

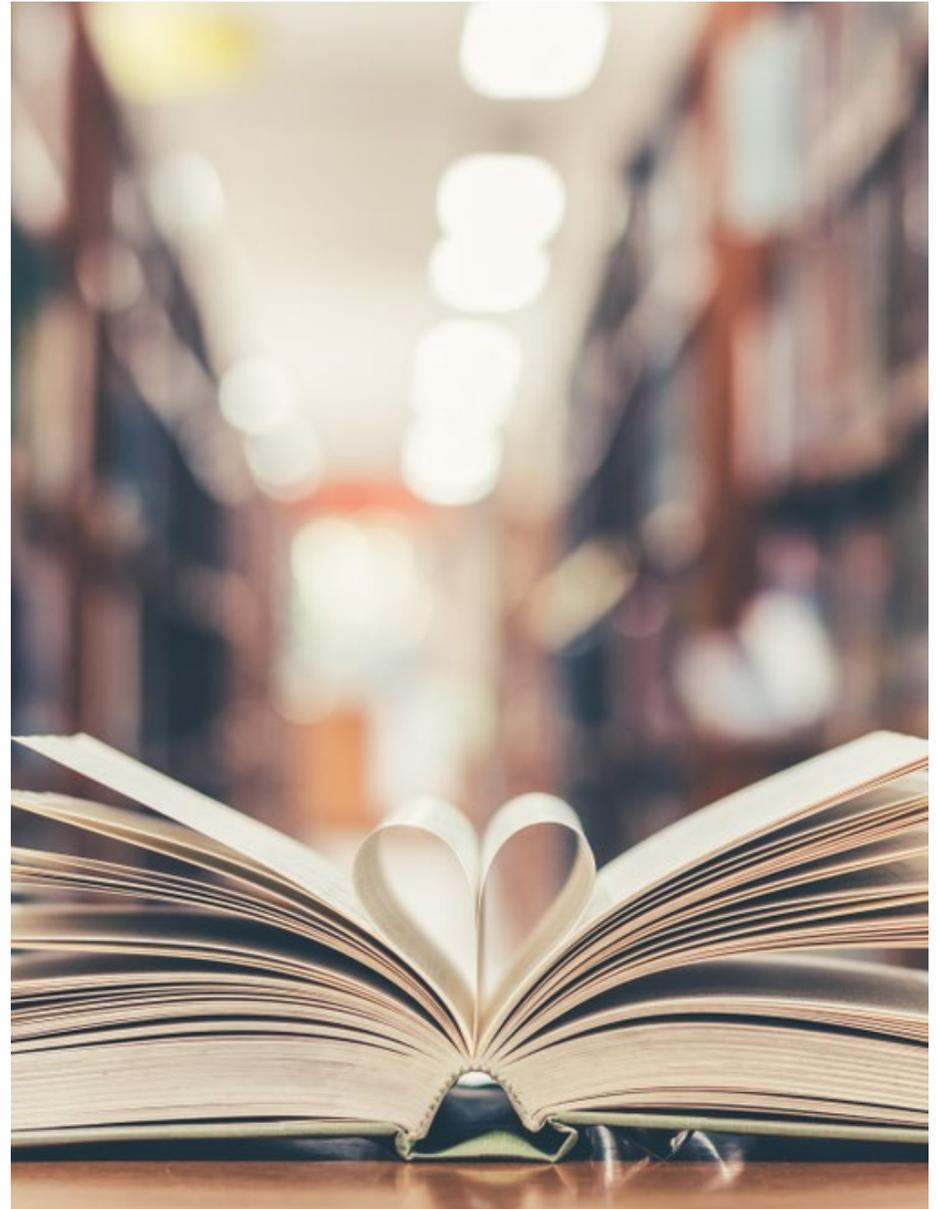
EBOOK

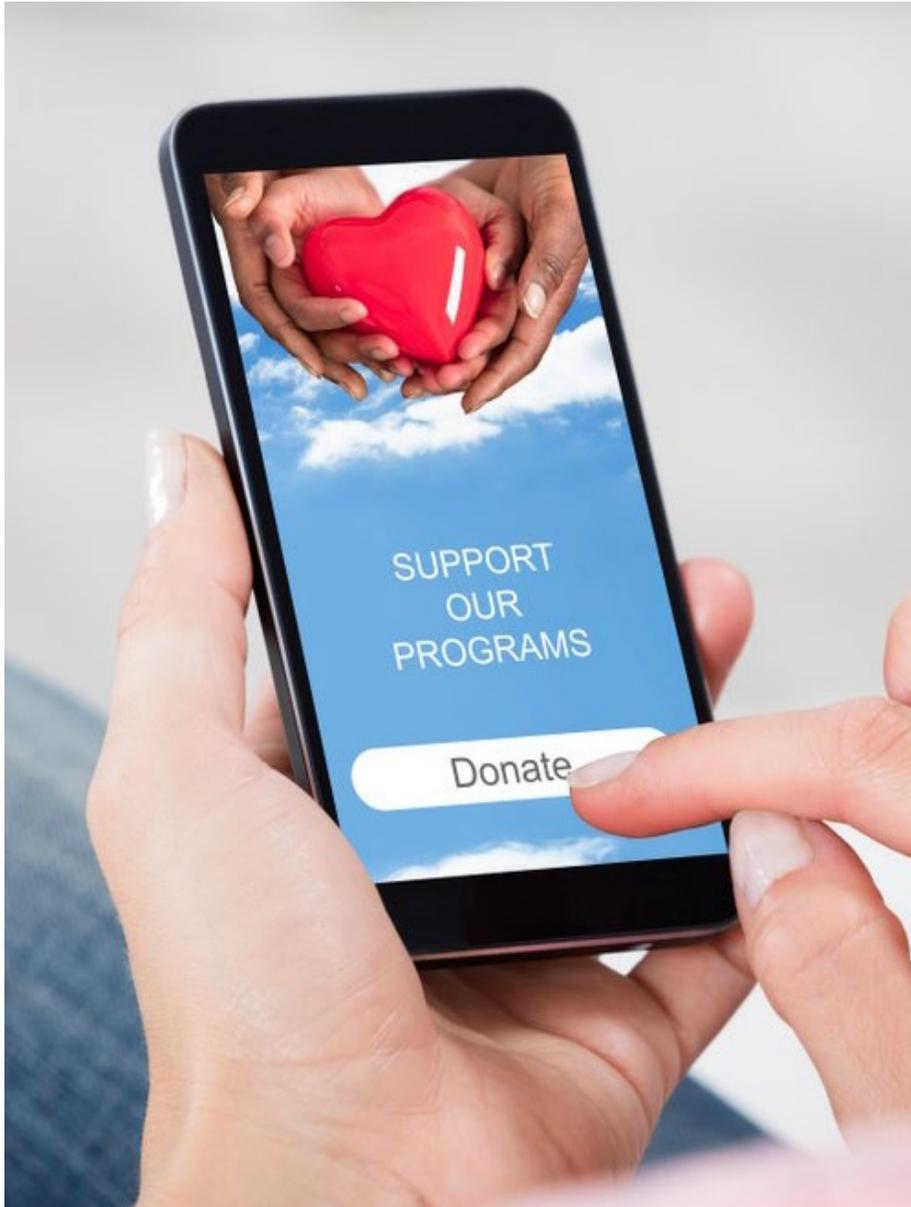
4 Steps to Greater Nonprofit Stewardship with Digital Finance Transformation

