5 Critical Things Nonprofit Finance Directors Want the Executive Director and Board to Know



ARTICLE 07.27.16 DEAN DORTON

Nonprofit Finance Directors and their organization are faced with an ever changing environment. Donor demographic changes as Baby Boomers retire, funding restrictions, changing regulations, an uncertain economic environment, more competition for grants – these are just some of the things that challenge nonprofits today as they attempt to serve their missions, communities, and constituents.

Nonprofit Finance Directors and their staff work tirelessly to provide reporting on period-end financials, budget to actual, year over year reporting, grant reporting, cross-fiscal year grant reporting, and more – often pulling data from a variety of sources, then manually compiling the information into spreadsheets in order to produce reporting that assists program managers, the development team, grant writers, and, of course, the Executive Director and the Board.

Without the **proper nonprofit accounting software**, the Nonprofit Finance Directors and their finance teams are buried in manual processes that limit their potential to better serve the organization and internal team members. Burdened with low-value data gathering tasks means they don't have much of an opportunity to be strategic. Armed with the proper tools, there is so much more they could contribute to the organization and the mission.

Here are the five critical things Nonprofit Finance Directors would want the executive team and board to understand:

1. Without sound accounting, there can be no transparency

It's hard to attend a conference, read a nonprofit publication, or attend a webcast not hear or read about the necessity of organizational transparency. Charity Navigator defines transparency as "an obligation or willingness by a charity to publish and make available critical data about the organization."

The foundation of 'available critical data' is accurate, timely, financial information. It's not the only type of data that contributes to transparency, but it is the most crucial element.

2. QuickBooks is not designed for nonprofits

The sad truth is that many nonprofits stay on QuickBooks long after they've outgrown the popular entry level accounting solution. This is also true for small to midsized businesses (SMB). It's a little easier to overlook SMB attachment to QuickBooks because for many years, QuickBooks served them perfectly. Not so, for nonprofit organizations. **QuickBooks simply wasn't designed for nonprofits** with multiple sources of funding and cross fiscal year reporting.

3. The more manual and paper-based the accounting and processes- the more opportunity for fraud

It’s stunning the frequency with which fraud in nonprofits is appearing in news headlines. As one article put it, the five most dangerous words (with regard to fraud) are “it won’t happen to us.” Modern nonprofit accounting software, combined with well-designed internal controls, goes a long way in limiting the opportunity for fraud to occur.

4. Instead of gathering data, let me help you analyze data

Implementing a robust nonprofit accounting software solution means less time gathering data and more time analyzing data. When systems are inadequate, accountants are relegated to the status of data gatherers rather than using their time and expertise to analyze the data. More time spent on analysis means better informed decisions and meaningful action to better serve the mission.

5. Accounting solutions for nonprofits have never been as feature rich and affordable as they are today

Nonprofits are big winners in the **advent of cloud-based solutions** – particularly in the area of accounting. Cloud solutions are rich in functionality and free the organization of hefty investments in servers and other network and hardware infrastructure. Since subscriptions are the payment method for cloud solutions they are far more budget-friendly than traditional on-premise solutions.

Since the application is delivered via the Internet, the solution is device agnostic, in other words it doesn’t matter if one user is using a Mac and another is using a PC. It doesn’t matter if one user is working at a desktop computer and another is using a tablet. As long as there is access to the Internet, there is access to the accounting system (provided you have be assigned a user name and password).

The question is not whether you can afford to invest in a new cloud-based nonprofit solution – the question is can you afford not to? Better information, more secure controls, streamlined processes, and better insight all add up to a more dynamic and effective organization – one that better serves its mission and constituents.

Check out: “13 Questions Non-Profit Organizations Ask When Buying a New Accounting Solution”