A Tactical Approach to the Automation of Your Nonprofit Finance Function

February 27, 2024

Webinar Sponsor:

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Enter your burning questions in the Chat, monitored by NFC moderators, to have them answered during our interactive Q&A session

Dana Britto

NFC Moderator

Mark Hager

NFC Moderator

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Today's Presenters

GINA MCDONALD
Managing Director,
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BDO

DOMINIQUE JONES
Executive Director

Global Kids

YOUNG SOOK NA
VP, Finance

Global Kids

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Today's Session

- Trends in Nonprofit Operations
- Options for Automation in the Finance Function
- *Case Study: Global Kids*
- Implementation
- Wrap-Up

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What Is Your Organization's Expense Budget?

1	Below $250K
2	Between $250K and $1M
3	Between $1M and $5M
4	More than $5M

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What is your organization's mission area?

1	Animals & Environment
2	Arts & Culture
3	Advocacy & Organizing
4	Capacity Building & Leadership Development
5	Community Development & Workforce
6	Healthcare & Aging
7	Housing & Shelter
8	Social Services
9	Education & Youth
10	Self-Help, Peer Support, Associational
11	Other (in the chat)

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What types of software solutions are you considering for use at your organization?

1	Banking Technology
2	Expense Management Software
3	Electronic Bill Payment
4	Payroll and Time & Attendance
5	Electronic Invoicing & Cash Receipts
6	Monthly Close Workflow
7	Fundraising
8	Budgeting & Planning
9	Dashboards

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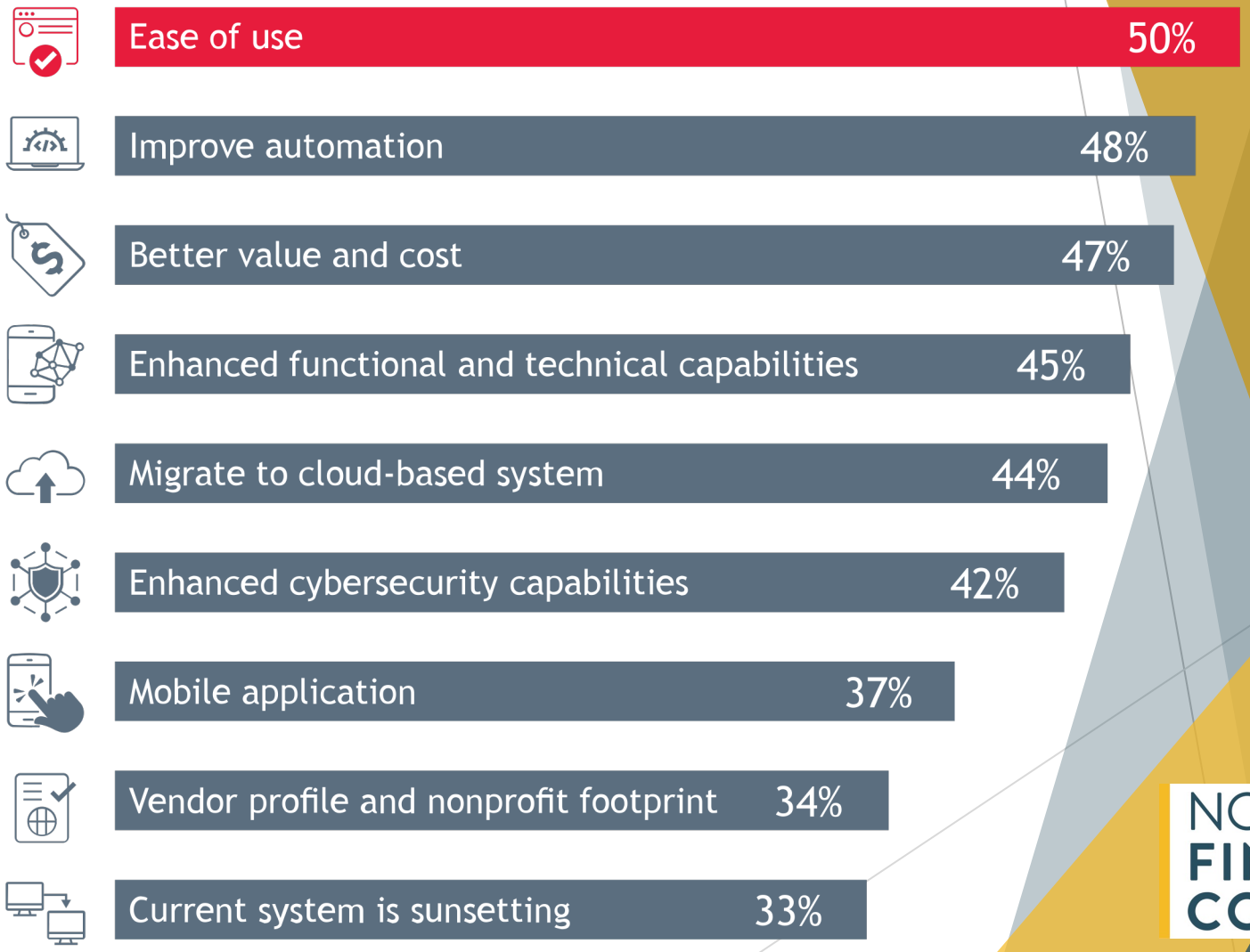
BDO 2023 Nonprofit Benchmarking Survey

INVESTMENT IN TECHNOLOGY

Of the nonprofits that are planning to select a new Enterprise Resource Planning (ERP) system, they say their top reason is ease of use



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Sector Trends

Automation & Technology transformation | Cybersecurity Threat | Financial Strategy and Enablement | Enterprise Risk Management | Role of Board

- Changes in operating models
- Increase in ERP system selections due to sunsetting of legacy applications.
- Focus on other systems (Grants, Compliance, Program Data, FPNA)
- Process mapping, staffing and change management still important
- Evolving compliance landscape and increased focus on Enterprise Risk Management in the ‘new normal’
- Increasing overhead costs & Indirect costs rate/structure implications
- Boards will need to become more & more sophisticated

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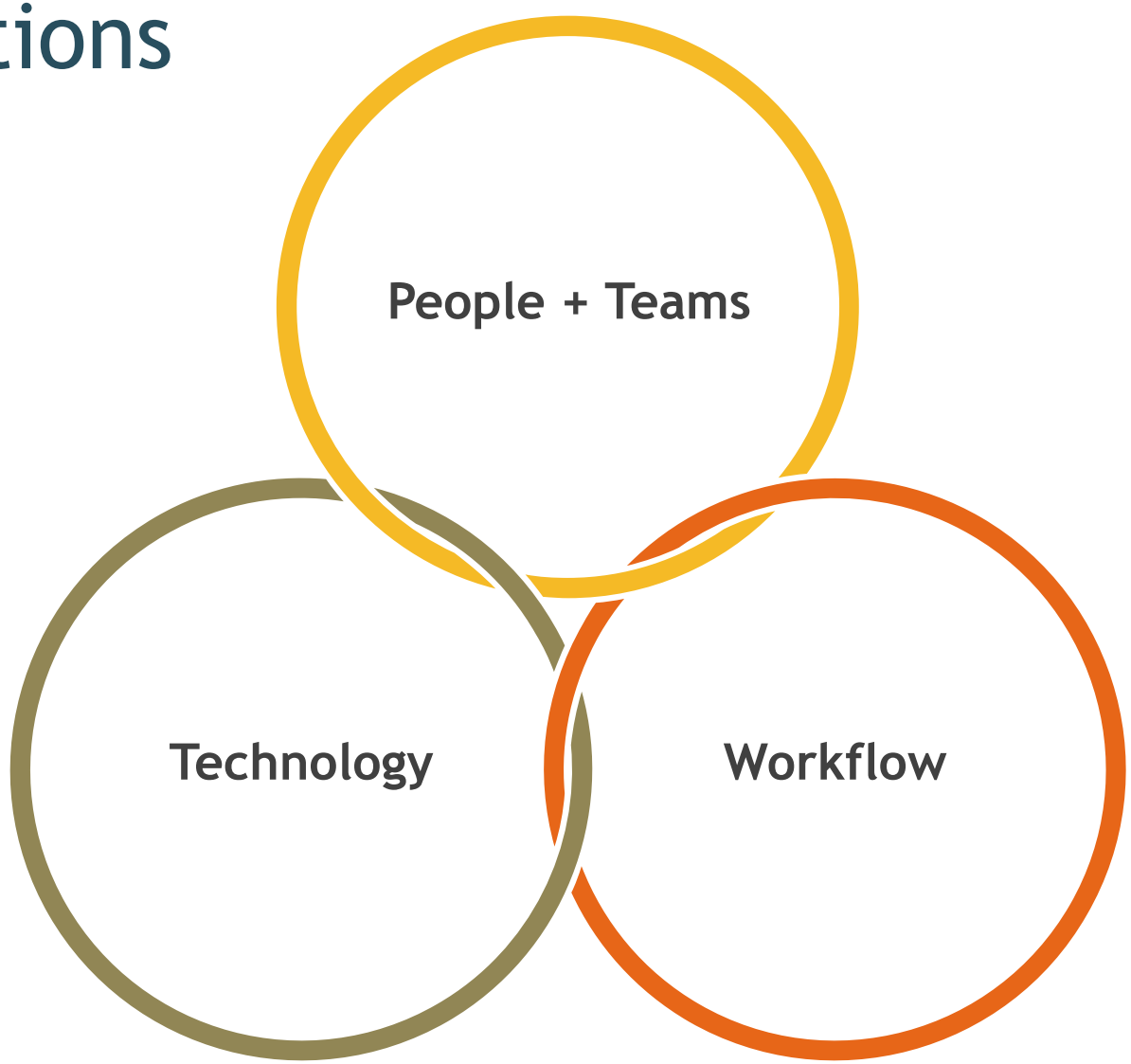
Operations