Nonprofit



1. **Introduction:** Digital finance transformation
2. **Nonprofit Finance Survey:** Top challenges
3. **Step 1:** Twitterize your chart of accounts
4. **Step 2:** Go beyond GAAP to see the bigger picture
5. **Step 3:** Integrate for greater visibility
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7. **Conclusion:** Digital finance transformation in the cloud





Good stewardship of donor dollars is essential to your mission

Digital finance transformation helps nonprofits improve stewardship and satisfy donor demands.

As a nonprofit finance leader, you must be a good steward of the public trust. You are responsible for ensuring the resources of your organization are well protected and used efficiently for the organization to fulfill its mission. In the digital age, good stewardship requires an overhaul of many manual, paper-intensive processes:

- Instead of financial reports looking back over last month or last quarter, you need real-time data and instant answers to questions.
- Instead of separate silos of data, you need information to flow across systems and departments, offering better visibility.
- Instead of poring over spreadsheets, you need blended financial and statistical metrics visualized on a single screen.

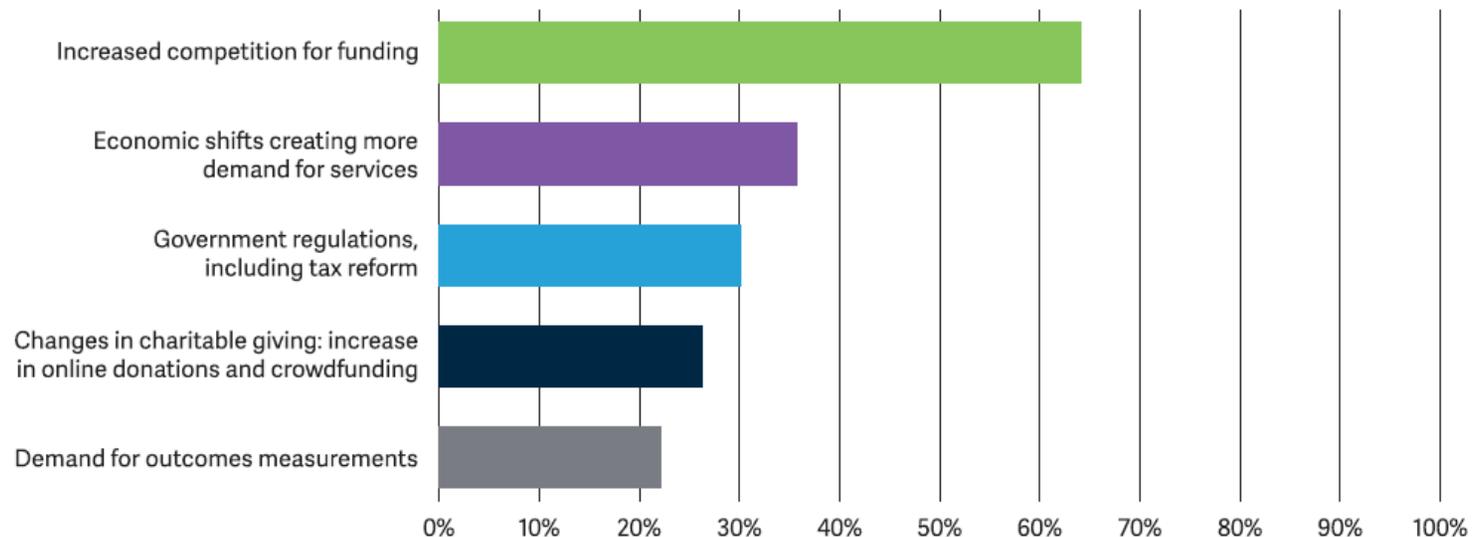
Nonprofit digital finance transformation uses technologies like cloud computing, open API integration, analytics, and data visualizations to enhance mission impact, improve stewardship, and increase transparency to donors.

Nonprofit Technology Trends Survey¹: The top 5 external frustrations

Sage Intacct recently surveyed nonprofit finance leaders about the most pressing challenges facing their organizations.

