

YEAR END CLOSING PROCEDURES

**For Separate Payroll Closing at December 31st
and General Ledger Closing at Some Other Time**

Sage Master Builder Version 17

It's that time of year again! Thanksgiving has just passed and its time to start planning for the end of year procedures.

Year end closing can be a little intimidating on the surface, but if you read through this document carefully, practice on a copy of your company on your local C: drive if you wish, and plan out the process, it is easy!

Sage Master Builder Version 17 includes a significant change to the fiscal year end process and the following procedures have been modified to address those changes. All menu and report references in this document relate to Sage Master Builder Version 17.1.

If you have any questions or problems, give us a call at **(480) 471-5305**. We'll help you as soon as possible.

MATHIESON CONSULTING, LLC

Your Sage Master Builder Certified Consultants

■ **BUSINESS SYSTEMS ADVISORS TO THE CONSTRUCTION, HOMEBUILDING AND SERVICE INDUSTRIES** ■

■ PROVIDING IMPLEMENTATION, TRAINING AND CONSULTING SERVICES TO USERS OF **SAGE MASTER BUILDER** ■

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Introduction

Regardless of when a company's fiscal year ends, each company must take certain steps at the end of each calendar year (December 31) to comply with US Tax Laws regarding reporting wages and withholdings (W-2 Tax Forms and the state equivalents) and reporting certain payments to non-corporate entities (Form 1099).

Users of Sage® Master Builder™ are in a hectic time of year around New Year's Day and may not give the important calendar year end procedures enough time and thought. This is compounded when the fiscal year end occurs at the same time. Sometimes, clients focus so much on making sure that the fiscal year end, with its income tax implications, is handled correctly that they forget to give the other year end closing issues their needed time and consideration.

The key to handling the multiple tasks that must be done at year end is ***Planning***. Get out a calendar now that includes the weeks before and after New Year's Day. Plot out all known activities, vacations, holidays, planned leave, etc., as well as the days that must be devoted to critical activities, like payroll entry day, payables check writing day, billing day, etc. Make note of the days when regular payroll timecards are to be entered and final computed, and when paychecks are to be printed, dated and posted. Make note of when year end bonus checks, if any, are to be decided upon, entered, computed, paid and posted. Write all of this activity on a calendar so that you can get a good picture of how hectic the year end closing process can be. Recognize that things change and be prepared to adjust the calendar as events occur. Use a pencil with a good eraser. Mark milestones that should not move or be missed.

Remember that Mathieson Consulting, LLC is available at 480-471-5305, to help you with any problems or concerns you may have about your year end closing process.

A Word about Backups:

We recommend that backups of your company data be made at several times during the year end closing procedures. We recommend that your regular backup procedures include backing up all data, reports and forms that may be unique to your company, and that would not be restored in a simple reinstallation of the program from your installation CD. Please review your regular backup procedures to ensure that the following folders are copied from your server's \MB7 folder: \Bmp, \Custom Reports, \Report Forms, \System Reports, and your company's current year and archive folders. In addition, ensure that your backups actually work, by periodically performing a trial restore from the backup. All too often, we have had clients faced with having to reconstruct much too much data because they found out too late that their backup procedures were incomplete or ineffective. Consider developing a plan for permanently retaining complete backups from each year end closing in addition to a rotating archive for your regular daily backups. When you post your final year end journal entries to last year's archive folder (through period 0 posting from the current company folder), make a new permanent backup of that year end data. If you have reservations about your current backup system, call Mathieson Consulting, LLC for assistance and advice.

A Word about Changes in the Chart of Accounts:

The fiscal year end is the best time (and probably the only time) to make significant changes to your chart of accounts. Adding or removing departmental accounting, removing accounts and reorganizing the chart of accounts is best accomplished immediately after the fiscal year end closing process and before any transactions for the new year have been posted.

A Word or Two about Purging Jobs and Service Work Orders:

As data accumulates from completed jobs and service work orders, long time users of Sage Master Builder may experience slow report printing and long lookup screens with too much data. It is recommended that with each year end closing, users consider purging jobs with statuses of 6-Closed and 2-Refused and service work orders with statuses of 4-Paid or 8-Completed with dates prior to a specific past date during the closing process. New users are often panicked by the erroneous thought that such purging prevents users from finding data from these jobs for future reference. Sage Master Builder creates the archive company with a complete copy of the company's entire data **before** it starts to remove records eligible for purging from the current company data. Thus, the archived company data for the just completed fiscal year contains **all** information that is being removed from the current company data. If one needs to research data that may have been purged from the current company data, one only needs to open up the archived company data to find it.

Purging jobs and service work orders should only be performed during the fiscal year end closing of the accounting records, so **this is your once-a-year opportunity** to purge these old records and improve your Sage Master Builder processing speed.

