

Streamlining bookkeeping so
your nonprofit organization
can be mission-focused



Bookkeeping Connect

A PwC Product



Bookkeeping can be a struggle for any organization — but, for nonprofits, annoyance with these tasks can run deep. Chances are you signed up with a nonprofit so you could work in service of something bigger than yourself and make a positive impact in the world — not to get caught up in routine accounting. But you should handle your books carefully, especially since there are often regulatory obligations and added layers of accountability around tracking contributions.

Nonprofit leaders should understand the financial health of their organizations as well as business leaders do. In smaller organizations, bookkeeping can often end up being the responsibility of an office manager, assistant or someone else with relatively limited financial experience — or time. Unfortunately, this can lead to inconsistent, error-ridden financial records that could derail your outreach.

So, how should nonprofits approach their accounting in ways that can help them save time and reduce overhead expenses?

Let's dive into your bookkeeping and accounting options, the risks of inefficient accounting, and the benefits of adopting software that can streamline your accounting processes so you can focus on what matters most — your organization's mission.



Getting the right help matters

Your nonprofits may be stuck in a bind because you're unable to afford a full accounting team — but you also can't afford to cut corners. And for workers untrained in finances, trying to maintain control or save money by taking on the administrative tasks of accounting themselves can be daunting. Some nonprofits opt for rolling accounting responsibilities under an executive, especially when they're new. But as your organization grows, this isn't a sustainable approach.

Another option is hiring someone with the requisite skills and experience to perform the accounting and bookkeeping for the business. In today's unpredictable labor markets, it can be increasingly difficult to find the right fit for these roles. You should identify a person with a complement of accounting and technology acumen, but also the right cultural fit for your organization. Hiring a new staff member who doesn't fit in with your organizational culture, or who doesn't have the right level of training, can quickly lead to HR headaches that take valuable time away from your other strategic initiatives. Don't forget to consider the full cost of employment, such as benefits, taxes, training and equipment, which can exceed 50% of a new hire's base salary.



A final option is outsourcing bookkeeping to someone else. Assess your budget and whether it makes sense. It's often less expensive than hiring a new team member. Consider your comfort level in delegating this responsibility — with your books in someone else's hands, you might lose that sense of control you'd have with real-time access to this information. Monthly financial reports are great, but it's hard to steer the ship when you don't have a live, current view of what's going on right in front of you, at least weekly.

If you decide outsourcing suits your needs, make sure the vendor's capabilities align with the level of visibility that works for you. Sometimes outsourcing really is the right fit. It can give you peace of mind to delegate processes like bill payment, grant administration, and budgeting to trusted, experienced teams to set your organization up for success. This can be an even smarter choice if that outsourced team is using cloud technology and delivering regular and intelligent financial reporting to your team. You can focus on running your nonprofit, assured that accounting is being effectively managed.



The high cost of inefficient accounting

Regardless of which option you choose, efficiency, timeliness and reliability count. Strong bookkeeping can help you be transparent about your overhead costs, revenue and expenditures. You should run your organization like a business. But that extra stakeholder scrutiny for nonprofits means bookkeeping practices are essential to building trust.

If your accounting isn't kept current, you won't have the figures you need to help you make sound financial decisions and meet legal reporting obligations relevant to your organization. Your stakeholders, and potential donors, count on you to be able to produce accurate numbers quickly. If they make decisions based on incorrect or old data, the cost to your organization's reputation — and mission — can be high.

What are the costs?

Late books can lead to late payments, which in turn, can damage your organization's credit rating. This can become an issue when you need to lease or buy office space, or make needed upgrades to your existing space or equipment. Vendors who might have been burned by your nonprofit in the past may insist on payment up front rather than extending you credit. A poor track record on payment could even get your future projects with vendors pushed to the back of the line.