When asked about top external frustrations, nonprofit finance leaders cited revenue issues, including greater competition for funding and changing trends in charitable giving. Leaders expressed concern that the COVID-19 pandemic and the uncertain economy were creating greater demand for services. Compliance made the top five challenges, especially around FASB 958 and ASC 606. Finance leaders also noted an increased demand by donors and funders for outcome metrics. Simply reporting financials no longer satisfies donors' demands for transparency. Additionally, they want to see the real impact an organization is making in terms of its mission.

Top 5 external frustrations nonprofit finance leaders are facing

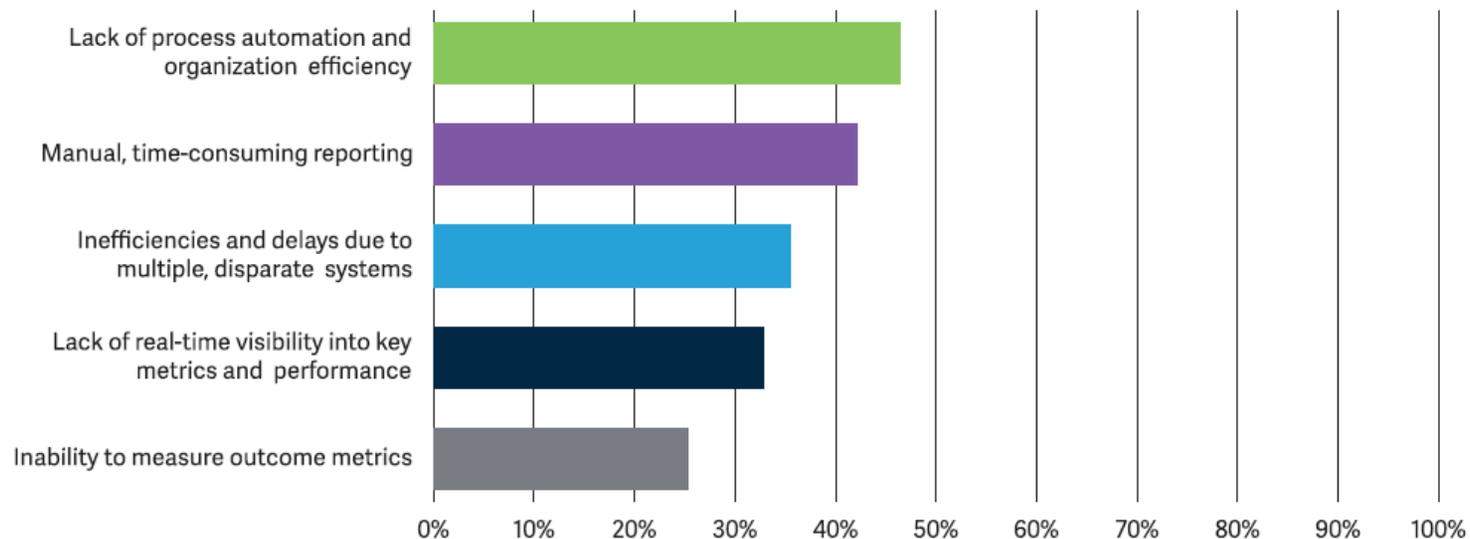


Nonprofit Technology Trends Survey²: The top 5 internal frustrations

Nonprofit finance leaders said they spend too much time on manual accounting processes and not enough time on strategic work.

Asked to name the top internal challenges to their organization's success, nonprofit finance leaders bemoaned a lack of automation that hampered productivity and visibility. They find themselves hamstrung by disparate business and financial systems that don't share data and can't provide the metrics that matter most. To gain efficiency and insight, nonprofit finance leaders need better automation, better integration, and better visibility. A true cloud financial management solution like Sage Intacct puts nonprofit organizations on the path to digital finance transformation.

Top 5 internal frustrations nonprofit finance leaders are facing



Digital finance transformation moves the needle for mission impact

Nonprofit organizations can leverage digital finance transformation to maximize productivity, efficiency, and outcomes.

