

END OF YEAR CHECKLIST

As you approach the New Year, one task that most businesses face is the job of finalizing the accounting information for the current year and preparing records for the New Year. This process is called “end of year close.” This page is intended to supplement the Tenant Pro™ User Manual instructions for End of Year Processing. We hope that by using the information provided here and in the manual, your end of year close will be simple and headache-free. Our instructions and examples here are based upon a fiscal start date of 1/1/07 and ending 12/31/07. The procedures to follow would be the same for any other fiscal year, making the appropriate adjustment for the date. First of all, be assured that it is not necessary to perform this operation on New Year’s Eve, and that when proper backups are made, nothing is “unfixable”. Tenant Pro™ supports twelve periods (months) per year, and up to an additional twelve months for entering transactions for the next year, before you close out the current year. The default within Tenant Pro uses only one additional month, making 13 months in the operating period. This number can be increased up to 24 by going to Setup>Preferences>Administrator Preferences. This allows you time to prepare for your end of year close, while still being able to continue day-to-day operations. All transactions for Periods 13-24 will be carried over to the next year.

❑ 1. DETERMINE WHICH PROPERTIES WILL BE CLOSING

When you perform an End of Year close you are given the option of closing all properties, or closing only selected properties. We recommend that you verify the fiscal year start date for each of your properties to ensure that you only close those properties that have the appropriate fiscal start date, such as 1/1/07.q

❑ 2. ENTER CLOSING TRANSACTIONS

All closing transactions must be entered by the end of the final month you have chosen in your Administrator Preferences (up to 24 months.) For example, if you have allowed the default of 13 months, a fiscal year that starts on 1/1/07, you have a 1/31/08 deadline. In this case, you must close your books before entering any transactions for February, 2008. If you want the ability to close 6 months after your year end, you will need to change your operating months to 18 (twelve months for the current year plus the number of months you want extended into the next year.) To do this, go to Setup>Preferences>Administrator Preferences and change the number of Operating Months. Some examples of closing transactions are journal entries for interest, for depreciation, or for amortization.

❑ 3. PRINT END OF YEAR FINANCIAL REPORTS

Let your own needs, and the needs of your owners, dictate which reports to print. Consider the reports you generally use, and which reports may be needed to complete any tax returns. Some reports that you may consider printing, are the detailed General Ledger, the December Balance Sheet, and the Operating Statement. You may also find it informative to print a 12 month Operating Statement. We suggest you consult with your tax accountant or CPA to help in determining the financial reports that would be most useful to you. If you find later that you need a report you originally neglected to print, you may print it, after closing, from a backup copy made prior to closing.

❑ 4. Verify Your Financial Data

After printing your reports, verify them for accuracy. You should look to see that all of your End of Year closing adjustments are showing, and that the financial statements appear to be logical and correct.

❑ 5. PRINT 1099's

Print 1099's as explained in the User Manual. It is possible to postpone this step, if necessary. If you are ready to close your year, but need to wait to print 1099's (for example, if you are waiting to receive a vendor tax ID number), you may print your 1099's later from a backup copy made prior to closing. This is a viable alternative, but necessitates a proper backup. Follow backup procedures carefully.

❑ **6. BACKUP YOUR DATA FILE**

We cannot stress enough the importance of making a backup copy of your data file prior to performing your end of year close. The purpose of this is to retain a historical record of the financial standing of your managed properties at a fixed point in time, for example the current year.

We suggest that you make a minimum of two backup copies of your data file(s). One copy should be made to your hard drive, and the other copy should be made to disk or tape. The hard drive copy is recommended as a convenience, because you may wish to extract detailed information from a copy of your previous year data file. This will allow you an easy way to create reports, to print 1099's, and to make prior year adjustments after closing. As long as you also have a backup on disk, you may delete the hard drive copy after a few months, when you are sure you have completed all prior year information. We recommend that you keep your diskette or tape backup copy away from the premises, in a safe place, such as a safe deposit box. This copy will need to be saved several years, as your historical year-end record. Check with your tax accountant or CPA for the required time frame for keeping this data.

When you make copies of your data file(s), you may want to select a name associated with the copy file that references the year you are closing. The primary objective is to avoid any confusion between the data files. For example, you could name your copy file TPDATA07.df1. If your current data file name already includes the 2007 reference, you could create a copy named TPDATA08.df1 on the hard drive to continue working on, leaving the original file as your backup. These are only suggestions. The point is to make sure that you will be able to recognize the end of year copy of your data file

❑ **7. PERFORMING YOUR END OF YEAR CLOSE**

When all procedures to prepare for your year-end close have been finished (steps 1-6 above,) you may begin the actual processing.

❑ Before beginning, make sure that you are in the correct data file. You do not want to perform the End of Year closing procedure on the backup copy of the current year data file. The End of Year close must be performed on data file(s) that you will continue to work from.

❑ From the Accounting menu, choose End of Year.

❑ Enter the start date of the fiscal year of the properties you will be closing.

Note: If you have properties with different fiscal year start dates, you will need to do the End of Year closing procedure for each fiscal year start date.

❑ If you want Tenant Pro 6.0 to transfer the balance of the Owner Draw Account to Retained Earnings, put a check in the option 'Transfer Owner Draw Account Balance to Retained Earnings'.

❑ The "Recalc Vendor YTD Amounts" option will reset to zero the year to date charges and payments in the Vendors window. While this is optional, it is especially useful for those companies who print vendor 1099's.

❑ Select the properties you want to close. Remember that if you select All Properties or Selected Properties with a fiscal year start date not equal to the one entered in Step #3, the property will not be closed. You will need to do separate Year-End Close procedures for these properties.

❑ Click 'Close Year'.

Note: Depending on the size of your data file, this procedure may only take a matter of seconds. Once the process is completed, an 'OK message' will pop-up with the number of properties that were successfully closed.

❑ You may verify the closing by checking information in your data file. Open the property window for one of the properties that should have closed, verifying that the "Current Fiscal Year Began" date now shows 01/01/08 or the New Year. If you selected the option to "Clear Vendor year to date amounts", you can also check in a vendor window to verify that the YTD total now has the New Year date and is at Zero dollars.

❑ **8. ENTERING PRIOR YEAR ADJUSTMENTS**

If you find a need to make adjustments after you have performed your year end close, you may still do so. In order to keep your records more accurate, it would require that you make adjusting entries twice. Once to the current data file using a prior year date, and once to the old closed data file that you have copied on your hard drive. **Important Note:** The only restriction is that entries made to the new data file must be made to only Asset, Liability or Owners Equity accounts. When the year was closed, all Income

and Expense accounts were closed to a zero balance and transferred to an Owner's Equity account (usually Retained Earnings). In making prior year adjustments to the New Year data file that would include an Income or Expense account, simply replace that account with Retained Earnings account to have the same effect. **Reminder:** If you want to insure proper records, any changes you make to your data file will necessitate making new backups and printing new reports.

□ **9. SMILE**

By following the procedures outlined above, your end of year close should be a simple operation. And as always, our support staff will be available to assist you if you have additional questions. Happy New Year!