

5. Accounting Period Ending

Scope: This policy sets forth the month end procedures for all accounting modules in preparation of the period ending financial statements. In addition to the current month end procedures additional quarterly and yearly procedures are necessary and will be listed below.

- A. Accounts Receivable**
- B. Past due Client**
- C. New Subscriber Client Policy**
- D. Accounts Payable**

- E. General Ledger**
- F. Preparing for CPA Quarterly Review**
- G. Additional Procedures**

Each individual module (Receivables, Payables, and General Ledger) procedures will be listed below. All working modules (Receivables, Payables) shall be closed and updated to General Ledger prior to producing financial statements.

A. Accounts Receivable

- a.** Be sure all invoices and payments have been entered and posted
- b.** Select **Dynamics SL** from menu
- c.** Select General Ledger from menu
- d.** Select Post Transaction from menu
- e.** Select “Module” AR and “Refresh” to get only A/R batches
- f.** Press “Begin Process”
- g.** When “complete” press “ok”
- h.** Select “Close Statement Cycle”
- i.** “x” selection for statement cycle
- j.** Press “begin processing”
- k.** When “complete” press “ok”
- l.** Go to AR Report
- m.** Click Aged AR
- n.** Click Print Preview
- o.** This will open up the Aged AR Detail Report
- p.** Click on Export button
- q.** Click on Address Bar
- r.** Find [\\Terastation\Account_Docs](#) folder
- s.** Choose AR Reports
- t.** Click File Name: Name the document: AGED.AR.06302012.PDF (Put period ending date)
- u.** Click on Save as Type and choose PDF (*.pdf)
- v.** Click Save button
- w.** This will save to the Accounting server
- x.** Select General Ledger from menu
- y.** Select Closing
- z.** Select “Period” by Accounts Receivable Module to close the current period
- aa.** Press “Begin Processing”

B. Past due Client Procedures

- a.** All clients with balance in the 60 or 90 day column on the statements will receive a letter from the President, & CEO indicating their account is past due. 90 day letters will be sent by certified mail.
- b.** Record the names of all clients receiving a 90 day certified letter concerning their account
- c.** Clients who do not respond to the 90 day letter within 15 days will have their subscriber privileges suspended until the past due amount is paid. Clients will pay non-subscriber rates and cash at time of class.
- d.** The first letter the client receives will indicate that a “three strike” process has begun with the first letter. A client receiving a second and third 90 day notice within a twelve month period will have all

subscriber privileges suspended for one year from date of third notice if the account is not brought current within 10 days from the date of the third notice.

e. Non-subscriber companies who do not send payment with the student the day of class will have their account put on hold until payment is received for the training. The employee who received the training will have a notation placed in his/her file so that a lost badge may not be purchased until the training received has been paid for.

C. New Subscriber Client Policy

All new subscriber companies will have a \$1000.00 credit limit for the first year the account is open. If payment history is satisfactory during that time the credit limit will be increased. All companies will be suspended if an invoice is 60 days past invoice date within the first year the account is open.

D. Accounts Payable Procedures

- a. Be sure all payable invoices have been entered and posted
- b. Select **Dynamics SL** from menu
- c. Select General Ledger from menu
- d. Select Post Transactions from menu
- e. Select "Module" AP and "Refresh" to get only AP Batches
- f. Press "Begin Processing"
- f. Click on Aged AP
- g. Click on Print Preview
- h. This will open up the Aged AP Past Due Summary
- i. Click on Export button
- j. Click on Address Bar
- k. Find [\\Terastation\Account Docs](#) folder
- l. Choose AP Reports
- m. Click on File Name: Name the document :AGED.AP.06302012.pdf (Put period ending date)
- n. Click on Save as Type and choose PDF (*.pdf)
- o. Click Save button
- p. This will save to the Accounting server
- q. Select General Ledger from menu
- r. Select Closing
- s. Select "Period" by Accounts Payable Module to close the current period
- t. Press "Begin Processing"

E. General Ledger Procedures

- a. Be sure all modules (Accounts Receivable, Accounts Payable) have been closed.
- b. Balance Bank Statements (Operating Account and Payroll Account)
- c. Verify all Deposit Reconciliation Reports (Accounts Receivable)
- d. Process all General Ledger Journal Entries (Depreciation, Payroll Accrual, Subscriber Accrual, Property Tax Accrual, 941 Tax Deposit, 401K Plan Deposit, Direct Deposit Transfers)

Note: All transaction MUST have a Debit and a Credit to balance and proceed.

- e. Select General Ledger at menu
- f. Select Post Transactions
- g. Select "Specific" – select "GL" at drop down menu and hit refresh
- h. Press "begin processing"
- i. Press OK – close folder
- j. Select "Reports"
- k. Select "Trial Balance"
- l. Select "Print Preview"
- m. Verify Balances on the following G/L accounts
 - ❖ Operating Account
 - ❖ Payroll Account

- ❖ Baytown Account
- ❖ Investment Account
- ❖ Accounts Receivable
- ❖ Accounts Payable

Note: After all balances are verified proceed to next steps.

- n. Select "G/L"
- o. Select "Reports"
- p. Select "Detail G/L"
- q. Press Print – close when complete
- r. Select "G/L"
- s. Select "Closing"
- t. Select "Period" by GL Module to close the current period
- u. Press "Begin Processing" – close when complete

F. Prepare for CPA Quarterly Review

Once all modules have been closed and reports have been ran, contact the CPA to set up an appointment for his quarterly review of the financials. The following items will be required for his review.

- a. Balance Sheet
- b. Income Statement
- c. Trial Balance (print from Standard Accounting Reports)
- d. Bank Statements
- e. Ledger Detail Report
- f. Bank Reconciliation Forms
- g. Investment Account Statement
- h. Payroll Direct Deposit Forms for payrolls occurring during month
- i. Accounts Receivable Aging Analysis
- j. Accounts Payable Aging Analysis

G. Additional Procedures for Quarter to Date and Year to Date Close Out

The following items will need to be completed when closing out a Quarter or a Year End.

- a. 941 Report Filed (March, June, September and December) Report filed by ADP
- b. TEC Report Filed (March, June, September and December) Report filed by ADP
- c. W-2's Printed – December – ADP processed
- d. W-3 Filed – December – ADP processed and filed
- e. 1099's Printed – December
- f. 401K Report – December (report filed by Administrator, information forward from ISTC)