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Financial Management: A Team Sport

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Levels of Financial Management

STRATEGIC

Lead and support organizational financial planning and monitoring

MANAGERIAL

Ensure finance is effectively carrying out its operational responsibilities

TRANSACTIONAL

Perform day-to-day accounting functions, data entry, and finance administrative tasks

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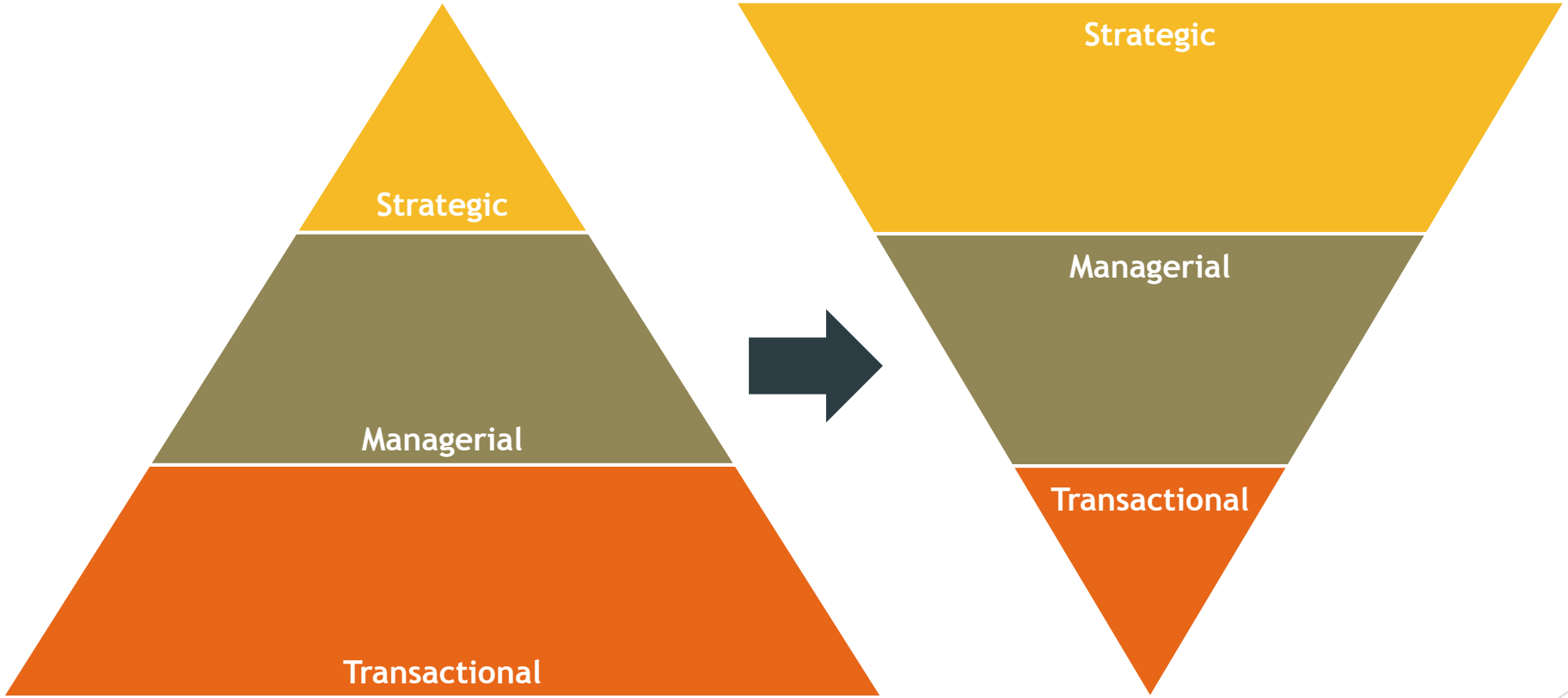
Adapted from Jeanne Bell Peters and Elizabeth Schaffer, *Financial Leadership for Nonprofit Executives: Guiding Your Organization to Long-term Success* © 2005

Levels of Financial Management



Adapted from Jeanne Bell Peters and Elizabeth Schaffer, *Financial Leadership for Nonprofit Executives: Guiding Your Organization to Long-term Success* © 2005

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Finance Software Ecosystem

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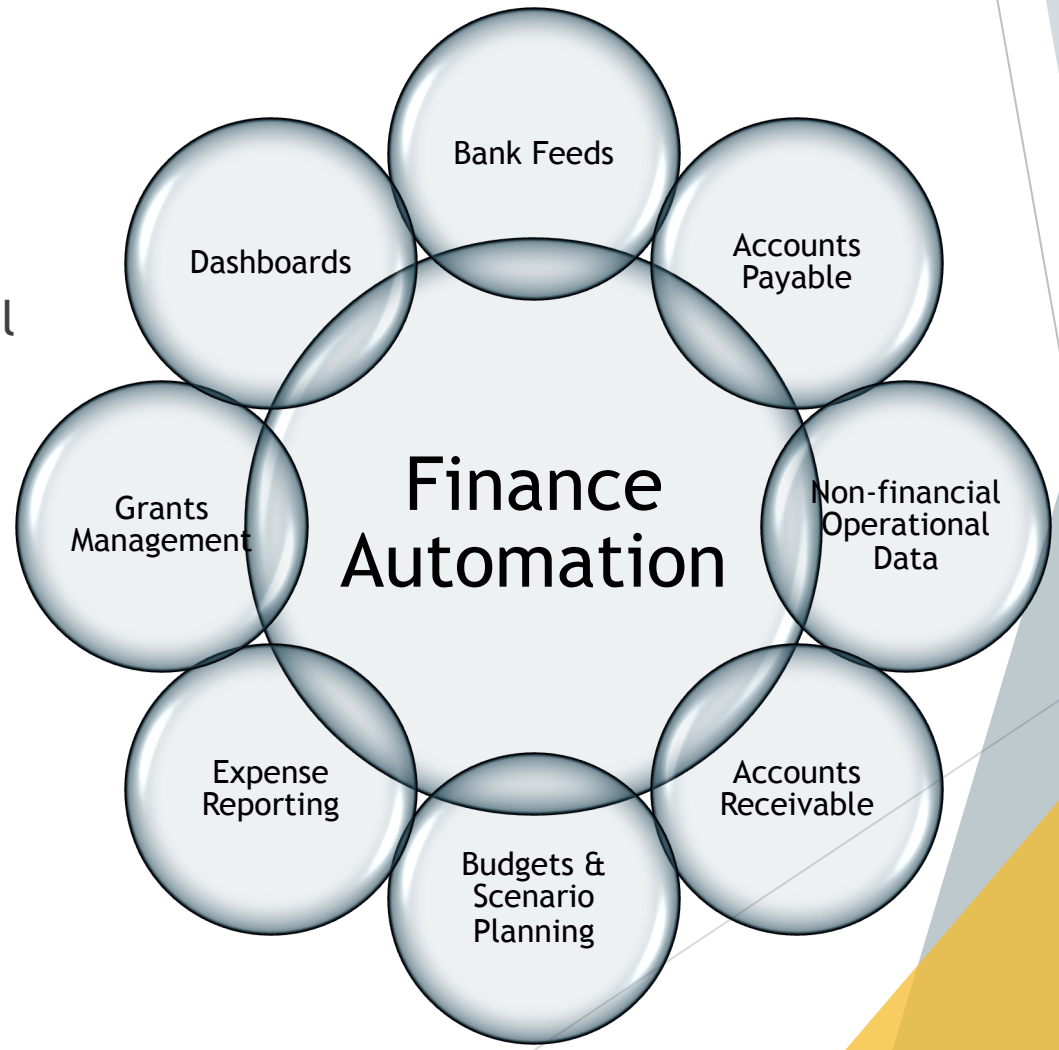
Automation

