Nonprofit Accounting Software

Avoiding An Installation Epic Fail

AN NPT SPECIAL REPORT

Sponsored by SERENIC SOFTWARE
Empower Your Mission
Satisfy Your Unique Financial Needs

With Software Designed for Nonprofits Only

No company in the software industry understands the unique challenges of nonprofit and public sector organizations like we do. The Serenic Navigator financial management suite is designed specifically for organizations like yours that require true fund accounting capabilities, grant management tools, and a fully-integrated donor management system.

While other accounting and ERP vendors view the nonprofit and public sector markets as a small piece of their overall market focus, 100% of Serenic Software’s resources are invested in meeting your needs.

Visit www.serenic.com or call 877-737-3642 to learn more.
Nonprofit Accounting Software
Avoiding An Installation Epic Fail

BY TED NEEDLEMAN

The process for picking and installing an accounting software package had taken five months. Everything looked great. The day after a recent Thanksgiving, the nonprofit’s staff fired up the computers and all came tumbling down. Everything was gone.

There will be more on them later.

One of the most common misconceptions about accounting software is that it’s easy to install and get up and running. Getting software installed might, in some cases, be pretty easily accomplished. Installing and configuring it correctly is a far different story. And that’s more true when it comes to accounting software for a nonprofit entity.

If you’re planning to buy and install a new nonprofit accounting system, or upgrade one that’s already in place, there are numerous challenges you can sidestep. It starts with the initial purchasing decision.

THE PURCHASE DECISION

Do your homework. Most nonprofit accounting software is installed and configured by a value added reseller (VAR). One of the more common mistakes in purchasing any kind of software from a VAR is abdicating too much, or all, responsibility for what is needed and will performed to the VAR. Purchasing, installing, and configuring a complex system such as nonprofit accounting is a process that requires a great deal of collaboration between your organization and the VAR that you select.

Additionally, bringing your accountant into the process early on is always a good idea. Even if the accountant that you use doesn’t know a specific nonprofit accounting package backwards and forwards, they do know your organization in much greater detail than the VAR.

Many accountants recommend doing a study of the existing workflows before even starting to examine available software solutions. If you are replacing an existing manual system, the new system should improve on existing workflows, which might or might not be working effectively, not just duplicate them.

When you do start investigating software, be selective with your choice in VARs. Look beyond price, though cost is always a consideration. The term “nonprofit accounting system” can be applied to software for many different types of entities.

The fact that a VAR is experienced in installing nonprofit accounting software doesn’t necessarily mean that they are familiar with the category which your organization falls under. A hospital and a university are both nonprofit entities, but the accounting system and requirements are very different for each. Just like there is no one size fits all in accounting software, the same is true with VARs. Make certain the VAR has experience with your organizational type and needs.

“A clear understanding of the organization’s needs, current processes, staffing resources available for the project, etc., is imperative to ensure a successful implementation,” said Jacqueline M. Tiso, chief executive officer of the JMT Consulting Group, Inc., a Sage Software reseller in Patterson, N.Y. “We were recently contacted by an organization that was technically ‘live’ and entering transactions, yet extremely unhappy with the overarching objectives of the project were not met.” Having spent significant dollars, the organization’s management did not have the streamlined operations or reporting they needed or expected to gain with the new system.

The three most important components to avoiding installation nightmares are planning, planning and, well, planning. Many organizations underestimate the importance of the preplanning and planning processes, according to Linda O’Neal and Stephen Hughes of Finley & Cook, in Shawnee, Okla., VARs for Serenic Software.

Be open to change to improve your processes and procedures to be more efficient and effective, according to O’Neal and Hughes. These critical steps effect: Organizational Structure, Staffing, Resource Allocation, Workflows, Business Issues and Current Environment.

For the planning meetings you will need to provide project objectives, establish criteria for measuring the success of the project, define project timelines, generate work flow diagrams, provide rules and system configuration needs, define support issues, develop security criteria, and verify and establish hardware requirements/networking issues, they said.

