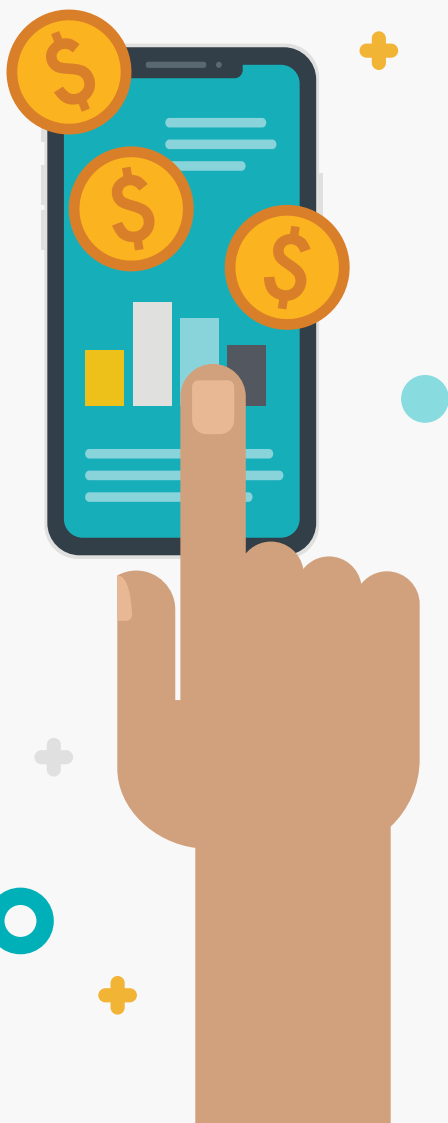# Finding the best fund accounting software for your nonprofit.

The impact of nonprofit organizations can be seen and felt around the world. From running hospitals, implementing after-school programs for children, and fighting homelessness, among other initiatives, the support nonprofits provide to their communities is immeasurable. But, we all know more can be done – more programs can be created, more services can be provided, more people can be supported – when nonprofits leverage the most efficient tools such as the right fund accounting software.

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> "When it comes to helping others, being unreflective often means being ineffective…The challenge for us is this: how can we ensure that, when we try to help others, we do so as efficiently as possible?"
>
> **– William MacAskill, Doing Good Better**

To truly make the world a better place, nonprofits like yours need best-in-class tools to propel your mission. And, because accounting is at the heart of every organization, it's especially critical that you have the right fund accounting solution as one of those tools.

There is no shortage of accounting software for you to choose from, but it's important to understand your unique needs as a nonprofit. Because nonprofits must manage multiple funding sources, meet specific compliance requirements, and manage complex reporting needs, accounting solutions tailored to for-profit businesses and corporations are limiting and often abandoned. Any accounting solution you select should be tailored to meet the requirements unique to your organization.

This guide will help you understand how to evaluate any accounting solution and understand the benefits you can derive and the risks to avoid, ensuring the solution you select best suites your organization's current and future needs.

Key takeaways:

→ The right fund accounting solution should improve efficiency and productivity.

→ As a nonprofit, you need a fund accounting solution tailored to your unique needs.

→ Any accounting solution you select should allow you to track multiple funding sources, handle compliance requirements, and meet complex reporting needs.
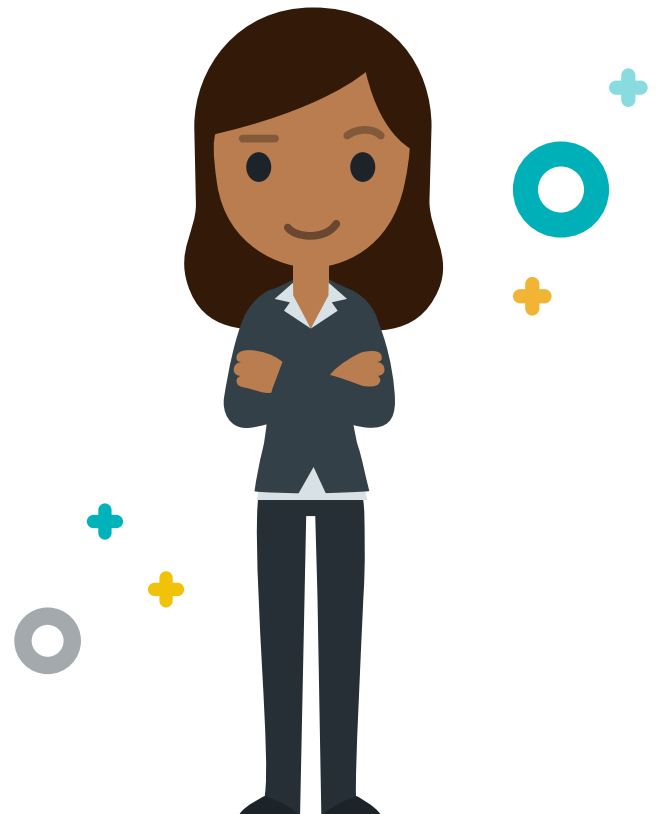
Managing multiple funding sources.

