

L. ROBINSON & COMPANY LLC  
FREE RESOURCE

# Nonprofit Audit Preparation Checklist

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*A Step-by-Step Guide for Independent Financial Statement Audit Readiness*

*Use this checklist to prepare your organization for a smooth, efficient audit engagement.*

**Provided by L. Robinson & Company LLC · South Brunswick / Kingston, NJ**

AUDIT · REVIEW · ASSURANCE SERVICES

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## NONPROFIT AUDIT PREPARATION CHECKLIST

# Nonprofit Audit Preparation Checklist

*Being well-prepared before your audit begins makes the entire engagement smoother, faster, and less stressful for your team. Use this checklist to organize your records, close documentation gaps, and ensure your auditors have everything they need — before fieldwork starts.*

### HOW TO USE THIS CHECKLIST

Work through each section in order. Check off items as completed.

Items marked with (\*) indicate areas where issues most commonly arise.

Share this checklist with your bookkeeper, finance staff, and any board members involved in the audit process.

## SECTION 1 — Governance & Organizational Documents

Your auditors will review your organizational structure, board oversight, and governance policies. Have these ready at the start of the engagement.

- Articles of Incorporation (most current version on file)
- IRS determination letter confirming tax-exempt status
- Current bylaws, including any amendments adopted during the year
- Board meeting minutes for all meetings held during the audit period
  - \* Auditors review minutes for major decisions, contracts, compensation approvals, and conflict-of-interest disclosures.*
- Current board roster with names, titles, and contact information
- Signed conflict-of-interest disclosures for all board members and key staff
  - \* Missing or unsigned disclosures are among the most common audit findings. Collect these before fieldwork begins.*
- Current organizational chart showing reporting structure
- List of key management personnel and their compensation
- Any management letters or written communications from prior auditors

## SECTION 2 — Financial Records & Accounting System

These records should be complete, reconciled, and organized before fieldwork begins.

- Completed and reconciled trial balance as of the audit date (year-end)
  - \* This is the single most important item. Auditors build their entire plan from the trial balance.*
- General ledger for the full audit period — exported from your accounting software
- Chart of accounts with descriptions of all account codes used
- All bank and investment account statements for the full audit year
- Bank reconciliations for all accounts for each month of the audit year
  - \* Ensure all reconciling items are explained. Unreconciled differences must be resolved before the audit proceeds.*
- Petty cash records and reconciliation (if applicable)
- Prior year audited financial statements (for comparative figures, if applicable)
- List of all bank accounts, investment accounts, and credit cards held during the year

## SECTION 3 — Revenue & Support Documentation

All revenue must be documented, classified, and traceable. Revenue recognition is one of the most scrutinized areas in a nonprofit audit.

- Summary schedule of all grants — donor, amount, purpose, restrictions, and period
- Fully executed grant agreements for all grants active during the audit year
  - \* Auditors test grant revenue recognition against the terms of each agreement. Missing agreements delay the audit.*
- Contribution acknowledgment letters sent for major donations
- Records of in-kind donations received with fair market value documentation
- Pledge agreements for multi-year commitments from major donors
- Revenue from program services, events, or sales — supporting schedules and detail
- Investment statements and documentation of investment income earned

## SECTION 4 — Expenses & Disbursements

Auditors test a sample of expense transactions for proper authorization, documentation, and classification.

- Vendor invoices and receipts for all significant disbursements
- Credit card statements with receipts for all charges during the year
  - \* Organize receipts by month and match to your accounting records. This is one of the most common gaps we find.*
- Employee expense reimbursement reports with supporting receipts
- Payroll registers for all pay periods during the audit year
- Payroll tax filings (941s, W-2s, W-3, 940) for the audit year
- Vendor contracts for significant recurring services (IT, consulting, facilities)
- Accounts payable aging schedule as of the audit date
- All journal entries with supporting documentation and approvals
  - \* Every journal entry needs a preparer, approver, and explanation on file. Unsupported entries are a common finding.*

## SECTION 5 — Fixed Assets, Net Assets & Other

- Fixed asset listing — description, date acquired, cost, accumulated depreciation, and net book value
- Depreciation schedule prepared or approved by your accountant
- Lease agreements for spaces, vehicles, or equipment used by the organization
  - \* Under ASC 842, most operating leases must be recognized on the balance sheet. Confirm your system is tracking this correctly.*
- Schedule of net assets by restriction category (without/with donor restrictions per ASC 958)
  - \* Confirm you are using current GAAP terminology per ASU 2016-14.*
- Documentation supporting balances in each restricted fund or grant account
- Schedule of grant expenditures vs. award amounts — spent and remaining per active grant
- Certificate of insurance for all policies in force during the year
- Any pending or threatened legal claims, lawsuits, or regulatory matters
  - \* Disclose all known legal matters to your auditor — these must be evaluated for potential financial statement disclosure.*

## SECTION 6 — Final Preparation Steps

- Confirm accounting software trial balance agrees to all manual reconciliations
- Ensure all month-end close procedures are complete for every month in the audit year
- Designate a primary contact who can respond to auditor requests during fieldwork
- Brief your finance staff on what to expect — what auditors will ask for and why
- Set up a shared folder or portal for exchanging files with your audit team
- Confirm your audit start date and schedule any required management interviews

### A NOTE FROM L. ROBINSON & COMPANY LLC

If you are working through this checklist and identifying gaps — that is completely normal. Our Audit Preparation & Support service is designed specifically to help organizations close those gaps before fieldwork begins.

Contact us before your engagement starts. We are happy to assess your readiness at no obligation.