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A Few Good Accounting Packages

Nonprofit consultants look at accounting systems to fit your needs

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This article is courtesy of [Idealware](#), which provides candid information to help nonprofits choose effective software.

Is tax season a time of stress, chaos, and panic, or a relatively trouble-free period? Can you access the information you need in your accounting software, create reports, and track restricted funds, or does just logging on make you worry about crashing your computer? The accounting software you use will make or break this time of year for you, and can mean the difference between a painful tax season and an easy one. If you're struggling to create reports, track expenses and complete the necessary tasks, it may be time for a new system.

Over the last several years, we've talked to a number of nonprofit consultants and accounting specialists about the accounting packages they recommend. We published summaries of their advice in 2006, 2008, and again in 2011. But, given that the world of technology doesn't stand still, we felt it was time to revisit this topic and fill you in on what's changed.

A few things to note upfront. First, the accounting firm Sage's enterprise-level nonprofit offerings, formerly consolidated under the name Sage Nonprofit, has now been rebranded under the name Abila, while its low-cost offerings — formerly called Peachtree — are now sold under the brand name Sage. Sage has also rolled out a new solution, Sage One, for the smallest of businesses. We also added a new tool to the article, FinancialForce, that works well with the popular Salesforce CRM platform.

Before we dive into the available packages, let's decide whether you even need an accounting system.

Who Needs an Accounting Package?

What type of organization should use an accounting package? The consultants we talked to agreed: almost every nonprofit can benefit from one. Even if you work for a small organization that makes only a few basic transactions a month — deposits, withdrawals, and invoices, for example — an application like Microsoft Excel may not be enough. Truth be told, Excel is dangerous as an accounting tool, as

there are no built-in safeguards to keep you from deleting a transaction or accidentally duplicating a line on a report.

The increasing popularity of self-service financial technology tools has led to improved options for the smallest nonprofits. Many banks now offer reporting tools as part of their online banking packages, or as add-on modules. Users can associate certain vendors with a specific expense type — for instance, to connect USPS charges with "Postage." These banking tools typically aren't very good at differentiating different types of revenue, but if your organization is very small and has just a few transactions per month, this kind of service might support your needs. However, a dedicated package is a better fit for most organizations.

Once you've decided you need an accounting system, it's time to review your options. It's important to consider whether the package you purchase will integrate with the constituent management solution your organization uses — whether that's a donor management tool, an association management package, or a CRM. Seamless integration might save you hours summarizing and entering data. Ideally, your constituent management software should serve as your accounts receivable sub-ledger — a record of the transaction and payment history for every person or organization who gives you money or pays you for services. Your accounting system should serve as your general ledger, tracking balances as well as your accounts payable, payroll, inventory, and reports. Periodically — daily, weekly, or monthly — you should reconcile your accounts receivable sub-ledger against your general ledger to ensure accuracy in your books.

Learning to use new accounting software can be daunting, but in the long run it will save you a considerable amount of time. Most accounting packages allow you to create new reports — like a cash-flow summary or information for your IRS Form 990 — at the touch of a button. And many will update your accounts automatically when you write a check or create an invoice.

Lower-End Options

Happily, affordable accounting software options do exist. Starting at only a few hundred dollars, such packages are recommended for organizations of up to a couple accounting users, several programs, and annual budgets up to \$1 million. But many very small nonprofits with budgets below \$50,000 use them as well. An accounting package is a useful tool, but it won't make you an accountant. Think of it as a filing cabinet: You need the cabinet to hold your files, but you still have to set up a filing system. If you don't have an accounting background, you may want to hire a consultant or bookkeeper to help set up the software and define how you should use it. Expect this to cost two-to-five times the price of the accounting package.

[Sage One](#)

Designed for the smallest of businesses, Sage One is an all-in-one solution that's entirely cloud-based. The U.S. version of the software launched in 2012, and includes online accounting and invoicing. There's also a project and task management workspace meant to help you with estimates and deadlines. The system is designed to be easier to use and get started with than the more robust Sage 50 (formerly

Peachtree), and has a dashboard that gives you a quick snapshot of your organization's financials. Sage One costs \$24 per month. There's also a version of the software for accountants.