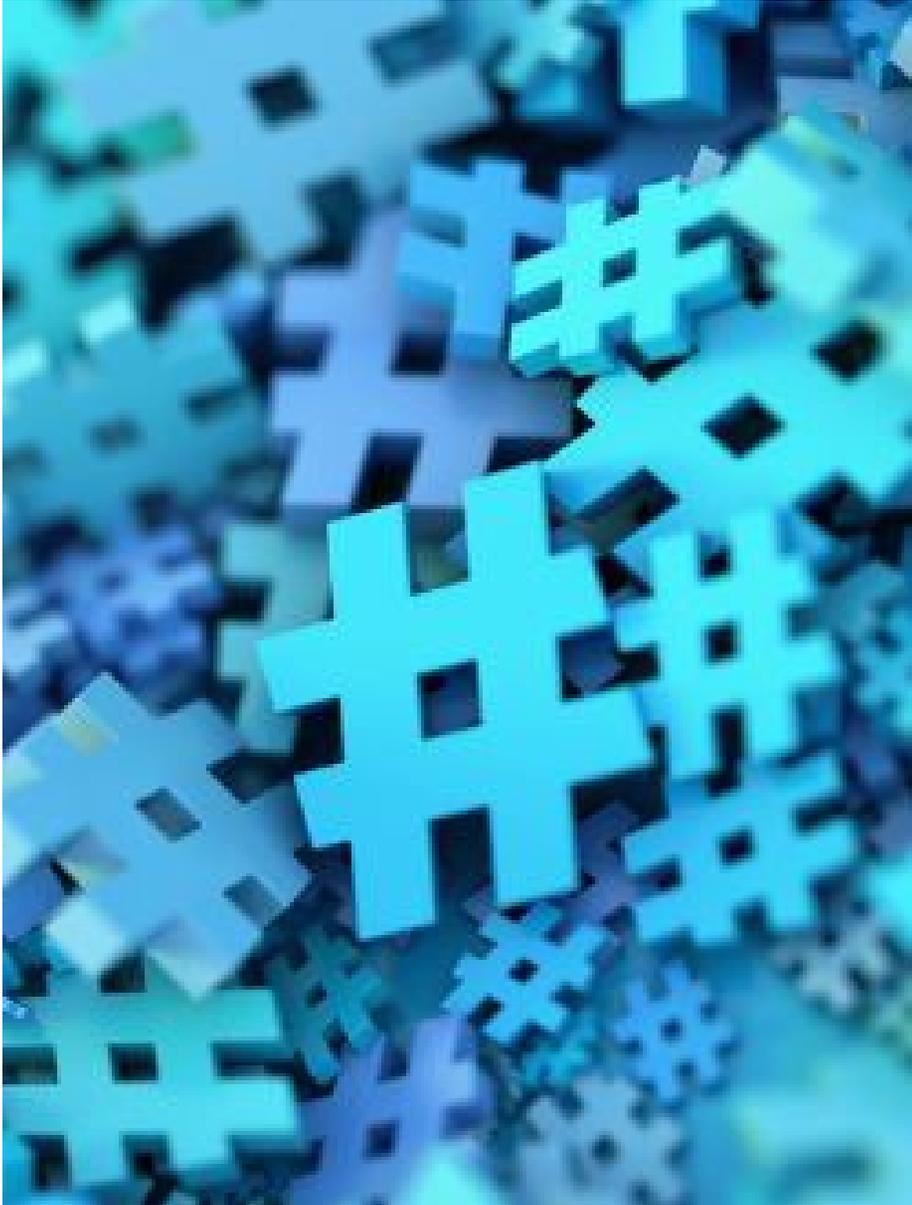
Modern, true cloud technology, along with best-in-class solutions, can deliver automated workflows and reporting, easy integrations between applications, real-time visibility, and insight into your key metrics.

Most nonprofit finance leaders spend about 75% of their time on routine accounting tasks. Many say they'd like to be able to split their time 50-50 with more strategic endeavors. Russell Guthrie, CFO at the International Federation of Accountants, went much further by saving 80% of his time at quarter-end using Sage Intacct integrated with a business planning software application. Consequently, he has been able to become a more strategic partner to his organization.

Let's examine four steps on the path to digital finance transformation in nonprofit finance.

Q: What does digital transformation in finance really mean for nonprofits?

Digital transformation in finance can be of great value to a nonprofit, because it offers the ability to automate back-office functions like payables and receivables, thus allowing finance leaders to focus on strategy and how the data can be used to drive greater mission impact.



Step 1: Twitterize your chart of accounts

The first step in transforming finance is adopting an easier, more flexible chart of accounts.

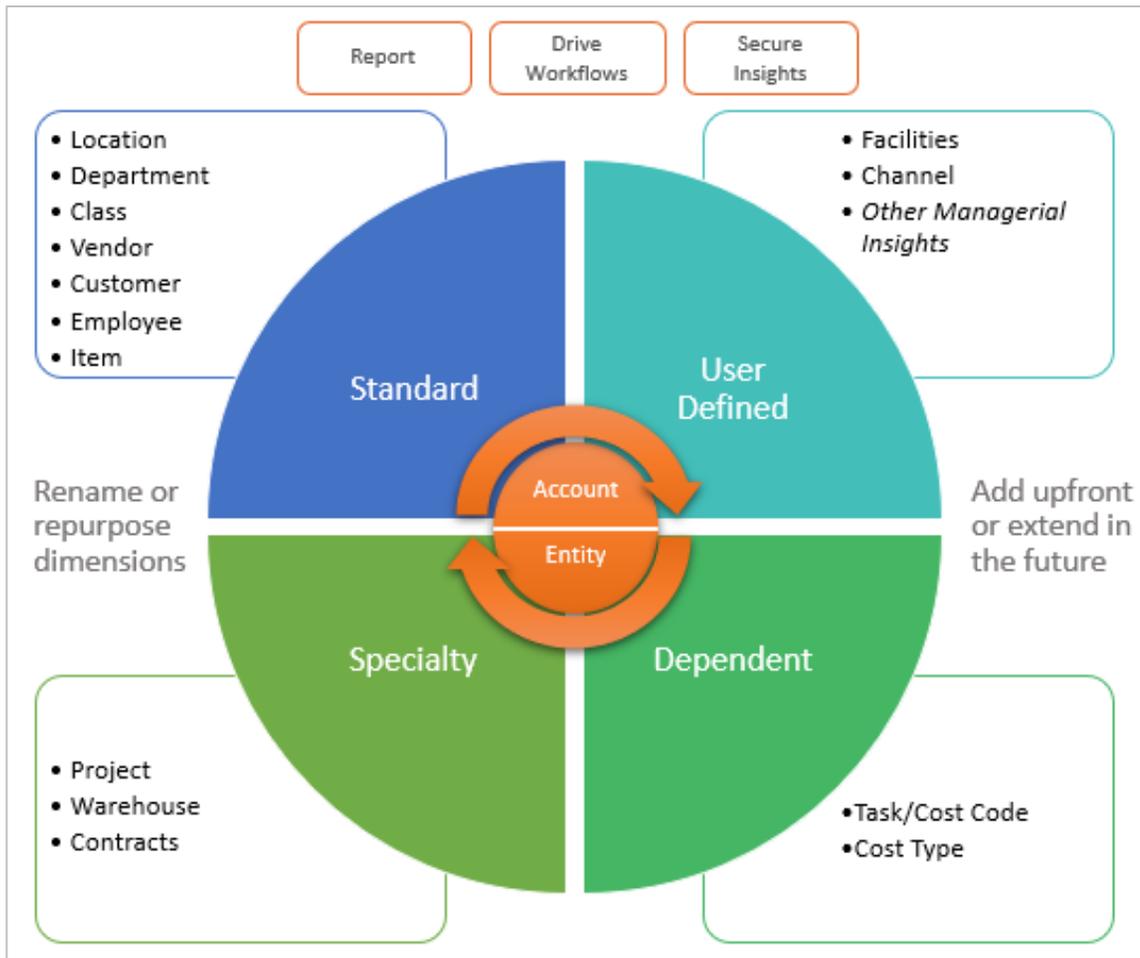
The traditional chart of accounts in most accounting software tends to obstruct strategic visibility. Its hard-coded structure tends to grow unwieldy over time, making it difficult to capture enough granular data for decision making. For example, adding a new program, location, or department can result in dozens — or even hundreds — of additional account codes.