Only jobs that have no open invoices in accounts receivable and accounts payable and have a status of 6-Closed or 2-Refused are eligible for purging. To test the closed and refused jobs for whether they can be purged during closing, click on the Audit Books button in menu 1-6 Change Period/Close Year and select Verify Job Removal from the Options dropdown menu. If all "Closed" and "Refused" jobs are eligible for removal, the resulting message will say that "All 'Closed' jobs ready to remove from database." Otherwise you will be directed to a report of jobs not yet eligible for removal found at **C:\MB7\Tempfile\RemoveJobs_Companyfoldername.Log**. This will show what closed and refused jobs still have open receivable and payable invoices. If you have questions or concerns, feel free to call Mathieson Consulting, LLC.

Likewise, users of Service Receivables should consider purging old paid and completed service work orders to improve processing speeds and usability. Consider purging records that are at least one year old with a status of 4-Paid or 8-Completed. The work order history won't be lost, just stored in the archive company. If you have questions or concerns, call Mathieson Consulting, LLC.

A Word about Progress Billings:

Long time users of Sage Master Builder know that they can correct Progress Billings with relative ease if the billings were posted in the current year. They also have learned that Progress Billings posted in a prior fiscal year are very difficult to correct after that year has been closed. Therefore, we recommend the following with regard to Progress Billings:

- Make every effort to obtain approvals or assurances from your clients that posted 2011 Progress Billings will not be adjusted by the payer.
- Consider delaying the Posting of Progress Billings developed during period 12 for as long as possible after the Fiscal Year End Closing process, until the billings
 - are paid and you must post the cash receipt against it,
 - have been adjusted by the client or payer,
 - you have received approval of the billings,
 - you must finalize the accounting for the prior year, or
 - you must prepare the next progress billing.
- After the Fiscal Year End, these delayed postings can be posted to Period 0 of the current year and they will be posted back to period 12 of the archive company.

Call Mathieson Consulting, LLC to review strategies regarding Progress Billings at the end of your fiscal year..

Things That Should Be Done Before December 31st

Administrative

Task/Description	Done By
1. Make sure that you have enough hard disk space for at least two copies of your current company data folder. <u>This is an important and potentially time-consuming issue. Do not wait until the last minute to address this matter.</u>	
a. Using Windows Explorer, find the drive that hosts your company data folder in the drive tree structure in the left window.	
b. Right click on that host drive to bring up a context sensitive menu, where the menu selection includes "Properties" and left click on Properties	
c. The General tab of the hard drive's properties shows how much Used and Free space is available on that drive. Make note of the Free space available and close the drive properties box.	
d. In the left window's tree structure, open the \MB7 folder on that host drive, locate and left click on the folder containing your current company. With that current company folder selected, right click on that folder in the left window and select Properties for that folder.	
e. Note the number of bytes used in the Size entry on the general tab.	
f. Make sure that the Free space noted above is at least three times the bytes used in the current company folder. Anything less than that will require saving or deleting unnecessary files found on that host drive or upgrading the storage space available.	

Things That Should Be Done Before December 31st (Continued)

Payroll

Task/Description	Done By
2. Run Payroll Audit (menu 5-3-7) after processing each payroll in December. Resolve all errors listed in the audit report promptly, with our help, if desired. Be aware that the closer to year end you delay the resolution of these errors, the longer the potential wait will be if you need help. We can correct most payroll audit errors, but if we must seek Tech Support's assistance, time delays may result the closer to year end we get.	
a. Make sure that timecard records (menu 5-2-2) not yet having a status of Posted relate to the current pay period and are not sitting in a limbo status waiting to be noticed and dealt with.	
b. Resolve any open payroll matters that have been deferred in the past.	
c. If audit errors exist, click Repair and see if the errors resolve.	
d. If audit errors still exist after repairing, contact Mathieson Consulting, LLC (480-471-5305).	
3. Ensure that you have valid employee addresses and Social Security numbers (menu 5-2-1)	
4. Ensure that all 3 rd party sick pay for the year has been properly reflected.	
5. Purchase appropriately perforated plain paper for the employee copies ("4 Up" perforated plain paper) from Sage Forms (ordering from Sage Forms is your best safeguard against ending up with the wrong forms and envelopes). The official filing version of the W-2, which is sent to SSA, can be printed with black ink onto plain white paper. Check with your tax advisor if you have any questions.	
6. Review payroll calculations that should be reflected on W-2s in Boxes 12, 13 and 14 with your tax advisor to ensure that they will be properly shown.	

Things That Should Be Done Before December 31st (Continued)

