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For Your Information

A new book entitled *Exposing the Elephants: Creating Exceptional Nonprofits* has recently been published by John Wiley & Sons. Author Pamela J. Wilcox discusses the challenges of adapting to the changing needs of society, and explores a variety of ways in which nonprofits can strengthen their leadership and improve their performance.

Online Giving

See page 4 for more info!

Automating Allocations With Allocations Management

Nonprofit organizations work hard to keep operating costs down to preserve funds for programs. In fact, this may be the single most important metric for both measuring current organizational accomplishment and assuring future success. However, studies show that many smaller nonprofit organizations are reluctant to spend precious resources on accounting—thereby increasing the organization's risk of additional program audits and possible loss of funding sources as a result.

How can you accurately track and report on costs without creating a huge additional cost burden? In this article we look at how the Sage MIP Fund Accounting Allocations Management module can automate this essential task and how accurate allocations can benefit your organization.

First, it is helpful to define your primary cost areas. Most organizations are managing multiple programs, so costs might be defined as follows:

- ▶ Direct program costs. Food and equipment rental for soup kitchen or homeless shelter, for example.
- ▶ Program administration costs. Your pro-

gram managers are usually managing more than one program. The cost of their time needs to be allocated out to each program.

- ▶ Agency administration costs. High level costs of running the organization, including executive management and accounting.

Allocations Management

Before you set up your allocations, you will need

to give proper thought to your organization's hierarchical levels. The Sage MIP Fund Accounting Allocations Management module can work for you no matter what your structure. You can allocate account balances at the program, department, or grant level, or even across multiple segments simultaneously.

When you do not know the specific allocation at the time of entry, you can use a holding or *pooled* segment code and allocate the pooled amounts when you know the correct allocation. A good example is utility costs; you may distribute electric and



The Allocations Management module can help you automate your allocations so you spend more time raising funds and less time accounting for them.

- water expenses based on the number of direct labor hours associated with each program, but you will not know that number until after all your payrolls have been completed. You can enter

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Automating Allocations CONTINUED

the salaries into the pooled code, and at month end use the Allocations module to find the total amount on an accurate and consistent basis and perform the allocation to each program.

Allocation Methods

In whatever way you need to distribute costs, the Allocations module has the power to help. Allocation methods include:

- ▶ Percentage, Units, and/or Dollars
- ▶ Indirect Cost Rate
- ▶ Relative Account Balances
- ▶ Weighted Average Daily Balance
- ▶ Employee Headcount
- ▶ Labor Hours
- ▶ Transaction Count
- ▶ UDF Unit Measures

You can create your own user-defined field for a unit of measure and use it in your allocations.

Allocations also can take important controls into consideration. Federal Office of Management and Budget (OMB) cost principles may be applied to distribute costs to federal grants with accuracy and consistency. Allocation caps also can be set in order to avoid exceeding contractual limits set by grantors.

Allocation Processing

Once allocation codes are set up, you can process allocations as needed. You can calculate allocation codes one at a time, or select an entire group. If you have created sequential allocations, in which the calculation for one allocation code depends on the results of the previous allocation, you can run them as a group and the system will properly calculate the amounts based on the result of the previous calculation. The allocation process automatically creates General Ledger entries that you can review and edit before posting.

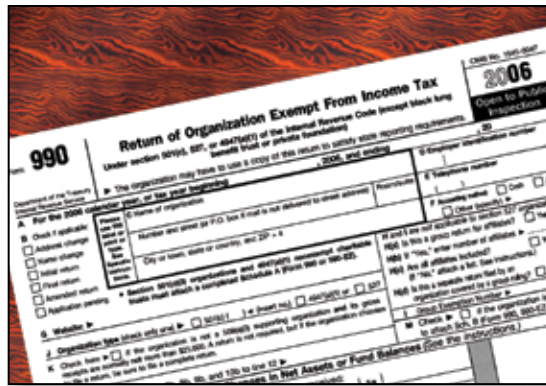
Reporting

The comprehensive reporting options in the Allocations module are designed to provide full support for allocation activities. You review the allocations for accuracy and see the impact of the allocations prior to accepting the transactions. The calculation register traces the steps performed in the allocation process and pro-

vides a complete audit trail to support your allocation basis.