“After meeting with management and confirming what the objectives were and the current status of the project, we determined what was needed in terms of resources and time to achieve the objectives and drafted the plan to get there;” Tiso said.

This points out another important consideration in the acquisition process. In many nonprofits there will be a selection committee tasked with making the final decision of what software to purchase and from whom to purchase it. In many organizations this becomes a strictly management decision, and the definition of “management” might exclude the people in the organization who actually have to use the application.

“Be efficient and effective, the application has to fit the organization’s workflow (unless a pre-acquisition study uncovers a more efficient way to structure the workflow), and be usable by the staff that actually needs to work with the application.”

Having a software vendor or VAR claim that their offering is “easy-to-use” is easy to say because “easy” is a relative term. Learning to perform specific tasks in the application might be easier to learn than calculus or differential equations. But keep in mind the skill level of the staff that will be performing operations at different levels. Your chief financial officer or controller has a much different skill set than a data entry operator.

Training on different aspects of the system that’s being considered can take hours, days, or even longer. This presents not only a direct cost for the training, but also an opportunity cost – the time spent on training is time that’s not available for other tasks.
### NPT Special Report: Accounting Software

**Accounting Automation**

There are many accounting software packages employed in the nonprofit world. Below are some of the more prominent applications.

<table>
<thead>
<tr>
<th>Software</th>
<th>Cost</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>AccuFund Inc.</td>
<td>Single-user: $2,995; three users: $4,495; add $895 for each additional user</td>
<td><a href="http://www.accufund.com">www.accufund.com</a></td>
</tr>
<tr>
<td>Aplos</td>
<td>Single user: $950; multi-user: $349/month</td>
<td><a href="http://www.aplossoftware.com">www.aplossoftware.com</a></td>
</tr>
<tr>
<td>Araize</td>
<td>Single user: $35,540; two to five users: $60,000/month</td>
<td><a href="http://www.fundaize.com">www.fundaize.com</a></td>
</tr>
<tr>
<td>Blackbaud</td>
<td>Single user: $2,995; two to five users: $5,995/month; add $1,295 for each additional user</td>
<td><a href="http://www.blackbaud.com">www.blackbaud.com</a></td>
</tr>
<tr>
<td>Cougar Mountain Software</td>
<td>Single user: $809; multi-user: $1,628</td>
<td><a href="http://www.cougarmt.com">www.cougarmt.com</a></td>
</tr>
<tr>
<td>CYMA Systems Inc.</td>
<td>Basic package: $795</td>
<td><a href="http://www.cyma.com">www.cyma.com</a></td>
</tr>
<tr>
<td>eTEK International</td>
<td>Starting at $5,000/year</td>
<td><a href="http://www.etek.net">www.etek.net</a></td>
</tr>
<tr>
<td>FUND E-Z Development Corp.</td>
<td>Single user: $1,959</td>
<td><a href="http://www.fundez.com">www.fundez.com</a></td>
</tr>
<tr>
<td>Intuit Inc.</td>
<td>QuickBooks Premier for Nonprofits</td>
<td><a href="http://www.quickbooks.com">www.quickbooks.com</a></td>
</tr>
<tr>
<td>Open Systems Inc.</td>
<td>TRAVERSE for Not-For-Profit</td>
<td><a href="http://www.osas.com">www.osas.com</a></td>
</tr>
<tr>
<td>Sage Software</td>
<td>Sage 100 Fund Accounting</td>
<td><a href="http://www.sage.com">www.sage.com</a></td>
</tr>
<tr>
<td>Serenic Software</td>
<td>Serenic Navigator</td>
<td><a href="http://www.serenic.com">www.serenic.com</a></td>
</tr>
</tbody>
</table>

**SYSTEM HARDWARE**

One part of the overall system that often gets short shrift is the hardware platform. You might spend $100,000 on the software, installation, configuration, and training, and try and run it on a few PCs that were picked up at a big box store. Chances are that’s just not going to work well, if at all.

In the planning stage, once you’ve narrowed down which VAs and software to which you are going seri-

ous consideration, also give significant thought as to the hardware the system is going to run on, including:

- How many workstations will be needed?
- How distributed geographically will the access need to be?
- What versions of the server operating system and database software will be needed?, and,
- How will the cost for this software foundation be factored into the overall acquisition and operating costs?