If you've ever told yourself 'there should be an easier way,' you were right. Hashtags enable you to find data on social media quickly and easily. Applied to a modern cloud financial system, hashtags make an incredibly powerful tool for reporting and visibility.

Sage Intacct features a flexible data structure called Dimensions. Dimensions, like hashtags, are attributes that allow you to Twitterize your chart of accounts — putting real-time data at your fingertips.

Dimensions provide instant answers

A dimensional chart of accounts allows you to drill into the data attributes most applicable to your specific organization.



Dimensions offer a new way to manage your general ledger and simplify your chart of accounts. Sage Intacct enables you to define the key attributes that you want to use in accounting and reporting, like program, department, location, grant, and project.

You can tag transactions with dimensions, applying their attributes to revenue and/or expenses. Name the dimensions anything you want, so you're tracking what is most important to your organization's mission.

A dimensional chart of accounts helps you keep it simple while giving you the ability to slice and dice the data quickly and easily for reporting.

Room to Read reduced its chart of accounts from 56,000 accounts down to just 100 with Sage Intacct

“In the streamlining of our chart of accounts with the Sage Intacct Dimensions and our variants, we’ve been able to really get deeper into the detail. We’re able to pull data out around our donor reporting that we could never touch before. Our management team is looking at the financials for the first time and thinking ‘wow they’re not 6 months old, they are from last week.’ The finance and accounting team has just really risen in their own sense of empowerment.”



Room to Read®

Shari Freedman
Chief Financial Officer

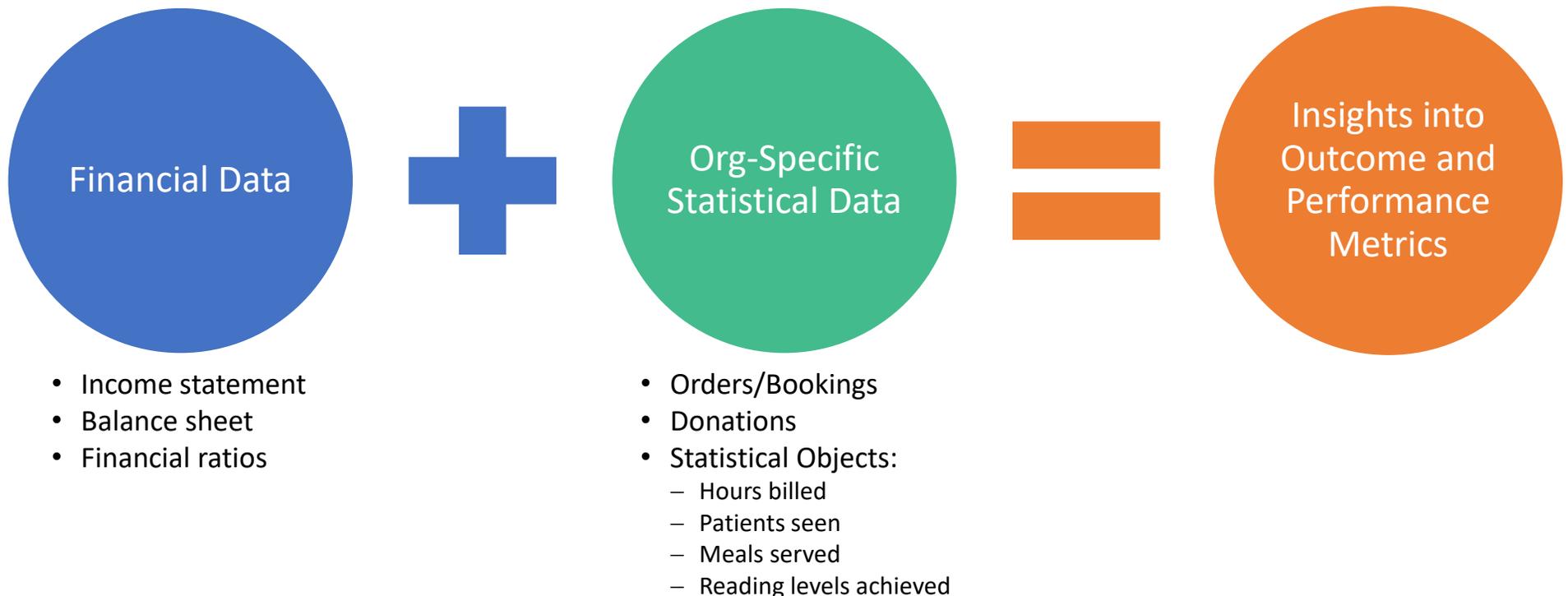


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Step 2: Go beyond GAAP data to see the bigger picture

