EBOOK

The Nonprofit Finance Team Survival Guide

A field guide for navigating the complexity and demands of nonprofit financial management

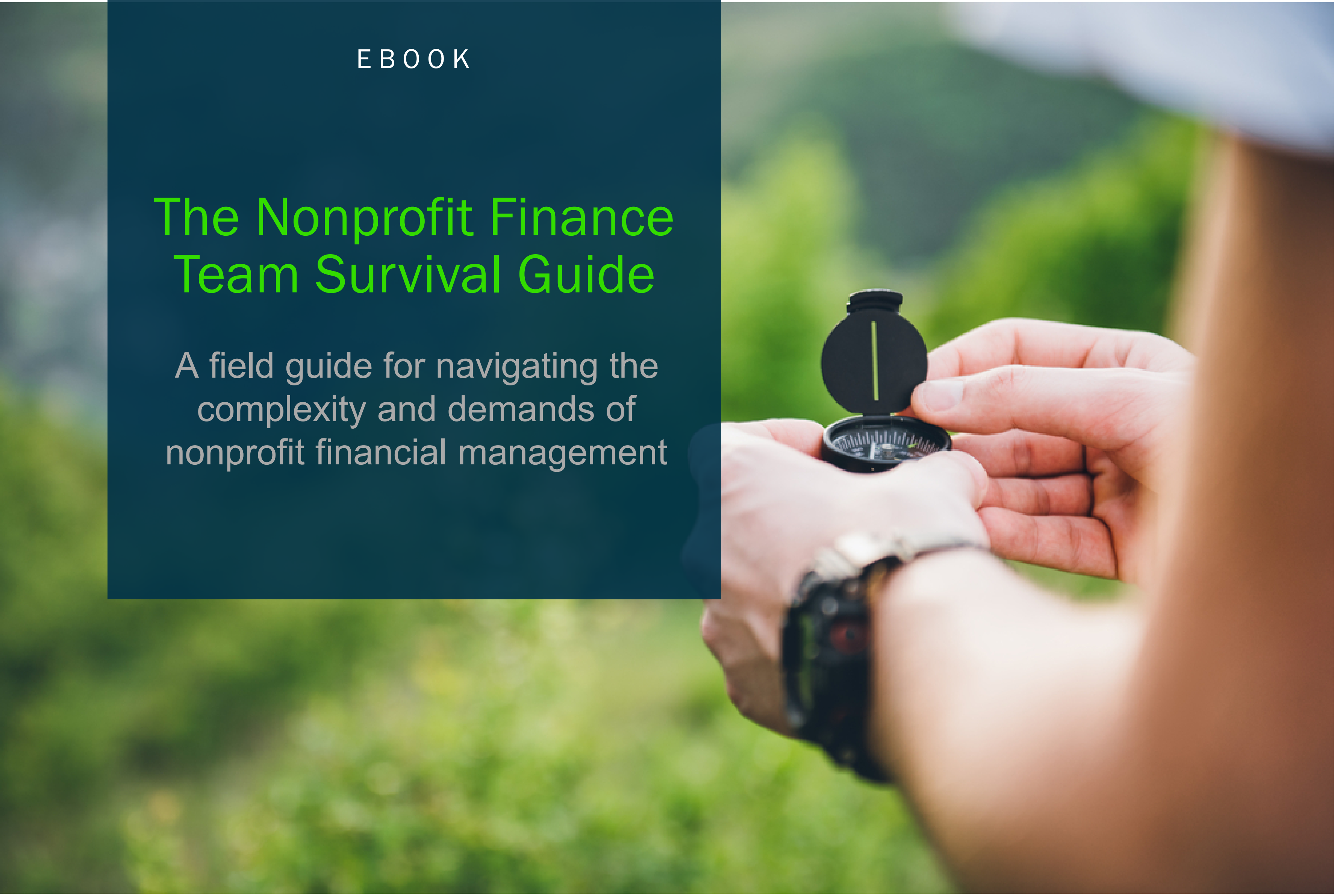


Table of Contents

Introduction

Surviving in a Complex and Stressful Environment

Nonprofit finance teams operate in a more challenging environment than ever before.

