

Not For Profit

Microsoft Dynamics GP

How Not-for-Profit Organizations Can Reduce Costs and Practice Better Financial Management with Microsoft Dynamics GP

White Paper

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Time- and Money-Saving Strategies for Not-for-Profit Organizations

Not-for-profit organizations have highly specialized and flexible needs for financial management and reporting. Demonstrating a high level of accountability and wise use of funds to your membership, communities, and funding sources is crucial for future funding and the success of your mission. You also need to consider that regulatory requirements are becoming more stringent. Regulations, such as Financial Accounting Standard Board (FASB) 116 and 117, already demand highly specific accounting transactions and financial reports for not-for-profit organizations.

In your not-for-profit organization, you might face limited availability of funds and increased competition for funding, but have only limited resources available for financial administration. You might need to juggle reporting and administrative tasks instead of focusing on the services and activities that are critical to the success of your organization's mission.

Regardless of whether you're a small local association or a national organization with multiple affiliates, Microsoft Dynamics GP delivers a financial management solution for not-for-profits that can help you serve the needs of your membership and community with better impact. Microsoft Dynamics GP can give you the tools you need to comply with regulatory requirements, satisfy the demands of grantors and sponsors, use your budget and other resources more effectively, and increase your financial insight and control. This guide gives you a few practical suggestions for improving the financial management in your organization.

Make your Financial Management more Productive and Cost-efficient

In order to ensure the continued viability of your funding sources, it is important that you increase the confidence of grantors, sponsors, donors, and membership, by clearly showing responsible, conservative financial management. Possible benefits of implementing Microsoft Dynamics GP include:

- Greater worker productivity—Empower your workers' effectiveness with a software environment that is comfortable, consistent, and easy to use.
- Less duplication and lower potential for errors—Introduce consistent, flexible automation and centralization into all areas of financial management to streamline your efforts and minimize the potential for errors, and eliminate redundant data entry and other unproductive busywork.
- More strategic management—Lighten the load on your financial managers and let them concentrate on critical and strategic tasks, with comprehensive reporting and automation capabilities designed with not-for-profit organizations in mind.

One of the biggest "time-wasters" in not-for-profit organizations is the constant need to reenter data from one system to another. For example, many organizations must manually reenter information from their fundraising software to their accounting system. This manual 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 improve your financial management and operational effectiveness by effectively sharing information across the organization, using a Microsoft Windows®-based financial software solution that's designed to integrate easily with your other systems. With integrated systems, you'll be able to make sure that decision makers and financial managers see the information they need in comprehensive, well-

designed reports, so they can make sound business decisions. Microsoft Dynamics GP Financial Management lets you automate many business transactions and make them available over the Web. This automation could entail Web-based reporting, self-service capabilities for your delivery of membership services, and more efficient project management.

Improve Financial Performance

When you make your financial performance more productive and cost-efficient, you can increase the positive visibility for your organization's accomplishments. To optimize financial performance, your organization requires a high degree of flexibility, control, and responsiveness in its financial administration.

Microsoft Dynamics GP Financial Management gives you flexible reporting, analysis, and budget control tools to help you resolve issues before they have a negative impact on your finances. For instance, you can accurately forecast future expenses, increase the predictability of financial events, and direct resources for the best financial results. Budget control capabilities help you avoid overspending and maintain balanced accounts with confidence. At any time, you can assess the status of your budgets with little effort. By creating reporting dimensions in Microsoft Dynamics GP Analytical Accounting, you can track information without having to refer to the chart of accounts.

In order to fulfill your mission, it is necessary that you be able to evaluate your programs' performance and change direction quickly. Highly customizable reports allow you to highlight grant performance, and show your grantors what they need to see, while giving you the ability to identify areas for improvement so that you can respond and implement any corrections quickly.

Maintain Balanced Accounts with Confidence

Many not-for-profit organizations struggle with manually reconciling information and typically have unique fund-tracking needs. Funds often require special setup within a financial management system in order to comply with an increasing number of strict reporting guidelines. Microsoft Dynamics GP Interfund Management provides the confidence that accounts are balanced and error free.