QuickBooks, by Intuit

The market leader in entry-level accounting software, [QuickBooks](#) is specifically intended for small businesses without much accounting experience. The system is relatively easy to get up and running, which can be a draw for small nonprofits. The Pro and Premier editions have greater functionality but are somewhat more complex to use. In general, however, QuickBooks' chart of accounts and reporting functionality are more prescribed than a software package like Sage 50, so accounting-savvy folks who want to set up their books or reports in a particular way may find it limiting. You'll probably have an easier time finding bookkeepers and accountants proficient in QuickBooks than its competitors.

QuickBooks starts at around \$200 for the most basic version, and about \$400 for a multi-user version with more features. However, QuickBooks Premier for Windows is also available to eligible nonprofits through TechSoup, ranging between \$19 and \$99.

QuickBooks Online, by Intuit

Intuit also offers QuickBooks Online, a cloud-based version of the software. Since there's no need to install or maintain anything to use the tool, which is hosted on the vendor's servers and accessed over the internet, it's rapidly gained popularity with nonprofits looking for accounting software that's easy to configure and update. With more and more systems moving to the cloud, accounting systems are increasingly the only reason many organizations continue to maintain internal servers — moving them to the cloud, too, can simplify infrastructural needs. (Worried about moving your financial data to the cloud? The internet can be a dangerous place for data, but no more so than your own servers, where your data faces many of the same threats — in fact, a good cloud storage vendor is likely to protect your data better than you'd reasonably be able to do on your own. For more information about cloud security, read Idealware's article [Keeping Your Data Safe in the Cloud](#).)

Professional bookkeepers and accountants tend to prefer the desktop version of the tool to the online version, as QuickBooks Online has limited functionality and is susceptible to internet connectivity issues compared to its competitors.

QuickBooks Online starts at \$13 a month for the entry-level edition and rises to \$79 a month for the option with the most features, including payroll.

Sage 50

Sage renamed its accounting package formerly known as Peachtree to underscore the fact that it's designed for businesses with fewer than 50 employees. Sage 50 offers more flexibility than QuickBooks — it allows you to set up reports and accounting charts exactly the way you'd like, which is why those with accounting backgrounds tend to prefer it. It's not as ready to use "out of the box," however, and users are expected to have basic accounting experience. For this reason, it may not be the best choice for accounting novices.

Like QuickBooks, the widely used Sage 50 comes in a variety of differently priced formats, beginning at about \$70 for a basic version and running to around \$1,500 for a more sophisticated multi-user version.

FUND E-Z

Although it requires a bit more of an initial investment (around \$2,000 for one user, including support), FUND E-Z is intended specifically for nonprofits. It allows more flexibility than QuickBooks or Sage 50 in tracking restricted funds and creating nonprofit-specific reports.

Like Sage 50, FUND E-Z is designed for users who have some accounting background. However, the consultants we talked to reported that this application has a much-smaller user base than QuickBooks or Sage 50, making it more difficult to find bookkeepers or consultants experienced using the system. The basic principles are the same as any other accounting package, though, and accounting professionals should be able to pick it up quickly.

Options for Mid-Sized Nonprofits

If you have more than four or five users, an annual budget greater than \$1 million, conduct business internationally, or need to track multiple programs, departments, and locations, you'll likely want to look beyond entry-level solutions to a more robust accounting software package. Such packages tend to cost from thousands to tens of thousands of dollars in addition to yearly licensing fees. You'll also need to consider the costs of implementing these systems, which can be equal to or greater than the cost of the software itself.

For more information on the multitude of general business accounting packages available — as well as some free assistance and tools to help you choose a package — visit the accounting information websites AccountingSoftware411.com, 2020software.com, and findaccountingsoftware.com.

The consultants who have contributed to our accounting articles over the years have been divided over the benefits of using a tool specifically intended for nonprofits. Some felt the basics of accounting are the same regardless of the sector and that it was best to go with the more widely used general accounting packages. Others felt there is a substantial benefit in using one of the packages specifically designed for 501(c)(3)s, particularly when dealing with a number of different funds with different restrictions — for instance, unrestricted, temporarily restricted and permanently restricted classifications. As with any other software choice, you'll need to assess your own needs and determine what's important to you.

