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Headline News

Sage MIP Fund Accounting Version 9.0 became available on November 20, 2007. Enhancements include: tax forms and eFiling by Aatrix®, recurring and reversing entry management capabilities, enhanced fixed assets tracking and reporting, streamlined navigation and enhanced user interface, and additional payroll, accounts payable, accounts receivable, and reporting functionality.

Tax
Compliance
Updates

See page 4
for more info!

Preview Of Visual Analyzer For Sage MIP Fund Accounting

Your Sage MIP Fund Accounting software contains a wealth of data about your organization. By analyzing it, you can make business decisions that result in success and growth for the organization. But how do you find the time and resources to perform in-depth analysis while managing day-to-day operations?

The answer may be the new **Visual Analyzer** module for Sage MIP Fund Accounting that is scheduled for release this spring. In this article, we'll discuss the benefits of business intelligence for nonprofit organizations, provide a sneak preview of the capabilities of the upcoming Visual Analyzer module, and define business intelligence terminology.

Business Intelligence Defined

Business intelligence is a concept that has been receiving a lot of notice in corporate America for some time. It encompasses any technology used to analyze data about an organization's operations for more effective decision-making. Because today's nonprofit organizations face similar pressures to produce results while being more accountable and efficient, business intelligence tools can be equally beneficial in the nonprofit sector.

Benefits Of Business Intelligence

Business intelligence applications can summarize data automatically and deliver useful information about your organization in a graphical format. With this instant picture of organizational performance, you can realize benefits across the organization. More important, you will increase your ability to respond to rapidly changing market conditions. Key Performance Indicators (KPIs) provide a clear picture of organizational performance to executives and board members. By leveraging your data using the Visual Analyzer module you also may find a significant reduction in the time spent by staff to collect and integrate information and develop management reports.



The Visual Analyzer module provides an instant picture of organizational performance.

The Visual Analyzer Module

The Visual Analyzer module is scheduled to be released with Sage MIP Fund Accounting Version 10 in the spring of 2008. Visual Analyzer dashboards will be embedded right into the accounting system. You can see examples of the Budget and Open Payables dashboards below. Dashboards also will be available for General Ledger, Accounts Receivable, Net Assets, and Financials.

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Visual Analyzer For Sage MIP Fund Accounting CONTINUED

The dashboards are being designed to provide visual metrics that address key business concerns. Pie charts, line charts, and bar graphs present information in a highly readable manner that gives you an instant picture of how the organization is performing. All of the interactive dashboards will provide drill-down functionality. The graphs and charts allow you to quickly spot potential problems. From there, you can drill down into the detail to quickly get to the root of the problem. KPIs such as Fundraising Spending Ratio and Quick Ratio quickly inform executives and board members of overall organizational performance.

Using Business Intelligence

The Visual Analyzer dashboards are flexible and customizable, so they can be used by many people within the organization. As the accounting manager, you have the opportunity to add tremendous value to the organization by implementing the Visual Analyzer module. Below are some of the typical users of business intelligence, and their specialized dashboard needs.

Executive Users

Executive users include executive directors, general managers, the board of directors, and other senior managers within the organization. On their dashboards they will probably want to see the high-level KPIs and ratios as well as revenue and expenditure trend analysis.

Managers

The Manager role might include the accounting, department, or program managers in your organization. Their dashboards will vary according to their area of responsibility, and they are likely to spend more time using the dashboard data to perform more detailed analysis, including filtering on dates and other reporting metrics.

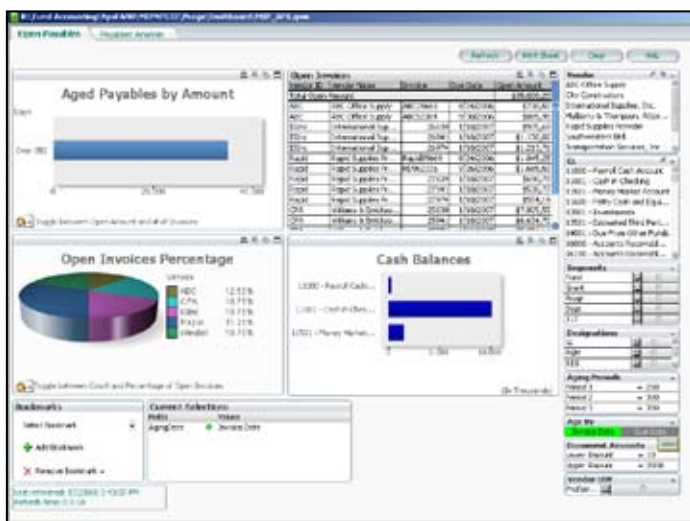
Budget Owners

As we discuss on page three of this newsletter, you can gain efficiencies and accountability by distributing budget ownership across the organization. With the Budget dashboard, these budget owners will be able to stay right on top of their expenditures.