Tight Integration

In addition to General Ledger postings, the Allocations module integrates efficiently with other Sage MIP Fund Accounting modules. Direct labor hours and employee headcount can be drawn in from the Payroll module to ensure accurate allocation of employee costs. Grants frequently set a cap on indirect costs. The Allocations module can read cap information from the Grant Administration module to assure compliance. Learn more about the Grant Administration module in our article on page 3.



An inaccurately completed Form 990 can trigger an IRS audit and can scare potential donors away.

Benefits Of Automating Allocations

When all costs are accurately tracked and appropriately allocated to individual programs, an organization can achieve several important benefits:

- ▶ Eliminate complex, error-prone spreadsheet calculations to meet the *Reasonable and Consistent* test for allocating indirect costs by automatically generating complicated entries.
- ▶ Demonstrate compliance and good stewardship of funds when competing for future grants. This increases your competitive advantage and the likelihood of being awarded funds. Funders can feel confident that your organization is competently run and responsible.
- ▶ Executive management will have the tools

they need to make informed decisions. For example, if you run two similar programs and need to eliminate one. Knowing the exact costs of each program greatly simplifies the decision process.

Give us a call to discuss how the Sage MIP Fund Accounting Allocations Management module can be put to work in your organization. ☆

Tips & Tricks

Allocations Processing

If you are already using the Allocations Management module, the following tip describes how to check your work and make revisions before finalizing your allocations.

1. Once the allocations have been calculated, Journal Voucher Allocations Management (JVA) transaction types are generated. Click to print the **Calculated Allocation Worksheet** report to verify the calculation information.
2. If you need to edit any of the processed allocations, you can do so from the **Transactions/Edit System Generated Documents/Process Allocations** task.
3. Print and review unposted G/L **Transactions** report or **Allocation Analysis** reports to review how the allocations will post.
4. After posting of the allocation entries Print General Ledger analysis reports or financial statements to verify allocation postings.

Call us with any questions you may have regarding allocations processing. ☆

Grant Administration Module

Does your organization struggle to meet your incoming revenue goals each year? There's a good reason; while overall dollars donated are in synch with the general market, the number of organizations competing for those funds has risen disproportionately. This means more nonprofit organizations are competing for the same dollars.

In this environment, nonprofit organizations that continue to succeed will be those focusing on operational optimization—reducing the cost of fundraising in order to reserve more money for actual programs. Winning and renewing grants is an important component of success, providing a more predictable source of funds to offset the rise and fall of public fundraising campaign results.

In this article, we'll discuss how you can utilize the Grant Administration module within the Sage MIP Fund Accounting system to simplify and consolidate the process of applying for and managing grants. We also will offer some tips on effective proposal writing.

Improve Grant Winning Success

Organization and communication are vital to maximizing your chances of winning a grant. The Grant Administration module can improve your chances by helping you track deadlines, maintain relationships, and manage data. The grantor details you can track include contact information, reporting periods, indirect cost rates, notes, and custom fields.

Before you start writing your proposal, make sure you understand the grantor's goals and priorities and how your organization's objectives match. Be ready to explain the specific goals you intend to accomplish, exactly how the funds will be used, and how you will measure your results. With the Grant Administration module you can provide specific data on past performance to make your application more compelling.

Once you have submitted your application, it is important to follow up with the grantor about the status of your proposal. Request feedback about your proposal's strengths and weaknesses. This follow-up contact provides you with an opportunity to develop a personal rapport

with the grantor as well as improve future applications. Use the Grant Administration module to track reporting deadlines.

Centralize Your Grant Documents

There are many details and documents to track with every grant, from applications and proposals to award notification, interim reporting, and indirect cost rate worksheets. The Grant Administration module provides a centralized electronic file storage system for all these records. You can scan and file all grant-related documents and organize them into pre-award, post-award, close-out records, or other categorization to address your organization's unique needs to quickly access any document.

The module also provides a central access point to the all-important financial details related to each grant. Having the answers at your fingertips allows you to act quickly and decisively on the issues that are important to your organization.

Budget Tracking

To get the most out of your grants, budget tracking is crucial. You need to make sure you fully utilize the funding received to justify the same level of funding at renewal. On the other hand, overspending creates a problem as you scramble to find funds to cover the shortfall.

With the Grant Administration module and integrated Budget module you can eliminate these problems. You can easily monitor the available funds in each grant, forecast expenditures for the periods remaining, and view all activity by grant. Details such as outstanding invoices, payments, and credits are easily accessed, and you can drill down to the details associated with every transaction to get a full understanding of how funds are being spent.

