiction. They are very colloquial in language. They are high in emotion. They are highly involved. There is a lot of the use of the pronouns, you and me. If I were a small nonprofit, I would be looking for volunteers who are good storytellers to help you craft this. It is all stories at the end of the day.”

Read More: [Successful Fundraising for NonProfits - Advice from an expert](#)

You might also consider segmenting your donor base into separate categories in order to send more personalized appeals.

3. Send Seasonal Greetings

In addition to making year-end appeals, don't forget that the holiday season presents nonprofit organizations with the perfect time to simply stay connected to their donor base.

Take the time to get involved in seasonal events, reach out to your contact list with well-wishes, and keep your mission at the top of everyone's mind during the season of giving.

This step is more important now than ever- this year, 75% of nonprofits report an increase in demand for programs ^[1], and 67.93% of NonProfits are facing a decrease in funding ^[2]. Maintaining donor relations is key in securing funding for the upcoming year.

Calendar Year-End Financials for All Nonprofits

Whether your fiscal year ends December 31st or at another time of the year, you still need to address the following action items at the end of the calendar year.

1. Vendor and Contractor Information

Comb through all of the vendors and contractors you have used and paid throughout the year. Essentially, this list includes anyone you've paid who is not on your payroll. If you paid any of them a total of \$600 or more throughout the previous year, you need them to complete a Form W-9 for your records and you need to send each of them a Form 1099-MISC for their records and tax filing.

2. State Registration and Grant Reporting

Some deadlines vary, but most nonprofit state registrations, grants, and other contracts are set on a calendar year schedule. Check yours and be sure you're up-to-date before the new year.

3. Donor Acknowledgement Letters

Nonprofits are required to send donor acknowledgment letters in response to gifts that exceed \$250. We always recommend sending out donor acknowledgment letters throughout the year, as donations are received; this simplifies year-end processes in a major way.

At the end of the year, however, it's always smart to go back through your list of donors and ensure you've properly thanked and legally acknowledged their gifts.

Read More: [The Nonprofit Annual Report: Do Your Numbers Tell a Story?](#)

Nonprofit Fiscal Year-End Financial Checklist

If your fiscal year also ends December 31st, set aside time to address these fiscal year-end action items.

1. Data Entry and Account Reconciliation

Automating bookkeeping and accounting processes will keep your books and records current throughout the year, and we strongly recommend doing this so that you always

have a crystal-clear understanding of your nonprofit's financial standing at any given moment.

At the end of the year, however, you need to make sure that your data has all been entered, all transactions are recorded accurately, and that accounts are reconciled and balanced before you can pull your year-end financial reports.

2. Revenue Recording

Ensure your revenue is properly recorded. According to the generally accepted accounting principles (GAAP), you might need to record certain types of revenue before you actually receive the funds. For example, a grant awarded this year but not funded until next year likely still needs to be accounted for on this year's records.

3. In-Kind Donation Recording

Don't forget to record non-cash, in-kind donations, as well. Do your best to estimate fair market value for donated services or items and record them accordingly.

This is key in making sure your 990 is accurate come tax time.

Read More: [Everything Nonprofit Leaders Need to Know About In-Kind Donation](#)

4. Financial Reports, Annual Report, and Accounting Review

Once your records are in order, you can start generating and reviewing your year-end financial documents. These should include a statement of financial position, statement of cash flow, statement of activities, statement of functional expenses, and your annual report.

5. Budget Review

Look over the budget from the previous year and compare it to your actual numbers. How did the reality of your nonprofit's performance over the last year differ from your expectations? Where did you succeed? Where did you fall short? How can you adjust your

budget and strategic plan in the upcoming year to improve your results and keep your mission on track?

Read More: [How To Rebound From A Nonprofit Budget Deficit](#)

6. Capitalization of Large Purchases

If the nonprofit made any large purchases of equipment, furniture, or other items over the past year, review your capitalization policy and decide whether you should convert any of these expenses to assets and begin a schedule of depreciation for them.

7. Goal Setting and Strategic Planning

While looking back over the past 12 months at the end of the year, you should always be doing so with an eye pointed toward the future. How can your experiences and performance over the previous year inform your strategy and goals for the upcoming year?

When the year ends, take the time to think about how you want to grow your nonprofit in the upcoming year and what steps you can take now to put these plans into motion.

Simplify Nonprofit Financial Management and Year-End With Automated Nonprofit Accounting

Addressing all the to-do's of year-end in a nonprofit organization can present a major headache, if – and that's a big IF – your nonprofit does not have a strong back office that streamlines, automates, and facilitates your daily bookkeeping and accounting processes.

With a better back office, you can be tax-ready, audit-ready, and ready for year-end throughout the year. Plus, you can automate time tracking, payroll, expense tracking and categorization, donors, vendors and contractors, donations, grant reporting, and more. With a robust back office, you can handle most of your end-of-year actions items with the simple click of a button.

[1] <https://wiredimpact.com/blog/nonprofit-growth/>

[2] <https://www.cafamerica.org/>