Give us a call if you'd like to discuss the benefits of the Visual Analyzer module in more detail. ☆



The Budget dashboard allows you to compare budgets to posted expenditures in several different ways. You can view the information for the fiscal year and period of your choice.



The Open Payables dashboard gives you several views of your Accounts Payable data, making it easy to assess upcoming cash requirements and take advantage of discounts.

Business Intelligence Terminology

For those less familiar with the terminology and components of business intelligence applications, here's a brief overview:

Key Performance Indicators (KPIs): Financial and non-financial metrics that reflect the strategic performance of an organization. Some common KPIs used in the nonprofit sector include Program Spending Ratio, Fundraising to Spending Ratio, and Net Asset Ratio Restrictions.

Dashboard: A graphical screen with multiple components (similar to an automobile or aircraft dashboard—hence the name) where metrics and key performance indicators are presented.

Drill Down: A method of exploring for more detailed data. The dashboard displays a highly summarized view so you can get an instant picture of the overall business, but you may need to review the detail to find the source of problems or inconsistencies. Clicking on the summary information *drills down* into the detail.

Drill Up: A method of exploring for more widely summarized data. It's the opposite of Drill Down.

Drill to Application: A method of exploring for more detailed data from a dashboard view into the transactional software application. An example from the Visual Analyzer module: You can access an Accounts Payable vendor record from the Open Payables dashboard. ☆

Encourage Fiscal Accountability With The Budget Module

While the Sarbanes-Oxley Act of 2002 applies only to publicly traded companies, it acted as a wake-up call to all organizations. For nonprofit organizations, it is particularly important to make sure the funds donated are used according to the contributors' wishes. An excellent way to effectively track and report expenditures is by making full use of the Sage MIP Fund Accounting Budget module.

The Budget module interfaces with other modules to assure full control of, and visibility into, budget expenditures. And proactive planning of expenditures allows you to make the best possible use of grants and other income sources. Let's take a closer look.

Flexible Budget Creation

You can encourage financial accountability throughout the organization by giving budget responsibility to individuals at many levels. Budgets can be created at the grant, program, department, or project level, or any combination thereof. Using the Advanced Security module, you can allow managers to build budgets while viewing only the accounts within their responsibility. For grant-based budgets, you can cross fiscal years to match the grant year.

Managing several budgets, and rolling them up into the top-level budget, is simplified with the use of Executive View Licensing. This module allows managers to submit proposed departmental budgets directly into the system for review. You can then consolidate the submitted worksheets for organization-wide review and adoption.

Expedited Budget Entry

A wide variety of methods for entering budgets make this sometimes burdensome task quick and easy. The Budget Worksheet features a familiar spreadsheet-like user interface. You can create formulas and cut, copy, and paste just like a spreadsheet. If you have budget information in Excel, you easily can copy data between your spreadsheet and the Budget Worksheet.

Rather than enter budgets individually, you can get a jump start by generating worksheets automatically based on the previous year's actual results or budget. Once your budget is populated, you can then make global changes such as increasing the budget by a percentage or spreading a fixed-dollar increase across budgeted accounts.

A third option is to import a budget developed externally using the Data Import/Export module. Even if you plan to continue to use your external budgeting tool, this option allows you to take advantage of the built-in spending controls provided by the Budget module.

Robust Budget Controls

Once budgets are built, there are several tools available to prevent cost overruns. At the highest level, a single mouse click allows you to check for available budget during transaction entry. You can choose the level of compliance to enforce, whether simply an over-budget warning message or actual prevention of entries that would result in an over-budget situation. Within the Purchase Order module, you can check for available budget before issuing a purchase order. If you use Electronic Requisitions, managers can check available budget before approving requisitions.

The Encumbrance module works with the Budget module as well. Encumbered funds are factored into a budget checking inquiry, and even include *pre-encumbrances* generated by approved requisitions from the Electronic Requisitions module.