Good financial stewardship plays a critical role in maintaining funding relationships and attracting new donors. Finance teams face pressure to provide full transparency for compliance and better visibility into both financial metrics and outcome metrics for the board, executives, donors, and government funders.

At the same time, the complexity of accounting and funding streams is increasing, with a need for even small nonprofits to be able to account for funds, grants, projects, programs, and more. In today's dynamic environment, many organizations are partnering, collaborating, or even merging with other nonprofits or working with other affiliates.

Key Challenges for Nonprofit Finance Teams

- **Complexity of accounting and funding streams**
- **Reporting and visibility**
- **Managing funds and grants**
- **Cost allocations**
- **Internal controls and compliance**
- **Cash management**

“There’s a level of complexity here that is equivalent to what a major for-profit organization deals with.”

Nikki Jones

Controller, Healthcare Businesswomen’s Association

Introduction

Surviving with Limited Resources

In addition to growing complexity, most nonprofits operate a lean finance team with limited staff and resources.

It is the perfect recipe for stress and strain. Fortunately, finance teams that take advantage of cloud-based technology can configure their financial system with point-and-click functionality and achieve greater visibility with real-time data across multiple entities and locations, and dispersed teams.

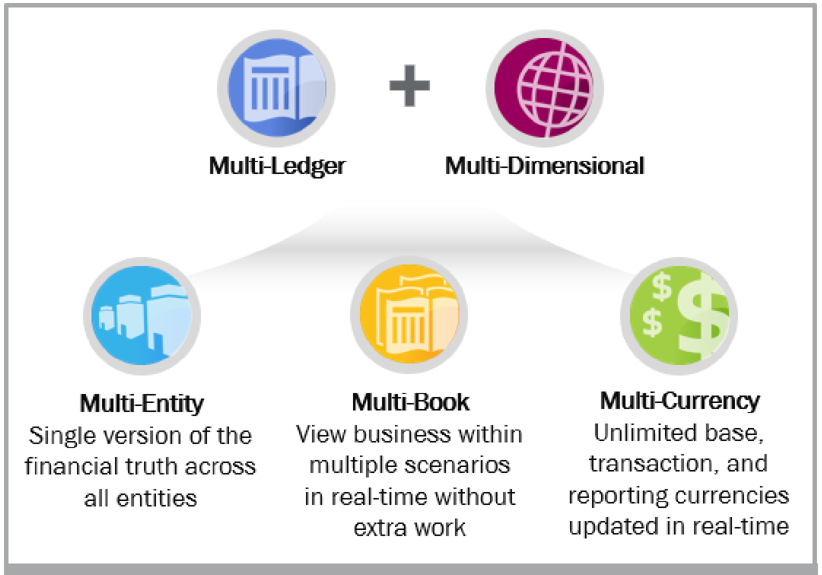
In this eBook, we will examine what it takes for nonprofit finance teams to not only survive but thrive. We will also look at how the Sage Intacct accounting and financial management solution helps nonprofits leverage the power of cloud technology to ensure mission success.

Getting Beyond Survival, So Your Nonprofit Can Thrive

Nonprofit organizations place high demands on their finance professionals.

Sometimes, it feels like a hamster wheel—you run as hard and as fast as you can, but never get in front of the constant stream of reporting requests and compliance requirements.

As your organization grows in size and mission, you will need flexible technology solutions to manage complex funding streams and organizational structures. Multi-entity accounting with visibility into the location, organization, and fund/grant/program transactions is critical, as is the ability to understand the bigger picture at the consolidated level.



Sage Intacct's multi-ledger architecture with 13 dimensions enables superior flexibility, control, visibility, and scalability.

The Basecamp of Nonprofit Accounting: The Chart of Accounts

The foundation for your organization's accounting system is the chart of accounts.