Interfund Management helps you manage multiple funds across several projects accurately and seamlessly, while saving employees valuable time. Designed for organizations that require the ability to transfer balances between funds, Interfund automatically analyzes transactions and makes adjusting entries without user intervention. This helps reconcile fund information and balance accounts, not only helping to eliminate the potential for errors, but also facilitating successful audits. In addition, Interfund Management automatically generates "Due To/Due From" transactions to ensure that individual fund accounts remain balanced in accordance with interfund practices.

To accommodate the unique reporting needs of not-for-profit organizations, you can assign to each fund a unique ledger account that provides revenue, expense, and balance sheet reports; and you can summarize funds as a whole within the organization. In addition, you can edit reports for verification prior to posting without affecting the General Ledger, thereby making financial results more accurate and accessible. This kind of verification helps ensure effective compliance with strict FASB reporting requirements.

Increase your Financial Insight and Control, and Make Sound Decisions

Successfully managing a not-for-profit organization demands accurate financial reporting and access to financial information, so that you can assess the status of your budgets with little effort at any time. In addition, not-for-profits require flexible reporting options that meet their unique needs, while providing deep financial insight to help make sound business decisions. The financial management reporting tools from Microsoft Dynamics GP Financial Management give you the ability to create highly customizable reports that you can distribute with ease and to analyze financial data by any criteria you require.

Microsoft Dynamics GP Analytical Accounting gives you the reporting flexibility and extensibility to analyze financial data by your unique requirements. You can define the specific information that is important to your organization with limitless, user-defined, transaction dimension codes and account classes that help you take control of your accounting processes.

With Analytical Accounting, you can capture additional financial data without having to define this information as a segment within the general ledger chart of accounts. Transaction Dimensions and dimension codes are defined to capture additional data during transaction entry. Dimensions may be alpha-numeric, numeric, date, or logical yes/no. For easy manipulation, Analytical Accounting reports are created using an inquiry wizard which produces the desired reports in Microsoft Office Excel format. And multilevel reporting gives you a detailed view into your transactions and enables deep analysis for even better decision making.

Creating reports that everyone can understand and delivering them to the people who require them can be a daunting task. Microsoft Dynamics GP for Analytics–FRx® helps you master your financial reporting processes with high-performance capabilities that give you comprehensive, flexible, presentation-quality financial and management reports that are easy to create, distribute, and use. Create reports using a “building block” approach to ensure each report is built to meet your needs, and take advantage of Web-enabled reporting so that you can distribute reports and other critical information to anybody, at any time. Empower everyone—from the board of directors to the staff accountants—with a full understanding of funds, expenses, and financial performance.

Increase the Value and Leverage of Grants and Funding Sources

Carefully tracking grants and other funding sources is crucial to the success of your not-for-profit organization so that you can comply with strict regulations and guidelines, and demonstrate accountability to sponsors in order to improve your chances to obtain extended grants and future funding. Managing and allocating grants and other funding sources manually, however, can be a productivity drain.

Microsoft Dynamics GP Grant Management automates and helps streamline the grant management process and lets you keep a closer eye on daily transactions and expenditures. Tight integration with Analytical Accounting lets you easily create budgets for grants and other transaction dimensions for greater insight into your grants and funding sources. With Grant Management, you will also be able to:

- Centralize grant information and help ensure that it's secure, accessible, and up-to-date so that you can accurately track costs for the entire life-cycle of a grant.
- Focus on grant performance and funding allocation, instead of manually calculating amounts used, by monitoring daily business transactions and expenditures with automatic warnings that notify you when you've exceeded the budget or when transactions are allocated outside of a grant timeline.

- Help ensure compliance with regulations by automatically tracking accounting transactions to specific grant and programs, and allocating costs based on grant and program budgets.
- Manage grant information flexibly independent of your organization's fiscal reporting periods and with the ability to distribute a specific transaction to multiple grants, projects, or both.

