

When Financials Don't Balance

Whether you are running your financials for the first time or have been running them for years – there may come a time when “something” happened and your financials no longer balance. This document explores the possible reasons and provides you with simple balancing techniques and tools to ensure that it is explainable and doesn't happen again.

First of all when we are talking about balancing financials we are specifically referring to a minimum of three financial reports:

1. Profit & Loss
2. Balance Sheet
3. Summary Trial Balance

The Balance Sheet's Net Income line (invoked with the BSNI command in the layout) should match the Profit & Loss' bottom line Surplus/(Deficit) figure. The trial balance debits, credits, net change and ending balances should match those of the Profit & Loss and Balance Sheet reports. By using these three reports to “triangulate” balancing numbers you can create an easy way to determine that all reports balance. There are a couple of reasons why financials may not (or may stop to) balance:

- Someone added an account number to the chart of accounts that is not represented on the relevant financial statement layout
- A P&L chart of account number was categorized incorrectly as a “balance sheet” related account (this would affect the BSNI command)
- A Balance Sheet account number was misclassified as a P&L type account and year-end closing did not process it correctly
- You need to rebuild your financial statement work file when running financials next time
- Someone changed a financial statement layout and now an account (or group of accounts) is represented more than once
- You recently re-closed your books after some final adjusting entries and now the financials don't balance

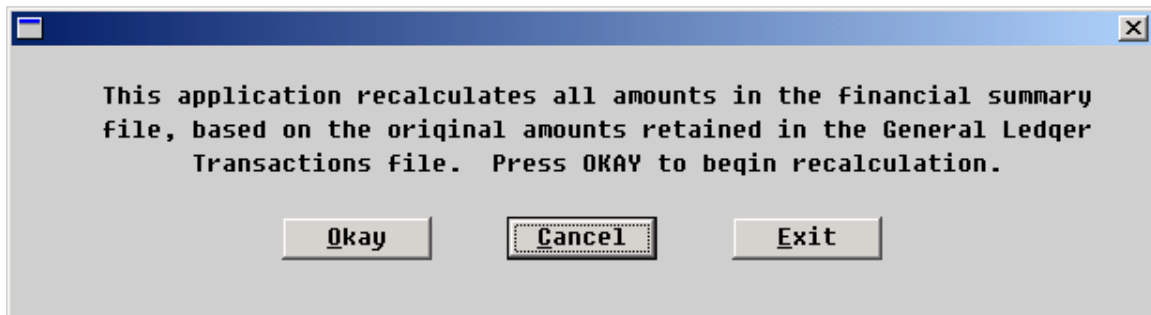
Follow these steps to determine what is wrong and how to fix it:

1. Always run an **Account Verification by Statement Report** against your Profit & Loss and Balance Sheet layouts/specifications. This report will tell you if there are any errors in either of these layouts. If there are errors, then fix the layouts and rerun your financials.

Accounting...
General Ledger...
Reporting...
Financial Statement Reports...
Acct Verification by Statement

2. **Recalculate Financial Summary Amounts.** This will recalculate ending balances by period for each account number based on actual debits and credits. Sometimes if users are switching back and forth between last fiscal year and current fiscal year by manually manipulating the Accounting Calendar then you may need to run this utility.

Accounting...
General Ledger...
Periodic Processing...
Recalculate Financial Sum Amts



Press Pfk-11 and you will see each account number displayed to the screen as it is processing. After it is through re-run your financials and compare the amounts. Make certain your accounting calendar is in the same fiscal year that you are running your financials for.

3. **Verify** if all of the Chart of **Account numbers are classified correctly**. This may involve running a chart of accounts list and manually checking to see if all account numbers in the balance sheet number range are indeed marked as “Balance Sheet” types and likewise with the P&L accounts. It may be easier to create a quick Crystal Report to perform this function – especially if your chart of accounts has many records.

If you find any account numbers that are misclassified then correct them through the chart of accounts maintenance program. Once corrected it is recommended that you Recalculate Financial Summary Amounts (Step #2) and then run your financials again.

Chart of Accounts Maintenance - [GENEVA MENTAL HEALTH CENTER]

File View Options Help Okay Cancel

Change

Account: 0560-0601-1030

Description: REVENUE - MEDICAID

Counter Bal Acct: [] Auto Dist Code: []

Status: Active Inactive

Trial Balance Subtotal Level: []

Financial Stat Type: Balance Sheet

SAR Type: None

Maintain: Accounts Payable Accounts Receivable Fixed Assets Job Costing Payroll

Parenthesis Control: Typically Credit

Compression Type: No Compression

1099 Related

Budget Comparative

If you have performed all of these steps and your financials are still “out of balance” then please contact Geneva’s support department for personal assistance.