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Taija Sparkman • Aug. 28, 2012



Organizations geared towards helping others just got a helping hand of their own. [Xero, provider of online accounting software](#), announced today that it will offer a 25 percent discount on its Business Edition accounting software to nonprofit organizations.

“We know staff members at nonprofits may not be experienced accountants, as they wear many different hats to keep admin costs down,” said Jamie Sutherland, President of U.S. Operations, “Xero makes it super easy for anyone to get a handle on their cash and financials so they can focus on their cause, not their books.”

Xero’s decision follows a recent panel discussion with nonprofits and accounting professionals in New Zealand, Australia and the United States. During the panel, Xero found the biggest problem NPOs face is a lack of financial capability, which ultimately leads to mismanagement of cash flow.

“With all these moving parts, it is very important for our finances to be tracked

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- **Standardize your reporting system.** Most nonprofit staff and volunteers do not have a background in accounting, but need to use and understand the NPO's financial reports and systems. It's important to create a consistent, standard format and reporting process that allows for a smooth transition between staff and volunteers.
- **Be transparent with board members.** It is important for board members to have full access to financial reports and know how to read them. They should be aware of the organization's fundraising methods, amount raised, how it's spent and current debt.
- **Keep accurate and up-to-date records.** It is critical for NPOs to have accurate and organized records of their finances. Using a system that is easy for staff to read and use will help make record keeping more manageable.
- **Create a budget for administration.** Create and implement a strategic plan and budget and closely monitor it. The budget should account for costs such as financial administration, marketing, IT and other miscellaneous costs. A reserve fund should also be established.
- **Use online accounting software.** With multiple projects managed and implemented by various people, often at the same time, it's important for NPOs to have line of sight to all activities at any given time. With cloud software, multiple users can submit expenses, track spending and fundraising and create and run reports. Accounting professionals working with the organization will also have access to financial records in real-time.

“My nonprofit clientele is a smart, hard-working group, but often they don't have backgrounds in financial management,” said Steve Chaney, Owner of Chaney & Associates, a CPA firm that specializes in NPOs. “I've been a witness to their empowerment through the use of Xero. It's been great to watch them gain control over their finances and see these organizations prosper.”

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