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Year-End Procedure

Before beginning the Year-End Procedure make sure to read this document in its entirety.

Year end is typically the last day of the last month of an organization's fiscal year. A year-end adjustment journal entry is created to zero-out the accumulated balance for each income and expense account. This allows an organization to start accumulating new income and expense totals from the first day of each new fiscal year. The difference created from the year-end adjustment entry, which is Net Profit or Loss for the year, is posted to the Retained Earnings account.

Note: *If Nexsure has been in use for multiple years, it is necessary for each period of all prior years to be closed before proceeding with this year-end procedure for the most recent fiscal year end. For example, if an organization has been using Nexsure since 2007, each period of the fiscal years of 2007 and 2008 must be completely closed before continuing with this procedure for the 2009 fiscal year.*

If prior year periods are not completely closed, it is possible that entries could still be posted to prior years causing prior year financial statements to no longer match Nexsure account balances from year to year.

Step 1 - Manual Year-End Journal Entries

All manual adjusting entries for the year must be entered and posted to periods 1-12 before running the year-end adjustment procedure. These manual journal entries are typically provided by the CPA or accounting staff, and they are typically back-dated to the last day of the 12th period. Journal entries to the 13th period are not allowed by the system.

Complete this step for each territory, and also at the Organization level if applicable.

Step 2 - Run Reports

For each territory, run and print a final set of financial statements for the fiscal year including Balance Sheet, Income Statement, and Trial Balance. If multiple territories exist, run a set of financial statements at the Org level for consolidated reports including all territories combined. Verify the accuracy of the financial statements before proceeding to the next step.

Next, run the GL Account Details report for the fiscal year but note that printing this report is optional because of its size. To assure future availability of these reports, do not remove them from Nexsure.

Step 3 - Add Accounting Periods

From the Organization level, add the number of accounting periods needed for future months. Accounting periods can be set up as far into the future as desired. However, it is important to set up enough fiscal years to cover the longest policy term, assuring that future installments will post into the correct period.

When a new fiscal year is added in Nexsure, the organization may choose to have either 12 or 13 accounting periods. The 13th period starts and ends on the last day of the last month of the fiscal year and is used by the system for the year-end adjustment. If a 13th period was not created for the organization, the year-end adjustment would be generated on the last day of the 12th period. If undecided, it is recommended to include the 13th adjustment period when adding a fiscal year. (For more details on Accounting Periods, see *Tips and Facts Vol. 2 Issue 4.*)

Step 4 – Locking Periods

Confirm all accounting periods of the fiscal year are locked **except the last period** at **both** the Organization and Territory levels. The last period (either Period 12 or Period 13) **must** remain **Open** and **Unlocked** at both levels. This applies regardless of whether or not the user's security is set to allow posting to a locked period. All preceding accounting periods must be locked.

Note: *Unwanted entries might occur while an accounting period is unlocked so it is advisable to unlock periods when no other users are logged into Nexsure. Locking and unlocking an accounting period at the Organization level also unlocks the same accounting period for all territories. However, locking or unlocking at the Territory level only affects that specific territory.*

Step 5 – The Year-End Adjustment

The year-end adjustment journal entry is first completed for each territory, then at the Organization level. The territory year-end adjustment will zero-out all income and expenses for the territory and each corresponding branch, department and unit. The difference will be posted to the Retained Earnings account for that territory. The year-end adjustment at the Organization level will zero-out all income and expenses at this level. The difference will be posted to the Retained Earnings account for the organization.

Note: *Creation of the year-end adjustment is done after the manual adjustments to the Income and Expense accounts are posted.*

Creating the Year End Adjustment

To create the year-end adjustment at the Territory level, navigate to **Accounting Periods** through the **ORGANIZATION** link on the **Primary** menu.

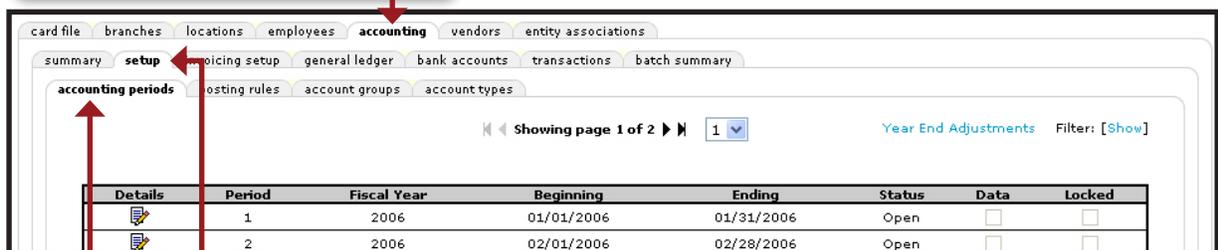
1. Click the **ORGANIZATION** link on the **Primary** menu.