When getting estimates on the software and installation, don’t forget to involve your information technol-

ogy department and other managers in the process. Drilling down into the operation of your organization might be unwieldy and time consuming, but might also uncover some areas of consideration that your acquisi-

---

**The NonProfit Times**

Follow us on

www.thenonprofittimes.com

---

**JANUARY 1, 2013**

**www.thenonprofittimes.com**

---

**NPT Special Report, page 6**
Payroll stressing you out? Start using Intuit® Payroll and make it easy on yourself. With a few clicks you can pay employees and file tax forms. Just enter employee hours and Intuit Payroll automatically calculates everything else. And, if you need it, there’s live expert support. Saving you time and pencils every month.

Payroll doesn’t have to be so frustrating. Unless you like the extra fiber in your diet.

Learn more at IntuitPayroll.com
How can an accounting system save you more than $100,000 a year? Just ask The Great Books Foundation.

Since deploying the Intacct cloud financial management and accounting system, the foundation has saved, on average, $133,203 each year.

Nucleus Research, a leading provider of investigative information technology research and advisory services, took a look at The Great Books Foundation, and the results it has achieved since deploying Intacct. Nucleus found Intacct enabled the foundation to streamline and automate processes, accelerate collections, and reduce inventory carrying costs while increasing visibility across the organization.

In addition to the significant dollar savings, the foundation achieved an 8 month payback, and realized an ROI of more than 150%—simply by replacing its aging proprietary accounting software with a cloud solution that integrated with other key systems.

Finding the right time to replace an aging accounting system

Five years ago, the foundation was using an aging, proprietary on-premises accounting software package that was limiting the foundation’s growth. According to The Great Books Foundation VP and CFO, James Lindsay, “Our staff fought the legacy system constantly.”

“Now that we’ve moved our accounting system to the cloud, we just don’t run that much equipment on premise anymore.”

Making the move to Intacct and the cloud

After surveying the applications on the market—both cloud and on-premises—the foundation ultimately chose Intacct. Moving to Intacct has enabled The Great Books Foundation to support growth in a more cost-effective and environmentally friendly way by moving financial operations to the cloud. Says Lindsay, “Now that we’ve moved our accounting system to the cloud, we just don’t run that much equipment on premise anymore.”

“Today the accounting system is just not a subject of discussion.”

Nucleus found that the foundation had been able to:

- Reduce the need to manually process 6,000 orders per year.
- Slash the time required for monthly close by 50%.
- Cut inventory levels by 33%.
- Decrease invoice days outstanding by 38%.
- Trim IT and power costs.

About The Great Books Foundation

The Great Books Foundation is a nonprofit organization that serves book groups and K-12 schools in the U.S. and English literacy programs worldwide, and it derives its revenue from the sales of books and professional development training as well as contributions and grants.

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. For more information, please visit www.intacct.com, or call us at 877-437-7765.

To learn more, download the complete Nucleus report here: www.intacct.com/greatbooks

Continued from page 6

and they could not recover their data," he said. "Fortunately, I was making manual backups, and I was able to restore their data, application, and services. It was a very long day, but we were able to proceed the next Monday as if nothing had happened."

That brings up two more important points to consider -- scheduling and backup.

Acquiring, installing, configuring, and bringing a nonprofit accounting system live is not a quick process. Different people in both your organization and the VAR's are going to have to be involved at different, and possibly multiple, stages of the project. Setting up schedules and milestones for the process is absolutely necessary. You need to know:

• When are specific tasks going to be started?
• Who is needed for them?; and,
• When are they expected to be finished?

If someone in your organization is familiar with project management, get them involved at the start. Simple timeline charts, called Gantt Charts, are very useful tools for managing progress, and determining critical tasks -- tasks that can slow down the entire project.

