WHITEPAPER

Nonprofit accounting software buyer's checklist

40 essential features of a modern accounting system.

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Introduction

Accounting systems are not something you change or replace often. However, as your nonprofit organisation grows in size or complexity, you reach a point where manual processes drain your productivity, and you struggle to analyse your growing range of financial and operating data. At this point, you need a system that leverages the latest technology advancements.

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 specialised functionality in their financial management systems.

How to use this checklist

To help you evaluate nonprofit accounting software vendors and ensure you get the modern features you need in your new system, we've created the Nonprofit Accounting Software Buyer's Checklist. The checklist includes the 40 must-have features of a modern accounting system formatted in a way that makes it easy for you to do a head-to-head comparison of multiple software vendors. Simply use the blank columns for vendor comparison.

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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 identifiers. 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:

Must-have feature	Sage Intacct
Build efficiency and accountability with a Fund Accounting framework	
Simplify setup, transactions, and reporting through single, primary GL chart of accounts.	✓ ○ ○
Define, track, and report on every key organisational focus through unique, defined dimensions (e.g., grants, funds, programs, locations, etc.).	✓ ○ ○
Use the same chart of accounts across multiple entities for quick and easy consolidations and reporting.	✓ ○ ○
Access to over 150 report templates for easy and timely reporting for funders, board members, and executive team members in a manner compliant with government requirements, including: Statement of Financial Position, Statement of Activities, and Statement of Functional Expenses.	✓ ○ ○
Efficiently manage fund restrictions and grant requirements	
Instantly customisable dashboards that give you real-time operational and financial visibility by fund.	✓ ○ ○
Slice and dice your financial information the way you want (e.g., program, grant, department, etc.).	✓ ○ ○
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.	✓ ○ ○
Report quickly and easily on your dimension attributes (e.g., location, fund, program, etc.).	✓ ○ ○
Simplify grant, fund, and donor accounting	
Gain instant visibility for your team through role-based and customisable dashboards to help track, manage, and send reports to donors, grantors, volunteers, and board members.	✓ ○ ○
Track and report on funding restrictions, program outcomes, and budget to actual results.	✓ ○ ○
Automatically schedule reports for timely, proactive monitoring of fund administration and spending to ensure stronger funder relationships.	✓ ○ ○
Take advantage of 24/7 availability from any mobile device for instant visibility and control.	✓ ○ ○
Automate revenue management	
Decouple your fund invoicing schedule from revenue recognition, enabling you to efficiently and accurately manage even the most complex schedules.	✓ ○ ○
With automated revenue management, you can easily manage funding across accounting periods and in compliance with AASB, FASB and IASB standards.	✓ ○ ○

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Automated, flexible financial processes

A modern general ledger is more than a standard chart of accounts. It lets you manage, analyse, 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 organisational 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:

Must-have feature	Sage Intacct
Multiple entities	
Drill down into detailed consolidating entries.	✓ ○ ○
Create multiple levels in your organisational hierarchy and various stakeholder structures.	✓ ○ ○
Choose consistent or different workflows, charts of accounts, period definitions, and lists across your multiple entities.	✓ ○ ○
Real-time AASB, 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 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.	✓ ○ ○
Utilise with spend management to ensure commented expenses are captured in budget/expense comparisons.	✓ ○ ○
Custom workflows and system access, so you can maintain separation of duties, match an accounting workflow to your organisation's operational processes, or provide read-only access to stakeholders like executives and auditors.	✓ ○ ○

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Financial insight

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

Must-have feature	Sage Intacct
Multiple operating dimensions for all transactions that let you:	
Categorise 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 analyse 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.	✓ ○ ○
Flexible and configurable reporting tools that allow your finance team to quickly and easily manage changing compliance requirements.	✓ ○ ○
Spend Management: balance cash inflows and outflows to avoid overspending and ensure budgets are followed.	✓ ○ ○

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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:

Must-have feature	Sage Intacct
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	✓ ○ ○