Accounts Payable

Task/Description	Done By
<p>7. Review Accounts Payable Vendor records (menu 4-4) for data that affects form 1099 – Name, Contact, Address, Federal Id#, 1099 Type.</p> <p>a. 1099 Types are:</p> <p>0-Undetermined - No choice has been made.</p> <p>1-Miscellaneous - The vendor provides a service and is not incorporated.</p> <p>2-Rent - The vendor provides a service and is not incorporated. Use this type only when the vendor provides a service to your business by renting office space, yard space, equipment, etc.</p> <p>3-Sole Proprietor - The vendor provides a service and is a sole proprietorship. Master Builder automatically prints the name from the “Owner” field in the vendor record above the company name on the 1099.</p> <p>4-Interest - The program prints a 1099-INT.</p> <p>5-No 1099 - The vendor does not provide a service, or the vendor is incorporated. The program does not print a 1099 for a vendor with this type.</p>	
<p>b. Now is the time to eliminate all 1099 Types of 0-Undetermined. Determine whether a vendor does or does not need a 1099 and categorize them accordingly. It is best to obtain a completed, signed and dated Form W-9 from each vendor.</p>	
<p>c. Ensure that you have valid names, addresses and Federal ID #'s for all vendors with a 1099 Type between 1 and 4. Also make sure that vendor Social Security Numbers are formatted as “nnn-nn-nnnn” and vendor Federal Employer ID Numbers are formatted as “nn-nnnnnn”.</p>	
<p>d. Open Vendor 1099 Report (report 4-1-1-61). In the 1099 Type field, change the selector to “Less” and enter status “5” and print the report.</p>	
<p>i. Review for and correct 1099 Type 0-Undetermined</p>	
<p>ii. Review for and correct absence of Federal ID #.</p>	
<p>e. Open Vendor Payments (report 4-1-5-21).</p>	
<p>i. Select:</p>	
<p>1. Check box for “1099 Only “</p>	

Task/Description	Done By
<p>2. Print report 4-1-5-21 for the periods of the current fiscal year that coincide with this calendar year (in the current year data) and the same report for balance of this calendar year from last year's year end archive and add the two reports together. Consider using the Send report data to Excel function to make this process easier. Call Mathieson Consulting, LLC (480-471-5305) for assistance.</p>	
<p>ii. Compare the Vendor 1099 Report (report 4-1-1-61) to the Check Amount columns for each vendor to verify the accuracy of the totals.</p>	
<p>iii. Reconcile any differences and manually correct 1099 Balance in Vendors screen (menu 4-4) as needed.</p>	
<p>8. Purchase the red government copies and appropriately perforated plain paper for the recipient copies ("4 Up" perforated plain paper) from Sage Forms (ordering from Sage Forms is your best safeguard against ending up with the wrong forms and envelopes). Check with your tax advisor if you have any questions.</p>	

Fiscal Year End Other Than December

Things That Must Be Done Just After December 31st

Until you close the payroll and reset vendor 1099 balances, you must not enter any Payroll Records (menu 5-2-2) or Vendor Payments for the new calendar year.

Before

- ❑ Any timecard record (menu 5-2-2) for payroll to be paid in the new year has been started or
- ❑ Any vendor payment to be dated in the new year has been recorded in Master Builder;
and

Immediately after

- ❑ All payments (vendor, GL or equipment) dated in the old year have been recorded and posted, and
- ❑ All payrolls for the old year have been final computed, checks printed and posted,

Perform the following procedures:

Task/Description	Done By
1. Do a complete backup of all Master Builder data and store it in a safe place. See our note about Backups on Page 3 above.	
2. Open the current company as Supervisor with Exclusive Access box checked.	
3. Perform Audit Books, a button found in menu 1-6 Change Period/Close Year and resolve all audit errors (if General Ledger Audits have been done regularly prior to this time, errors are less likely and should be easier to repair).	
a. If audit errors exist, click on Recalculate Balances (menu 1-6) and see if errors resolve.	
b. If audit errors still exist after recalculating balances, contact Mathieson Consulting, LLC (480-471-5305) .	
4. Perform Payroll Audit (menu 5-3-7) and resolve all errors listed in the audit report (if Payroll Audits have been done regularly prior to this time, audit errors are less likely and should be easier to repair).	
a. Make sure that all timecard records are posted or voided. If you have questions about the status of your timecard records, call Mathieson Consulting, LLC (480-471-5305) .	
b. If audit errors exist, click on Repair and see if the errors resolve.	
c. If audit errors still exist after repairing, contact Mathieson Consulting, LLC (480-471-5305) .	

Task/Description		Done By
5. If Inventory is used, go to menu 12-5 and run the Inventory Audit. Please contact Mathieson Consulting, LLC (480-471-5305) with questions or concerns.		
6. Do at least one complete backup of all Master Builder data (include the \Bmp, \Custom Reports, \System Reports and \Report Forms folders) and store it in a safe place, offsite if possible. See our note about Backups on Page 3 above. Being very cautious, Sage recommends that you make two backups at this point.		
7. Open Payable Invoices/Credits (menu 4-2), select Count from the File dropdown menu, and write down for future reference the total number of accounts payable records found.	Count	
8. Open Payroll Records (menu 5-2-2), select Count from the File dropdown menu, and write down for future reference the total number of payroll records found.	Count	
9. Perform Close Payroll Year (menu 5-3-8).		
a. Consider carefully whether you wish to remove employee records with statuses of Quit, Laid-Off, Terminated, or Deceased (as this may affect descriptions of old job cost labor records) and check boxes accordingly.		
b. Ensure that the circle for "Create Archive Directory..." is selected. (<u>We strongly advise against selecting the circle for "Don't Copy to Archive"</u>).		
c. Enter an appropriate name for the Payroll Archive Company (like " Z 12312011 PR Companyname " where the "Z" should cause the Payroll Archive company to drop to the end of the alphabetized company selection box in the opening Master Builder Screen).		
d. Click on the "Close Payroll" Box. Read the following warnings and select the Yes boxes. When it is finished, the company you have open in front of you will no longer have any 5-2-2 Payroll Records. Exit from 5-3-8.		
10. Open Rebuild Indexes (menu 7-4), select Rebuild All Tables from the Options drop down menu, and click on Start to rebuild indexes and compact the databases.		
11. Exit Master Builder		
12. Open Master Builder and select the newly created Payroll Archive company that you named in the above item 9.c. . Remember to select the "Show archives" radio button to find the new archive company.		
13. Open Payable Invoices/Credits (menu 4-2), select Count from the File dropdown menu, and compare the result to the number of payables records noted before the Close Payroll Year was performed.	Count	OK

