

Five Ways Not-for-Profits Can Simplify Reporting and Reduce Costs

White Paper
Published: July 2003

Not for Profits

Simplify Reporting and Reduce Costs

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Time-Saving Strategies for Not-for-profit Organizations

Not-for-profit organizations have highly specialized needs for financial reporting. You must track grants, donor contributions, allocations, and employee time and salaries, and then, within FASB compliancy, report this information accurately to various constituencies, including state and federal governments. If you're like many not-for-profits, you're constantly juggling reporting and administrative tasks while doing the real work of your organization. And sometimes, you wish you could find an easier way to accomplish it all. That's why we developed this guide. Based on our work with not-for-profit organizations, we've developed five strategies for simplifying your reporting processes.

We've also included inspirational success stories from two leading not-for-profit organizations who have managed to turn some daunting accounting and administrative challenges into an exciting opportunity for improvement and growth.

Regardless of whether you're an organization that works in a small community or a national entity with multiple affiliates, we're confident you'll find an idea or two that will help you improve reporting efficiencies and lower costs.

1. Use Industry-specific Advanced Accounting Features to Easily Track Fund Activity and Contributions

For many not-for-profit organizations, tracking restricted funds or large grants from corporate donors or the government is demanding and time consuming. Your organization is accountable for reporting the state of your funds and how resources are allocated from each fund for your programs or grants including the tracking of employee time, salaries, and other administrative and overhead costs. Gathering this complex data for state and federal reports isn't easy.

One way to manage this process and improve accuracy is to use advanced accounting features which may include; creating sub-accounts, making use of a multi-dimensional analysis tool, using a grant specific module to track and manage program spending, implementing true fund accounting logic to interact with the General Ledger (G/L) as transactions are created or, implementing an encumbrance feature to enable your ability to manage spending within budget. If your current software doesn't allow you to manage any or all of these industry-specific advanced accounting features, then consider upgrading to one that does. Accounting software that enables this functionality gives you unlimited flexibility by allowing you to accomplish the following:

“In a sense, we have to answer to the whole community in what we do and how we do it. We rely on our software for the accurate numbers to support that. We never even considered anyone but Microsoft Business Solutions. We knew we could count on them to consistently deliver — and to be around as long as we are.”

– Paul Finstad, YMCA

- Break down each fund or grant to a departmental level for easy and comprehensive tracking and reporting.
- Set up your organization according to the way you do business.
- Close your books faster.
- Maintain accountability to your cause.
- View customized reports that match your business and your terminology.
- Easily meet reporting requirements based on State, Federal and FASB specifications.
- Analyze specific funds or allocations for budgeting and forecasting.

Don't let your current financial software limit how you handle the tracking and reporting functions in your organization. If you're considering new software, a certified consultant or reseller can help you choose which package is right for you.

2. Avoid Manual Data Entry by Sharing Information

One of the biggest time-wasters in both not-for-profits and businesses today is the constant need to re-key data from one different system to another. For example, many organizations must manually re-enter information from their fundraising software to their accounting system or create fund-balancing transactions at month-end. Others need to track grant and sponsored programs in a separate system, which requires re-entering the information back into the accounting system. This manual re-entry process costs valuable employee time, is error-prone and delays important reporting for the organization. Without timely and complete data, organizations often don't have the information they need for critical analysis and accurate forecasting to avoid financial problems.

You can eliminate duplicate data entry and effectively share information between your organization's systems by using a Windows-based financial software solution that's designed to integrate easily with your other systems. With integrated systems, you'll be able to:

- Significantly reduce time spent on report generation.
- Click and view" reports on-screen.
- Increase data integrity and efficiencies by eliminating duplicate data entry and reduce reporting errors.
- Easily share information across your organization and import data from other applications.
- See the "big picture" via comprehensive reports.

3. View Information in Real Time with Web-Enabled Reporting

If you are still mailing hard copies of your reports to a far-flung board of directors or affiliate offices, it is time to look at how Web-enabled reporting can benefit you. Using the Internet and your Web browser, Web-enabled reporting allows you to distribute reports and other critical information in real time, 24/7. Recipients can view up-to-the-minute sensitive material without having to worry about it being lost in the mail or read by others.

Web-enabled reporting is secure and easy – you supply a password only to those people who need it.

Most financial and accounting software packages today have a Web-enabled reporting function. Look for industry standard reporting modules or tools, such as FRx, which easily integrates with many of the products on the market.