Automated workflows and processes enable nonprofits to accomplish meaningful work easier and faster:

- Consistent workflows
- Data integration
- Approval documentation and audit trail



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Solving for Common Pain Points

Lack of real-time visibility into key metrics and budgets

Lack of integration between critical applications

Manual, time-consuming reporting (can't slice & dice data)

Complex, slow, and error-prone manual work and spreadsheets

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Options for Automation

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General Ledger Expectations

BASIC FUNCTIONALITY

- Flexible Chart of Accounts
- Accounts Payable
- Accounts Receivable
- Reporting against budgets
- Ability to import/export data
- View-only access for end-users
- Cloud capability / Web-hosting
- Paperless document management

DIFFERENTIATORS

- Fund accounting
- Automated allocations
- Dashboards
- Electronic workflow routing
- Purchase requisitions
- Customizable reports

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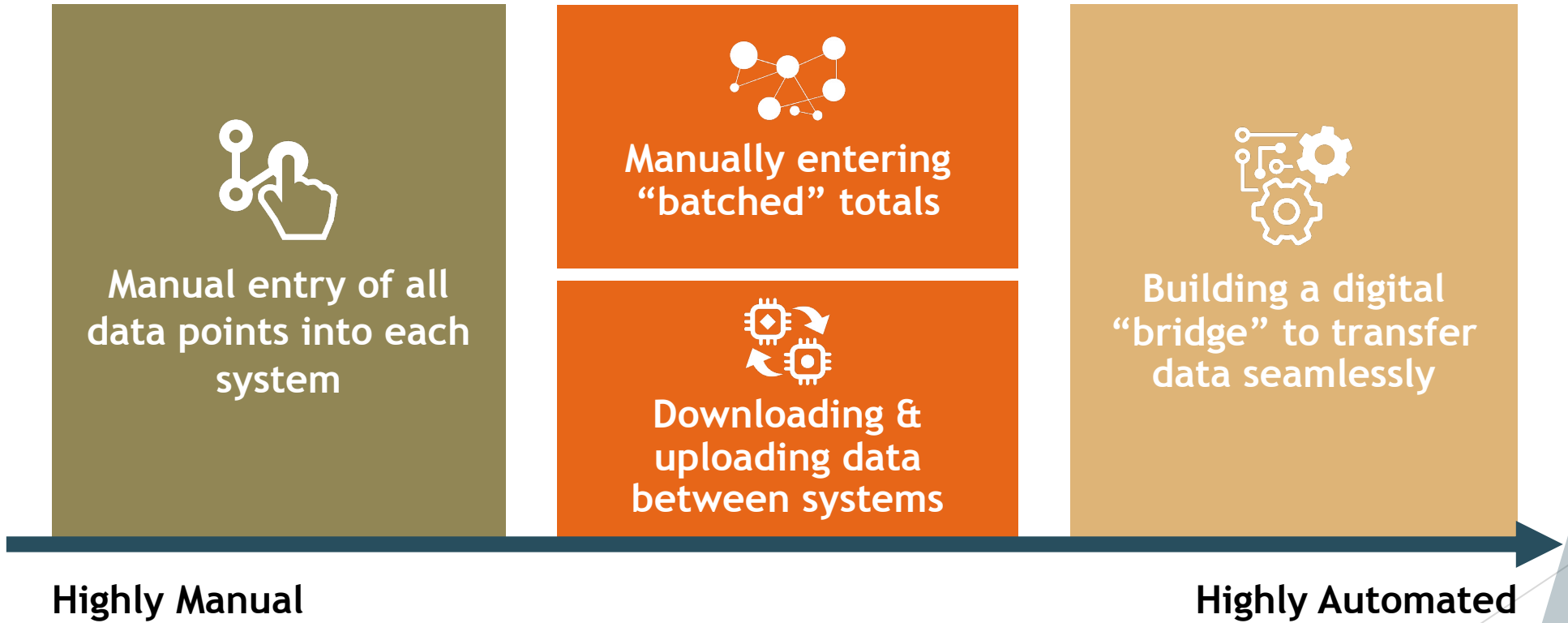
Data Flow Between Systems

What makes sense for the data flow between systems?



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Banking Technology

- **EFFICIENCIES**
  - Electronic transfers: Reduced need for check issuance
  - Remote deposit: Check scanning
- **CONTROLS**
  - Positive pay: Ensures checks are only paid to verified vendors
  - ACH block and filters: Prevent unauthorized outsiders from accessing or removing funds from an account

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Electronic Bill Pay

- Automated invoice approval workflow that be accessed via any computer or mobile device
- Integration with accounting software
- Can use paper checks or ACH
- Elimination of the manual process of cutting and mailing checks
- Electronic archiving

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Expense Management Software

Technology: Automated Travel and Expense Reporting Systems

Web-based, mobile access

Scan or take a picture of receipts/ documentation

Electronic approval routing

Direct connections to: credit cards, payroll, accounting system

Electronic audit trail

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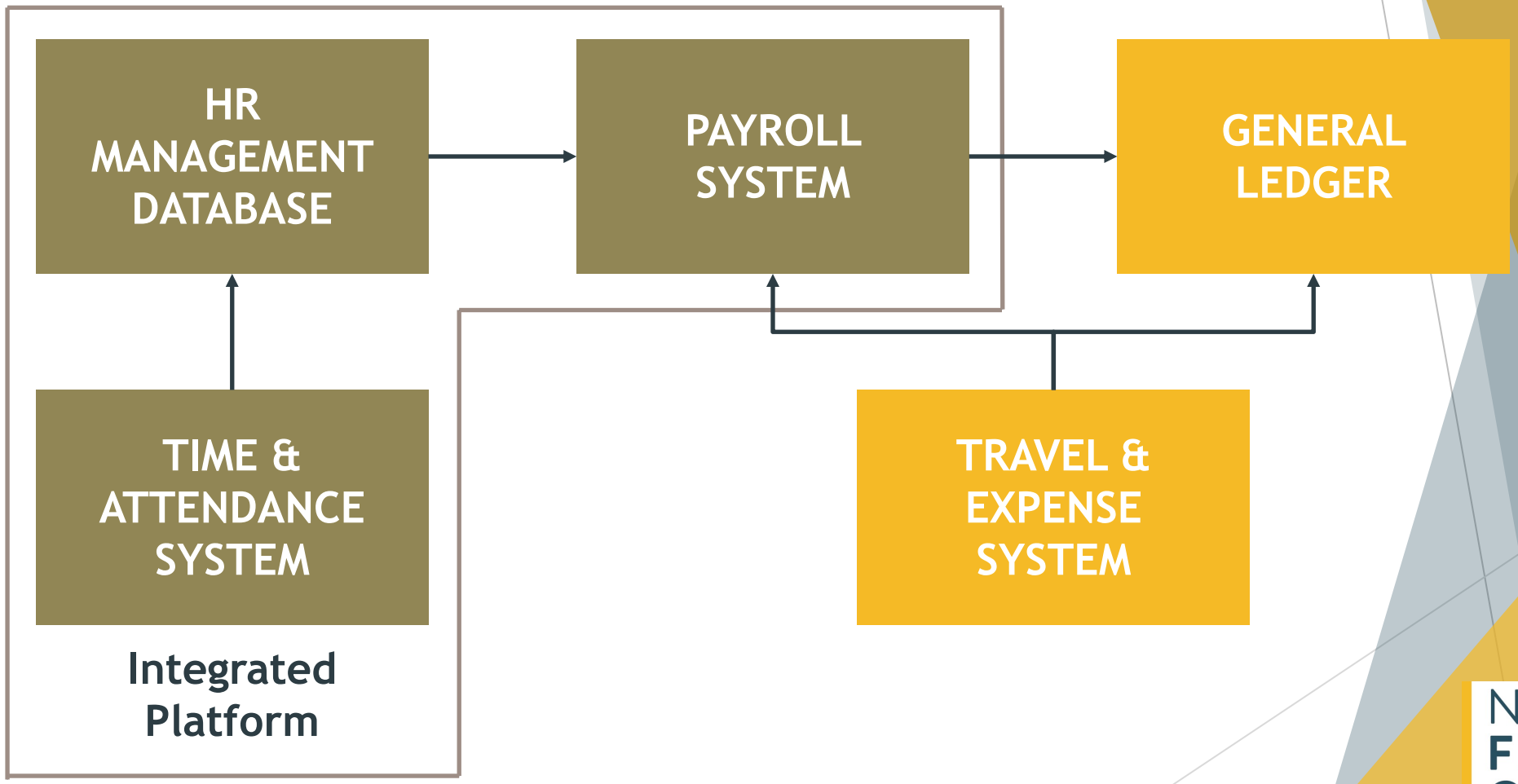
Payroll and Time & Attendance