Call it your basecamp for the trek to better financial management. Your chart of accounts forms the framework for storing all your financial information and transactions, with an impact on everything from data entry to financial reporting.

When you have an easy-to-understand and efficient chart of accounts structure, the information that flows from it will be more useful.

Why Chart of Accounts and Reporting Is Hard to Manage for Nonprofits

In the nonprofit world, every dollar must get tracked and viewed by multiple dimensions such as fund, grant, program, project, and location.

At the same time, board of directors, executives, donors, grantors, and staff have differing needs and reporting priorities.

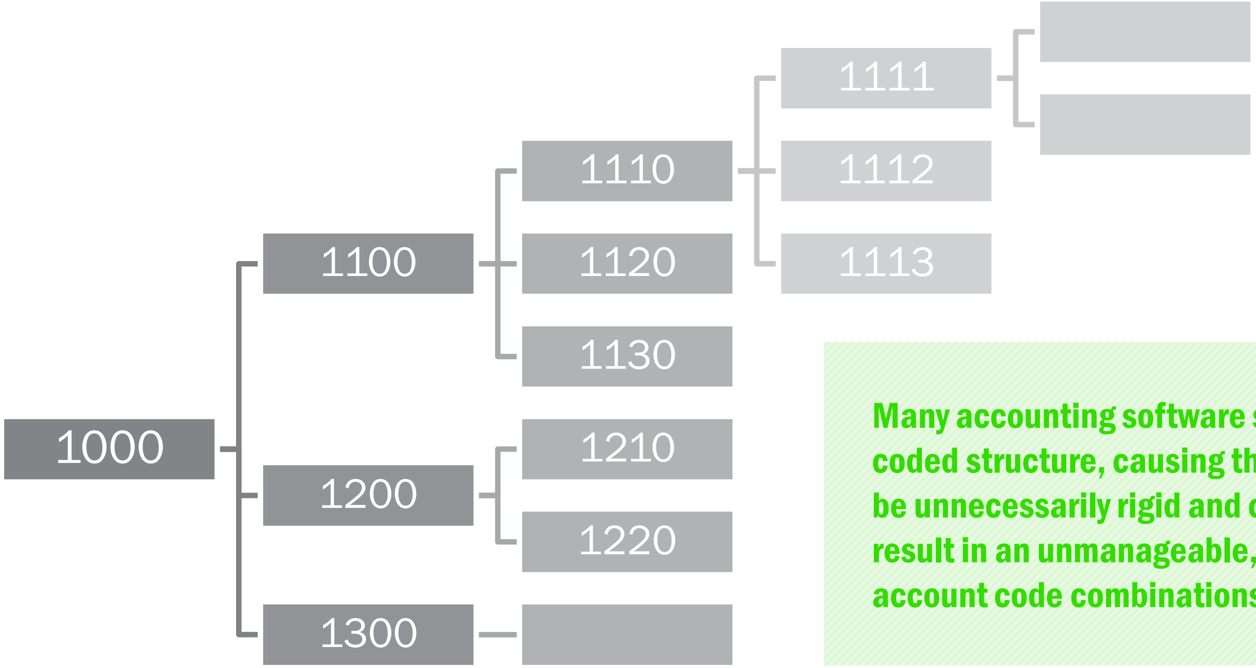
Nonprofits Must Account For:

- Funds
- Grants
- Projects
- Programs
- More

And Report Back to Multiple Stakeholders:

- Board of Directors
- Donors
- Executives
- Congregation
- More

Surviving the Traditional, Linear-Based Chart of Accounts



Many accounting software solutions utilize a hard-coded structure, causing the chart of accounts to be unnecessarily rigid and complicated. This can result in an unmanageable, confusing number of account code combinations.

Thriving with a Logic-Based Chart of Accounts

Sage Intacct lets you set up primary natural account codes—including assets, liabilities, net assets, revenues, and expenses—and then "tag" transactions with dimensional attributes such as location, fund, grant, ministry, program, or outcome.

