

Year-End Accounting Checklist

Closing the books for a small or mid-size 501(c)(3) — what to do, and when

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How to use this. Year-end is not one deadline, it is four waves: things you must do *before* the year closes, things due in January, things needed to close the books, and things that set up the Form 990. Work them in that order — several January items become impossible if you skip the December ones.

01 Before December 31

Cannot be fixed later

☐ W-9 collected from every contractor you have paid this year	Chasing these in January is the classic scramble
☐ Employee addresses confirmed for W-2 mailing	Payroll system
☐ Year-end appeal gifts dated correctly	Postmark date governs, not deposit date
☐ Stock and noncash gifts recorded at date-of-gift value	Not the date you sold it
☐ Outstanding invoices sent so revenue lands in the right year	Accrual basis
☐ Board-designated transfers approved in minutes before year end	Needs a board action

02 January filings

Due January 31

Form	Threshold and deadline
1099-NEC	Payments made in 2026 : report at \$2,000 or more . The long-standing \$600 threshold applied through 2025 payments. Due to recipients and the IRS by January 31 .
W-2	Due to employees and the Social Security Administration by January 31 .

☐ Contractor payment totals pulled and checked against the new threshold	Vendor ledger
☐ Reimbursements excluded from 1099 totals	Accountable plan
☐ Missing W-9s resolved or backup withholding applied	Threshold moved with the form
☐ W-2s reviewed for benefits that belong in taxable wages	Payroll provider

The threshold changed. For payments made in 2026 the 1099-NEC and 1099-MISC reporting threshold rose from \$600 to \$2,000. If your process says “\$600 and up,” it is describing last year. Thresholds are indexed for inflation from 2027.

03 Donor acknowledgments

Send with January in mind

☐ Written acknowledgment for every gift of \$250 or more	IRC 170(f)(8)
☐ Statement of whether goods or services were provided	Required language
☐ Quid pro quo disclosure for payments over \$75	IRC 6115 — good faith estimate
☐ Noncash gifts described, but not valued by you	Valuation is the donor’s job
☐ Donor database totals reconciled to the general ledger	These two disagree more often than not

The \$250 acknowledgment is what the *donor* needs to claim a deduction; the \$75 quid pro quo disclosure is what *you* are required to provide. They overlap but they are separate rules, and both have to be met.

04 Closing the books

January to February

☐ Every bank and investment account reconciled through December 31	No exceptions
☐ Undeposited funds and clearing accounts cleared to zero	Common leftover
☐ Accounts receivable reviewed; uncollectible pledges written off	With board or policy approval
☐ Accrued expenses recorded for services received but not billed	Accrual basis
☐ Prepaid expenses adjusted to the portion actually used	Insurance, software
☐ Depreciation recorded for the year	Fixed asset schedule
☐ Restricted funds released to unrestricted as conditions were met	The step most often missed
☐ Grant revenue recognized on the correct basis per agreement	Conditional vs unconditional
☐ Expenses allocated across program, management and fundraising	Feeds Form 990 Part IX
☐ Prior-year comparison run; every large swing explained	Before anyone asks
☐ Books locked for the closed period	Prevents silent edits

05 Governance and board

First quarter

☐ Year-end financial statements presented to the board	Minute the presentation
☐ Conflict-of-interest disclosures collected for the new year	Form 990 Part VI asks
☐ Officer and director list updated	Part VII
☐ Next year's budget approved and recorded in minutes	Before the year is underway
☐ Insurance and state registrations reviewed for renewal dates	Separate deadlines

06 Setting up the Form 990

Due 5/15 for Dec 31 filers

☐ Filing deadline calculated: 15th day of the 5th month after year end	Dec 31 close → May 15
☐ Which return confirmed against gross receipts and total assets	990-N / 990-EZ / 990
☐ Three largest program services described with expenses	Part III
☐ Noncash contribution detail assembled	May trigger Schedule M
☐ Deadline placed on two named calendars	Not one person's memory

Sources. 1099-NEC threshold and January 31 deadline: IRS, Instructions for Forms 1099-MISC and 1099-NEC — the reporting threshold increased to \$2,000 for tax years beginning after 2025 (One Big Beautiful Bill Act, 2025); the \$600 threshold applies through 2025 payments. Written acknowledgment of contributions of \$250 or more: IRC §170(f)(8). Quid pro quo disclosure above \$75: IRC §6115. Form 990 due date: 15th day of the 5th month after the fiscal year ends (IRS). Verified September 2026.

General guidance for small and mid-size 501(c)(3) organizations, not tax advice for your specific facts. Confirm current-year form instructions and your state's requirements before filing. Prepared by GivingArc · givingarc.com