Abila MIP Fund Accounting (Formerly Sage MIP/Sage 100 Fund Accounting)

A solid option, Abila MIP Accounting was formerly branded within the Sage Nonprofit suite of products. At around \$3,000 to \$10,000, it's priced lower than others in this category. Abila provides strong support for tracking restricted funds and offers a good report writer. The software is available as an installed option, and includes modules to help manage accounts payable and receivable, allocations, budgeting, employee self-service transactions, and more. Those conversant with QuickBooks or Sage 50 might be put off by the less-polished user interface. Unlike those packages, which strive to offer an

attractive and simplified user experience, Abila is designed to be a more-robust accounting system for professional accountants and sophisticated organizations.

A hosted version of the software is bundled with fundraising and grants management tools under the brand name Abila Nonprofit Online, and starts at around \$349 per month.

The Financial Edge, by Blackbaud

A complex, more expensive package for those with sophisticated needs, this system offers the ability to integrate with [The Raiser's Edge](#) (also by Blackbaud). But it requires expensive customization, and several consultants felt that integration was not worth the effort.

General Business Accounting Packages

General accounting packages tend to be much more widely used than those targeted specifically to nonprofits, which often makes it easier to find people to help with setup, support and bookkeeping. If you need to track inventory, billable hours, or similar things, these business systems can also offer support not provided by most nonprofit-specific packages.

FinancialForce Accounting

As its name suggests, FinancialForce is designed to integrate with the Salesforce CRM platform to manage financial processes, and was mentioned during our interviews as a potential option for nonprofits using the platform. It's a fully functioning, cloud-based general ledger, invoicing, and accounts receivable and payable system, but it's not clear how many nonprofits are using the tool yet.

Unless the vendor's discount for nonprofits is significant, it's also a fairly expensive product. FinancialForce Accounting starts at \$9,000 per year. The vendor advertises a discount for nonprofits, but does not publish the details.

Dynamics, by Microsoft

Microsoft's familiar lineup of accounting packages — Solomon, Great Plains, and Navision — are now known as [Dynamics SL](#), [Dynamics GP](#), and [Dynamics NAV](#). They're widely used among midsized to large nonprofits and within the businesses world.

Dynamics SL (formerly Solomon) is geared toward project- and service-based organizations and allows a substantial amount of flexibility. Dynamics SL falls within the \$15,000 to \$30,000 price range. Dynamics GP (formerly Great Plains) is a strong and widely used standard accounting package geared toward medium-to-large-sized businesses. Pricing for this package comes in around \$50,000 to \$250,000, not including configuration or additional consultation.

Dynamics NAV (formerly Navision) is designed to be highly customizable for those with complex needs and who want to start with a blank slate. Licensing costs are comparable to Dynamics GP, but if you require extensive customization, this software solution can be considerably more costly to

implement (\$100,000+). NAV's functionality is enhanced by [Serenic Navigator](#), a Dynamics NAV extension designed specifically for nonprofits. It supports both fund and financial accounting and provides support for grants, donors, and investments. The price starts around \$50,000 and can reach upwards of \$100,000 to \$200,000 as modules, users, and functionality are added.

[Sage 100 ERP](#) (Formerly Sage ERP MAS 90 and 200)

Sage 100 ERP is targeted primarily toward manufacturers — if your organization requires sales order entries or goods tracking, it might be a good bet. It is comparable in price to Dynamics SL at about \$10,000 to \$30,000 in licensing fees. The online version starts at about \$200 per user, per month

Options for Large and International Nonprofits

The tools listed above will support the needs of the vast majority of nonprofits — unless you have hundreds of millions of dollars to manage, more than a hundred accounting users, or a complex, multi-unit national or international structure. If that's the case, you'll need an enterprise package tailored to your specific needs, such as [Oracle's JD Edwards World Financial Management](#), [Microsoft Dynamics AX](#), or [Lawson Software](#). The prices of these packages tend to start in the six figures. If you are ready to make this kind of investment, you should certainly look beyond this article for expert advice.

Moving Forward

Where do you go from here? As with any software package, start by understanding your needs — including the accounting procedures you will follow. If no one at your organization has accounting expertise, you may need to ask an outside expert to help with this. If you're looking at larger packages, consider issuing a request for proposal (RFP). For more on RFPs, see [TechSoup's RFP library](#).

Before making any decisions, talk to vendors and look at the tools, download trial versions if available, and talk to other organizations that use them to understand how well the applications can support your needs. And don't forget to factor in the costs of setting up and training users in your new system.

With some diligence, you can make the tax season a pleasure... or at least a little easier.

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