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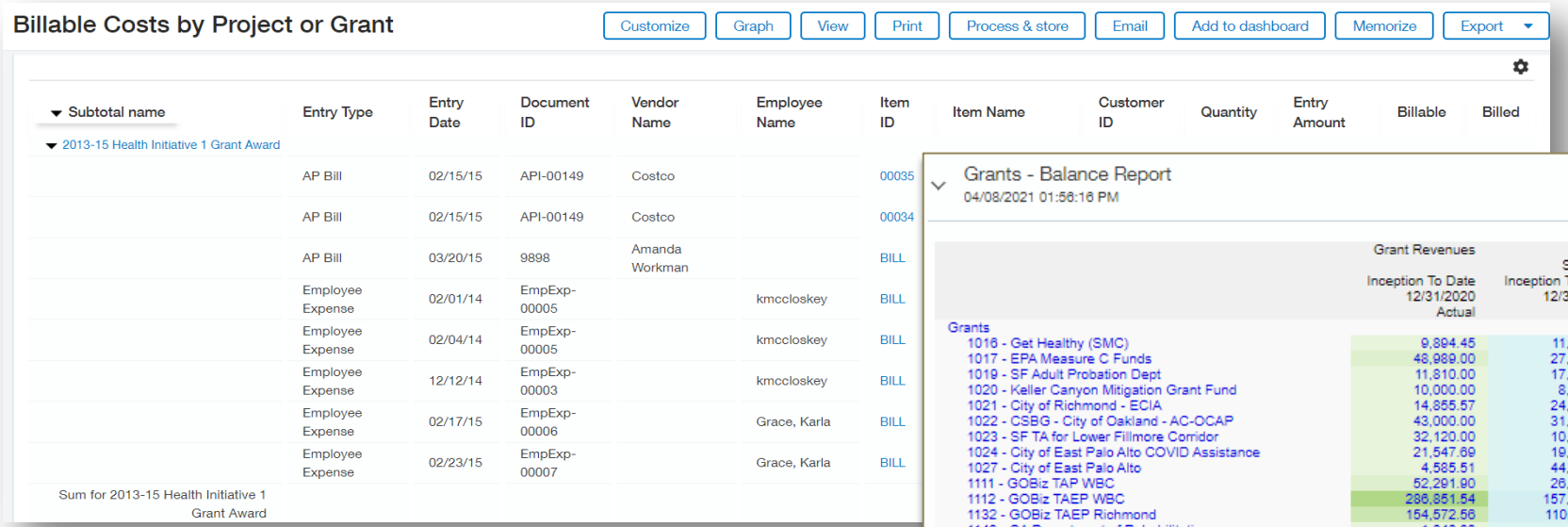
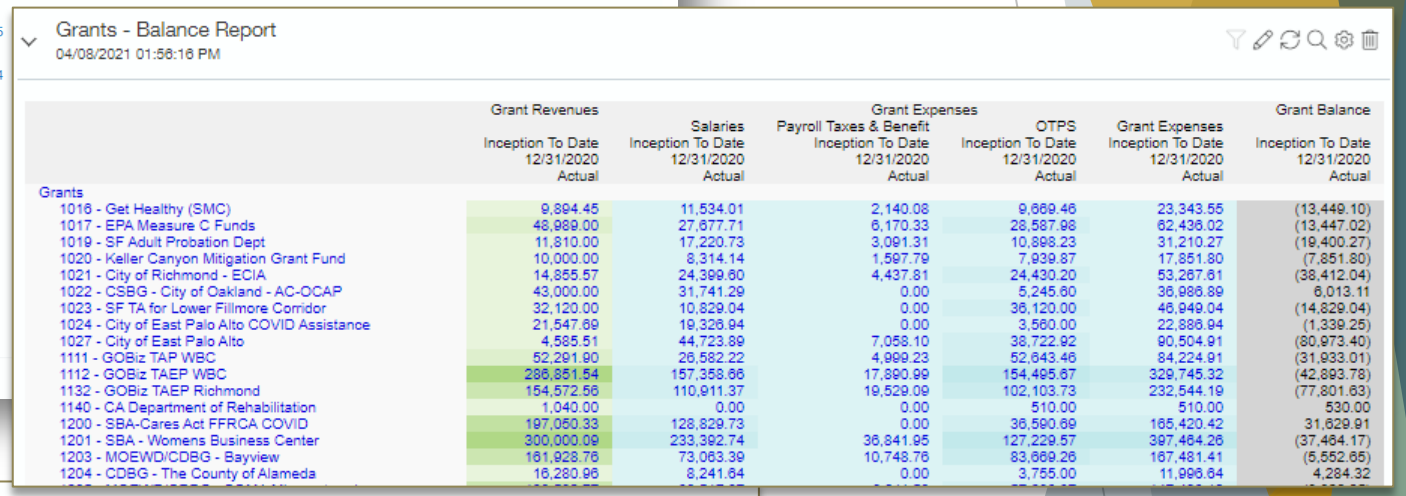
Grants Management



Billable Costs by Project or Grant

Customize | Graph | View | Print | Process & store | Email | Add to dashboard | Memorize | Export

Subtotal name	Entry Type	Entry Date	Document ID	Vendor Name	Employee Name	Item ID	Item Name	Customer ID	Quantity	Entry Amount	Billable	Billed
2013-15 Health Initiative 1 Grant Award												
	AP Bill	02/15/15	API-00149	Costco		00035						
	AP Bill	02/15/15	API-00149	Costco		00034						
	AP Bill	03/20/15	9898	Amanda Workman		BILL						
	Employee Expense	02/01/14	EmpExp-00005		kmccloskey	BILL						
	Employee Expense	02/04/14	EmpExp-00005		kmccloskey	BILL						
	Employee Expense	12/12/14	EmpExp-00003		kmccloskey	BILL						
	Employee Expense	02/17/15	EmpExp-00006		Grace, Karla	BILL						
	Employee Expense	02/23/15	EmpExp-00007		Grace, Karla	BILL						
Sum for 2013-15 Health Initiative 1 Grant Award												