With Web-enabled reporting, you'll be able to:

- Rapidly produce reports for publishing top the web
- Provide accurate reports to constituents/grantors
- Enable Public access to information, important to Board members and donors

4. Replace Antiquated Computer Systems

Nothing complicates reporting like outdated computer hardware and software. Systems that rely on older platforms such as COBOL, UNIX or DOS usually require expensive maintenance and custom programming to make even the simplest changes. Although many not-for-profits tend to keep using older equipment due to limited capital, pre-Pentium machines and antiquated equipment can actually be a significant drain on your organization's resources.

Older systems frequently crash, require expensive personnel to maintain them, and usually can't work with newer systems or software. All this adds up to inefficiency and unplanned down time – usually when a major report is due. Fortunately, hardware costs have dropped dramatically in recent years, bringing surprising power and capabilities at a reasonable cost. Today, even a free used computer can cost more in repair expenses and the inability to run the latest software than purchasing new equipment. Moreover, once you switch to a PC-based system and a Windows-based financial accounting package, you'll quickly see the following benefits:

Improved ease-of-use, which reduces training costs and boosts morale.
Increased processing speed, which frees up valuable staff resources and dramatically reduces financial closing and reporting time.
Ability to customize the software quickly and easily to meet your needs, without waiting for an expensive programmer.
Cost-effective options for networking and sharing system access for both internal and external offices.

If you have been thinking about upgrading to a PC-based system, a certified systems integrator can analyze your information systems and recommend the best hardware and software programs for your organization.

5. Automate Transactions by Incorporating E-Business

Just as for-profit companies are adopting e-business to increase efficiencies; many not-for-profit leaders are incorporating various aspects of e-business into their everyday operations. Whether you need to reach new donors, manage projects and employees, or streamline interactions with members around the globe, your organization can benefit from the following e-business applications:

“Self-service” options – Empower contributors and members by moving some membership services online.
Online ordering – Free up your staff from being “order takers” by enabling people to order your retail items online.
24/7 information – Disseminate information to affiliates, board of directors and employees – anytime, anywhere – with Web-based reporting functions.
Improved project management – Give traveling or remote employees access to critical project information instantly via remote access capabilities.

As you are evaluating new systems, think about how e-business capabilities could be used to strengthen your organization’s ability to achieve your mission. Look at how other not-for-profits are using e-business and develop a list of the capabilities that would be most effective for your own organization. While you may not be ready to move forward on e-business initiatives now, you should look for accounting and business software that gives you the ability to add this functionality when the time is right.

Leading not-for-profit organizations are using these five strategies, as well as many other innovative ideas to bring their constituencies greater value. As the success stories on the next two pages illustrate, every dollar saved on accounting and administrative processes goes directly to increasing the organization’s ability to serve its important mission.

“The leadership and staff of Hope Network are very enthusiastic about the improved productivity and information flow that Microsoft Business Solutions has delivered. By decreasing dollars spent on accounting processes, we directly increase dollars spent on the persons with disabilities and disadvantages that we serve,”

– *Lynda Zeller, VP for Information and Quality at Hope Network*

Hope Network Team Achieves More With Less

Faced with the constant pressures on not-for-profit organizations to do more with less, Hope Network of Michigan is leveraging technology to drastically reduce administrative costs so that it can maintain its vital services to people with disabilities throughout Michigan.

Before Hope Network began implementing a centralized computer system in 1997, the 2,000-employee organization struggled to manually consolidate reporting between the AS/400 headquarters system and a jumble of different accounting systems at its network of over 30 companies and 130 sites. Communications between locations were difficult while staffs shuffled massive amounts of paperwork.

Finding Solutions to Bring the Network Together

To solve their reporting and communications problems, Hope Network implemented a Wide Area Network (WAN) and standardized their accounting throughout the organization using Microsoft Business Solutions.

The powerful multi-company capabilities offered by Microsoft Business Solutions provide unparalleled customization features, allowing Hope Network affiliates to adjust to local conditions while the headquarters can easily produce consolidated reports.

“One of the big considerations for us is the way affiliate users can take advantage of simplified tools to customize screens and generate their own reports,” said Ms. Williams. “The decision was made to run many of the affiliates from different databases because some have different fiscal years and others include not-for-profit housing corporations that have special reporting requirements.”

Achieving Outstanding Benefits Through Teamwork and Technology

By 2001, the Hope Network finance and information team delivered results that would be the envy of any enterprise – whether in business or the not-for-profit arena. Through careful planning and implementation of new technology, they:

- Cut month-end processing time by 10 days.

