



Parish Finance

Checklist for Year-End Financial Review

Complete the following procedures before preparing year-end financial statements to ensure all reporting is accurate, complete, and compliant.

1. CHART OF ACCOUNTS (CoA) REVIEW

Structure & Compliance

- Cross-check all Tier 1 and Tier 2 accounts against the standard diocesan chart of accounts for alignment.

CoA Alignment

- Reclassify unauthorized Tier 2 accounts.
 - Move to appropriate Tier 3 under corresponding “Other” account.
- Merge or reassign unauthorized Tier 1 accounts.
 - Align with standard CoA structure.
- Confirm consistency of account naming conventions.

2. GENERAL LEDGER REVIEW

Unclassified Transactions

- Run Profit & Loss – Unclassified Report.
- Assign all transactions to the correct class.

Transaction Review

- Run **Detailed General Ledger Report**.
- Review all entries for proper account classification.

Sub-account Validation

- Review to identify and reclassify any transactions mistakenly posted directly to Tier 1 header accounts instead of Tier 2 or 3 sub-accounts. *Note: A tier 1 Header account with “Other” in the title means an entry was made into the account.*

3. BALANCE SHEET REVIEW

3A. Cash Accounts

Operating Checking Account Reconciliation

- Reconcile the operating checking account, investigating all discrepancies such as in-transit items, unrecorded bank fees, and missing transactions.

Outstanding Checks

- Review checks older than 6 months.
- Determine proper treatment: void and reissue, or write-off.

Cash Management

- Maintain **4–6 weeks operating cash** in Operating Checking Account.
- Transfer excess funds to DIAL accounts.

Savings and Endowment Account Reconciliation

- Reconcile **DIAL accounts** to statements, verifying accurate recording of interest, deposits, and withdrawals.
- Reconcile **endowment accounts** to statements, verifying accurate recording of gains/losses, dividends, and donations.

Petty Cash

- Reconcile petty cash and verify physical balance.

3B. Accounts Receivable

Collectability Review

- Analyze aging report.
- Evaluate likelihood of collection.

Write-Off Procedures

- Current year → **Account 4387 (Uncollected Tuition)**
- Prior years → **Account 8490 (Other Administrative Expense)**
- Verify that documentation supports all write-offs.

3C. Fixed Assets

- Review all fixed asset balances for accuracy.
- Confirm that additions and disposals are properly recorded.
- Record accumulated depreciation and current year depreciation expense.

3D. Other Assets

- Adjust inventory to match physical count.
- Review prepaid expenses:
 - Confirm accurate amortization
 - Adjust balances as needed

3E. Accounts Payable

- Record all unpaid invoices as of June 30.
- Ensure proper cut-off: expenses recorded in correct fiscal year.
- Confirm there are no June-dated checks issued for July payments.

3F. Payroll Liabilities

- Reconcile all payroll-related accounts:
 - Taxes
 - Benefits
- Adjust accrued vacation liability.
- Record accruals for teacher salaries:
 - July payroll.

3G. Funds Held for Others

- Confirm funds allocated to correct second collection accounts.
- Handle small balances:
 - Forward with next collection.

3H. Loans Payable

- Reconcile DIAL loan balances to statements.
- Review DIAL Security Advances.
 - Record expenses as funds are used.
- Confirm loan payable balance accuracy.

3I. Stipends Payable

- Recalculate liability:
 - Number of Mass intentions × average stipend
- Confirm balance is reasonable.

3J. Sales Tax Payable

- Confirm all filings and payments are timely.
- Verify accuracy of recorded liability.

3K. Deferred Revenue

- Confirm the current year (FY26) deferred tuition = \$0.
- Verify only next year's (FY27) prepaid tuition remains.

3L. Exchange Accounts

- Reconcile all exchange accounts.
- Investigate debit balances; confirm timing vs inaccuracy.

3M. Analytical Review

- Run prior year comparison **Balance Sheet Report**.
- Investigate:
 - Unchanged balances
 - Significant fluctuations

4. INCOME AND EXPENSE ACCOUNT REVIEW

4A. Revenue and Expense Gross Reporting

- Ensure all income and expenses are recorded at their gross values, with zero netting or offsetting within individual accounts.
- Review revenue and expense accounts to identify and correct the following:
 - Revenue transactions mistakenly recorded in expense accounts.
 - Expense transactions mistakenly recorded in revenue accounts.
 - Vendor refunds mistakenly classified as revenue.

4B. School Tuition-related Income

- Confirm tuition revenue is recorded at gross, ensuring scholarships, discounts, or uncollected tuition are tracked in separate contra-revenue accounts rather than netted directly against tuition-related income.

Contra Revenue Accounts

- Record all reductions to tuition in the appropriate **contra revenue accounts**:
 - 4385 Financial Aid Granted (Contra);
 - 4386 Tuition Discounts (Contra);
 - 4387 Uncollected Tuition (Contra) – Current Year Only.
- Confirm 4386 Tuition Discounts includes:
 - Staff/teacher discounts
 - Prepaid discounts
- Confirm that 4386 excludes multi-child tuition discounts.

Write-Off Review

- Confirm accurate use of **4387 – Uncollected Tuition**.
- Validate classification and timing. Verify proper distinction between current year and prior year write-offs (see 3B).

Reconciliation

- Reconcile tuition billed vs collected vs outstanding.
- Ensure tuition receivable balances tie to supporting records.

4C. Parish Investment in School

Cash Contributions

- Record parish financial support to school operations.

Donated Services Allocation

- Allocate shared parish costs:
 - Maintenance & facilities
 - Janitorial services
 - Finance/admin support
 - Utilities and supplies
- Verify that Financial Aid is not included in Parish Investment.

Reconciliation

- School GL → 4500 Parish Investment in School (Income)
- Parish GL → 7500 Parish Investment in School (Expense)
- Confirm balances match exactly.

4D. Diocesan Assessments

- Ensure 8600 Diocesan Assessment accounts contain only related expenses.
 - 8610 Operating Assessment
 - 8620 Tuition Assistance Program
 - 8630 Arlington Catholic Herald
- Confirm no unrelated expenses hit the assessment accounts.

4E. Prior Period Adjustments

- Confirm usage of this account is limited to audit-related corrections.
- Verify:
 - Proper documentation
 - Contact Parish Financial Liaison for approval and consultation.

4F. Analytical Review

- Run a prior year comparison **Profit & Loss Report**.
- Investigate significant variances.

5. OTHER INCOME AND OTHER EXPENSE REVIEW

- Review all 5000 accounts. Reclassify immaterial items to 4000 revenue account.
- Review all 9000 accounts. Reclassify immaterial items to 6000-8000 expense account.

6. NET ASSET REVIEW

- Review temporarily restricted funds for unspent balances or fulfilled restrictions.
- Review permanently restricted funds (held in perpetuity).
- Complete year-end reclassification of net assets.
 - Use End-of-Year Review Procedures Flowchart for guidance.
- Contact Office of Finance for assistance if needed.