Grants - Balance Report

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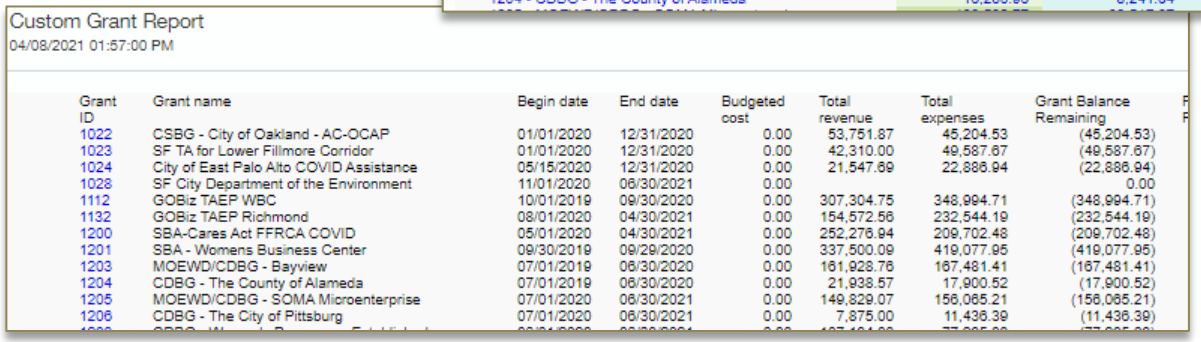
	Grant Revenues	Grant Expenses				Grant Balance
	Inception To Date 12/31/2020 Actual	Salaries Inception To Date 12/31/2020 Actual	Payroll Taxes & Benefit Inception To Date 12/31/2020 Actual	OTPS Inception To Date 12/31/2020 Actual	Grant Expenses Inception To Date 12/31/2020 Actual	Inception To Date 12/31/2020 Actual
Grants						
1016 - Get Healthy (SMC)	9,894.45	11,534.01	2,140.08	9,669.46	23,343.55	(13,449.10)
1017 - EPA Measure C Funds	48,989.00	27,677.71	6,170.33	28,587.98	62,436.02	(13,447.02)
1019 - SF Adult Probation Dept	11,810.00	17,220.73	3,091.31	10,898.23	31,210.27	(19,400.27)
1020 - Keller Canyon Mitigation Grant Fund	10,000.00	8,314.14	1,597.79	7,939.87	17,851.80	(7,851.80)
1021 - City of Richmond - ECIA	14,855.57	24,399.60	4,437.81	24,430.20	53,267.61	(38,412.04)
1022 - CSBG - City of Oakland - AC-OCAP	43,000.00	31,741.29	0.00	5,245.60	36,986.89	6,013.11
1023 - SF TA for Lower Fillmore Corridor	32,120.00	10,829.04	0.00	36,120.00	46,949.04	(14,829.04)
1024 - City of East Palo Alto COVID Assistance	21,547.69	19,326.94	0.00	3,560.00	22,886.94	(1,339.25)
1027 - City of East Palo Alto	4,585.51	44,723.89	7,058.10	38,722.92	90,504.91	(80,973.40)
1111 - GOBiz TAP WBC	52,291.90	26,582.22	4,999.23	52,643.46	84,224.91	(31,933.01)
1112 - GOBiz TAEP WBC	286,851.54	157,358.66	17,890.99	154,495.67	329,745.32	(42,893.78)
1132 - GOBiz TAEP Richmond	154,572.56	110,911.37	19,529.09	102,103.73	232,544.19	(77,801.63)
1140 - CA Department of Rehabilitation	1,040.00	0.00	0.00	510.00	510.00	530.00
1200 - SBA-Cares Act FFRCA COVID	197,050.33	128,829.73	0.00	36,590.69	165,420.42	31,629.91
1201 - SBA - Womens Business Center	300,000.09	233,392.74	36,841.95	127,229.57	397,464.26	(37,464.17)
1203 - MOEWD/CDBG - Bayview	161,928.76	73,063.39	10,748.76	83,669.26	167,481.41	(5,552.65)
1204 - CDBG - The County of Alameda	16,280.96	8,241.64	0.00	3,755.00	11,996.64	4,284.32



Custom Grant Report

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Grant ID	Grant name	Begin date	End date	Budgeted cost	Total revenue	Total expenses	Grant Balance Remaining
1022	CSBG - City of Oakland - AC-OCAP	01/01/2020	12/31/2020	0.00	53,751.87	45,204.53	(45,204.53)
1023	SF TA for Lower Fillmore Corridor	01/01/2020	12/31/2020	0.00	42,310.00	49,587.67	(49,587.67)
1024	City of East Palo Alto COVID Assistance	05/15/2020	12/31/2020	0.00	21,547.69	22,886.94	(22,886.94)
1028	SF City Department of the Environment	11/01/2020	06/30/2021	0.00			0.00
1112	GOBiz TAEP WBC	10/01/2019	09/30/2020	0.00	307,304.75	348,994.71	(348,994.71)
1132	GOBiz TAEP Richmond	08/01/2020	04/30/2021	0.00	154,572.56	232,544.19	(232,544.19)
1200	SBA-Cares Act FFRCA COVID	05/01/2020	04/30/2021	0.00	252,276.94	209,702.48	(209,702.48)
1201	SBA - Womens Business Center	09/30/2019	09/29/2020	0.00	337,500.09	419,077.95	(419,077.95)
1203	MOEWD/CDBG - Bayview	07/01/2019	06/30/2020	0.00	161,928.76	167,481.41	(167,481.41)
1204	CDBG - The County of Alameda	07/01/2019	06/30/2020	0.00	21,938.57	17,900.52	(17,900.52)
1205	MOEWD/CDBG - SOMA Microenterprise	07/01/2020	06/30/2021	0.00	149,829.07	156,065.21	(156,065.21)
1206	CDBG - The City of Pittsburg	07/01/2020	06/30/2021	0.00	7,875.00	11,436.39	(11,436.39)

Customizable & Drillable Financials by Grant

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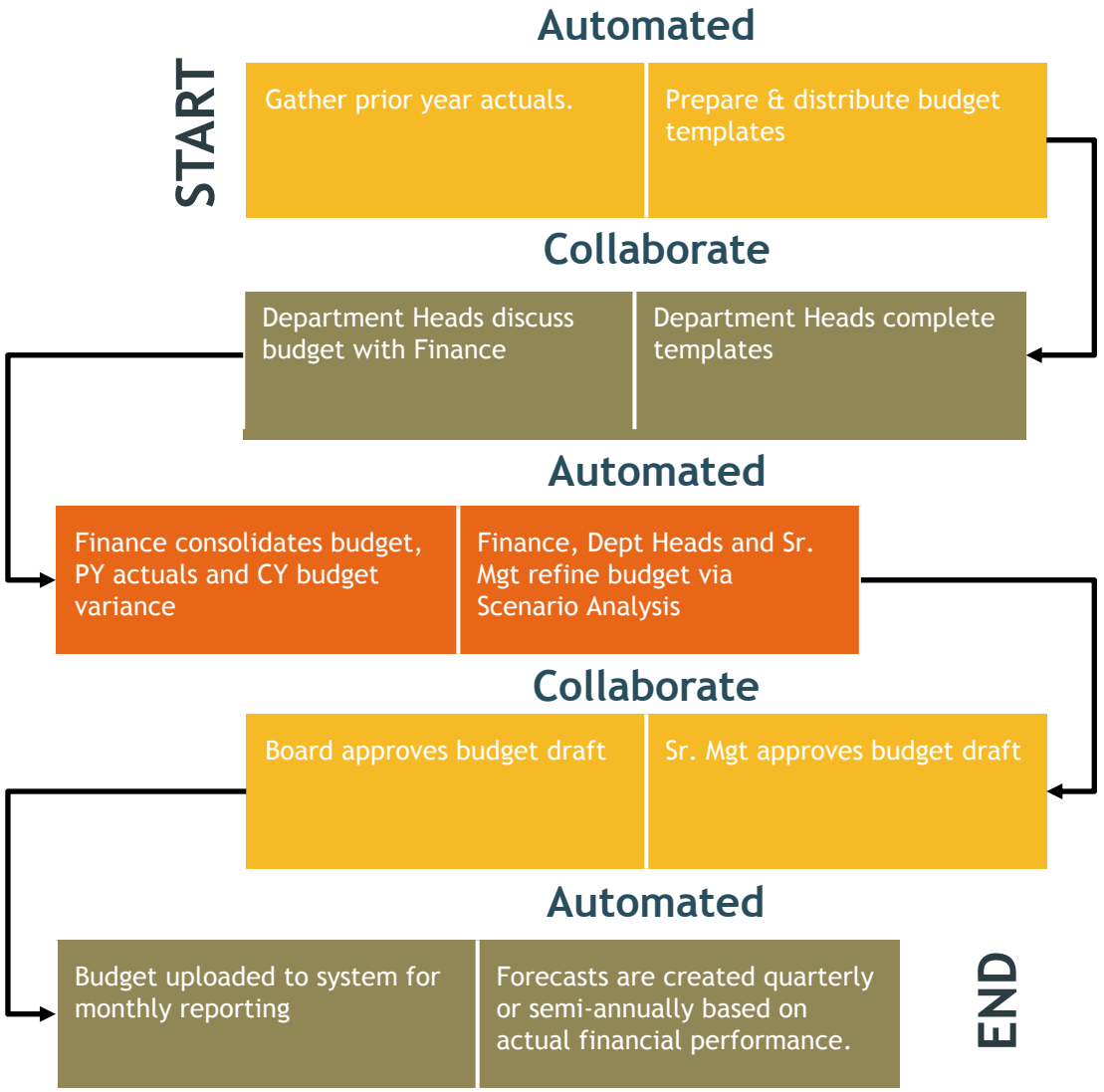
Budgeting & Scenario Planning



