

TECHNOLOGY TRENDS FOR NONPROFITS

What is the future of technology for nonprofit
finance departments?

March 30, 2023

- Introductions
- Reimagining the Finance Function for 2023 and Beyond
- Modern Financial Operations
- Reporting, Forecasting, and Budgeting
- Data & Reporting Analytics
- Donor Relations
- What Comes Next?

INTRODUCTIONS



With you today



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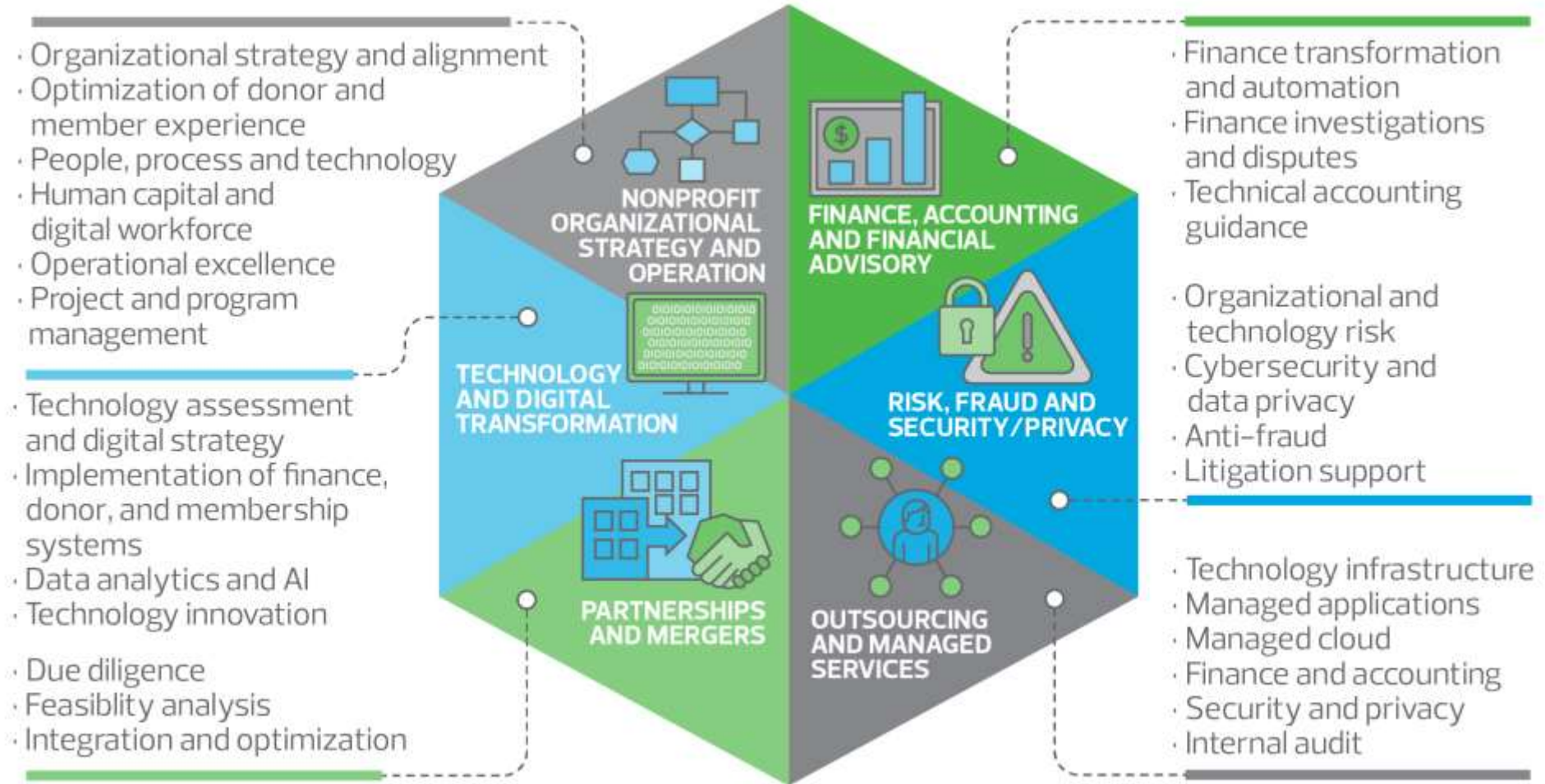


