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NONPROFIT BOOKKEEPING TAX READINESS CHECKLIST

Everything your nonprofit needs before tax season and Form 990 preparation.

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www.oakpathbookkeeping.com

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NONPROFIT BOOKKEEPING TAX READINESS CHECKLIST

Stay Compliant, Transparent, and Ready for Form 990

Use this checklist to ensure your nonprofit bookkeeping is organized, compliant, and ready for tax filing and audits. Clean books protect your tax-exempt status and build donor confidence.

This resource includes federal nonprofit deadlines, what your CPA needs, ten detailed checklist sections, monthly habits, and questions to ask your accountant.

Federal Nonprofit Tax Deadlines

January 31 — W-2s and 1099-NEC forms due to recipients

May 15 — Form 990 due (calendar year nonprofits) — or 4.5 months after fiscal year end

Extensions — Form 8868 extends 990 deadlines by 6 months (file by original deadline)

UBIT — Form 990-T due if gross unrelated business income exceeds $1,000

Note: State charitable registration and reporting deadlines vary. Check your state's requirements for annual reports and charitable solicitation renewals.

What Your CPA or Accountant Needs from You

- ■ PDF copies of year-end Statement of Activities and Statement of Financial Position
- ■ Statement of Functional Expenses (program vs. administrative vs. fundraising)
- ■ General Ledger and detailed transaction report for the year
- ■ Digital copies of grant agreements and donor restriction documentation
- ■ Accounting software login credentials (read-only access)

Tax Readiness Checklist — Full Version

Work through each section and use the notes column to record questions, action items, or follow-ups for your CPA.

1 Bank & Investment Account Reconciliation

Checklist Item	Notes / Comments
■ All bank accounts reconciled through fiscal year end	
■ All credit cards reconciled through fiscal year end	
■ Investment and brokerage accounts reconciled	

■ PayPal, Stripe, and donor management platforms reconciled	

2 Revenue & Contribution Records

Checklist Item	Notes / Comments
■ All donations (cash, check, online) are recorded	
■ Grant revenue properly recorded and tracked by funder	
■ In-kind donations documented with fair market values	
■ Restricted vs. unrestricted contributions clearly separated	
■ Special event income separated from contributions	
■ Acknowledgment letters sent for donations of $250 or more	

3 Expense Documentation & Allocation

Checklist Item	Notes / Comments
■ All expenses are recorded and categorized	
■ Expenses allocated to functional categories: Program, Management & General, Fundraising	
■ Receipts and invoices saved for all expenses	
■ Expenses match grant budgets and donor restrictions	

4 Contractor & Vendor Information

Checklist Item	Notes / Comments
■ List of all contractors paid $600 or more during the year	
■ W-9 forms collected from all contractors	
■ 1099-NEC forms prepared or ready to file (due January 31)	

5 Payroll & Employee Records

Checklist Item	Notes / Comments
■ Payroll reports complete for the year	
■ Quarterly payroll tax filings up to date	
■ W-2 forms prepared or ready to file (due January 31)	
■ Employee vs. contractor classification documented and defensible	

6 Grants & Restricted Funds Management

Checklist Item	Notes / Comments
■ All grant agreements and award letters organized	
■ Revenue and expenses tracked separately by grant and fund	
■ Grant reporting completed and submitted on time	
■ Restrictions released when conditions met and properly documented	

7 Fixed Assets & Depreciation

Checklist Item	Notes / Comments
■ List of equipment and assets purchased during the year	
■ Purchase receipts and invoices for major assets saved	
■ Assets sold, donated, or disposed of are documented	

8 Board & Governance Documentation

Checklist Item	Notes / Comments
■ Board meeting minutes documented (especially budget approvals)	
■ Conflict of interest policies signed by board and key staff	
■ Executive compensation documented and approved by board	
■ Related party transactions disclosed and documented	

9 Form 990 Preparation Readiness

Checklist Item	Notes / Comments
■ Statement of Activities (Revenue & Expenses by category)	
■ Statement of Financial Position (Balance Sheet)	
■ Statement of Functional Expenses (Program/Admin/Fundraising breakdown)	
■ List of board members with addresses	
■ List of officers and key employees with compensation	
■ Program descriptions and accomplishments summary	

10 Compliance & Tax-Exempt Status

Checklist Item	Notes / Comments
■ IRS determination letter (proof of 501(c)(3) status) on file	
■ State charitable registration current (if required in your state)	
■ No unrelated business income over $1,000 (if yes, Form 990-T required)	
■ Lobbying and political activity limits documented and followed	

Common Nonprofit Compliance Red Flags to Avoid

These issues can trigger IRS scrutiny or jeopardize your tax-exempt status:

- ■ Mixing restricted and unrestricted funds without proper tracking
- ■ Missing donor acknowledgment letters for contributions of $250 or more
- ■ Incomplete or inaccurate functional expense allocation
- ■ Excessive compensation without board documentation
- ■ Late or missing Form 990 filings (3 consecutive years = automatic revocation)

Monthly Year-Round Habits — Stay Compliant All Year

Nonprofit compliance is ongoing. These monthly habits prevent last-minute scrambling:

- ■ Reconcile all bank and credit card accounts
- ■ Review Statement of Activities to ensure proper fund tracking
- ■ Send donation acknowledgment letters promptly
- ■ Track grant expenditures against approved budgets
- ■ Save receipts and supporting documentation immediately

Questions to Ask Your CPA or Accountant

Strengthen your nonprofit's financial health by asking:

"Is our functional expense allocation methodology accurate and defensible?"

"Are we properly tracking and releasing donor restrictions?"

"Do we have any unrelated business income that requires Form 990-T?"

"What can we improve in our bookkeeping to make audits or Form 990 easier?"

"Are there any compliance risks we should address before year-end?"

Need help getting your nonprofit books audit-ready?

OakPath Bookkeeping helps nonprofits build compliant, transparent financial systems that protect your tax-exempt status and strengthen funder confidence.

Schedule a free 30-minute Financial Review to see where your bookkeeping stands and what steps will get you compliance ready.

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