Task/Description			Done By
14. Open Payroll Records (menu 5-2-2), select Count from the File dropdown menu, and compare the result to the number of payroll records noted before the Close Payroll Year was performed.	Count	OK	
15. If any of the above counts is different, you must restore your company data from the backup and perform these steps again.			
16. Assuming the above counts were properly verified, go to Security Groups (menu 7-3-1) and enter "No" in the columns for Save, Delete, Void, Change Period, and Print Checks for all groups. Click on the Save icon. This will prevent users other than Supervisor from entering data directly into the Payroll Archive Company.			
17. Exit the Payroll Archive Company			
18. Open the Current Company as Supervisor with Exclusive Access.			
19. Open Vendors (menu 4-4); from the "Options" drop-down menu, select "Reset 1099 Balances".			
20. Run Vendor 1099 Report (report 4-1-1-61) for all 1099 Types (leave selection boxes empty) and verify that 1099 Balances have all been reset to zero.			
21. Run the following payroll tax reports to screen and verify that quarter-to-date and year-to-date totals have been reset to zero:			
a. Federal Tax Report (report 5-1-3-21), and leave the selections blank.			
b. State Tax Report (report 5-1-4-21), and leave the selections blank.			
c. Year to Date/Quarter to Date Earnings Report (report 5-1-9-41), and leave the selections blank.			
22. Open Payroll Calculations (menu 5-3-1) and find the payroll calculations for Employer Social Security:			
a. Ensure that the Default Max wages per year is \$110,100 (or dollars per year is \$6,826.20). This is an increased limit (from \$106,800) for 2011! The Employer Social Security rate remains 6.2%.			
b. Go to Options>Update Employees>Update Default Rate and Maximum>All Employees to "push" the new limits to all employees for 2012. If you wish to properly calculate Federal and State Income Tax Withholding automatically, you will have to upgrade to Sage Master Builder Version 17 for updated tax tables. Contact Mathieson Consulting, LLC (480-471-5305) if you have any questions or concerns.			
23. Open Payroll Calculations (menu 5-3-1) and find the payroll calculations for Employee Social Security:			

Task/Description	Done By
<p>a. At the time this was written, the 2011 temporary decrease in the Employee Social Security rate to 4.2% is scheduled to expire and the 2012 rate will return to 6.2%. There is speculation that Congress may extend the reduced rate of 4.2% for 2012, but it is mere speculation. Check with your tax advisor for a definitive answer. Ensure that the new Default Max wages per year is \$110,100 (or dollars per year is \$6,826.20 (or \$4,624.20 if Congress does extend the reduced rate)).</p>	
<p>b. Go to Options>Update Employees>Update Default Rate and Maximum>All Employees to “push” the new rate and maximum to all employees for 2012. If you wish to properly calculate Federal and State Income Tax Withholding automatically, you will have to upgrade to Sage Master Builder Version 17 for updated tax tables. Contact Mathieson Consulting, LLC (480-471-5305) if you have any questions or concerns.</p>	
<p>24. Open each active employee’s record in 5-2-1 and review the active payroll calculations for calculations that have maximum amounts that may need to be reset or may need to be set to inactive for the new year. For example, if you do not use the built in functionality for tracking payroll advances and instead enter the advance amount as a maximum for the repayment calculation, the maximum may need to be reset to zero and the calculation set to inactive if the advance was fully repaid in the past, or left as active but the maximum reset to the carried over unpaid balance if the advance was only partially repaid in the past.</p>	

The Payroll year end closing is now complete. Log off as Supervisor with Exclusive Access and log back in with your own user name and password without selecting Exclusive Access.

After all 2011 payrolls have been processed, look for a Sage Master Builder Software Notice sent by email from Sage that advises that the January 2012 Tax Update is available. Download and install it at your earliest convenience.

You may now begin processing accounts payable payments and payroll for the new year in the current company.