2. Click the **territories** tab and the **Details**  icon for the specific territory.

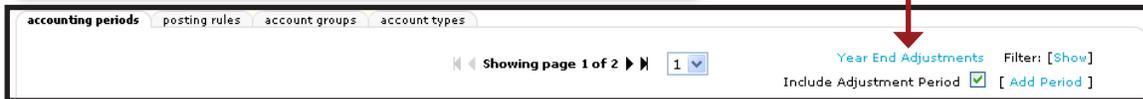


3. Click the **accounting** tab.



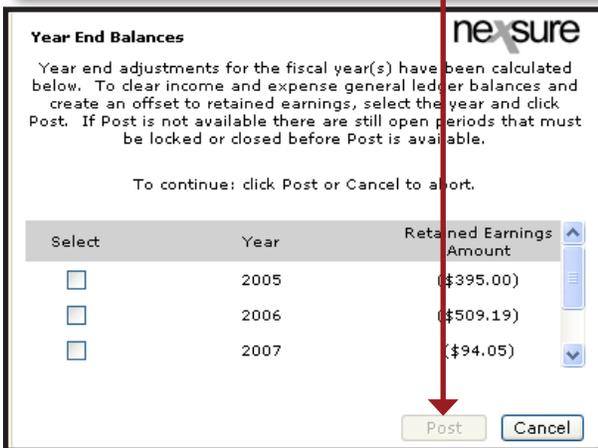
4. Click the **setup** tab on the second row of tabs which will default to the **accounting periods** tab on the third row of tabs.

5. Click the [Year End Adjustments](#) link to display the **Year End Balances** dialog box.



The [Year End Adjustments](#) link may be run as many times as needed as long as the last period is open and unlocked. Selecting the [Year End Adjustments](#) link again after it has already created an entry will cause the previous entry to be completely replaced by a new entry.

6. Clicking the **Post** button creates a new year-end closing Journal Entry (J/E) number which replaces the previously generated year-end closing J/E. Once all periods are closed, this option is removed.



7. Click the check box next to the fiscal year to close. The **Post** button will be enabled.

Year End Balances nexsure

Year end adjustments for the fiscal year(s) have been calculated below. To clear income and expense general ledger balances and create an offset to retained earnings, select the year and click Post. If Post is not available there are still open periods that must be locked or closed before Post is available.

To continue: click Post or Cancel to abort.

Select	Year	Retained Earnings Amount
<input checked="" type="checkbox"/>	2005	(\$395.00)
<input type="checkbox"/>	2006	(\$509.19)
<input type="checkbox"/>	2007	(\$94.05)

8. Click the **Post** button to display the **Journal Entry ID** number.

This identifies the journal entry that was made to post profit or loss to the Retained Earnings account in the last period of the fiscal year. This posted retained earnings amount should match the net profit or loss for the fiscal year found on the **Balance Sheet** and **Income Statement**.

Year End Balances nexsure

Retained earnings posted - Journal Entry ID = 242 in the amount of (\$395.00) to the first period of the next fiscal year.

9. Click **OK** to confirm the **Journal Entry ID** number.

Important: Do **NOT** close the last period of the fiscal year prior to posting the year-end adjustment as this will permanently remove the option to post year-end adjustments. If attempted, a red text warning displays when accessing the last period of a fiscal year prior to posting the year-end adjustment.



10. After posting the year-end adjustment run an income statement as of the last day of the fiscal year. All income and expense accounts should now have a zero balance. Contact Nexsure Support if this is not the case.

Income Statement Summary					
XOTI Training ORG Training Org Region Training Org Agency, Inc. All Branches					
Income Statement as of 12/31/2008					
GL Number	Account Description		Amount	Account Group Total	Account Class Total
Income					
Insurance Income					
Agency DMV Revenue	Agency Bill Income	Total Agency DMV Revenue	\$0.00		
400000			\$0.00		
Direct DMV Revenue	Direct Bill Income	Total Direct DMV Revenue	\$0.00		
410000			\$0.00		
Fee Revenue	Agency Fee Income	Total Fee Revenue	\$0.00		
421100			\$0.00		
		Total Insurance Income		\$0.00	
		Total Income			\$0.00
Expense					
Sales Expense					
Invoice Commission	People Comm Expense	Total Invoice Commission	\$0.00		
500000			\$0.00		
Other Sales Expense	MVA Fees	Total Other Sales Expense	\$0.00		
571000			\$0.00		
		Total Sales Expense		\$0.00	
		Total Expense			\$0.00
		Profit or (Loss)			\$0.00

11. To print the details of this journal entry, click **Reports** on the **Primary** menu and click the **Reports** link on the **Reports** menu.





12. In the **Nexsure Reports** dialog box, select the **Report Type** of **Accounting**, select the **Report Category** of **General Ledger**, select **Journal Entries** from available reports and click **OK**.

Nexsure Reports

Reports

To begin creating a report, select the Report Type. Based on your Report Type selection, Nexsure will load the available Report Category. Next, select the Report Category, Nexsure will then load the Available Reports area. You can use your arrow keys to move up and down the Available Reports list. As you do this a brief description will be shown in the Description area.

