

YOUR NONPROFIT BOOKS RECOVERY GUIDE

A NO-JUDGMENT PATH FROM CHAOS TO CLEAN

If your nonprofit's books are behind, messy, or just not where they should be, you're not alone. This guide will help you assess where you stand, prioritize what matters, and take the first steps toward clean books and peace of mind. Work through each section at your own pace.

If this seems overwhelming, Jitasa can help!

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STEP 1: HONEST SELF-ASSESSMENT

Check the boxes that apply to your organization.

SIGNS YOU'RE SLIGHTLY BEHIND

- A month or two of unreconciled transactions
- Reports not generated regularly, but books are mostly accurate
- Most recent 990 was almost filed late
- Bank statements roughly match your accounting software
- Some missing receipts or documentation



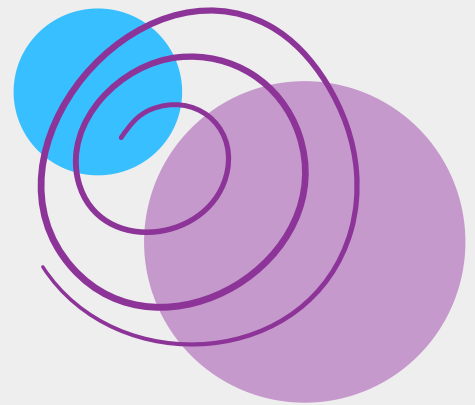
SIGNS YOU'RE SIGNIFICANTLY BEHIND

- Three or more months of unreconciled accounts
- Unclear separation between restricted and unrestricted funds
- 990 filed, but possibly with errors
- Chart of accounts doesn't reflect actual operations or current programs
- Reports take significant time to pull together or aren't trusted



SIGNS YOU'RE IN CRISIS

- One or more years of unreconciled books
- Unfiled 990s
- IRS notices received or tax-exempt status revoked
- No clear picture of current cash position
- Books don't reflect actual bank balances
- Auditor or board has raised serious concerns



Three consecutive years of unfiled 990s triggers automatic loss of tax-exempt status. If this might be your situation, prioritize this above everything else in this guide.

STEP 2: GATHER WHAT YOU HAVE

Before any cleanup can start, you need to know what you're working with. Don't worry about fixing anything yet just collect what you have.

Financial Records

- Bank statements for all accounts, ideally last 24 months
- Credit card statements for the same period
- Most recent reconciliation reports (if any)
- Current chart of accounts
- Most recent financial statements



Compliance Documents

- Last 3 years of 990s (or note which are missing)
- IRS determination letter
- State registration documentation
- Most recent audit report, if applicable
- Payroll tax filings for the last year



Operational Documents

- All active grant agreements
- Vendor contracts and recurring bill schedule
- Donor records and contribution acknowledgments
- List of all bank accounts, credit cards, and financial software logins

STEP 3: PRIORITIZE WHAT TO FIX FIRST

Not everything needs to happen at once. Use this order:

FIX IMMEDIATELY

- Unfiled 990s (especially if 2+ years behind)
- Missed payroll tax deposits
- IRS notices requiring response
- Active grant reports that are overdue

FIX SOON

- Bank account reconciliations
- Restricted fund tracking
- Chart of accounts that doesn't match operations
- Misclassified or unexplained transactions



FIX OVER TIME

- Historical clean-up of older periods
- Functional expense allocations
- Documentation of policies and procedures
- Internal controls improvements

STEP 4: DIY OR GET HELP?

Be honest with yourself about which side this falls on.

YOU MIGHT BE ABLE TO DIY IF:

- Someone on staff has nonprofit accounting experience
- The backlog is small (1–2 months)
- The chart of accounts is fundamentally sound
- There are no compliance deadlines looming
- You have time to dedicate to this work

YOU PROBABLY NEED HELP IF:

- You're more than 3 months behind
- 990s are unfiled
- The chart of accounts doesn't reflect your actual programs
- You have grants with reporting requirements
- You have an audit coming up
- You honestly just don't know how bad it is

STEP 5: EVALUATING CLEANUP PARTNERS

Cleanup is a specialized skill — it's not the same as ongoing bookkeeping. Before signing with anyone, ask them:

- Do you work exclusively with nonprofits, or do we share a team with for-profit clients?
- Have you done cleanups of this size and complexity before?
- What does your discovery and scoping process look like?
- Will pricing be fixed-fee, or will it grow as you find more issues?
- Who specifically will work on our cleanup, and what happens if they leave?
- What's your plan for after cleanup so we don't end up here again?
- Are your staff certified in nonprofit accounting (e.g., AICPA Not-for-Profit Certificate)?

Need A Guide?

Download Jitasa's free Buyer's Guide for a complete framework of what to look for, what questions to ask, and what red flags to avoid.

[Download](#)



You don't have to figure this out alone.

Jitasa works exclusively with nonprofits. We've helped thousands of organizations navigate exactly this kind of transition — quickly, cleanly, and without judgment about the state of the books.

If you're in the middle of this right now, we'd love to help.

[Learn More](#)