In a perfect world, nonprofits like yours would only need one revenue stream to operate. The reality is most organizations can only thrive with multiple revenue sources a year. Keeping track of these revenue sources and generating reports for each source segment is critical to ensuring the success of an organization.

In fact, a survey of more than 400 nonprofit financial professionals shows managing the complexity of revenue sources is the biggest financial challenge, ranking as more of a challenge than managing the budget, creating processes, and understanding new laws and compliance requirements.

Biggest challenge for nonprofit finance professionals.

Managing the complexity of revenue sources
31%

Managing budget
24%

Creating financial processes
18%

Understanding new compliance standards
6%

Other
21%
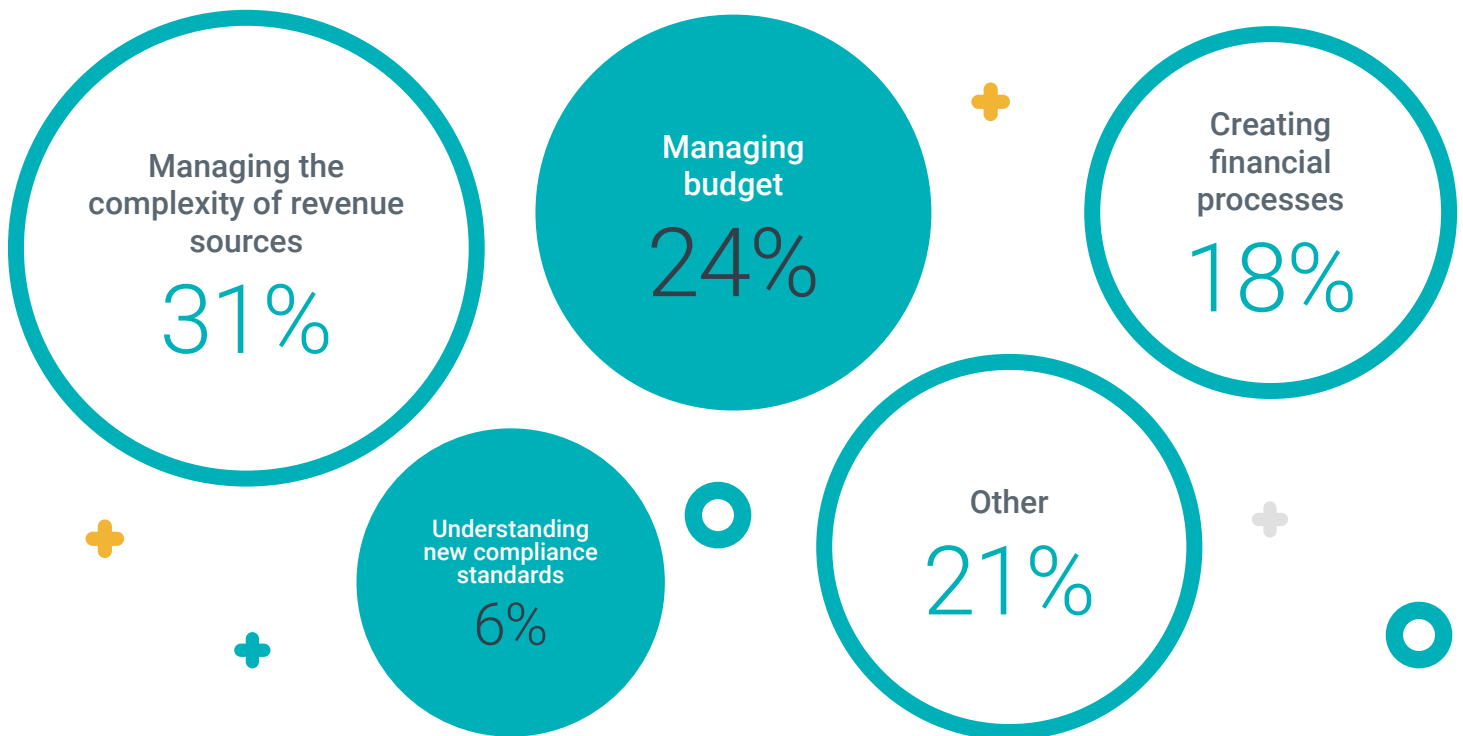
Accounting software that doesn't specifically facilitate storing, organizing, and reporting on data from multiple revenue sources could send financial professionals like you scrambling to compile reports at the end of a financial year or for an audit – creating an unnecessary drain on time and resources. In some cases, compiling certain reports that used to take upwards of four hours can be reduced to 15 minutes with the correct fund accounting software.