Things That Can Be Done During the Month of January

From the 2011 Payroll Archive Company, you can do the following for year end payroll returns:

Task/Description	Done By
1. Ensure that all 3 rd party sick pay for the year has been properly reflected.	
2. Open Payroll Audit (menu 5-3-7) and click Audit. If you discover errors, print the payroll audit error report and fix the errors.	
3. Open menu 5-4-1 and click on Options>Update Forms	
4. Prepare your 4 th Quarter Form 941 in menu 5-4-1 and review it carefully before filing it.	
5. Prepare the State Payroll Returns that are required from your company in menu 5-4-2 and review them carefully before filing them.	
6. Consider reviewing your Federal and State Quarterly Payroll Returns with your tax preparer to ensure that all items are treated properly.	
7. Review your payroll calculations with your tax preparer to evaluate whether items that should be included on W-2s are properly classified as "Box 12, 13 or 14" items.	
8. In menu 5-4-1, prepare your 2011 W-2/W-3 (consider preparing in Test Mode until you and your tax preparer are comfortable that all information is correct).	
9. If you or your tax preparer experience any problems or concerns consider contacting Mathieson Consulting, LLC (480-471-5305) for assistance	

Things That Can Be Done During the Month of January (Continued)

To print 1099's from the 2011 Payroll Archive company, you can do the following:

Task/Description	Done By
1. Print the Vendor 1099 Report (report 4-1-1-61) and verify the 1099 type assigned to each vendor. (As a precaution, it is a good idea to confirm each vendor's 1099 balances with the vendor. Print and mail to each vendor an individual journal detailing the payments you have made to that vendor over the calendar year.)	
2. Print a Vendor Payments report (report 4-1-5-21), which consists of the total payments to vendors over the course of the year, and compare it to the Vendor 1099 Report. (If your fiscal year does not run concurrent with the calendar year, you must print partial reports from the previous year archive and the current year. Then add the past and current balances together to determine the correct 1099 amount for each vendor.) Consider using the export to Excel function to make this process easier. Call Mathieson Consulting, LLC (480-471-5305) for assistance. If a discrepancy exists, enter the correct balance from the Vendor Payments report in the appropriate vendor record.	
3. Open Vendor 1099 Forms (menu 4-5) and click on Options>Update Forms to ensure that you have the latest Aatrix tax forms.	
4. Print Vendor 1099 Forms (menu 4-5) for 2011 by following the Aatrix process carefully. Consider printing a copy to plain paper before printing the actual filing copies to ensure that you are comfortable with the process.	
5. If you or your tax preparer experience any problems or concerns consider contacting Mathieson Consulting, LLC (480-471-5305) for assistance	

After all W-2s and 1099s are printed, go to Company Information (menu 7-2) and modify the company name to something like "Company Name (2011 Payroll)" so that if printing reports from this 2011 Payroll Archive Company, there will be no confusion about to which year the report applies.

Things That Should Be Done Before the Fiscal Year End

Administrative

Task/Description	Done By
1. Make sure that you have enough hard disk space for at least two copies of your current company data folder. <u>This is an important and potentially time-consuming issue. Do not wait until the last minute to address this matter.</u>	
a. Using Windows Explorer, find the drive that hosts your company data folder in the drive tree structure in the left window.	
b. Right click on that host drive to bring up a context sensitive menu, where the menu selection includes “Properties” and left click on Properties	
c. The General tab of the hard drive’s properties shows how much Used and Free space is available on that drive. Make note of the Free space available and close the drive properties box.	
d. In the left window’s tree structure, open the \MB7 folder on that host drive, locate and left click on the folder containing your current company. With that current company folder selected, right click on that folder in the left window and select Properties for that folder.	
e. Note the number of bytes used in the Size entry on the general tab.	
f. Make sure that the Free space noted above is at least three times the bytes used in the current company folder. Anything less than that will require saving or deleting unnecessary files found on that host drive or upgrading the storage space available.	

Things That Should Be Done Before the Fiscal Year End (Continued)

General Ledger

Task/Description	Done By
<p>1. Perform Audit Books, a button found in menu 1-6 Change Period/Close Year, regularly during Period 12. Do Not Select “Close Books for Fiscal Year” at this time. Resolve all audit errors promptly, with our help, if desired. Be aware that the closer to year end you delay the resolution of the errors, the longer the potential wait will be if you need help. We can correct most audit errors, but if we must seek Tech Support’s assistance, time delays may result the closer to year end we get.</p>	
<p style="padding-left: 40px;">a. If audit errors exist, make a backup of the company data, open the company with Exclusive Access, click on Recalculate Balances (menu 1-6) and see if errors resolve</p>	
<p style="padding-left: 40px;">b. If audit errors still exist after recalculating balances, contact Mathieson Consulting, LLC (480-471-5305) .</p>	
<p>2. Open the bank reconciliation for each cash account that is reconciled in menu 1-5.</p>	
<p style="padding-left: 40px;">a. Look for still outstanding checks from the previous fiscal year – they will have a “P” preceding the Record#. These checks must be dealt with before closing or they will be hidden from view in the new year and affect the bank reconciliations after closing.</p>	
<p style="padding-left: 40px;">b. Reverse all old outstanding checks (checks over 6 months old should not be presented for payment by your bank anyway) and then re-reconcile the account, clearing the old outstanding check against the related reversing entry.</p>	
<p style="padding-left: 40px;">c. If you do not wish to reverse the old outstanding checks, please contact Mathieson Consulting, LLC (480-471-5305) to discuss an alternative treatment.</p>	
<p>3. If Inventory is used, take a physical inventory and adjust quantities accordingly. Please contact Mathieson Consulting, LLC (480-471-5305) with questions or concerns.</p>	
<p>4. If Inventory is used, go to menu 12-5 and run the Inventory Audit. Please contact Mathieson Consulting, LLC (480-471-5305) with questions or concerns.</p>	

