

NONPROFIT YEAR-END TAX CHECKLIST



BRADY WARE

As you finalize your records for the current tax year, staying compliant with updated IRS regulations is essential for maintaining your organization's financial integrity. This checklist provides a streamlined roadmap to help you manage housing allowances, donor acknowledgments, and critical filing deadlines for the start of the new year.

YEAR-END REMINDERS

- ☐ **Housing Allowance:** Boards must formally designate housing allowances for ministers before January 1 of the next year. This must be done in writing (e.g., via board minutes) to be valid for the new year.
- ☐ **W-4 Review:** Remind employees to review their next year's Form W-4. Ensure those claiming "Exempt" status file a new form by February 15.
- ☐ **Notice to Donors:** Advise donors to wait for their official current year Contribution Summary before filing.
 - ➔ **Pro Tip:** Send a "Pre-Close" statement by mid-December to encourage final year-end gifts to meet your current year budget.
- ☐ **Christmas & Year-End Gifts:** * Cash/Gift Cards: The IRS considers these "cash equivalents"; they are taxable income and must be included on the employee's W-2, regardless of the amount.
 - ➔ **Non-Cash Gifts:** De minimis gifts (like a turkey or a small plaque) are generally non-taxable.

YEAR-END TRANSACTIONS

- ☐ **Donations:** To count for current year, donations must be received or postmarked by December 31. Online gifts are processed based on the date the transaction was authorized.
- ☐ **Reimbursements:** Ensure all current year staff/volunteer expense reports are submitted and processed.
- ☐ **Payroll & Benefits:** Verify all current year wages, retirement contributions, and health premiums are recorded.
 - ➔ **Check for "Constructive Receipt":** If a paycheck is dated December 31, it belongs in the current year, even if the employee doesn't cash it until January.
- ☐ **Accounts Payable:** Ensure all revenue and expenses received before midnight on December 31 are accounted for to ensure an accurate Statement of Activities.
- ☐ **Reconciliations:** Complete your final current year bank and credit card reconciliations.

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REVIEW ACCOUNTS & INTERNAL CONTROLS

- ☐ **Accuracy Check:** Run a Statement of Financial Position (Balance Sheet) and Statement of Activities (P&L). Ensure restricted funds (designated funds) match their intended purposes.
- ☐ **Fund Balances:** Confirm that net assets with donor restrictions are properly “released” if the project was completed in current tax year.
- ☐ **Signatories:** Update bank signature cards if board members or officers changed during the annual meeting.
- ☐ **Budget Next Year:** Finalize the next year’s budget. If you added new programs, ensure your Chart of Accounts has the necessary segments to track them.
- ☐ **Internal Controls:** Review who has access to the digital accounting software and ensure “segregation of duties” (e.g., the person who records donations shouldn’t be the one making the deposits).

TAX FORMS & DEADLINES

Form	Purpose	Deadline
Form 1099-NEC	Non-employee compensation (Vendors/Contractors paid >\$600)	January 31
Form W-2	Employee wage and tax statements	January 31
Contribution Statements	Official donor receipts for current year gifts	January 31
Form 941	Employer’s Quarterly Federal Tax Return (Q4)	January 31
Form 990 / 990-EZ	Annual Information Return	May 15 (for Cal-year orgs)

By systematically addressing these year-end tasks now, you ensure your ministry or nonprofit remains a faithful steward of its resources while providing a clear and transparent transition into the new fiscal year.

Questions? Contact us! <https://bradyware.com/contact-us/>