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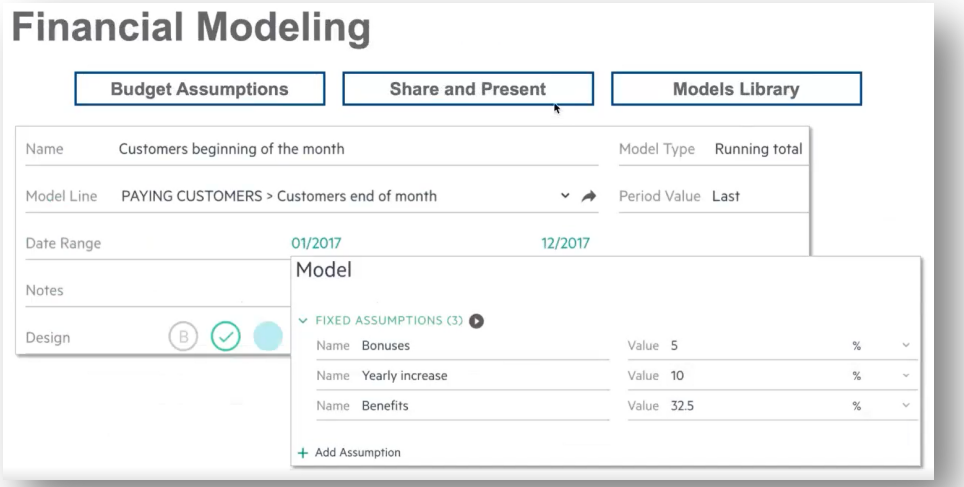
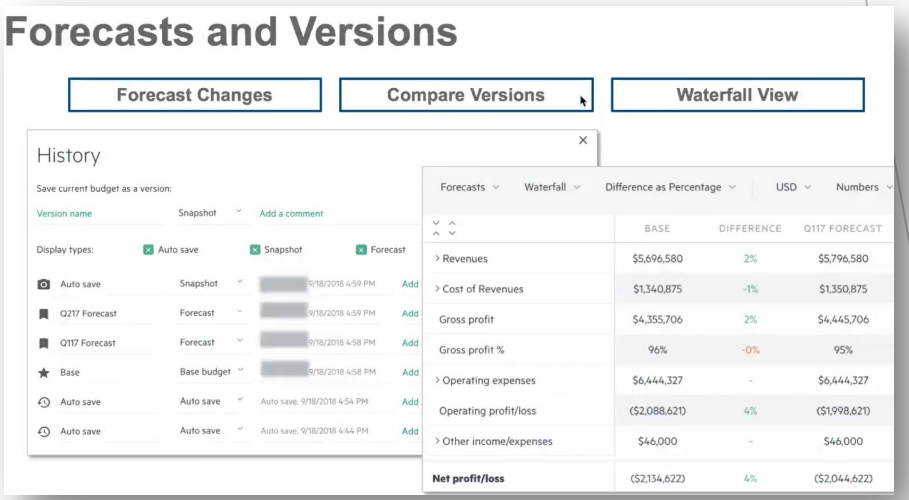
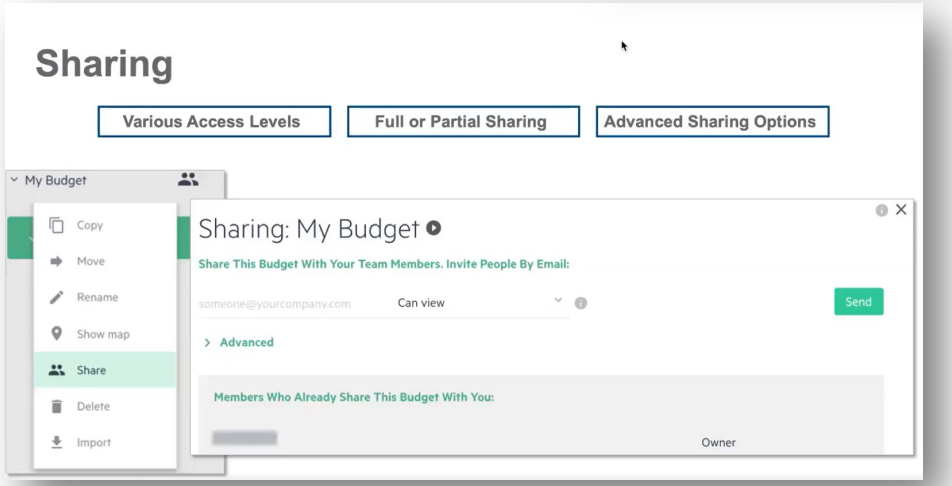
Budget Process Automation







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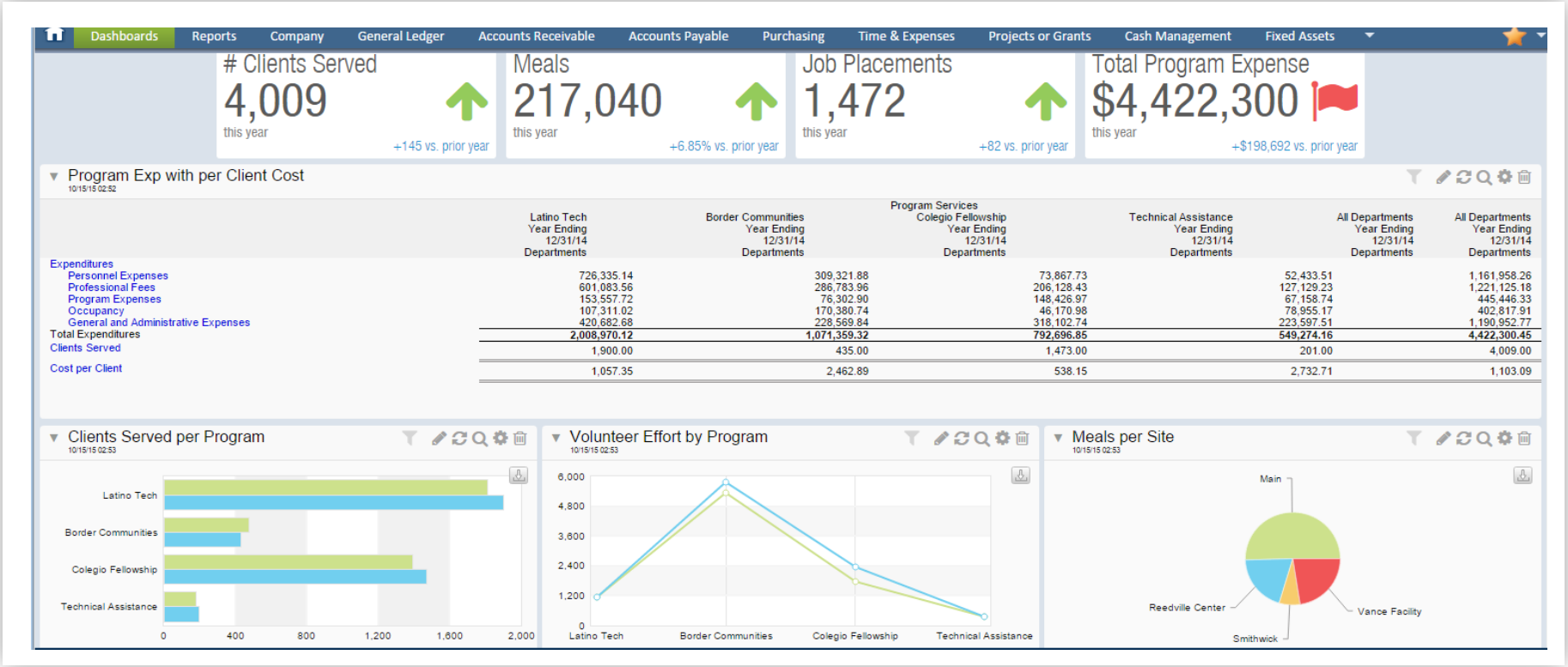
Dashboards



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Q&A

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Case Study

Global Kids

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Implementation

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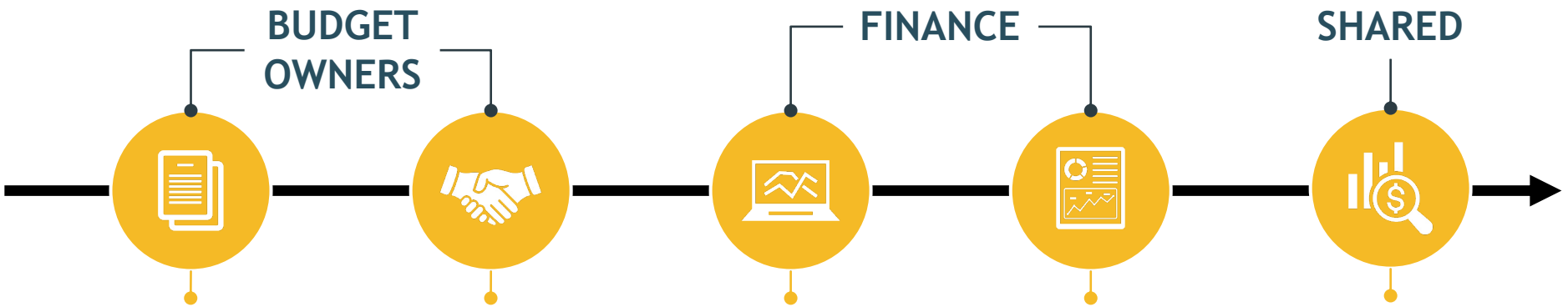
Shared Financial Management



Documentation

Authorization & Coding

Recording & allocating to the correct accounts & programs

Reporting accurate, timely data needed for decision making

Monitoring variances and developing action plans for course correction

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Common Challenges for Implementation

Culture

Resistance to Change

Unclear Vision

No Bandwidth

External Factors

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Implementation Considerations

CONNECTIVITY

- What integrations exist out of the box? Does the product work with existing systems?
- Do existing systems offer software solutions that should be explored?