By employing a logical, table-driven chart of accounts, Sage Intacct minimizes complexity, reduces the number of account codes, and saves the finance team time. Dimensions customize reporting around activities, facilitating both comparative (cross-tab) and hierarchical (drill-down) organization of key information with context.

Dimensions

Configure dimensions to track what matters to your organization

“When I arrived we had 56,000 accounts in our chart of accounts. By leveraging Sage Intacct’s dimension capabilities, we dramatically streamlined to just 100 accounts and can now tag transactions with details such as specific programs and locations.”

Shari Freedman

CFO, Room to Read

Reporting and Compliance with a View

To help your nonprofit reach higher levels of mission success, you need visibility.

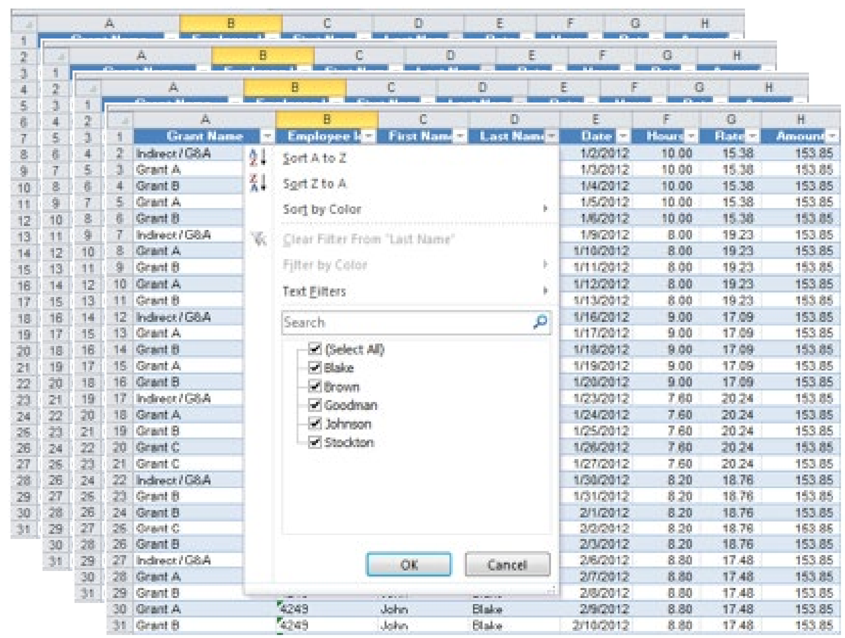
For better visibility, you need better data—an easy-to-use reporting system that filters, slices, and dices data so the finance team can quickly provide specific information needed in the best format for the information. The team also needs to be able to produce required compliance forms and reports with ease using information from the same system.

Sage Intacct empowers nonprofit finance teams to increase visibility, simplify reporting at all organizational levels, account for funds and grants, account for allocations, and reduce financial complexity while improving internal controls.

Surviving with Rear-View Mirror Reporting and Manual Compliance

The wrong financial reporting system can require too much manual data entry and even force you to transfer data into Excel for further manipulation. When your finance team is in survival mode, you just try to produce the basic reports your organization needs today, this week, or this month. Everything happens in a crunch. With the wrong financial systems, information must be entered manually into different systems.

Many accounting systems are only capable of rear-view mirror reporting—backward looking month-end financial packets that don't provide any real-time insights. Today, nonprofits need access to more and better information than yesterday's news. How can your team access the data required to gather insights, do strategic analysis, and make recommendations that support your mission?



Financial Management with Excel

Thriving with Future-Focused Financials and Automated Compliance

Sage Intacct delivers real-time information at anytime and anywhere.

While other nonprofits glance in the rear-view mirror, you can look ahead with an eye to future success. Customizable reporting capabilities enable your finance team to present the right reports to staff, executives, the board, and other stakeholders. Sage Intacct automatically creates GAAP financial statements, FASB compliance reports, and Form 990 submissions for compliance.

