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ACCOUNTING & AUDIT

2017 Review of Nonprofit Accounting Systems

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Mary Girsch-Bock • Jul. 19, 2017



The philanthropic tracking organization [Guidestar.org](https://www.guidestar.org) estimates that there are currently 2.2 million nonprofits in the U.S., with 1.8 million of those nonprofits active. In fact, five states; California, Texas, New York, Florida, and Pennsylvania each have more than 100,000 active nonprofits currently registered. While most nonprofits currently operate as public charities, private foundations are also abundant. In fact, there are nearly thirty nonprofit classifications; ranging from charitable organizations to labor organizations to state-chartered credit unions. And they all share one thing: the need to manage funds properly; whether those funds are in the form of donations, grants, program income, memberships, or product sales.

While it's common practice for very small nonprofits to utilize standard accounting applications, even the smallest nonprofit can benefit from utilizing a product designed specifically for their needs. Unfortunately, there are those that use spreadsheet software to manage their nonprofit, creating an even greater burden on both employees and accountants to track and manage finances properly. At times, very small nonprofits have been under the mistaken notion that nonprofit software is out of their price range, but there are several products available that are very affordably priced, for even the most limited budget.

Another issue that frequently arises is uniformity. Does your client currently run multiple systems, perhaps implemented as needed, but unable to integrate with each other? In an ideal world, nonprofits are able to track revenue and expenses, manage donors and donations, manage grants and fundraising activity, and produce the reports needed. The question is; how many applications are your nonprofit clients using to accomplish those tasks? If the answer is more than one, it may be time to update their software.

But what is the best product for your nonprofit client? A straightforward question with a not so straightforward answer. But there are a few questions you can ask that will make it a little easier to find the best product to suit your client's needs. Do they need anytime/anywhere access to the application? Are they funded primarily by grants or does funding come from private donors? Does their nonprofit offer a membership option?

Getting the answers to these questions will go a long way towards determining which product is best suited for their needs; both now and in the future. For instance, if they're funded by grants, a grants management module can be extremely helpful. If the majority of their funding comes from private donations, they run

frequent campaigns, and they are actively cultivating new donors, then a fundraising/CRM module is a necessity. If they offer a membership benefit, your client will need an effective way to track membership levels and ensure that members receive all of the benefits promised.

The products included in this review range from an entry level product well suited for small nonprofits to those suited to larger nonprofits with more complicated needs.

Products reviewed are:

- [Abila MIP Advanced Fund Accounting](#)
- [AccuFund for Nonprofits](#)
- [Aplos Software](#)
- [Araize FastFund Online Nonprofit Accounting](#)
- [Blackbaud Financial Edge NXT](#)
- [Fund E-Z Nonprofit Accounting](#)
- [GMS – Grants Management System](#)
- [QuickBooks Online for Nonprofits](#)
- [Serenic Navigator](#)
- [Tangicloud](#)

Like the nonprofits themselves, the products vary in size and scope, from 1-2 user systems, to sophisticated enterprise level products that are best suited for the biggest nonprofit.

With our new review protocol, we looked at each system carefully, noting whether each application contained specific features. Those features included cloud deployment options, a customizable chart of accounts, the availability of multiple account segments, the option to process multiple transaction types, budgeting capability, donation tracking, donor management and fundraising capability, and host of other features that are important when making the decision to purchase a nonprofit product.

When working with your client to determine the best solutions available for their particular needs, other factors can come into play, such as deployment options, comfort level of the employee(s) that will be using the product, expected growth of the nonprofit in the coming years, and final cost of the application itself, including estimated downtime and time needed for any training.

Most of the products reviewed here have online or downloadable demos, and all of the software vendors are happy to provide potential users with a product

demonstration, if requested. Navigating through a demo can often ease the fears of

While no two nonprofits are the same, the scope and depth of the products profiled here are sure to fit the needs of just about any nonprofit organization, large and small.

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