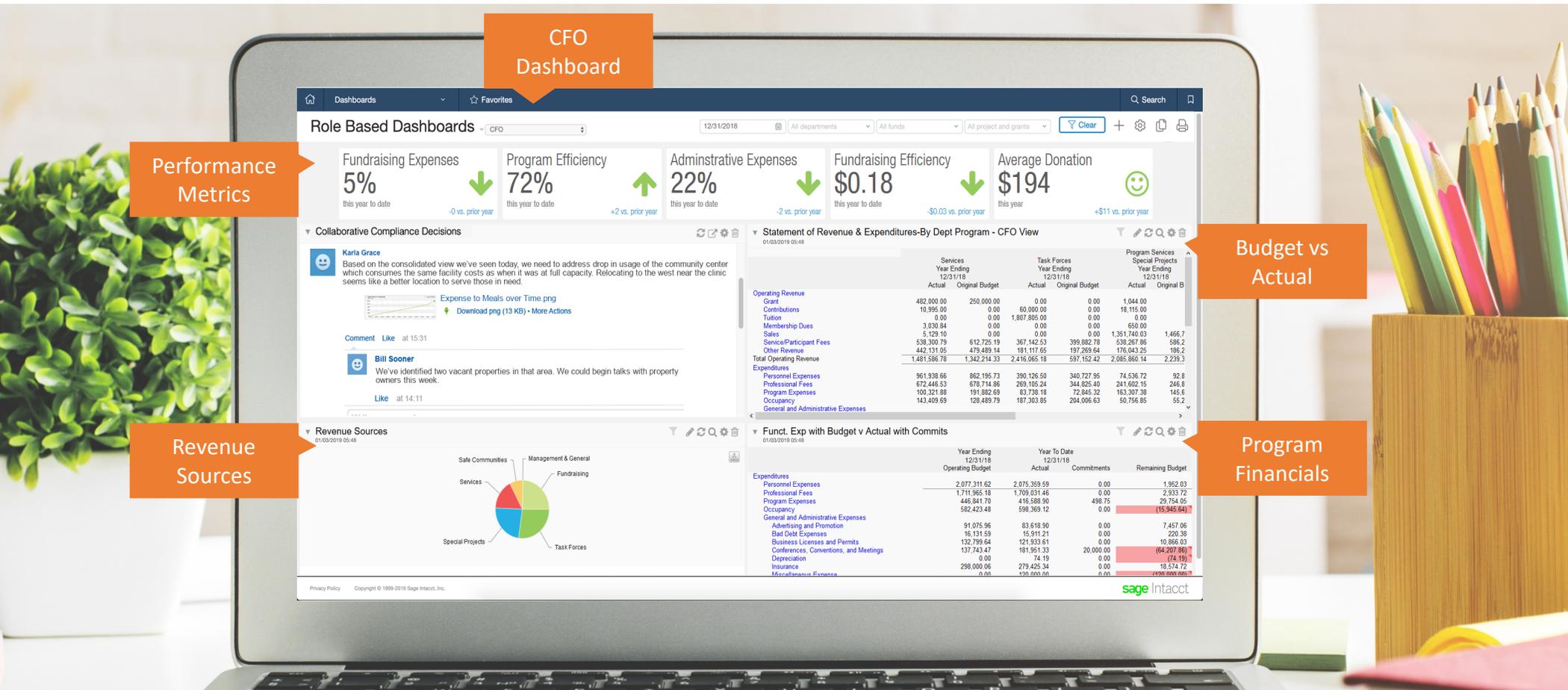
Enhance your GAAP financial data with your organization-specific non-GAAP statistical data for real-time insight into the metrics that matter for strategic decision-making.

Achieving your organization's mission requires more than studying an income statement and balance sheet. You must also analyze the statistical metrics that drive your specific organization. This external statistical information might involve headcount from your HRMS system or donations from your CRM system. By pairing GAAP financial data with non-GAAP statistical data, you can spot trends over time and improve outcomes.



A real-time view of the metrics driving your mission

This role-based CFO dashboard provides a real-time view into financial and budget metrics, plus 'non-GAAP' metrics like program and fundraising efficiency.



CFO Dashboard

Performance Metrics

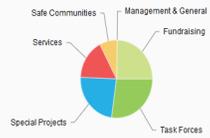
Fundraising Expenses 5% this year to date -0 vs. prior year	Program Efficiency 72% this year to date +2 vs. prior year	Administrative Expenses 22% this year to date -2 vs. prior year	Fundraising Efficiency \$0.18 this year to date -\$0.03 vs. prior year	Average Donation \$194 this year +\$11 vs. prior year
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Budget vs Actual

Statement of Revenue & Expenditures-By Dept Program - CFO View

	Services Year Ending 12/31/18		Task Forces Year Ending 12/31/18		Program Services Special Projects Year Ending 12/31/18	
	Actual	Original Budget	Actual	Original Budget	Actual	Original B
Operating Revenue						
Grant	482,000.00	250,000.00	0.00	0.00	1,044.00	0.00
Contributions	10,995.00	0.00	60,000.00	0.00	18,115.00	0.00
Tuition	0.00	0.00	1,807,805.00	0.00	0.00	0.00
Membership Dues	3,030.84	0.00	0.00	0.00	650.00	0.00
Sales	5,129.10	0.00	0.00	0.00	1,351,740.03	1,466.7
Service-Participant Fees	538,300.79	612,725.19	367,142.53	399,882.78	539,267.86	586.2
Other Revenue	442,131.05	479,489.14	181,117.65	197,269.64	176,043.25	186.2
Total Operating Revenue	1,481,586.78	1,342,214.33	2,416,065.18	597,152.42	2,085,860.14	2,239.3
Expenditures						
Personnel Expenses	961,938.66	862,195.73	390,126.50	340,727.95	74,536.72	92.8
Professional Fees	672,446.53	678,714.86	269,105.24	344,825.40	241,602.15	246.8
Program Expenses	100,321.88	191,882.59	83,738.18	72,845.32	163,307.38	145.6
Occupancy	143,409.69	129,489.79	187,303.85	204,006.63	50,756.85	55.2
General and Administrative Expenses						