Develop Solid Budgets and Remain in Control of Them

One of the biggest challenges facing not-for-profit organizations is solid budget planning and management. Careful administration of both operating expenses and cash flow are essential, not only for meeting regulatory compliance, but also for demonstrating the efficient use of resources to secure future funding. With strong budget planning and management capabilities, Microsoft Financial Management helps position your organization for excellent financial practice and performance.

Microsoft Dynamics GP Encumbrance Management—Staying within budget is complicated by the need to track encumbrances, an important task for not-for-profits. Recording encumbrances serves as a valuable aid for keeping expenditures within budget because without proper handling of encumbered funds, organizations run the risk of overspending. Often, processes for checking budgets against expenditures are manual and time-consuming.

With Encumbrance Management, encumbered funds can be tracked automatically, an activity that can help reduce the risk of overspending on specific accounts with automated messages. Also, it helps ensure funds will be available when purchases are made, providing immediate tracing upon entering transactions and encouraging effective cash planning and control.

Microsoft Dynamics GP eCommitments—One of the best ways to preserve your financial integrity as a not-for-profit organization is to avoid budgeting surprises that you would need to justify to your board of directors, sponsors, or donors. By tracking requisitions as commitments, eCommitments helps you forecast future expenses so that you can maximize control of your requisition process and maintain tight control of your budget. So that overspending will be avoided, users who generate or approve requisitions receive a notification when a transaction surpasses the budgeted amount. When notified, users must approve overspending—consciously making the decision. Budget accountability, therefore, becomes the responsibility of anyone authorized to approve requisitions.

Microsoft Dynamics GP Control Account Management—Save time and avoid human error by identifying the proper distribution of Accounts Payable to multiple control accounts, and eliminate the need to reconcile reporting segments manually. Review distribution of funds in a Summary Report at the level of detail in which you are interested.

Customer Success Story: American Electronics Association

AeA (American Electronics Association), founded in 1943 and headquartered in Washington, DC, is a nationwide trade association with members in all segments of the technology industry. AeA's tag line is "Advancing the Business of Technology." AeA members include nearly 3,000 companies with approximately 1.8 million employees. The organization accomplishes its goals primarily through lobbying of state, federal, and international governments, providing access to capital and business opportunities, and offering business services and networking programs.

AeA has worked with the financial management capabilities of Microsoft Dynamics GP—including General Ledger and Accounts Payable—for more than 12 years, upgrading through successive versions of the program. Complementary to Microsoft Dynamics GP, the organization uses Microsoft SQL Server™ 2000, FRx, and the programs of the Microsoft Office System. They use Microsoft Dynamics GP Integration Manager to reduce manual data entry and improve data integrity, FRx for monthly and project reports, Microsoft Office Excel for budgeting, and Microsoft Dynamics GP SmartList to export data to Microsoft Office Word and Excel. Microsoft Certified Business Solutions Partner Eskel Porter Consulting, Inc., helps AeA to streamline the technology as business needs change.

AeA experiences steadily growing membership, which means an increasing number of transactions. In addition, AeA offers more member programs now than ever before. Microsoft Dynamics GP integrates with iMIS, the organization's membership database—one of the most important benefits of Microsoft Dynamics GP. Financial reporting through FRx gives AeA managers practical insight on financial operations, even if they are not accounting or financial specialists. "Managers use the reports, respond to them promptly, and let them guide the way they work," says Cynthia Thomas, accounting manager at AeA. "And with FRx, we can design reports quickly, the way we need to see them, and distribute them with ease."

The AeA Executive Committee regularly evaluates financial performance analysis based on Microsoft Dynamics GP and FRx. Since Microsoft Dynamics GP has made it possible to significantly increase the efficiency of the monthly close process, moving it up by ten days, executives become aware of financial performance much faster and can make far-reaching decisions with better confidence. Improved efficiency and productivity also help the annual financial audits, which used to require careful study of 150 or more printed pages. With Microsoft Dynamics GP, auditors generally prefer soft-copy reports, which make it much easier to review and analyze financial data.