Dimensionality fundamentally improves reporting and makes it easier to provide fast answers. Sage Intacct's Flex Reporting provides a guided experience to help you filter, group, and organize data by the dimensions you want and build reports quickly in the format desired.

Navigation Tools

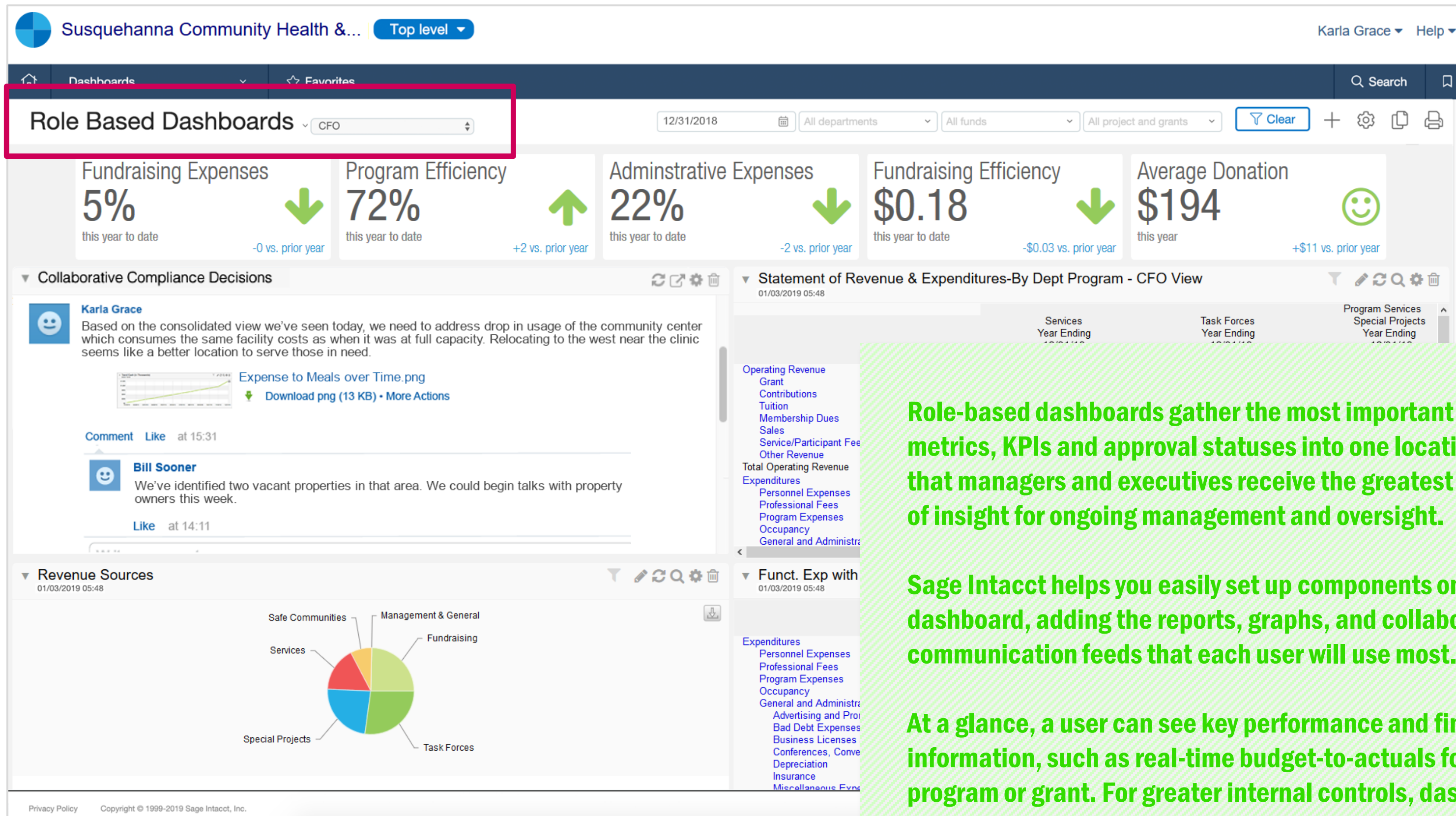
Dashboards for Stakeholders

When your finance team reaches altitude, you have mastered survival and are looking for the next mountain to climb.