STRUCTURE

- Does the system structure align with other systems of record?
- What level of historical data can be migrated?

SECURITY

- Can data be collected and maintained securely?
- Who is responsible for implementing security updates?

EXPENSE

- How many unique users are included?
- What is the annual or monthly fee?
- Are there additional transaction fees to consider?

CUSTOMIZATION

- Do you have in-house experience needed to customize the system?
- What level of customized staff training is required?

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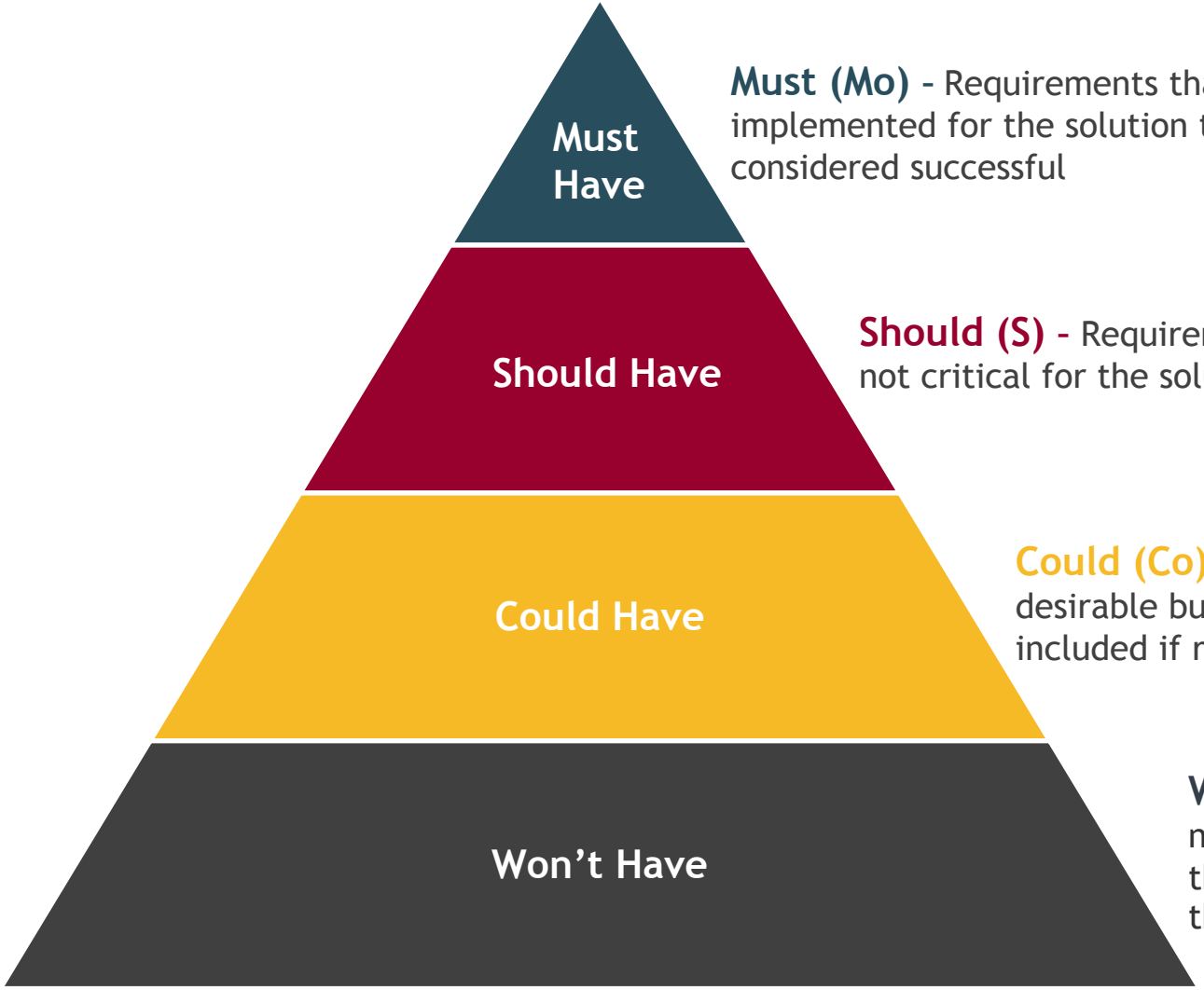
Prioritization



Must (Mo) - Requirements that must be implemented for the solution to be considered successful

Should (S) - Requirements important but not critical for the solution

Could (Co) - Requirements that are desirable but not necessary and could be included if resources are available

Won't (W) - Requirements that are not necessary at the present time for the solution but could be required in the future or not at all.

The MoSCoW model was introduced by Dai Clegg of Oracle UK in 1994.

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Technology & Equity

Use technology to support staff equity:

- Require equitable equipment policies
- Support remote work

Promote equity in technology selection and implementation:

- Do not assume technical expertise
- Make both technology and training accessible
- Build inclusive teams
- Include users & constituents in implementation processes

Center equity in data policies and practices:

- Be intentional about collection, storage, and sharing of data
- Use data-informed decision-making carefully

*https://www.nten.org/wp-content/uploads/2021/07/NTEN-Equity-Guide-for-Nonprofit-Technology_September_2020_v2.pdf

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Internal Controls

WHY DO WE NEED INTERNAL CONTROLS?

1. **Protect resources** from waste, loss, theft, or misuse

2. **Ensure Resources are used appropriately** in accordance with stakeholder expectations, monitoring agencies, and your budget and plan

3. **Produce reliable financial statements** that are based on accurate and verifiable data

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Internal Controls & Technology

HIGH RISK POSITIONS

- Database Administrator
- Security Administrator
- Systems Administrator
- Network Administrator
- Application Administrator

CONTROLS

- Background checks or employment verifications
- Periodic monitoring of activity
- Strong controls to detect irregular activity
- Back up and recovery controls
- Principle of least provisioning

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Q&A

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Key Takeaways

Are there one or two things that stand out as learnings you will try to apply?

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Our Takeaways

- Financial management is a shared responsibility requiring cross-functional collaboration across an organization.
- Selection and implementation of new technologies should aim to increase efficiency, strengthen internal controls, and promote a culture of compliance
- “Out of the box” technology solutions may not fit your organization’s specific needs. Develop an extended planning process to fully understand the implementation timeline, data structure, and needs for customization
- Before selecting a new technology, map out the relevant workflows to identify potential pain points and understand how responsibilities may shift with a new system or systems