Report Type: Accounting

Report Category: General Ledger

Available Reports:

- Income Statement Details
- Income Statement Month YTD
- Income Statement Summary
- Journal Entries**
- Trial Balance Details

Description: Income statement for org levels - Summary

Ok Cancel

13. On the navigation toolbar select **New Report Criteria** to display the **Report Criteria** dialog box.

nexsure

SEARCH | ORGANIZATION | **REPORTS** | CAMPAIGNS

HOME | HELP | SETUP | LOGOUT

Bookmarks: Expand | Add | Remove Selected

Reports | Global Activity | Ad-Hoc

summary | delivery history

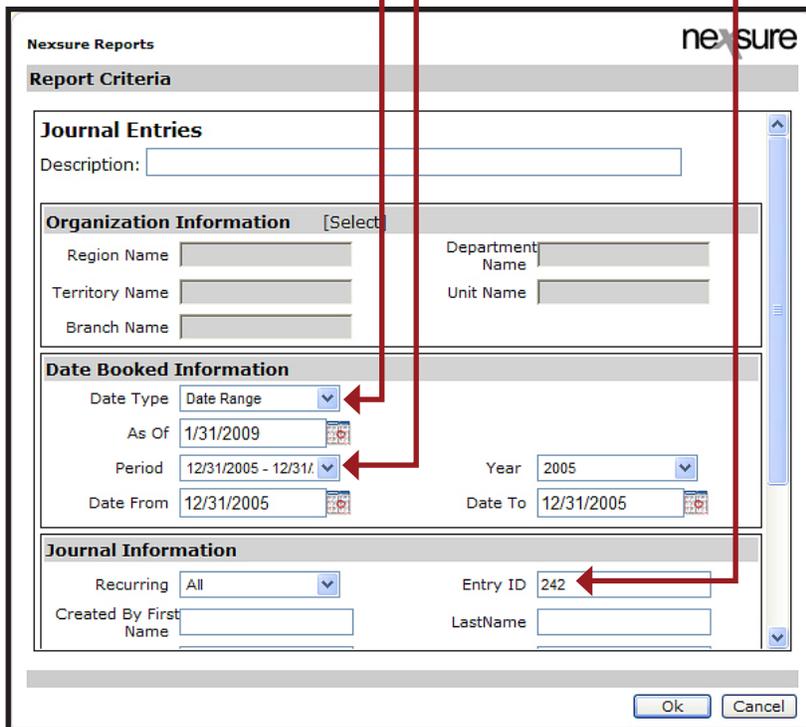
Select Report Refresh Print Selected **New Report Criteria**

Showing page 0 of 0 Page Search Options: [Show]

[Select All] [Deselect All]

Select	Details	Print	View	Report Name	Batch ID	Format	Pages	File Size	Created By	Created	Status	Printed	Remove
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14. In the **Date Type** list, select **Date Range**, select the year being closed and select the last period in the **Period** list (In this example: **12/31/2005 – 12/31/2005**). Be sure to enter the **Entry ID** number and click the **OK** to run the report.



Nexsure Reports nexsure

Report Criteria

Journal Entries
Description:

Organization Information [Select]

Region Name Department Name
Territory Name Unit Name
Branch Name

Date Booked Information

Date Type: ←
As Of: ←
Period: ← Year:
Date From: Date To:

Journal Information

Recurring: Entry ID: ←
Created By First Name: LastName:

Step 6 – Organization Level Year-End Adjustment

After completing Step 5 for each territory, repeat Step 5 at the Organization level to create the year-end adjustment entry for the organization. Since accounting activity at the Organization level is rare, this entry is often zero. Follow the steps as outlined in Step 5.

Note: Do not begin the year-end adjustment at the Organization level until it has been completed for all territories.

At this point, all manual adjustments to the General Ledger, final reports, and the year-end adjustment entry for each territory and organization have been completed. If not, complete Steps 1 through Step 6 before proceeding to Step 7.



Step 7 – Close Periods

When Steps 1-6 are completed and the final financial reports are verified, close all periods of the fiscal year, beginning with the first period at the Territory level. Accounting periods must be closed sequentially at each Territory level before repeating the process at the Organization level. Closing a period is permanent, which preserves the integrity of historical data.

Note: *If the accounting periods are not closed, accounting entries may be posted to these months by unlocking or with security access to post to a locked period. Only close accounting periods when all year-end journal entries are complete.*

Year-End Recap

- Post manual adjusting journal entries from the CPA for the fiscal year.
- Run final financial statements for the fiscal year. Verify the accuracy of these reports.
- Add future accounting periods as necessary to accommodate the longest policy term.
- Lock all accounting periods at the Territory and Organization levels for the fiscal year except the last period of the fiscal year. The last period of the fiscal year must remain open and unlocked at both the Territory and Organization levels.
- Complete the year-end adjustment for each territory.
- Complete the year-end adjustment for the organization.
- Run Income Statement to verify all income and expense accounts are zero as of the fiscal year end.
- Close all periods of the fiscal year sequentially—first for each territory, then at the Organization level. Closing is permanent, which preserves the integrity of historical data and financial statements.

Note: *Do **NOT** close the last period of the fiscal year prior to posting the year-end adjustment as this will permanently remove the option to post year-end adjustments. If attempted, a red text warning displays when accessing the last period of a fiscal year prior to posting the year-end adjustment.*