Up in the cloud, nonprofit finance teams unlock a new, strategic layer of functionality with real-time dashboards and automated performance metrics that present financial information visually and even go beyond financials to demonstrate operational metrics, outcomes, and impact to executives, donors, and funders.

Think of a dashboard as a blank map where you can add components to create a view from the highest level that is just right for a specific program, managerial role, or functional area of your organization.

Role-Based Dashboards



Role-based dashboards gather the most important reports, metrics, KPIs and approval statuses into one location, so that managers and executives receive the greatest benefit of insight for ongoing management and oversight.

Sage Intacct helps you easily set up components on each dashboard, adding the reports, graphs, and collaborative communication feeds that each user will use most.

At a glance, a user can see key performance and financial information, such as real-time budget-to-actuals for each program or grant. For greater internal controls, dashboards use permissions to deliver only the relevant information approved for each user.

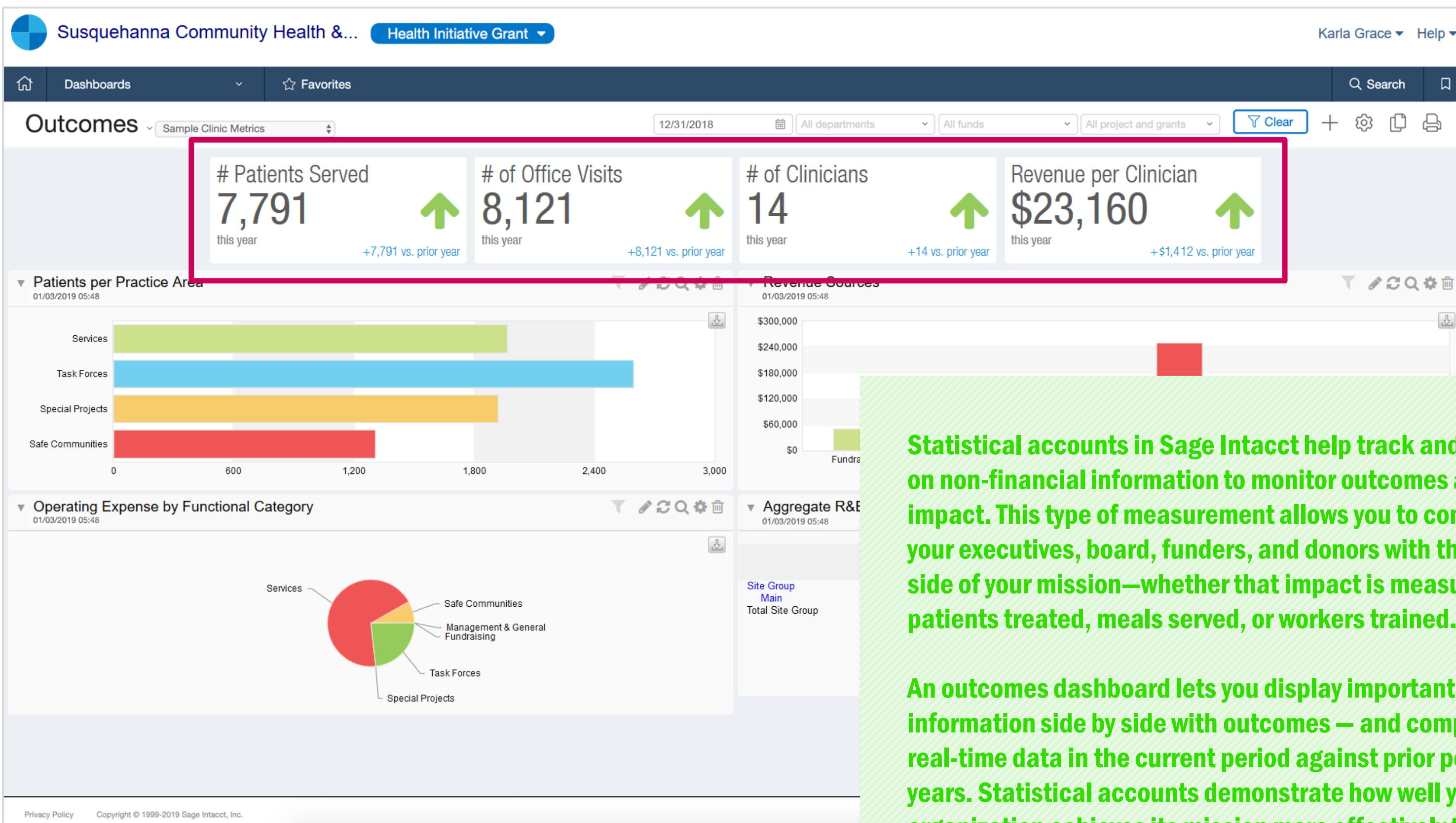
Measuring What Matters—Outcomes and Mission Impact