Task/Description	Done By
<p>5. Identify all Jobs that should be marked as Complete, Closed or Refused and change status accordingly (menu 3-5). Jobs marked as Closed or Refused (and which have no open Accounts Receivable or Accounts Payable invoices), and all their related invoices and other data, can be purged from the current year's data during the General Ledger Closing, but will still be available for research purposes in the Archive Company. To test whether Closed and Refused jobs can be purged during closing, click on the Audit Books button in menu 1-6 Change Period/Close Year and select Verify Job Removal from the Options dropdown menu. Contact Mathieson Consulting, LLC (480-471-5305) with questions or concerns.</p>	
<p>6. Identify all Service Receivables records that should be marked as Complete or Void and change status accordingly (menu 11-2). Service Receivables records marked as Paid, Completed or Void dated prior to a specified date, can be purged from the current year's data during the General Ledger Closing, but will still be available in the Archive Company. Contact Mathieson Consulting, LLC (480-471-5305) with questions or concerns.</p>	
<p>7. Search for 1-3 Journal Transaction records that appear to be GL Checks waiting to be printed. On a blank record in menu 1-3, enter 0000 in the Transaction # field and, with the cursor still in the Transaction # field, press F9 (and Page Down) and see if any records are present with the 0000 transaction #. Determine if the records are GL Checks waiting to be printed and print them, or modify the transaction # so that they no longer have the 0000 transaction #. SMB expects to not find any 0000 transaction # records in 1-3 Journal Transactions during the GL closing process.</p>	
<p>8. Consider locking accounting period 1 to prevent inadvertent posting of Period 1 of 2012 transactions to Period 1 of 2011.</p>	

Things That Must Be Done Just After the Fiscal Year End

Until you close the accounting for the year just finished, you cannot enter any transactions for the new fiscal year. While it is important to be as complete as reasonably possible in the old year before closing, do not delay because you are waiting for a few adjustments.

Unnecessary delays can place you behind in work for the new fiscal year.

Your company must be in the 12th posting period for the year with no General Ledger audit errors in order to start the close. Make sure that all of your cash receipts, vendor payments, payroll checks and any other cash disbursements for the ending year have been properly posted, as Master Builder makes correctly posting prior year cash activity a challenging process.

Closing the accounting for the fiscal year provides you with the opportunity to remove old job files, reducing file sizes and improving Sage Master Builder processing speeds. When closing the fiscal year, you can elect to remove job records assigned status 6-Closed or 2-Refused. If there are any Accounts Receivable Invoice records or Accounts Payable Invoice records related to the job with a status of less than 4-Paid, the program will not remove the job or its related records. To test whether closed and refused jobs can be purged during closing, click on the Audit Books button in menu 1-6 Change Period/Close Year and select Verify Job Removal from the Options dropdown menu. This verifies if jobs with a status of 2-Refused or 6-Closed are eligible for removal. If jobs are not yet eligible for removal, the program creates a log file “**C:\MB7\Tempfile\RemoveJobs_ *companyfoldername*.Log**” showing which jobs won’t be removed and why. Contact Mathieson Consulting, LLC (480-471-5305) if you need further clarification.

Closing the accounting for the fiscal year also provides you with the opportunity to remove old paid, completed or voided Service Receivables records dated prior to a specified date, paid or voided Accounts Payable Invoices that do not reference a job and closed Purchase Orders that do not reference a job dated prior to a specified date. When closing the fiscal year, these records can be purged from the current year’s data during the General Ledger Closing, but will still be available in the Archive Company. Contact Mathieson Consulting, LLC (480-471-5305) with questions or concerns.

Before any transactions to be recorded in the new fiscal year have been entered, and Immediately after

- All payments (vendor, GL or equipment) dated in the old year have been recorded and posted, and
- All cash receipts received in the old year have been recorded and posted,

Perform the following procedures:

Task/Description	Done By
1. Do a complete backup of all Master Builder data and store it in a safe place. See our note about Backups on Page 3 above.	
2. Open the current company as Supervisor with Exclusive Access box checked.	