Revenue Sources



Program Financials

Funct. Exp with Budget v Actual with Commits

	Year Ending 12/31/18		Year To Date 12/31/18		Remaining Budget
	Operating Budget	Actual	Actual	Committed	
Expenditures					
Personnel Expenses	2,077,311.62	2,075,359.59	0.00	0.00	1,852.03
Professional Fees	1,711,965.18	1,709,031.46	0.00	0.00	2,933.72
Program Expenses	446,841.70	416,588.90	498.75	0.00	29,754.05
Occupancy	592,423.44	598,369.12	0.00	0.00	(16,945.68)
General and Administrative Expenses					
Advertising and Promotion	91,075.96	83,618.90	0.00	0.00	7,457.06
Bad Debt Expenses	16,131.59	15,911.21	0.00	0.00	220.38
Business Licenses and Permits	132,799.64	121,933.61	0.00	0.00	10,866.03
Conferences, Conventions, and Meetings	137,743.47	181,951.33	20,000.00	0.00	(64,207.86)
Depreciation	0.00	74.19	0.00	0.00	(74.19)
Insurance	298,000.06	279,425.34	0.00	0.00	18,574.72
Miscellaneous Expenses	0.00	120,000.00	0.00	0.00	(120,000.00)

St. PJ's Children's Home strengthens donor confidence with impactful statistical and financial metrics

“Sage Intacct helps us tell our story to long-term funders in a way that’s meaningful and backed up with data, so they can understand why we’re doing things differently and advocate for our new strategy externally. The solution’s ability to quickly capture and share impactful statistical and financial metrics has been crucial to alleviating unease and maintaining continued support as we evolve the ways we’re achieving our mission.”



Curtis Ruder
Chief Financial Officer



[Read the full story](#)



Step 3: Integrate data for better visibility

Cloud applications work best when they work together.

Our survey revealed some of the highest priority challenges to nonprofit management were the result of disparate software and lack of data integration.

With Sage Intacct, when you do reporting and analysis, all your data is in one place. Not just your financials, but also your donor data; your planning data; your payroll data; and any other information you need for analysis. An open API makes integrating data streams from across business applications as easy as plug and play.

By integrating your critical business applications, you not only eliminate hours of duplicate data entry and report preparation, but you harness the power of integrated data sets for strategic analysis and decision making.

Gain real-time visibility at a glance with dashboards

Once all your data is integrated, view key metrics from each application in real-time on a dashboard.



CRM Data

Financial Data

Payroll Data

Budget Data

CFO 07/31/2017 100--USA All customers All contracts Clear + -

Revenue by Channel Quarterly

09/14/2017 11:38

Bar chart showing quarterly revenue by channel (Direct, Reseller) from 10/31/2016 to 07/31/2017.

3-Year Revenue Trend USA

09/14/2017 11:38

Table showing 3-year revenue trend for USA by location and sector.

Location	Year To Date 07/31/2015	Year To Date 07/31/2016	Year To Date 07/31/2017	Period % Var
USA	1,416,167.32	5,367,273.57	14,092,655.56	162.56
Northwest	219,166.75	471,503.38	549,616.77	16.55
Southwest	491,600.16	2,260,040.95	5,208,268.98	131.71
Midwest	125,831.40	852,293.16	1,500,433.55	123.63
Northeast	237,569.20	640,455.16	2,701,313.73	321.77
Southwest	336,566.82	1,163,126.85	3,706,493.96	224.06

Salary & Wages by Department

09/14/2017 11:38

Bar chart showing salary and wages by department (Admin, Marketing, Product, Sales, Services).

Revenue by Item YoY

09/14/2017 11:38

Stacked bar chart showing revenue by item (Machine Learning Core, Edson Pack, Platform Pack, Enterprise User) for 07/31/2016 and 07/31/2017.

Contract Expenses by Rep

09/14/2017 11:38

Donut chart showing contract expenses by representative (Direct, George, Cervantes, Miguel, Patrick, Louie, Willie, Oscar, Simpson, Homer, Hobbes, Tina, Cassidy, Care, Billing, Patricia, Sherman, Rachel).

Cash Balance - Weekly

09/14/2017 11:38

Line chart showing weekly cash balance from 07/31/2016 to 07/31/2017.

Revenue by Segment Trend

09/14/2017 11:38

Bar chart showing revenue by segment (Small Businesses, Micro Businesses, Enterprises) from 08/31/2016 to 07/31/2017.

Royalty Expenses % of Revenue

09/14/2017 11:38

Line chart showing royalty expenses as a percentage of revenue from 10/31/2016 to 07/31/2017.

Atlas Network liberates finance team from manual work

“QuickBooks and Salesforce didn’t talk to each other, and that was definitely an issue. It required a lot of double entry just to keep things synchronized. With Sage Intacct, we no longer have to do monthly reconciliations between what is in Salesforce and what is in QuickBooks. That’s saved a lot of time, and it provides a single source of truth with consistent and accurate information in both Salesforce and Sage Intacct.”



Romulo Lopez
Director of Finance



[Read the full story](#)



Step 4: Automate manual processes for workflow efficiency

By automating manual processes, you free your team to focus on strategic objectives.

Automating manual processes and streamlining workflows helps nonprofit finance teams increase efficiency and accomplish more without adding headcount. Automated, paperless workflows accelerate routine accounting and reporting tasks, leaving more time to focus on strategies that help accomplish your organization's mission.

Sage Intacct tailors transaction and approval workflows to eliminate redundant data entry and automatically routes and tracks digital approval sign-offs on transactions. Seamless integration with other applications further automates workflows for payroll, AP, AR, expenses, etc.