The mission is the reason nonprofit financial professionals come to work each morning. It is also why donors and funders continue to give.

Financial performance information is extremely important, but it is even more powerful when paired with operational performance metrics that demonstrate the powerful impact your organization can make with each dollar of funding.

For today's nonprofits, being able to deliver accurate, timely information about program outcomes is critical to achieving your mission.

Automated Reporting of Outcomes



Statistical accounts in Sage Intacct help track and report on non-financial information to monitor outcomes and impact. This type of measurement allows you to connect your executives, board, funders, and donors with the human side of your mission—whether that impact is measured in patients treated, meals served, or workers trained.

An outcomes dashboard lets you display important financial information side by side with outcomes — and compare the real-time data in the current period against prior periods or years. Statistical accounts demonstrate how well your organization achieves its mission more effectively than traditional financial reports alone.

“Before, everyone was in the dark, but with Sage Intacct it’s a whole new world. Department managers can see precisely how they are doing with the click of a button… As a result, people are controlling their costs proactively, the organization’s overall expenses are down, we’re sticking to our budget, and our spend is under control.”

Alisa Brill

CFO, Paws Chicago

Conclusion

Find Your True North and Thrive

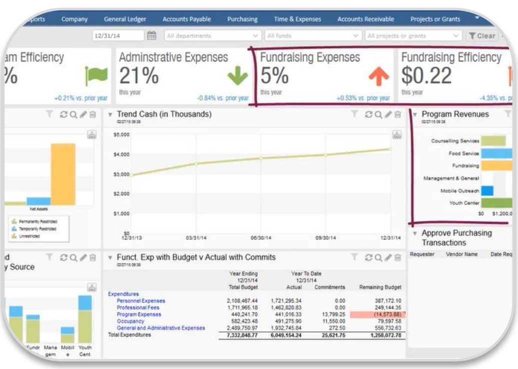
Align your organization with its mission by finding the real-time metrics that help you stay focused on delivering outcomes.

Cloud-based technology gives nonprofits of all sizes access to sophisticated software that was once reserved for only the largest organizations. With a true cloud financial system like Sage Intacct, you can dream big for your organization, knowing you will have the insights needed to navigate toward mission success.

The right solution will help you achieve operational and financial excellence, overcome limited resources, and multiply your effectiveness through automation. More access to real-time results lets you discover your organization's true north, so you can thrive.

Conclusion

Educational Resources to Help You Make the Right Decision



Product Introduction Video

Sage Intacct for Nonprofits Overview

[Watch Now »]

Customer Success Video

Atlanta Convention & Visitors Bureau (ACVB)

[Watch Now »]

Nonprofit Accounting Software Buyer's Checklist

40 Essential Features of a Modern Accounting System

[Download Now »]

For more information, visit

https://www.sageintacct.com/nonprofit-accounting-software