Knowing what tasks can hold up the entire project is important, as is backing up frequently. Ideally this backup should be performed whenever a significant change is made to the system, and several copies of the backup should be made and stored in different places. Cloud backup services such as Mozy and Carbonite are a useful adjunct method of backup, as they offer protection from local disruptions such as fires or natural disasters. In determining backup frequency consider just how much work you can afford to lose if there's a problem that wipes out or damages whatever has been accomplished to a specific point.

JUST THE BEGINNING

Choosing and actually installing the needed software components on the hardware, whether it is a desktop, a server, or different hardware across a geographically dispersed network, is just the initial part of the process. In many cases, the most time-consuming part of the overall installation is configuration -- fitting the software to your organization's needs and wants.

Configuration of the new accounting system is also a major undertaking. Before starting you should have a fairly detailed game plan already mapped out. A major part of the configuration process is coding the chart of accounts so that it accurately reflects the transactions that take place in your organization, and do so in a way that makes it easy to prepare the reports and documents needed to satisfy regulatory and transparency reporting and record keeping requirements.

For example, when it comes to accounting for grants and endowments, the Internal Revenue Service (IRS) makes a distinction about how expenses, direct and indirect, are categorized and allocated.

According to Ruth Stevens, PMP, CIA, director, Business Advisory Services for Grant Thornton LLP, "A good place to start is to develop an 'as-is' process model or understanding of how your processes currently work. This will allow you to identify process inefficiencies, effectiveness and control issues (e.g., high number of hand-offs, 'shadow' or off-line systems like spreadsheets, highly manual processes that are subject to error, and/or poor communication between departments, etc.)."

From there, comparing your current processes to industry and relevant nonprofit industry best practices will help to identify possible requirements for a new system, she explained.

Another thing to consider when making your purchasing decision is the application's capability to be customized by a member of your organization. For the most part, you'll probably want to call in the VAR who installed and configured your system for any major changes, such as future reporting requirements and the like.

There are going to be times when...
you’ll require an ad hoc report from the system, possibly to show to a board member or possible donor.

If the system that you’re purchasing has a proprietary report writer, make sure that someone on your staff will actually be able to use it. You don’t want to find out when you need one on a short deadline that the so-called “easy” report generator isn’t really that easy.

The lack of a report generator or an overly complex ad hoc reporting capability isn’t necessarily a deal-breaker. Many nonprofit accounting systems work with (or include) standard report generating applications such as Crystal Reports or F9, and almost every accounting system on the market has the ability to export data into Microsoft Office applications including Excel and Word, which are both useful in performing ad hoc reporting and/or analysis.

Pay special attention to how the accounting system is interfaced with other applications that you need to run, including donor management software. Every software vendor claims compatibility between their accounting software and other applications on the market. But the truth is some applications work together better than others.

If you’re considering mixing applications from different software vendors, ask the VAR if they can introduce you to a customer where this combination is successfully running.

Considering how expensive installing and configuring a new accounting system is, it’s sometimes difficult to draw the line on when and how the installation ends. Too often the fact a service contract has been purchased lulls users into signing off before a system has actually proven itself.

It used to be common practice to continue to run the old system, manual or computerized, while also running the new system. This was often carried out for weeks or even months to include quarter end adjustments, with the results of both systems compared on a regular basis, and discrepancies between the old and new systems tracked and explained.

You and your VAR might not want to spend the time and money that running in parallel requires. Granted, maintaining two systems over a period of time is expensive in all aspects. But you might want to discuss with your VAR if there is some way that this practice can be modified to fit in your budget.

Any significant differences between the old system and new point out a problem with one or the other that needs to be investigated and most likely addressed.

DON’T BE OVERWHELMED

Looking at the scope of the overall project – acquisition through being online, it’s easy to feel somewhat intimidated. If it seems as though your nonprofit accounting system is more of a project than a so-called “generic” accounting system, you’re correct – it is. That means that just about every phase from making the purchase decisions to training staff in operations and maintenance is also going to be somewhat more complex.

That’s just the nature of the beast. Every nonprofit has considerably different accounting and reporting requirements in addition to those required by standard accounting procedures and policies. The accounting needs for an organization that has to account for grants and endowments are considerably different from those of a municipality or a library.

