

Tales From Tech 2 - Issue: 21

Closing the year just got a little easier and a little sillier with the help of Tech 2.

Well, it's that time of year again (and I'm not talking about chicken hunting season) and since so many churches maintain their Accounting on a January through December calendar, this is one of the busiest and most stressful times for many church employees. It's also our busiest time of year. In fact, it's not unusual for us to get two or three thousand calls a day. (Well, we don't really get that many calls in a day, but it does feel like it sometimes!)

To help relieve some of this pressure, our Technical Support Department has worked very hard in creating some documents and help pages to answer some of the most common questions that we get this time of year. Most of the questions I answer below are already answered (in more detail) in one of these documents. So, if you need a more detailed explanation, make sure to take a look at the information we have available [Here](#).

Since we are all so busy during this time of year, I wanted to provide some fast, easy to read answers to some of the most common questions. I'm going to follow a simple question and answer format and I'm going to be short and to the point (hey, there is a first time for everything, isn't there?). I'm not going into grand, long explanations because sometimes it's better to just get right to the point. Some people take forever to get the point. Not me! I know when it's time to stop rambling and to tell people what they need to know. No, there's a time to explain things in detail and then there's a time... Oops, let me get on with it.

Anyway, thinking about asparagus reminded me of that old saying: ***A watched pot is like a day without sunshine, because if you spend all day waiting for something to boil, you probably don't get out much.***

WHEN DO I CLOSE THE ACCOUNTING YEAR?

Well, as silly as it might sound, you close the year when you want to. Some users close the year after they've finished entering transactions for the prior year and some wait until they've reconciled their final bank statement. Either way, it's up to you.

IT'S JANUARY AND I'M AFRAID THE PROGRAM WILL CLOSE THE YEAR AUTOMATICALLY. WHAT DO I DO?

Well, the first thing is that you need to stop worrying. It's not good for you.

The second thing is that you need to keep in mind is that the program DOES NOT close the year all by itself. Period. You have to tell it that you want to close the year. It doesn't happen automatically just because your computer system clock says it's 2003.

WHAT IS ACCOUNTING MONTH 13 FOR?

Since there are really only 12 months in a year, month 13 is not a valid month. It is a transition month so that you can finish up everything you need to do in the year you're getting ready to close.

You cannot post entries to month 13. You can post entries to your prior month (month 12) or send transactions to the unposted side of Fund Accounting for your new year. (Keep in mind that entries for a future year cannot be posted in Fund Accounting until after the year is closed.)

Month 13 is a good time to make backups, to run all the year-end reports you need and to finish up everything before actually closing the year.

CAN I SEND ENTRIES TO MY NEW YEAR, EVEN THOUGH I HAVEN'T CLOSED THE CURRENT YEAR?

In a word, yes. You can send entries from Accounts Payable, Accounts Receivable, Payroll and Contributions to month 01 or month 02 of your new year, as long as you are currently in month 12 or month 13.

WHERE DO I BUY W2 FORMS?

You can buy W2 forms anywhere. In fact, I think I may have seen them available at McDonalds just the other day. It may have been a limited time offer and I think you could only get them if you bought a large order of fries, so it's probably best to check at your local office supply store first.

W2 and W3 forms are standardized forms and they should be basically the same, no matter where you get them. Just keep in mind that no matter what type of printer you are using, you'll need the forms that are two per page, one on top of the other. You can't use the tractor feed forms that are side by side.

As a side note, if you have PowerChurch Plus Version 8.5 and you want to print the 1099-MISC form from Accounts Payable, you can only use an ink jet or laser printer. You can't use a tractor feed printer for 1099s.

(By the way, you know I'm just kidding about getting your W2s and W3s at McDonalds, right? Pizza Hut might have them, but McDonalds doesn't really have them. I was just being silly.)

I JUST CLOSED MONTH 12. DID I CLOSE THE YEAR?

No. Closing month 12 puts you into month 13 (which is described above).

CAN I SKIP MONTH 13 AND JUST CLOSE THE ACCOUNTING YEAR WHEN I'M FINISHED WITH MONTH 12?

No. In order to close the year, you have to be in month 13. You can only close the year after you've closed all 12 months in order to get to month 13. Then, and only then, can you close the year. This means that you CANNOT accidentally close the year unless you are in month 13.

WHAT DO I NEED TO DO BEFORE CLOSING THE ACCOUNTING YEAR?

In simplest terms, you need to download and install the latest Maintenance Release for your version of PowerChurch Plus (<http://www.powerchurch.com/mr/>), run your year-end reports and make two or three backups.

HOW DO I CLOSE THE YEAR IN CONTRIBUTIONS, ACCOUNTS PAYABLE, ACCOUNTS RECEIVABLE AND PAYROLL?

You don't. Next question.

Okay. I guess I can provide a little more detail than that. When you close the year in Fund Accounting, the detail is used to update the balances and then that detail is deleted (more on this in a minute). This is NOT TRUE of Contributions, Accounts Payable, Accounts Receivable and Payroll. Those areas of the software are not affected in any way by closing the Accounting Year and there's nothing you have to do in those sections in order to work in the new year, so just keep on trucking. (Well, there is a year-end pledge processing tool available in Contributions, but using it is optional. In Version 8 and above, it is used for creating new pledge records based on expired ones. There is more detail about this option in the manual and in one of the documents available [Here](#)).

HOW DO I RECONCILE PRIOR YEAR CHECKS AND DEPOSITS?

When you close the Accounting Year, any entries that are unreconciled will carry forward to your new year so you can reconcile them as they clear the bank. In other words, you do not have to wait for every check and deposit to clear the bank before closing the year.

To reconcile prior year checks and deposits, when you click on Maintain Check Register, just put a check in the box at the bottom left of the first window. (That box says "prior year transactions," by the way.)

I CLOSED THE YEAR AND NONE OF MY INCOME OR EXPENSE ACCOUNTS SHOW YEAR START BALANCES. WHY NOT?

In a word (or four, actually), they aren't supposed to.

In a few more words, income and expense accounts are for tracking monies in your current accounting year. That's why the program will not allow you to enter year start balances on income or expense accounts.

By the way, this is a standard accounting concept, not something we made up to aggravate you or to make your life more difficult.

HOW DO I UPDATE THE TAX TABLES IN PAYROLL?

The tax tables within the program are user maintained. This means that you can make any necessary changes or updates at any time by simply bringing up the Maintain Tax Tables screen in Payroll.

WHAT DOES CLOSING THE YEAR DO?

When you close the accounting year, the program will do the following:

Income and expense account balances are used to update the Fund Balance and then income and expense account balances return to zero. The ending balances on all your asset and liability accounts become your new year start balances. Then, after all the account balances are updated, all the posted detail in Fund Accounting is deleted. That's why it is critical to make backups before closing the year.

The software transfers all unreconciled entries to a prior year file so that they can still be reconciled after the year is closed.

Monthly balances from the year you are closing are stored so you can run comparison reports in your new year.

In Version 8 and above, if you have budgets entered for your new year, those will be transferred to this year's budget after you close the year.

Finally, after you close the accounting year, your computer will explode. (Okay, I'm just kidding. An acrid, black smoke might come out of the monitor, but it's highly unlikely that your computer will blow up.)

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