The right fund accounting software can reduce reporting time from hours to minutes.

When it comes to meeting the challenges of preparing for an audit, more than half of the organizations surveyed require more than two weeks to prepare for an audit. Now take into account some organizations have more than one audit a year and you can see how preparing reports can be a huge drain on financial professionals' productivity, especially when they're not using the best tools at their disposal to compile data.

More than half of nonprofit financial professionals say it takes more than two weeks to prepare for an audit.

Operating under complex compliance regulations.

More than 50 percent of nonprofit finance professionals surveyed say they spend more than five hours per month on compliance-related issues. Moreover, nearly half of that group spends more than 10 hours per month.

Fund accounting software not designed to organize and report on multiple revenue streams cannot handle the chore of properly segmenting data from those revenue sources while staying within compliance regulations. This shortcoming can result in inadvertent misclassification and misuse of funds, putting organizations like yours in jeopardy of losing current and future grants and donations. The key to avoiding these issues is using fund accounting software advanced enough to operate under compliance standards, so nonprofits can be better prepared for audits and take less time to prepare for them, as well.

Nonprofit fund accounting software should have the following features to comply with regulations:

1 Robust, configurable reporting to properly track funds

2 FASB and GASB compliant reporting

3 Complete audit trail and tools to enable fraud detection and prevention

With compliance becoming more complex and costlier, meeting regulations should be ingrained into fund accounting software, so organizations like yours can focus on tasks and day-to-day assignments instead of whether or not you're breaking the law.

The support of a reliable partner network.

Between implementation, training, and adoption, a whole multi-step process needs to occur for you to feel comfortable using new software and adopting the functions that make the tool as powerful as possible. Moreover, a software is nothing without quality support.