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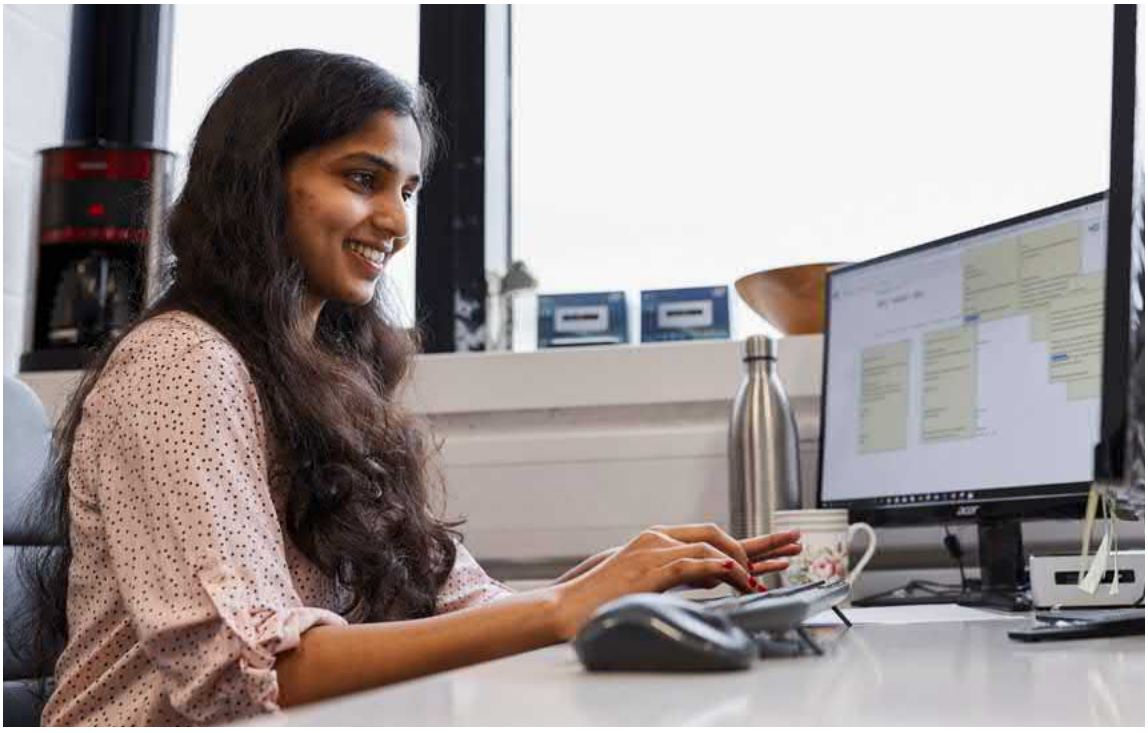
The Right Company

Be sure to work with an organisation 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:

Must-have feature	Sage Intacct
Heritage and exclusive focus on accounting systems.	✓ ○ ○
Proven longevity, sustained growth, and financial strength.	✓ ○ ○
Productivity resulting from anytime, anywhere access on any device and operating system.	✓ ○ ○
System and services focused on the nonprofit sector.	✓ ○ ○
Financial and organisational commitment to continued investment and support of the accounting system.	✓ ○ ○
Recognised for excellence by leading industry associations, such as the AICPA.	✓ ○ ○
Top ratings and reviews by customers from trusted third party sources like G2 Crowd and TrustRadius.	✓ ○ ○



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About the Answer Company

The Answer Company is a leading supplier of business management software and technology consulting services. Since 1994, it has been helping businesses answer the difficult questions with regards to investments in technology and information systems. Working from offices across Canada and in Portland, they serve national & international clients with a wide range of ERP solutions and numerous complimentary solutions that are powerful & flexible, and backed by industry expertise. The Answer Company's goal is to make businesses more successful at what they do and gain confidence to make profitable moves in their respective industries.

About Sage Intacct

Sage Intacct is the innovation and customer satisfaction leader in cloud Financial Management. Bringing cloud computing to finance and accounting, Sage Intacct's innovative and award-winning applications are the preferred financial applications for AICPA business solutions and the leader in Revenue Management and Subscription Revenue Management for mid-sized companies, according to G2.com. With one quote-to-cash process, natively integrated with Salesforce and Salesforce CPQ, you can automate subscription billing, revenue recognition, and financial reporting, allowing you to forecast your future.

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