Task/Description	Done By	
3. Perform Audit Books, a button found in menu 1-6 Change Period/Close Year and resolve all audit errors (if General Ledger Audits have been done regularly prior to this time, errors are less likely and should be easier to repair).		
a. If audit errors exist, click on Recalculate Balances (menu 1-6) and see if errors resolve.		
b. If audit errors still exist after recalculating balances, contact Mathieson Consulting, LLC (480-471-5305) .		
4. Perform Payroll Audit (menu 5-3-7) and resolve all errors listed in the audit report (if Payroll Audits have been done regularly prior to this time, audit errors are less likely and should be easier to repair).		
a. Make sure that all timecard records are posted or voided. If you have questions about the status of your timecard records, call Mathieson Consulting, LLC (480-471-5305).		
b. If audit errors exist, click on Repair and see if the errors resolve.		
c. If audit errors still exist after repairing, contact Mathieson Consulting, LLC (480-471-5305).		
5. If Inventory is used, go to menu 12-5 and run the Inventory Audit. Please contact Mathieson Consulting, LLC (480-471-5305) with questions or concerns.		
6. Do at least one complete backup of all Master Builder data (include the \Bmp, \Custom Reports, \System Reports and \Report Forms folders) and store it in a safe place, offsite if possible. See our note about Backups on Page 3 above. . Being very cautious, Sage recommends that you make two backups at this point.		
7. Open Journal Transactions (menu 1-3), select Count from the File dropdown menu, and write down for future reference the total number of records found.	Count	
8. Open Receivable Invoices/Credits (menu 3-2), select Count from the File dropdown menu, and write down for future reference the total number of records found.	Count	
9. Open Payable Invoices/Credits (menu 4-2), select Count from the File dropdown menu, and write down for future reference the total number of accounts payable records found.	Count	
10. Open Payroll Records (menu 5-2-2), select Count from the File dropdown menu, and write down for future reference the total number of payroll records found.	Count	
11. Open Job Costs (menu 6-3), select Count from the File dropdown menu, and write down for future reference the total number of records.	Count	

Task/Description		Done By
12. If you use the Equipment Management module, open Equipment Costs (menu 8-2), select Count from the File dropdown menu, and write down for future reference the total number of records.	Count	
13. If you use the Equipment Management module, open Equipment Revenue (menu 8-7), select Count from the File dropdown menu, and write down for future reference the total number of records.	Count	
14. If you use the Service Receivables module, open Work Orders/Invoices/Credits (menu 11-2), select Count from the File dropdown menu, and write down for future reference the total number of records found.	Count	
15. If you use the Inventory module, open Inventory Allocation (menu 12-2), select Count from the File dropdown menu, and write down for future reference the total number of records found.	Count	
16. Open menu 1-6 Change Period/Close Year and click on the Close Books for Fiscal Year button. This is where the process has been changed significantly. Please read each screen carefully before advancing to the next.		
a. Before You Begin – Read the screen carefully and then click Next button.		
b. Preparation – Click button to Begin Preparation, follow the program’s progress, read any messages that pop up and be prepared to resolve any problems noted in any View Results messages that come up. If you must exit this menu to correct a problem, restart the process at step 16 above. When the preparation work completes without problems, click Next button.		
c. Payroll Option – Read the screen, click the first radio button “I want to close both...” and then click the Next button.		
d. General Maintenance – Decide whether you wish the closing process to remove the following and mark the selection boxes accordingly:		
i. Jobs with “Closed” or “Refused” Status and all their related records.		
ii. Payables Invoices with a Status of “Paid” or “Void” that do not reference a current job in the Payables Invoice Job field (as opposed to the Job Costing screen Job field).		
iii. Service Invoices with a status of “Paid”, “Void” or “Completed” prior to a specified date.		
iv. Purchase Orders marked as “Closed” with no Job# prior to a specified date and		

Task/Description	Done By	
v. If the “Reset vendor 1099 balances” check box is shown and checked, Uncheck now. Vendor 1099 balances are reset at the end of the calendar year during the payroll closing Click Next button.		
e. Payroll Maintenance – Decide carefully whether you wish to remove employee records with statuses of Laid Off, Quit, Terminated or Deceased, reviewing the employees in each status and marking the check box beside each employee number of those you want to remove. When you are finished, click the Verify Employee Removal button. The system will check job cost and other records referencing each employee to be removed and warn of any problems. Read the messages carefully and uncheck employees that would cause problems as noted. When the screen indicates that the “Selected employees can be safely removed,” click the Next button.		
f. Close Year – Enter an appropriate name for the archive company that will be created, including the fiscal year, like “ Z 123111 GL Companyname ”. Click on the Close Year button. Read the following warning, select the “OK” button after the warning and allow the process to continue uninterrupted. When it is finished, you may wish to click on the “View results” link . Click on the Next button.		
g. Finished – Read the message and then click on Close button to exit.		
17. Open Company Information (menu 7-2) and verify that the Archive Folder is the Year End Archive Company created above in item 16.f.		
18. Exit Master Builder		
19. Open Master Builder and open the new Year End Archive company that you created in item 16.f. above. Remember to select the “Show archives” radio button to find the new archive company.		
20. Open Journal Transactions (menu 1-3), select Count from the File dropdown menu, and compare the result to the number of journal transaction records noted before the Close Books was performed.	Count	OK
21. Open Receivable Invoices/Credits (menu 3-2), select Count from the File dropdown menu, and compare the result to the number of receivables invoice records noted before the Close Books was performed.	Count	OK