The right fund accounting software provider should be a reliable resource before and after implementation.
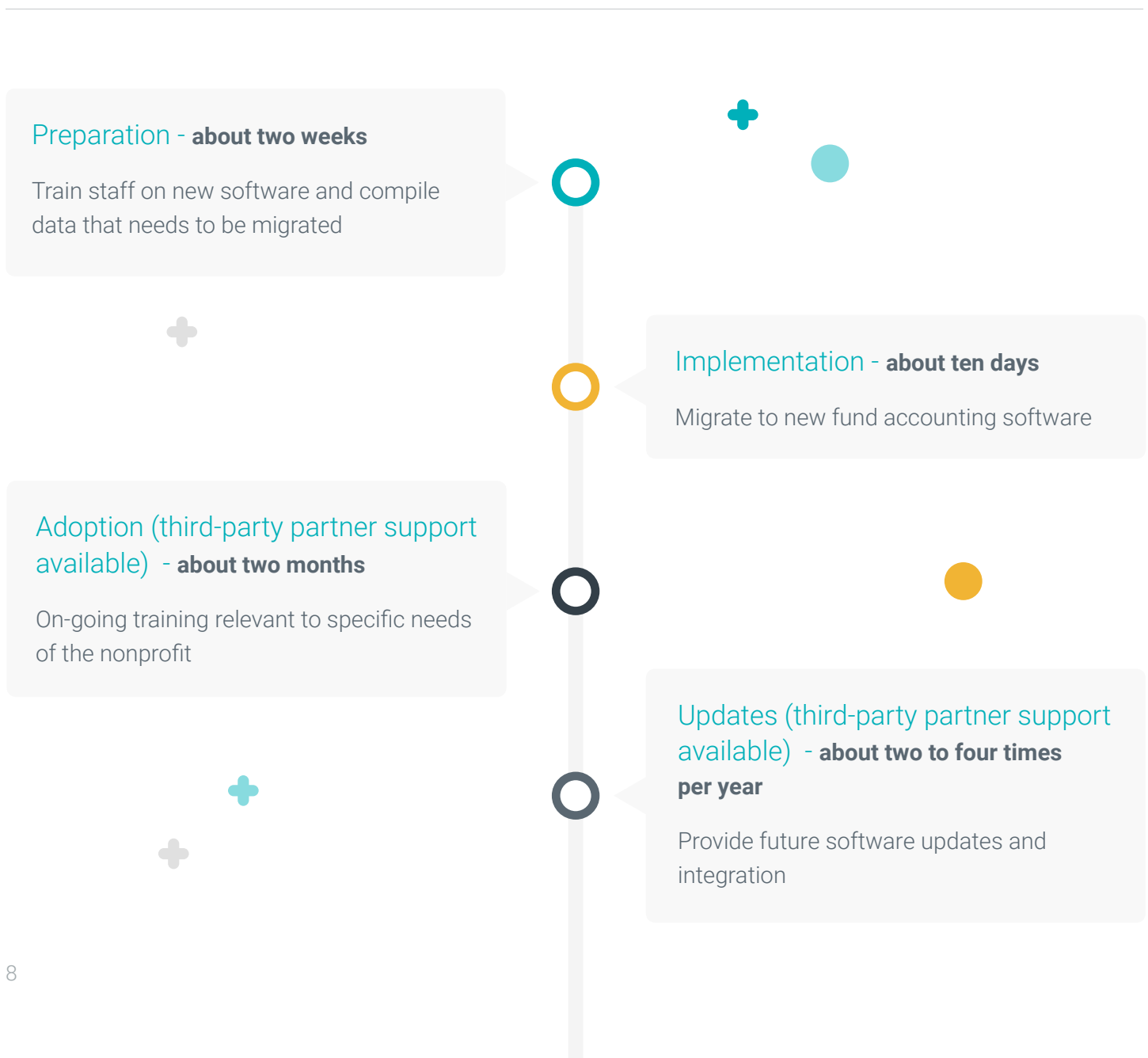
And, since most nonprofits commit to using a fund accounting solution for around 10 years, it's important to know you're signing on for a quality service. All too many software companies sell their product, but fail to provide assistance when new users need it most.

Third-party software partners are also an effective solution for receiving training and on-going support. The best fund accounting software will connect your organization with a strong network of local third-party partners who work face-to-face with employees and volunteers through the whole implementation process, while providing best practices and teaching users specific functions that foster productivity and efficiency.
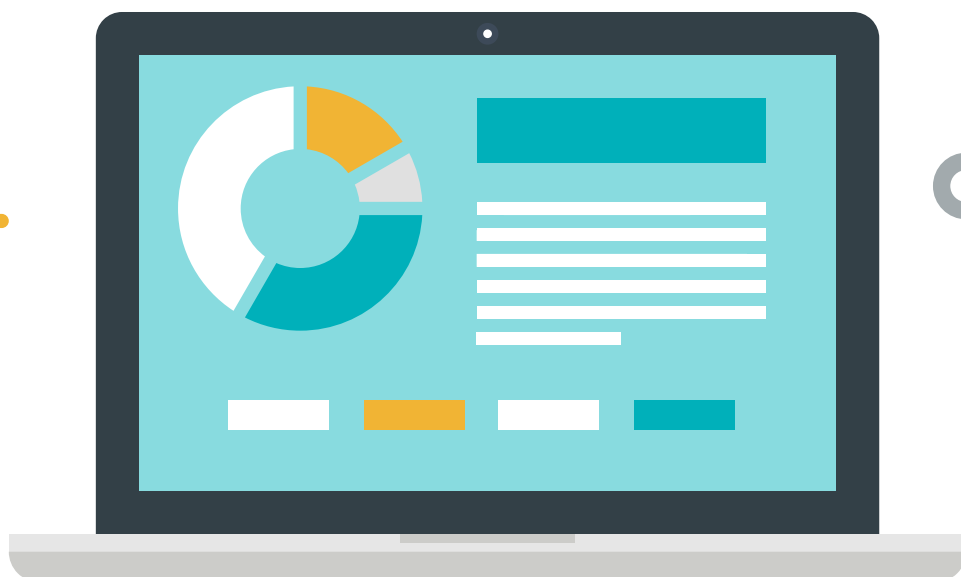
Fund accounting software implementation and adoption timeline.

