

# Essential Features of a Modern Accounting System For Nonprofit Organizations

Accounting systems are not something you change or replace often. However, as your nonprofit organization grows in size or complexity, you reach a point where manual processes drain your productivity, and you struggle to analyze your growing range of financial and operating data. At this point, you need a modern system.

At a minimum, a modern accounting system for nonprofits should automate and streamline core financial management functions such as Accounts Receivable, Accounts Payable, and Financial Close. But you can hardly fuel your growth and need for accountability and transparency by simply automating the minimum. Nonprofits, in particular, have accounting, tracking and reporting needs that require specialized functionality in their financial management systems. To help select a modern nonprofit accounting system, below is a list of the essential attributes you should look for.

## 1. Nonprofit/Fund Accounting

Nonprofits typically receive funding from multiple sources. Good stewardship of funds and increased compliance regulations call for transparency and accountability, creating a need for system-wide tracking and visibility across a variety of key segments or groups. These requirements are best met through a nonprofit or fund accounting system that provides complete fund tracking, efficient operational processing, timely reporting and a comprehensive audit trail. Below are the key things you should look for in this system:

	Intacct	Other	Other
<p>Build efficiency and accountability with a Fund Accounting framework</p> <ul style="list-style-type: none"> <li>• Simplify setup, transactions and reporting through single, primary GL chart of accounts.</li> <li>• Define, track and report on every key organizational focus through unique, defined dimensions (e.g., grants, funds, programs, locations, etc.).</li> <li>• Use the same chart of accounts across multiple entities for quick and easy consolidations and reporting.</li> <li>• Access to over 150 report templates for easy and timely reporting for funders, board members and executive team members in a manner compliant with FASB and Government requirements, including: Statement of Financial Position, Statement of Activities, and Statement of Functional Expenses.</li> </ul>	<p>√</p> <p>√</p> <p>√</p> <p>√</p>		
<p>Efficiently manage fund restrictions and grant requirements</p> <ul style="list-style-type: none"> <li>• Instantly customizable dashboards that give you real-time operational and financial visibility by fund.</li> <li>• Slice and dice your financial information the way you want (e.g., program, grant, department, etc.).</li> <li>• Operating dimensions (e.g., grant, program, location, etc.) that allow you to quickly get a holistic view of performance and outcome measures through statistical tracking and reporting.</li> <li>• Report quickly and easily on your dimension attributes (e.g., location, fund, program, etc.).</li> </ul>	<p>√</p> <p>√</p> <p>√</p> <p>√</p>		
<p>Simplify grant, fund and donor accounting</p> <ul style="list-style-type: none"> <li>• Gain instant visibility for your team through role-based and customizable dashboards to help track, manage and send reports to donors, grantors, volunteers and board members.</li> <li>• Track and report on funding restrictions, program outcomes, and budget to actual results.</li> <li>• Automatically schedule reports for timely, proactive monitoring of fund administration and spending to ensure stronger funder relationships.</li> <li>• Take advantage of 24/7 availability from any mobile device for instant visibility and control.</li> </ul>	<p>√</p> <p>√</p> <p>√</p> <p>√</p>		
<p>Automate revenue management</p> <ul style="list-style-type: none"> <li>• Decouple your fund invoicing schedule from revenue recognition, enabling you to efficiently and accurately manage even the most complex schedules.</li> <li>• With automated revenue management, you can easily manage funding across accounting periods and in compliance with FASB and IASB standards.</li> </ul>	<p>√</p> <p>√</p>		

## 2. Automated, Flexible Financial Processes

A modern general ledger is more than a standard chart of accounts. It lets you manage, analyze, and present your financial information the way you want, without adding complexity to your chart of accounts or using external reporting tools. Your accounting system should adapt to your optimal organizational structure and workflows rather than limit your operational flexibility, or force you to re-implement software or re-write custom code. Your system should easily let you manage:

	Intacct	Other	Other
Multiple entities			
• Drill down into detailed consolidating entries.	√		
• Create multiple levels in your organizational hierarchy and various stakeholder structures.	√		
• Choose consistent or different workflows, charts of accounts, period definitions, and lists across your multiple entities.	√		
Real-time GAAP, IFRS, FASB, regulatory and compliance reports with over 150 included templates that give you the capability to drill down to the transaction level.	√		
Multiple ledgers (e.g., AR, AP, order management, and cash management ledgers) that can process transactions independently without degrading GL performance, and reduce the time it takes to close your books and report on financial results and outcome measures	√		
Multiple books, such as simultaneously keeping books on an accrual and a cash basis, to allow you to easily report business results to multiple stakeholders based on their needs and report preferences.	√		
Custom workflows and system access, so you can maintain separation of duties, match an accounting workflow to your organization's operational processes, or provide read-only access to stakeholders like executives and auditors.	√		

## 3. Financial Insight

A modern accounting system provides in-depth, real-time insight into the organization, allowing you to capitalize on new opportunities or quickly recognize the need for corrective action. You benefit from having a thorough picture of the financial performance of your organization, from high-level summaries down to the underlying transactions. To gain greater financial and operational insight, your system should deliver:

	Intacct	Other	Other
Multiple operating dimensions for all transactions that let you:			
• Categorize each transaction by donor, program, grant, location and more for a "clean GL" in order to avoid creating multiple separate GL accounts for each location, program, fund, etc.	√		
• Create reports and dashboards that automatically combine operating dimensions with financial data, so you can analyze results for each operating unit, location, project, funder and more.	√		
• Slice and dice your financial and operational data the way you want without having to use external reporting tools or modify your chart of accounts.	√		
Self-service reports and custom dashboards to reduce ad-hoc stakeholder reporting, while delivering real-time updates and drill down capabilities for visibility and insight into the numbers.	√		
A statistical book of measures, such as impact, funding, constituents, locations not captured in a standard ledger, in order to provide greater insight into success metrics directly within your accounting system.	√		

## 4. Cloud Architecture

A modern accounting system is cloud-based, so you can lower IT costs, reduce technology risks, and improve productivity. Using the cloud also gives you the flexibility to choose best-in-class solutions that focus on ease of integration with other leading software solutions to meet your needs in each focus area versus using a suite, which makes external integrations difficult. A best-in-class cloud accounting system delivers:

	Intacct	Other	Other
On-demand scalability and performance in the cloud, which dramatically reduces your total cost of ownership by decreasing your hardware and software costs as well as your IT time and expense for maintenance, upgrades, and support.	√		
Self-service reports and custom dashboards to reduce ad-hoc stakeholder reporting, while delivering real-time updates and drill down capabilities for visibility and insight into the numbers.	√		
Productivity resulting from anytime, anywhere access on any device and operating system.	√		
Quarterly, automatic software updates that keep you current with the latest accounting standards and software features.	√		
Convenient “point-and-click” integrations that don’t require IT skills with commonly used applications such as:			
• CRM and Donor Management.	√		
• Human resources.	√		
• Inventory and fixed assets.	√		
• Project and program management.	√		
• Payment processing.	√		
• Payroll and ACH.	√		

## 5. The Right Company

Be sure to work with an organization that is committed to providing you with a world-class accounting system, not just a suite of software and services that you may not need. Your modern accounting system should come from a company that meets the following criteria:

	Intacct	Other	Other
Heritage and exclusive focus on accounting systems.	√		
Proven longevity, sustained growth, and financial strength.	√		
System and services focused on the nonprofit sector.	√		
Financial and organizational commitment to continued investment and support of the accounting system.	√		
Recognized for excellence by leading industry associations, such as the AICPA.	√		

## About Intacct

Intacct is the cloud financial management company. Bringing cloud computing to finance and accounting, Intacct’s award-winning applications are the preferred financial applications for AICPA business solutions. Intacct applications, in use by more than 6,000 organizations from startups to public companies, are designed to improve company performance and make finance more productive. Hundreds of leading CPA firms and Value Added Resellers offer Intacct to their clients. The Intacct system includes accounting, contract management, revenue management, project and fund accounting, inventory management, purchasing, vendor management, financial consolidation and financial reporting applications, all delivered over the Internet via cloud computing.