



NONPROFIT AUDIT PREP CHECKLIST

Your roadmap to a successful
nonprofit financial statement audit

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THE CHARITY CFO

NON-PROFIT ACCOUNTING SOLUTIONS



NONPROFIT AUDIT PREP CHECKLIST

1 THE AUDIT ROADMAP



2 AUDIT PREP CHECKLIST

- Examine your prior-year balance sheet in the accounting software** to ensure that every balance agrees with the prior year's audited balance sheet. Investigate any discrepancies and remedy them before moving on.
- Examine all account balances to ensure they are reasonable based on your knowledge of the business, i.e.** *Does the revenue reflect what you actually collected? Do your bank account and/or loan balances look accurate?*
- Reconcile all ending permanent account balances**—like assets, liabilities, and net assets—to internal records, wherever possible.
- Examine all bank reconciliations for outstanding transactions which could be erroneous**
- Examine accounts receivable (A/R) aging summary** for reasonableness + ability to collect
- Examine accounts payable (A/P) aging summary** for reasonableness
- Record any year-end accrual adjustments**, such as any required for Paid Time Off (PTO)



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AUDIT PREP CHECKLIST (CONTINUED)

- Record year-end reclassification adjustments**, such as any required to present current and noncurrent assets and liabilities appropriately.
- Examine significant donor agreements for potential restrictions** and ensure those funds are recorded correctly
- Reconcile net assets** (with and without donor restrictions)
- Examine the general ledger** for expenses that should have been capitalized, income that should have been recorded as liabilities, or other unusual transactions
- Examine A/R and A/P as of the balance sheet date and expense/revenue transactions in the three months subsequent** to the balance sheet date to ensure transactions were recorded in the appropriate year.
- Identify any income and expense transactions that are not classified** to a program or supporting service category and classify them appropriately.

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POST-AUDIT CHECKLIST

- Review proposed audit/reclassification adjustments** to ensure they are reasonable and accurate
- Record adjustments into your accounting system**
- Review the financial statement draft to ensure:**
 - Totals are calculated correctly
 - There are no spelling or grammatical errors in the footnotes
 - Every number agrees to the relevant account balance or general ledger transaction



CONGRATS! YOU'RE NOW AUDIT-READY!

If you want to keep your books always audit-ready, reach out us at thecharitycfo.com/contact/ today!