At AeA, Microsoft Dynamics GP facilitates a better way to age payables and pay at the appropriate time. "You can let Microsoft Dynamics GP calculate, or you can do it yourself—but the system is so much better at it," Thomas says. "We're also now looking to Microsoft Dynamics GP to help us make our cash management more effective." Thomas also points out that employee satisfaction in the financial management group at AeA is at an all-time high and that turnover in the last few years has been extremely low, for which she credits Microsoft Dynamics GP and the other Microsoft Products and Technologies in place at AeA.

Customer Success Story: The Chicago Symphony Orchestra

The Chicago Symphony Orchestra has been entertaining audiences for over one hundred years with more than 200 live concerts a year. The not-for-profit organization employs more than 200 people who strive to make a variety of music accessible to Chicago and the rest of the world through education and performances.

Like many other not-for-profit organizations, the Chicago Symphony Orchestra's finance staff handled its accounting process manually—including reconciling information between funds. For instance, employees spent hours digging through transactions at the end of each month to determine why funds were not balanced—a time-consuming process that drained valuable human resources.

The Chicago Symphony Orchestra deployed Microsoft Dynamics GP Interfund Management—extending the organization's enterprise resource planning system. Doing so allows them to focus on managing its organization instead of its interfund transfers.

Interfund Management automatically analyzes transactions and makes adjusting entries without user intervention. As a result, as soon as data has been entered, it is available for use in reports, so employees no longer need to wait until the end of the month for essential reports. Also, by eliminating manual accounting, the Chicago Symphony Orchestra saves hours of work each month and significantly reduces human error in its financial management.

“Interfund Management has increased our productivity and taken away the worry of unbalanced funds,” says Paulette Volf, Senior Accounting Project Manager for The Chicago Symphony Orchestra.

Discover a Winning Solution for your Organization

Financial accounting and management systems from Microsoft Dynamics GP can help you integrate all of your information—from membership tracking to complex reporting. Microsoft Dynamics applications come packed with tools to improve decision making, eliminate time-consuming reporting processes, and allow access anytime to information across your entire organization. Microsoft Dynamics GP is a complete solution for not-for-profits with financial management capabilities integrated into the application, so your organization can realize tangible benefits in efficiency, control, and productivity very shortly after implementation.

With automated and streamlined financial management, you help ensure tight budget control, positioning your organization for improved financial performance. Microsoft Dynamics is an award-winning solution—named “Best Financial Application” by the SQL Server Magazine 2004 Readers’ Choice Award Competition—designed to meet your unique needs now and in the future.

Consider the Safe Choice

You can rely on Microsoft Dynamics to provide the foundation and resources to support your organization’s important mission. Microsoft Dynamics understands the needs of your not-for-profit organization and has demonstrated a commitment to the not-for-profit market segment. With more than 250,000 customers worldwide, Microsoft Dynamics is a proven performer in more than 2,500 not-for-profit organizations.

With Microsoft Dynamics, you only pay for the functionality you require, and can maximize your return on investment and have an additional opportunity to demonstrate your fiscal responsibility. An expert network of worldwide partner organizations deliver Microsoft Dynamics and share a commitment to lasting customer relationships and are deeply familiar with the business issues not-for-profit organizations must deal with. Partners provide personalized, local service—from planning, to implementation, to ongoing support. They help make sure you receive the business solution best suited for your precise needs.

About Microsoft Business Solutions

Microsoft Business Solutions, a division of Microsoft, offers a wide range of integrated, end-to-end business applications and services designed to help small, mid-market, and corporate businesses become more connected with customers, employees, partners and suppliers. Microsoft Dynamics applications optimize strategic business processes across financial management, analytics, human resources management, project management, customer relationship management, field service management, supply chain management, ecommerce, manufacturing and retail management. The applications are designed to

provide insight to help customers achieve business success. More information about Microsoft Dynamics GP can be found at: <http://www.microsoft.com/dynamics/gp/default.mspx>.

Additional information about Microsoft Dynamics GP and its benefits for not-for-profit organizations is at: http://www.microsoft.com/BusinessSolutions/Industry/Not_for_Profit.aspx.

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like and with familiar Microsoft software, automating and streamlining financial, customer relationship and supply chain processes in a way that helps you drive business success.

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