This divergence from a generic accounting application is true for any vertical system, whether it’s for use in the construction industry, retail, manufacturing and distribution, or a service company.

Nonprofit accounting is very different from any of these other vertical systems, and that’s going to result in it being more expensive in money and time in choosing the right software and VAR, and getting the application up and running. This needs to be taken into account in budgeting finances and in scheduling the overall project.

If you do your homework, and keep the right people on top of the process, you should wind up with an application that is more productive, more effective, easier to use than the previous way of doing things, and plays well with the other applications your organization needs.
It seems as if there’s new “must-have” software released every week. While it would be nice to purchase these items every time they are released, this is simply an unrealistic proposition. To be successful in today’s technology-centric world, your organization has to figure out which software is necessary to accomplish its mission.

In “Nonprofit Management 101,” Holly Ross, executive director of the Nonprofit Technology Network (NTEN) in Portland, Ore., wrote that the key to selecting the right software is understanding and then documenting your needs. This doesn’t mean you have to go through a lengthy process.

Ross recommended the following five steps, first outlined by nonprofit technology organization Idealware.org in Portland, Maine, to determine which programs you need.

1. Identify your top needs. If you are looking for graphics software, for example, will you be making graphics primarily for the Web or for print?
2. Can your existing software already do it? Before you head out into the software selection process, be sure to evaluate existing software to see if it can get the job done.
3. Find out what your peers are using. Referrals can be the best way to find the right piece of software for your organization.
4. Identify some scenarios and test. Most software packages and vendors allow you access to a demo or trial version.
5. Technology can be very intimidating to people. This subject doesn’t have to be hard. There are simple steps your organization can take to make the right technology decisions. And you can do this all without having to deal with complicated lingo. Ross laid out seven dos and don’ts to make dealing with technology much easier:
   - Do let your mission and strategy be your guides when making technology decisions.
   - Do establish strong systems. Your staff can’t get much mission-critical work done if they have to reboot the computers every hour.
   - Do plan. You don’t have to get out your crystal ball to plan effectively for your technology needs.
   - Do evaluate continuously. You can’t learn from experiences if you never stop to reflect.
   - Don’t make technology decisions based solely on cost. This is only one factor in determining the value and expense of technology.
   - Don’t forget to include staff in your technology decisions. You’ll need allies as you implement new systems.
   - Don’t select mission-critical software like a donor database without first documenting your key business processes.

Accounting software talks to fundraising software these days and that can be dangerous when patching through online.

Thankfully, there are ways to safeguard your nonprofit from such risks. Ross implores organizations to take the security of your devices seriously. She recommended the following five techniques to keep your operation running smoothly:

1. Firewall: This is basically a gate between the outside world and your network of computers. It’s essential that you have a firewall set up to keep spammers, hackers, and other malicious people from infiltrating your network to use it for nefarious purposes.
2. Antivirus protection: Antivirus software should be installed on each of the computers on your network. Worms and viruses continue to be written every day, so it’s essential that you purchase the regular update packages for whichever program you choose to use.
3. Backup: Most people view backing-up as insurance for extreme situations like natural disasters, but the backup is most important in many day-to-day situations.
4. Passwords: The simplest thing you can do to protect your organization’s data and files is to put in place a strong password policy. Ensure that staff are both using different passwords for logins and changing their passwords frequently.
5. Physical security: Equipment like laptops, printers, and desktop computers should be secured to desks with cable locks so they can’t be removed.

---

**Reporting on your mind?**

Is it difficult to meet your various requirements and deadlines?

- Internal reporting.
- Funder/Grant reporting.
- Board reporting.
- Compliance reporting.

**AccuFund has your solution!** Our complete, integrated fundraising and financial solutions enhance your reporting responsiveness, saves you time every month, and lowers your costs. AccuFund is available as a cloud solution or licensed on premise.

To see how AccuFund delivers peace of mind for your reporting, visit [www.accufund.com/reporting-npt](http://www.accufund.com/reporting-npt) or call 877-872-2228 x215.