Reporting And Analysis

One of the biggest benefits you gain from budgeting may be the ability to use budget information to forecast future financial position and to produce what-if analysis. The Budget module empowers you with information for smarter decision making. Here are just a few examples:

- ▶ Built-in reporting tools allow you to easily track and report on government grant performance according to requirements.

- ▶ Encumbrance figures can be included to provide highly accurate views of your true budgetary position.
- ▶ Comparative statements illustrating the budget to actual position can be produced at every budget level, including programs, grants, departments, and projects.

Security And Control

While you want to empower staff with budget responsibility, it's also essential that the security of sensitive data is retained. The Advanced Security module allows you to control entry, viewing, and reporting access at the same levels as budget entry. You simply select the account level at which to enforce security, then assign permissions at the individual or group level.

Organizations that have distributed budget responsibility find that they gain better financial control because the budget owners take the responsibility seriously and research expenditures carefully to make the best possible use of available funds.

The Budget module can be a powerful tool in creating a fiscally responsible organization and encouraging financial accountability at all levels. Give us a call with your questions. ☆

Tips & Tricks

Once you have entered and posted budget transactions for the current year, you will want to use the information on reports for tracking and comparison purposes.

In order for the amounts you entered to appear on your reports, you will need to make sure the date range in Report Setup is correct. To do so:

- ▶ Open the selected report.
- ▶ Access the Options tab of the report.
- ▶ Review the *Date Range* fields for the *Total Budget* and make sure they are for the current year. ☆



In The Spotlight Tax Compliance Updates



Provide Your Donors With Year-End Statements

In August 2006, Congress enacted charities legislation as part of the Pension Protection Act. This legislation amends the Internal Revenue Code and contains provisions relating to tax-exempt organizations. Provision 7 requires that taxpayers be able to provide written records of their cash donations, regardless of amount, for their donations to be tax deductible. The tax deduction could be disallowed if no supporting documentation is available, which has the potential to discourage potential donors. This means charitable organizations may want to provide receipts for all donations, and be able to store and retrieve complete receipt records on demand.

We recommend you provide a year-end statement to all of your donors, so they can see their total yearly donations and note their tax deductible donations. This can easily be produced from the Sage Fundraising 50 software using the following steps.

- ▶ Go to the Reports menu by clicking on *Reports* from the *Welcome Screen*
- ▶ Choose *Financial Reports* from the report types list on the left side of your screen
- ▶ Choose *Donor Statements* on the right
- ▶ Create a Query to include all gifts this year, excluding unwanted transaction types
- ▶ Run the report to the screen to verify accuracy
- ▶ Print and send the statements to your donors

Form 990 Changes For 2008

The IRS announced the release of an updated Form 990 December 20, 2007. Form 990 is the return that charities and other tax-exempt organizations are required to file annually. The IRS also announced that the new filing requirements would be phased in over a three year period, to give smaller organizations time to adjust to the new reporting requirements. The chart below shows the reporting requirements by tax year.

May file 990-EZ for:	If gross receipts are:	If assets are:
2008 tax year (filed in 2009)	> \$25,000 and < \$1 million	< \$2.5 million
2009 tax year (filed in 2010)	> \$25,000 and < \$500,000	< \$1.25 million
2010 and later tax years	> \$50,000 and < \$200,000	< \$500,000

You can find more detailed information on the IRS Web site: <http://www.irs.gov/charities/article/0,,id=173106,00.html>.

Sage Software does not anticipate any changes to the Form 990 worksheet printed from Sage MIP Fund Accounting, but there may be additional record keeping and/or information gathering required. We recommend you review the changes now to determine if you need to make any changes to your procedures for the 2008 fiscal year. The IRS anticipates that most organizations will not experience a material change in

burden, but those with complicated compensation arrangements, related entity structures, and activities that raise compliance concerns may see an increase in the effort required to provide information.

Summary Of Potentially Applicable Schedules

The redesigned form's 15 schedules are designed to require reporting of information only from those organizations that conduct particular activities. Certain schedules, such as Schedules A and B, generally will be completed only by public charities, as is the case with the current form. Most of the remaining schedules will be completed by only a small percentage of the organizations filing the core form. Nearly every organization will be required to complete at least one portion of Schedule D, Supplemental Financial Statements, similar to what is required presently.

Based on IRS estimates, only 3 of the 15 schedules will need to be completed by more than 25 percent of the filing organizations, with 8 of the schedules needing to be completed by less than 10 percent of all filing organizations.

Give us a call to discuss how these changes may impact your organization.



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