- Reduced the staff needed for accounting procedures by 12 full-time positions, enabling the agency to re-assign dedicated personnel to new duties or to growing network agencies.

- Improved quality and reliability of reporting information.

- Eliminated thousands of dollars in contract programming expenses, going from 190 hours to only eight hours per month.

- Achieved substantial savings in audit time and expense.

- Enhanced Board Member satisfaction with financial information.

- Ended re-keying data between systems.

“Microsoft Business Solutions allowed us to leverage our dollars to offer a state of the art accounting system to our partner agencies who individually could not afford this software solution. Some of these agencies do not even own an adding machine or computer.”

– Linda Petta, *United Way*

“Hope Network features a wide range of services for a variety of disabilities and disadvantages. Our staff works together to find new and creative ways to meet the requests of our clients and their families. We needed a solution that would provide our affiliates with the flexibility to fulfill their goals,” explained Jonell Williams of Hope Network.

United Way of Greater Cleveland Uses Technology to Empower Partner Agencies the United Way of Greater Cleveland is using leadership and innovation to streamline the organization’s own operations, while also making the dramatic benefits of advanced technology available to its partner agencies. Since moving from a custom mainframe system to a Windows-based accounting and management system from Microsoft

Business Solutions in 1998, the staff and managers at United Way of Greater Cleveland have tackled formidable accounting and technical tasks to achieve remarkable results.

Making a Difference by Sharing Resources and Knowledge

Perhaps what is most impressive is that they are sharing the advantages of reduced administrative costs, significant time savings and improved reporting with dozens of partner agencies. In addition, the Cleveland group has helped other United Way agencies around the country with valuable advice based on their experience.

The difference is felt by agency staffs, communities and the thousands of clients they serve throughout the Cleveland area and across the United States. But in 1998, changing systems was anything but an easy decision, recalls Linda Petta, Assistant Director of Finance for the United Way of Greater Cleveland. “We moved from a mainframe environment with our own programmers and software that we specifically designed for not-for-profit accounting because we were faced with Y2K issues and there was no operating system available to keep the old mainframe going. At the time I was convinced there was no software to replace what we had, but moving to Microsoft Business Solutions was the best decision we could have made,” said Ms. Petta.

Using Innovation to Serve Member Organizations

Today, the Cleveland-based United Way uses Microsoft Business Solutions to manage their own accounting needs, plus acts as a service bureau to provide accounting services for an additional 48 individual not-for-profit organizations. Each of the organizations has a unique chart of accounts, and many are able to access their own data remotely. In 2001, the Cleveland United Way processed and printed 40,450 accounts payable checks, input 460,332 transactions and maintained 24,928 vendor records. They also manage four different fiscal years.

By using the advanced integration capabilities in Microsoft Business Solutions, the agency brings information from their fundraising and payroll databases to their accounting system. For example, they use this integration to simplify the quarterly distribution of approximately 650 designation checks to other organizations. Ms. Petta estimates the agency reduces the time it takes to handle these processes by 75 percent.

Discover a Winning Solution for Your Organization

Financial accounting and management systems from Microsoft Business Solutions can help you integrate all of your information – from balancing funds to managing spending to complex reporting. All our software products come packed with tools to help improve decision-making, eliminate time-consuming reporting processes, and allow access anytime to information across your entire organization, while maintaining accountability.

Consider the Safe Choice

You can rely on Microsoft Business Solutions to provide the foundation and resources to support your organization's important mission. With more than 250,000 customers worldwide, Microsoft Business Solutions is a proven performer in more than 1,000 not-for-profit organizations.

No matter the size of your organization, Microsoft Business Solutions has a solution that is right for you. Depending on your needs, we offer a range of systems from single-user to multi-user and large client/server solutions. In addition to the core accounting and financials, you can select from dozens of integrated modules to meet the diverse needs of your operation such as inventory, fixed assets, project management and more.

All our products are based on industry standard Microsoft technology and are fully compatible with familiar Microsoft productivity tools such as Microsoft Office. They feature ease-of-use, flexibility and superior capabilities to integrate with other systems. And, Microsoft Business Solutions products are backed by the finest support services in the industry, ensuring your peace of mind. Microsoft Business Solutions also has over 900 solutions developers building seamlessly integrated applications to extend and expand Microsoft Business Solutions' product functionality to serve the specific needs of a variety of vertical markets including not-for-profit and Not-for-profit organizations. Solutions for fundraising, education, membership and much more will seamlessly integrate with the core accounting solution delivering a best of breed system offering unprecedented features and functionality.

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