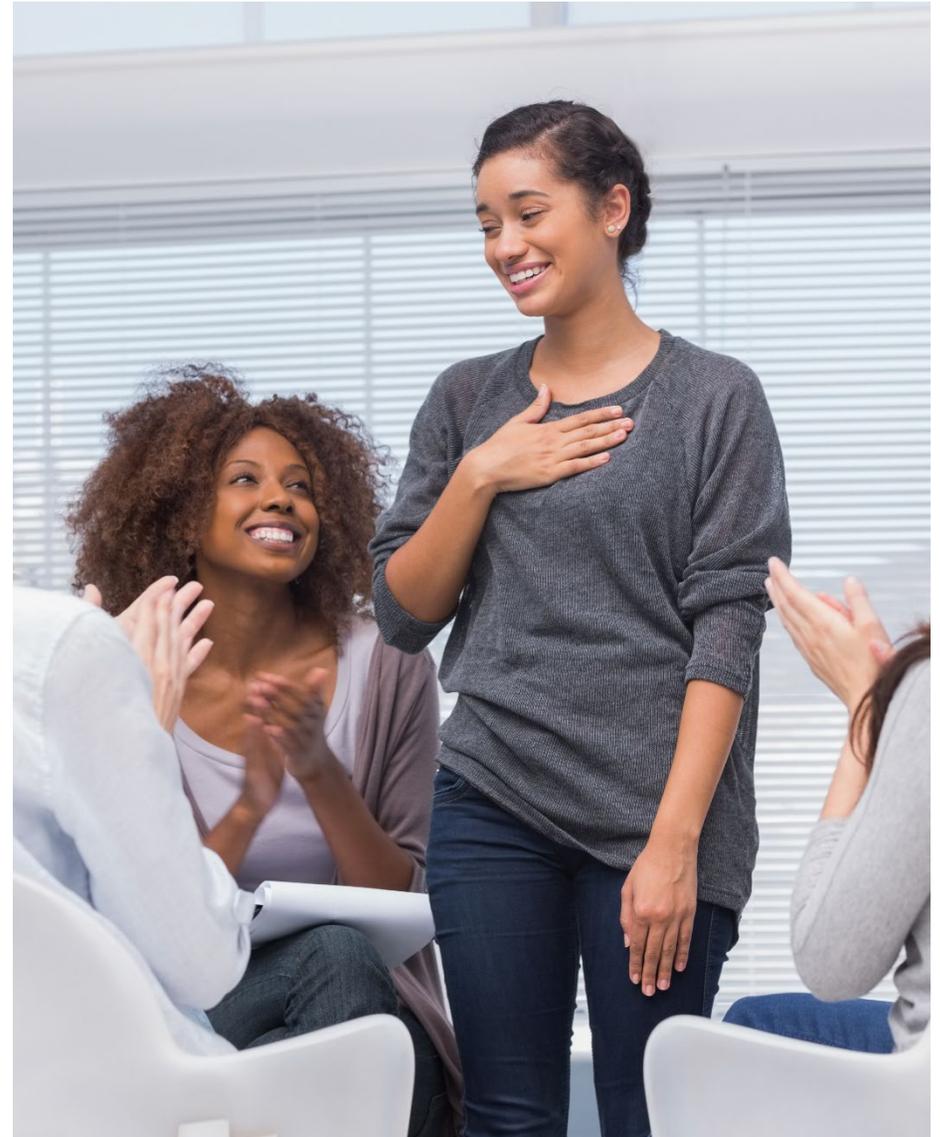
Additionally, automated reporting saves time while delivering more accurate and timely insights to executives, the board of directors, and funders. Spot trends using a dashboard, then drill down to granular transaction details to investigate further. Point and click to filter data or change parameters. Eliminating manual reporting frees time for strategic analysis.

Pavillon turns 45% efficiency gain into greater patient care

“My staff is able to do their daily bookkeeping, reconcile bank statements, upload payroll entries directly from ADP and revenues from our clinical system, and print checks to pay vendors — all of which is effortless in the platform. Meanwhile, I just approve things online and can close the month in four days. In all, Sage Intacct’s easy-to-use workflows have made us about 45% more efficient.”



Kent Spear
Chief Financial Officer



[Read the full story](#)

Digital Finance Transformation Leads to Greater Mission Impact

The path to digital transformation for nonprofit organizations begins with true cloud management technology.

For the nonprofit finance team, Sage Intacct provides the flexibility and granularity of a dimensional chart of accounts, allowing you to capture the most important data to ensure good stewardship.

Easy API integration to all your other cloud applications increases efficiency, enabling you to save time and exchange data between Sage Intacct and best-in-class solutions for grant management, expense reporting, budgeting, CRM, and more. Bringing in these additional data streams will allow you to combine GAAP financial performance data with non-GAAP outcome metrics to tell the complete story of your mission.

Finally, by leveraging the power of automation, you will be able to complete reporting cycles faster and improve visibility using real-time dashboards for insights.



Educational resources to help you make the right decision



Sage Intacct for Nonprofits
overview video

[Watch now](#)



Room to Read
customer story video

[Watch now](#)



Browse all nonprofit resources

[Browse now](#)



Sage Intacct

Sage Intacct is the AICPA's preferred provider of cloud financial applications

Specializing in helping nonprofits and faith-based organizations of all types, Sage Intacct's modern solution and open APIs streamlines grant, fund, project, and donor accounting—while delivering real-time visibility into the metrics that matter. At Sage Intacct, we help nonprofits strengthen stewardship, build influence, grow funding, and achieve mission success.

For more information, visit: [Sage Intacct for Nonprofits](#)



^{1, 2} [Nonprofit Technology Trends Research Report](#), Sage Intacct