Implementation can vary depending on the size of the organization and its specific needs. The following information can help you understand the software implementation process and timeline.

Preparation - **about two weeks**

Train staff on new software and compile data that needs to be migrated

Implementation - **about ten days**

Migrate to new fund accounting software

Adoption (third-party partner support available) - **about two months**

On-going training relevant to specific needs of the nonprofit

Updates (third-party partner support available) - **about two to four times per year**

Provide future software updates and integration

The more established and trusted a fund accounting software solution is in the marketplace, the greater chance of being connected to knowledgeable third-party partners who have years of experience working with that particular software.

Before signing on to such an important commitment, you should ask software providers the following questions to gauge support reliability:

- How many hours of training will my organization receive?
- How many third-party partners in my area are available to provide ongoing support?
- What can be expected from a third-party partner after training?

- How quickly can I expect help from you or a third-party partner?
- How long can I expect a third-party partner to continue assisting my organization after initial set up?

If a fund accounting software company cannot give you answers to these questions during the sales process, it's time to consider an alternative software provider.

Mitigating the risk of fraud and future donation losses.

It's no secret that high employee turnover is prevalent in the nonprofit world and volunteers are always coming and going. In fact, Community Brand's Nonprofit Finance and Accounting Study found 87 percent of respondents said employee turnover was the top organizational trend. Unfortunately, this creates the perfect environment for fraud.

The result of fraud within nonprofits is not a few missing dollars here and there. The Association of Certified Examiners found 10.1 percent of victim organizations were nonprofits that reported a median loss of $100,000. Another aspect to consider is the decreased potential for receiving future donations. Public trust in an organization plummets after a fraud issue and it's difficult to rebuild a reputation and achieve donation quotas after an incident.

10.1 percent of surveyed nonprofits that were victims of fraud reported a median loss of $100,000.

Reliable fund accounting software should have the following features to mitigate the risk of fraud within the nonprofit:

Limited access and level appropriate to users

Automated approval hierarchy processes

Checks and balances

Artificial intelligence to detect irregular patterns

An Association of Certified Fraud Examiners 2016 Global Fraud study found fraud losses were 14.3 to 54 percent lower and fraud was detected 33.3 to 50 percent faster when an organization had specific anti-fraud tools in place.

The right software can not only be a powerful accounting tool, but an effective anti-fraud measure, as well.

On-premises vs. cloud:
The best choice for your nonprofit.

With more employees working from different locations or accessing information remotely than ever before, organizations are migrating to cloud-based technology at a rapid pace. In fact, the next five years will see a huge shift towards cloud-based accounting, but just because cloud-based solutions are popular does not mean cloud-based fund accounting software is the best solution for every organization, nor does that mean every organization is ready to make the leap. In the end, it's all about having the opportunity and freedom to make the best choice for your organization's needs and having the support and knowledge to flourish after making your selection.

Read the following benefits of cloud-based and on-premises solutions to pick the best option for your nonprofit.