Task/Description			Done By
22. Open Payable Invoices/Credits (menu 4-2), select Count from the File dropdown menu, and compare the result to the number of payables records noted before the Close Books was performed.	Count	OK	
23. Open Payroll Records (menu 5-2-2), select Count from the File dropdown menu, and compare the result to the number of payroll records noted before the Close Books was performed.	Count	OK	
24. Open Job Costs (menu 6-3), select Count from the File dropdown menu, and compare the result to the number of Job Cost records noted before the Close Books was performed.	Count	OK	
25. If applicable, open Equipment Costs (menu 8-2), select Count from the File dropdown menu, and compare the result to the number of Equipment Cost records noted before the Close Books was performed.	Count	OK	
26. If applicable, open Equipment Revenue (menu 8-7), select Count from the File dropdown menu, and compare the result to the number of Equipment Revenue records noted before the Close Books was performed.	Count	OK	
27. If applicable, open Service Receivables Work Orders/Invoices/Credits (menu 11-2), select Count from the File dropdown menu, and compare the result to the number of SR records noted before the Close Books was performed.	Count	OK	
28. If applicable, open Inventory Allocation (menu 12-2), select Count from the File dropdown menu, and compare the result to the number of inventory allocation records noted before the Close Books was performed.	Count	OK	
29. If any of the above counts is different, you must restore your company data from the backup and perform these steps again.			
30. Assuming the above counts were properly verified, go to Security Groups (menu 7-3-1) and enter "No" in the columns for Save, Delete, Void, Change Period, and Print Checks for all groups. Click on the Save icon. This will prevent users other than Supervisor from entering data directly into the Year End Archive Company.			
31. Exit the Year End Archive Company			

Task/Description	Done By
32. In the new year company data, consider locking accounting periods that should not be used in the next few months of the new year to prevent users from inadvertently posting transactions for period 12 of the prior fiscal year to period 12 of the new fiscal year. Contact Mathieson Consulting, LLC if you have any questions.	

The year end closing is now complete. Log off as Supervisor with Exclusive Access and log back in with your own user name and password without selecting Exclusive Access. You may now begin processing transactions for the new fiscal year unless you are making changes to your chart of accounts, like adding or removing departmental accounting (in which case you should contact Mathieson Consulting, LLC).

Other Things to Consider

Posting To Period Zero

When you want to adjust the beginning balances for a company, post to period zero. Period zero is not part of the fiscal year; therefore, Master Builder does not include transactions posted to period zero in any year-to-date reports.

When you post to the asset or liability accounts in period zero, the program adjusts the beginning balances. If you post to income or expense accounts in period zero, the program adjusts the beginning balance of the Retained Earnings ledger account because income and expense accounts do not have beginning balances.

You can also post to an archive. With an archive company on the same drive as the active company, you can simultaneously post to period zero of the active company and period 12 of the archive. This allows you to post transactions such as prior year accounts payable and accounts receivable invoices, adjusting journal entries and your accountant's year end adjusting entries to both the archive and active company with a single entry.

Before posting a transaction to both period zero of the active company and period 12 of an archive, the program determines whether the transaction will post to same ledger accounts, subsidiary accounts, departments, and cost codes. If the program does not find the same accounts, departments, or cost codes in the active company and the archive, it will not post the transaction to the archive. If the accounts, departments, and cost codes are the same in the active company and the archive, the program posts the transaction to the appropriate accounts in both companies, adjusts the ending balances in the archive company, and adjusts the beginning balances in the active company.

Important!

When you change data in an archive, make new backups of the archived data. The archived records are your permanent records.

Tips

- The program posts the transactions entered in a module to the selected fiscal period until you change the period again or close the window of the module.
- You specify the posting archive in the Company Information window (menu 7-2).
- We suggest you change your Fiscal Year Archive Company name in menu 7-2 to reflect the prior year; i.e. "*Company Name (2011)*". Then when you print out for analysis any financial reports from this archive company, you will be reminded by the header that the information is indeed from 2011 and not the current year.
- Once you have printed out all W-2 Tax Forms and 1099 forms from the Payroll Archive Company, we suggest you change your payroll archive company name in menu 7-2 to reflect the prior year; i.e. "*Company Name 2011 Payroll*". Then when you print out for analysis any financial reports from this archive company, you will be reminded by the header that the information is indeed from 2011 and not the current year.
- Once you have submitted your financial information to your tax preparer or outside accountant, we suggest that Supervisor "Lock Access" to the "00-Prior Year" posting

period in the current company. After you get year end adjusting entries from your tax preparer or outside accountant, temporarily "Open Access" to the "00-Prior Year" in the current company, enter the adjusting entries to period 0 of the current company answering yes to the question "Post to Archive?" each time and then again "Lock Access" to the "00-Prior Year" posting period. This will prevent users from inadvertently changing the prior year data.