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Resources and Wrap Up

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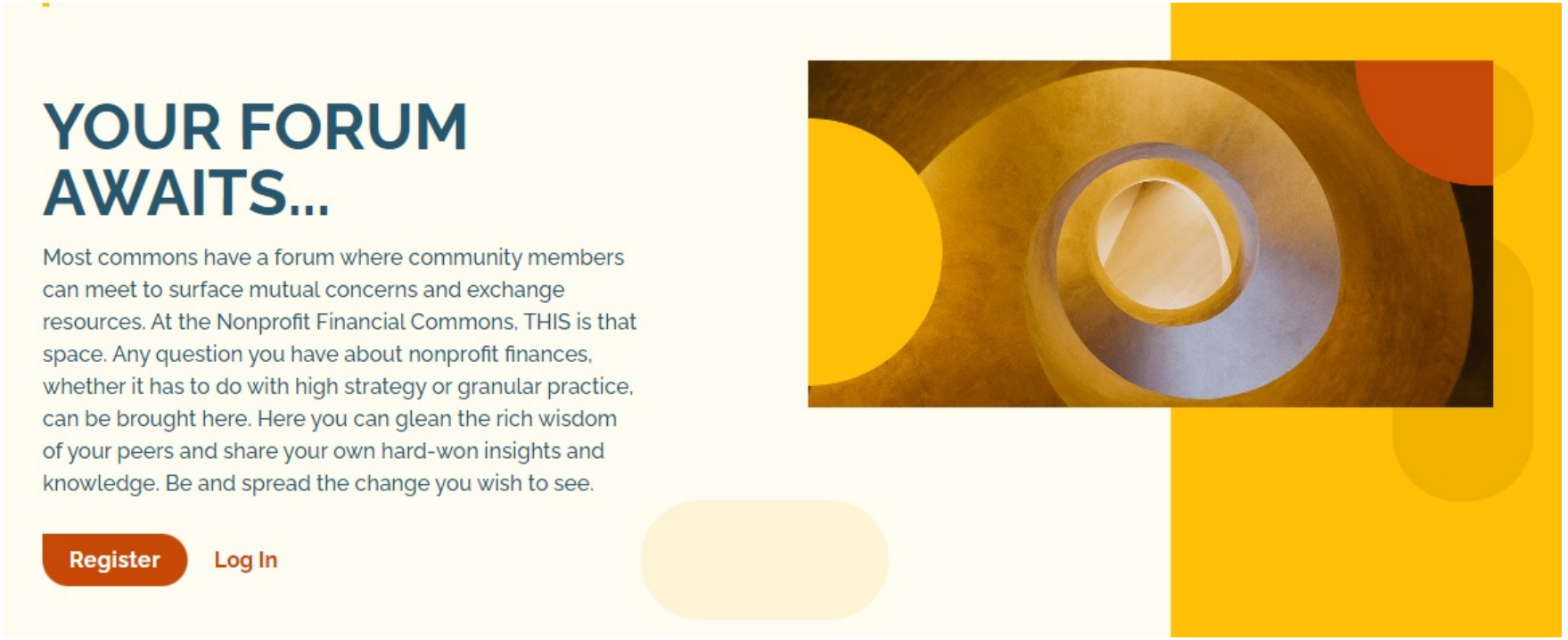
Stay Connected on the Forum



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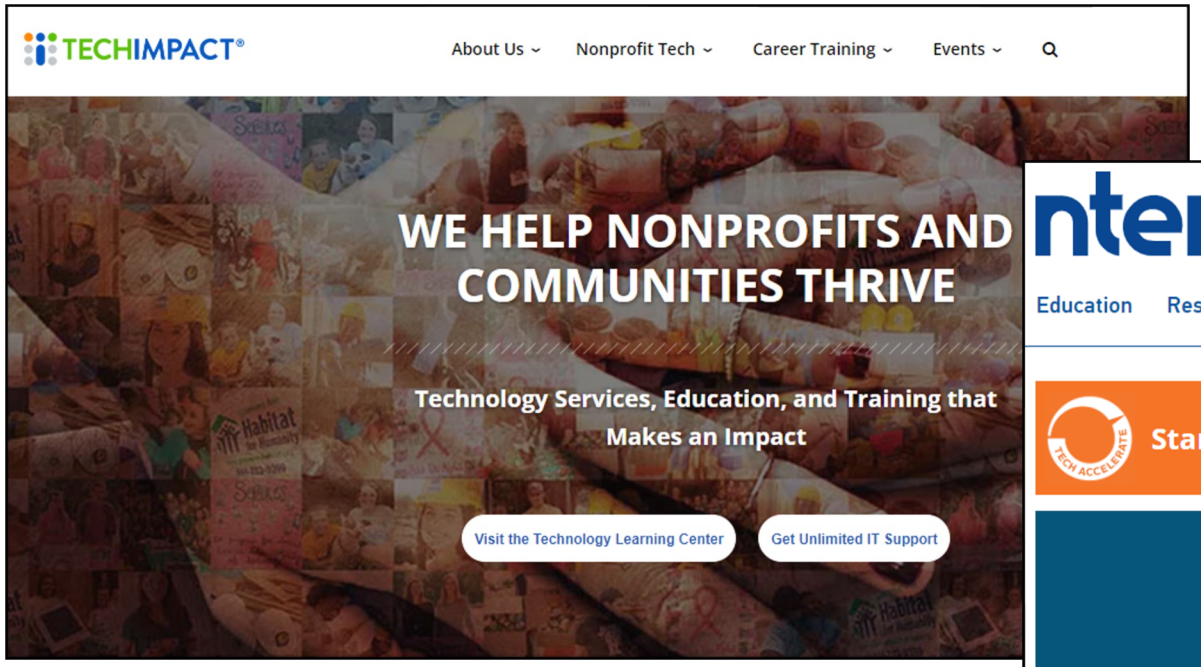
Resources



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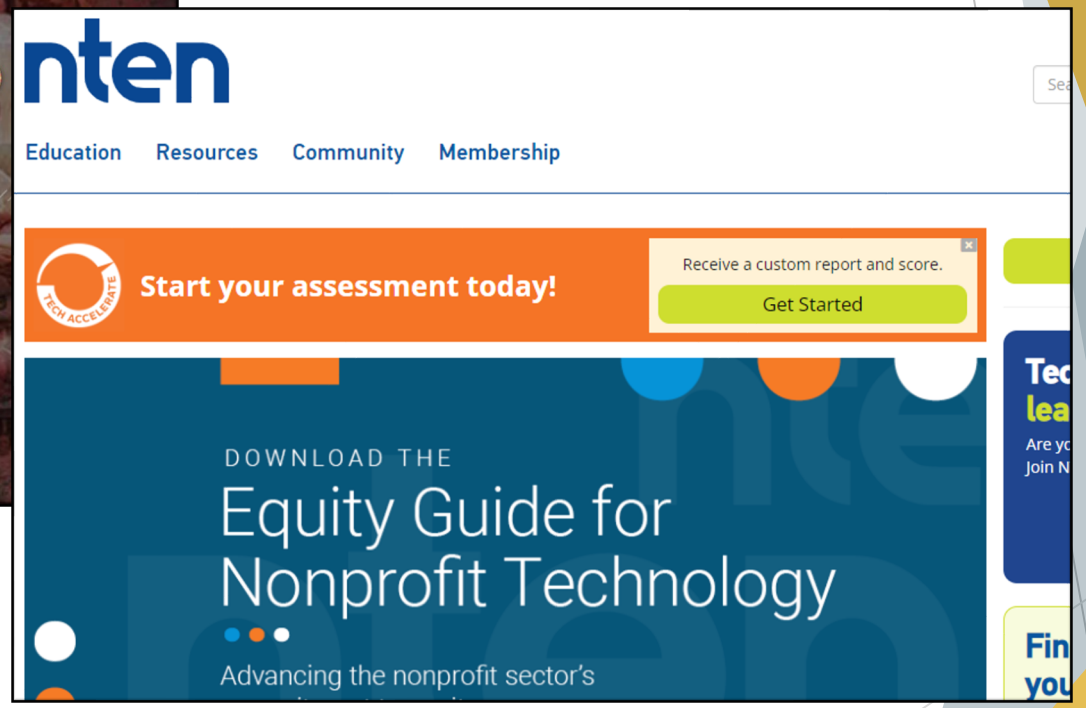

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Implementation Planning

Implementing a New Technology Solution- Things to Think About	
What technology solution do you want to implement?	
Why this solution and why now? Think about: ▶ How will this improve your financial management practices? ▶ How can you reallocate staff time?	
Who needs to be involved in the implementation process? Think about: ▶ Who is the end user? ▶ Who will be the power user? ▶ Who will manage the process?	
What barriers might you face in	

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Software Assessment

INSTRUCTIONS:

1. For each of the indicators below, answer "yes" or "no" for your organization.
2. Count the number of "yes" answer and enter it into the score box.
3. Turn to the scoring sheet and use your score to determine if this might be a high, medium or low priority for your organization.

System	Indicators of Need/Readiness	Yes	No	Score
ERP/Accounting System	• Are you on QuickBooks and have a high percentage of restricted revenue that carries from year to year?	☐	☐	
	• Are you utilizing all the dimensions/cost centers of your software but still feel you need further flexibility to properly track your data?	☐	☐	
	• Are there "differentiators" unavailable in your system that would be beneficial to your financial management?	☐	☐	
	• If you are on QuickBooks and feel you need new software, are you ready to spend thousands of dollars more per year to improve your accounting system?	☐	☐	
	• Are you chasing after receipts from purchasers?	☐	☐	
	• Is it difficult to get correct coding from	☐	☐	

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