Cloud-based fund accounting could be the ideal option for nonprofits with:

- Multiple office locations
- Need for modern user interface
- Remote workers
- Reliable internet access
- Less IT overhead preferences
- Previously established cloud infrastructure
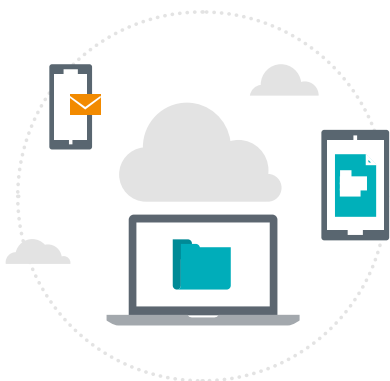
On-premises fund accounting could be the ideal option for nonpr ofits with:

- Data access restrictions
- Spotty internet connection
- Government affiliation
- Primarily co-located support staff
- In-house or contracted IT staff
- Sensitive information

What users say about MIP Fund Accounting®.

Verified users reviewed MIP Fund Accounting on G2Crowd.

"This is a great mid-sized nonprofit solution. In addition to regular financial reporting, it makes 990 reporting very easy. I highly recommend MIP."

– Paige B.

"I work as an outsourced CFO/Consultant to various nonprofit organizations and usually have a variety of financial reports, including budgets, to format or prepare for them. I always try to recommend the MIP Fund Accounting system for organizations that need the grants management functionality."

– Consultant in Nonprofit Organization Management

"The software features a table-driven chart of accounts that enables organizations like ours to design our account segmentation so we can track our financials in multiple dimensions. It has a great deal of security features and options to assist in the segregation of duties..."

– Paul D.

"It's easy to share transactions and estimate approval due to the presence of client portal feature. Accounting reports are well-organized, hence, it's secure. I prefer this software because it is user friendly..."

– Bounes N.

Trusted history and innovative future.

Expertise is another factor to consider when selecting the best fund accounting software for your organization. While technology is always changing, using a software created by experts in the field is critical. You want a trusted solution that continuously develops to meet the needs of your nonprofit's landscape, changing regulations, and best practices that empower finance workers to accomplish their tasks quickly and efficiently.

MIP Fund Accounting has a proven history of serving nonprofits. Since 1982, the software solution has been growing with the times and meeting the unique needs in the nonprofit world.

The bottom line.

With numerous critical elements to consider before adopting a new fund accounting software, taking the time to learn how software options can solve for your organization's pain points makes all the difference. MIP Fund Accounting could be the best fit for your nonprofit. MIP has 35+ years in the marketplace providing trusted solutions to nonprofit organizations. **The system is rooted in experience, while providing modern solutions for a changing nonprofit landscape.**

mip®
FUND ACCOUNTING
by **communitybrands**
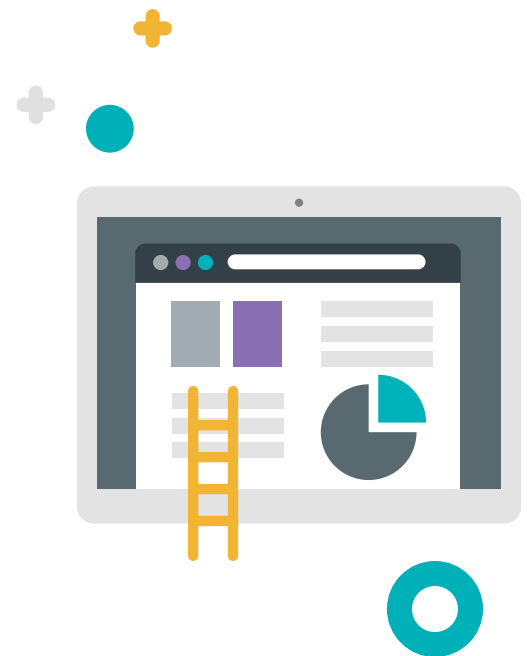
About Community Brands

Community Brands is the leading provider of cloud-based software to nonprofits, associations, faith-based groups and K-12 schools. With more than 2,700 employees serving more than 100,000 clients in nearly 40 countries, Community Brands helps organizations grow stronger and achieve their missions.

Organizations adopt Community Brands software to manage memberships, career centers, learning, fund accounting, mobile giving, peer-to-peer fundraising, donations, admissions, enrollments, and events. Using these solutions, customers of all sizes create meaningful and lasting experiences for their members, donors, students, and volunteers.

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