Provide Accurate Data To Grantors

When you are managing multiple grants, it can be challenging to keep up with grant-specific reporting requirements and unique reporting periods. With the Grant Administration module and Sage MIP fund Accounting's powerful report writer, you can produce progress updates and performance analyses on demand. Grant

spending is accurately tracked even when the grant period includes different fiscal years.

Invest For The Long Term

With budgets getting skinnier, it may seem difficult to justify investing in software, but the increasingly competitive nonprofit environment makes investing in technology essential to keep the funds flowing in. Whether you are considering adding the Grant Administration module, or automating all of your processes, give us a call to discuss how you can leverage the Grant Administration module and other technologies to help your organization thrive. ☆

Anytime Learning

Have you ever felt that there is a lot more you could do with your software solution if only you had the time to figure it out? You might be surprised at how much you can learn with just a small investment of time. Studies show that those who attend training use more of the software and therefore maximize the value of their investment.

A new and convenient training option has just becoming available from Sage Software: **Anytime Learning**. It offers you a full range of recorded instructor-led sessions that you can view at your convenience. All you need is your computer and a high-speed Internet connection.

Sage Software Anytime Learning sessions are ideal for reinforcing skills, training new hires, and cross-training between departments. Session lengths run between 5 and 20 minutes and are easy to use, always accessible, and ready when you are. You have complete control of your session with options to Play, Fast Forward, and Rewind/Repeat.

There are many forms of training available for both the Sage MIP Fund Accounting and Sage Fundraising 50 products, from Sage Software authorized classroom training to user group meetings, and now Anytime Learning from Sage Software. Give us a call to discuss your training needs and options. ☆



In The Spotlight Online Giving

In this article we discuss the importance of providing your donors with the option of giving online, as well as some essential Payment Card Industry information you should know.

Benefits Of Online Giving

Research shows that 67 percent or more of the U.S. population use the Internet for purchasing products or services. In recent times, major disasters such as the 2004 Asian Tsunami and Hurricane Katrina have created an impetus for individuals to use the Internet to donate directly to relief efforts.

Today most nonprofit organizations recognize the importance of integrating online giving into their fundraising efforts. The Web allows you to reach thousands of potential donors at relatively low cost, and donors appreciate the convenience. If your organization is already accepting donations online, you can maximize your return with a few simple steps:

- ▶ First, explicitly invite donors to give online. Both your existing and potential donors need to be informed of the availability of an online giving option.
- ▶ Offer an attractive and secure interface. It should be inviting and simple to give online, and most of all it must be secure.
- ▶ Provide clear communication channels to keep the giving experience personal. Both online and telephone communication options should be prominently available and queries responded to promptly.

Take Precautions

According to the Privacy Rights Clearinghouse (www.privacyrights.org), more than 100 million records containing sensitive information have been exposed to theft since 2005. Credit card and identity theft is a growing problem, and the targets are not just large organizations. In fact, smaller organizations with less stringent security measures in place are easy targets for thieves.

Theft typically does not occur during the Internet credit card processing transaction itself. These transactions are well encrypted. Instead thieves concentrate on breaking into databases storing a large number of credit cards, such as the ticket holders for a special event.

Regulatory bodies are doing their best to control credit card theft by enacting laws to protect personal information and the circumstances in which organizations must publicly report a data breach. Currently, compliance requirements vary according to the number of transactions processed per year. All organizations processing credit card data, regardless of size, must also comply with the Payment Card Industry Data Security Standard (PCI DSS). Organizations suffering a data breach could be fined by their credit card processor if they fail to comply with the standard. If you are not sure if you comply, contact your credit card processor.

Visit the PCI Standards Council Web site for more information on the standards: www.pcisecuritystandards.org.



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Coming Soon From Sage Software

Sage Software will soon release a Sage Payment Solution that allows your online donations to be recorded in the Sage Fundraising 50 software.

In Sage Fundraising 50 version 7, an integration was created between Sage Fundraising 50 and Sage Payment Solutions for streamlined processing of offline gifts such as recurring giving programs.

With Sage Fundraising 50 version 8, scheduled for release this summer, new capabilities allow for the donor information captured during online giving to be recorded automatically in Sage Fundraising 50. Not only does this eliminate duplicate data entry, but because you will not need to store credit card information on your own servers and computers, your organization's credit card fraud exposure is greatly reduced.

If you have questions regarding the security of your online or offline credit card processing systems, or how Sage Payment Solutions can help, give us a call. ★