Messy bookkeeping can create operational and legal problems. Whether it's missed tax deductions or delayed purchasing and arrival of mission-critical equipment and supplies, you could be putting your operations at risk. Plus, you may even miss the fact that you're overpaying for goods or services. The longer an error is repeated, the harder it is to correct.

Inefficient accounting and bookkeeping can lead to missed opportunities and can tarnish your reputation. In some situations, the lack of timely accounting data can even lead management to make costly mistakes with legal consequences. Most states require nonprofits to follow the Generally Accepted Accounting Principles (GAAP). Accountability matters. The processes needed to create that audit trail of how funds are spent are critical to your brand reputation. Manage the business side of your nonprofit wisely.



Five key benefits of adopting bookkeeping software

Don't have the budget to hire an outsourced team? Bookkeeping software, like Bookkeeping Connect, a PwC product — that's also backed by a helpful support team — is another viable option. If you haven't checked out the latest generation of accounting and business intelligence software tools designed for nonprofit organizations, you may be missing out on huge advantages that can also help ease your reporting obligations.

Streamlined accounting can help you track the data you need to make better decisions and meet your financial obligations such as tax returns or statutory filings. Some companies, like Sage Intacct, even offer software specifically designed to help nonprofits.



Here are five of the biggest benefits bookkeeping software can provide:

1 | A better, bigger picture of your overall performance

With an automated bookkeeping solution, you can gain instant access to your organization's financial condition. Set goals for fundraising, track results over time and arm yourself with the financial data you need to make more informed decisions. And you can have easy access to the data needed to complete your required statement of financial position document.

2 | Easier financial calculations around complex issues

If you're still tracking expenditures like vendor payments, rent and payroll on a spreadsheet, you're probably familiar with the frustration that can bring. Bookkeeping software can make routine reconciliations easier and less painful.

3 | Improved budget planning and finances tracking

A bookkeeping solution designed for nonprofit organizations can provide key advantages that general accounting tools cannot. Chief among them is the ability to track expected grants, donations and expenses. With a better understanding of your expenditures, you can make better decisions around budget planning — and where you might need to make changes. And you can be set up to more easily complete the required statements of functional expenses and activities.



4 | Better management of cash flow

Having real-time insights about your organization's financial condition offers one huge benefit: better control over cash flow. Cash flow is important because it helps you plan around small and large expenses, helping to confirm you have enough funds to cover ongoing operational requirements. You can avoid major unexpected expenses, avoid missed collections and drive more overall stability, which in turn can build trust among your stakeholders and better promote your mission.

When you're in command of cash flow management you can more easily see — and share — how cash moves in your nonprofit, like how you use grant money or other funding. And you can streamline the completion of your statement of cash flow.

5 | Less time spent on bookkeeping tasks

Who wants to spend the evening hours poring over the books when you could put more resources to the organization's mission? Or enjoy much-needed downtime so you don't burn out? With an easy-to-use bookkeeping solution, you don't have to be a financial wizard to save time, effort — and of course, money — on accounting. And it gets easier (and more beneficial) the longer you use it.



Resources for keeping your financials up to date

Whether you're an educational, medical, religious or charitable organization, your time and resources should be in service of the organization's purpose. Your resources are precious. Automating bookkeeping can help you put more time and money toward your main mission.

There are lots of bookkeeping solutions on the market, but most are just software. Bookkeeping Connect is powerful software backed by experienced accounting professionals at PwC. We created Bookkeeping Connect to help make it easy for nonprofits like yours to let someone they trust take accounting and bookkeeping off their hands while delivering intelligent financial insights.

Bookkeeping Connect provides up-to-date books that close at the same time—month after month. That means you know that your finances are clean, accurate and on time. Rather than relying on staff, who may already be juggling too many tasks, Bookkeeping Connect automates your bookkeeping and accounting. That can save staff time and help confirm that your books are closed on time. And it puts the data you need only a click away.

Get timely, accurate insights. Lighten the load on staff, make reporting easy and get back to what matters most for your organization.





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Bookkeeping Connect works

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