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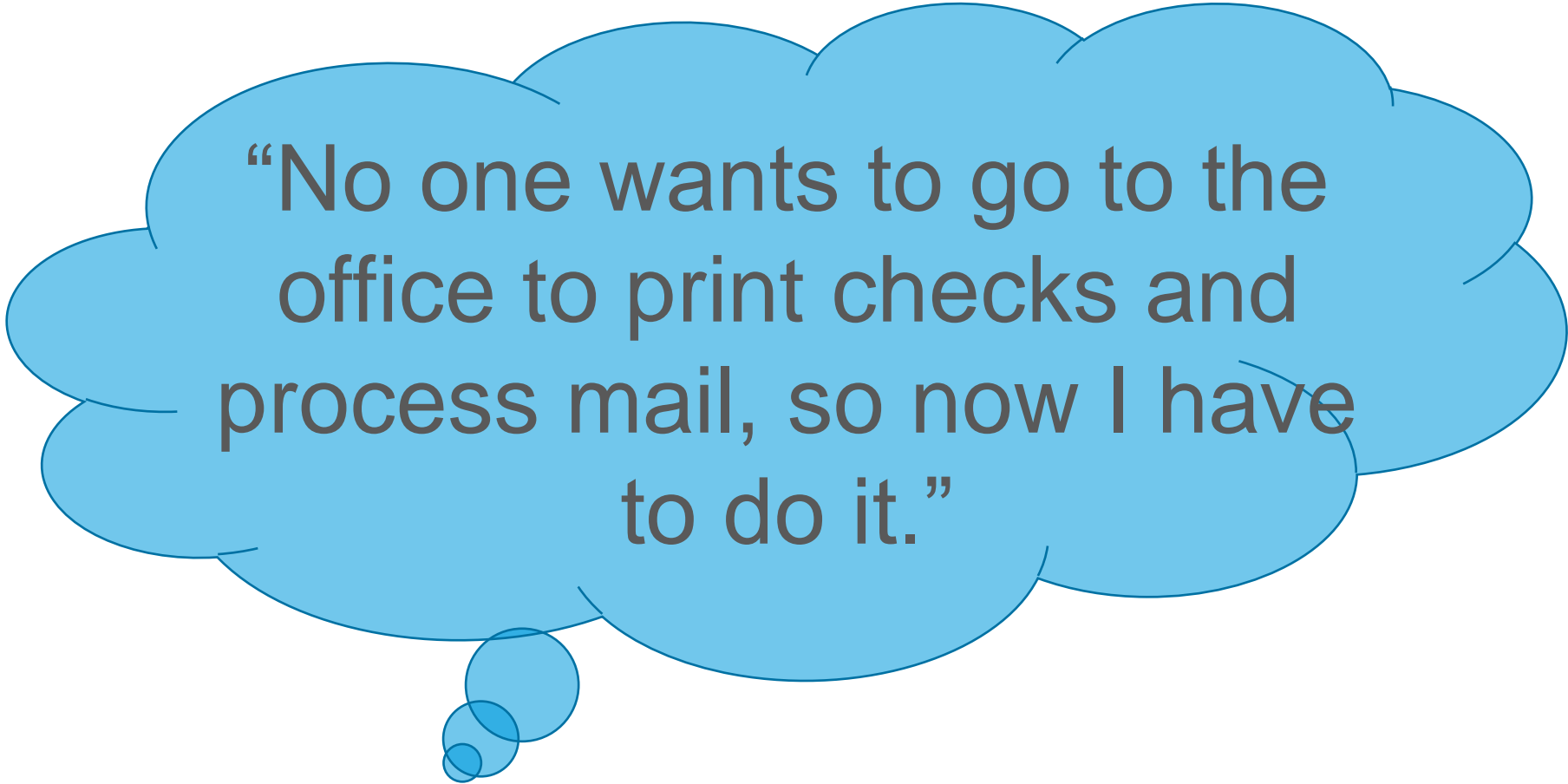
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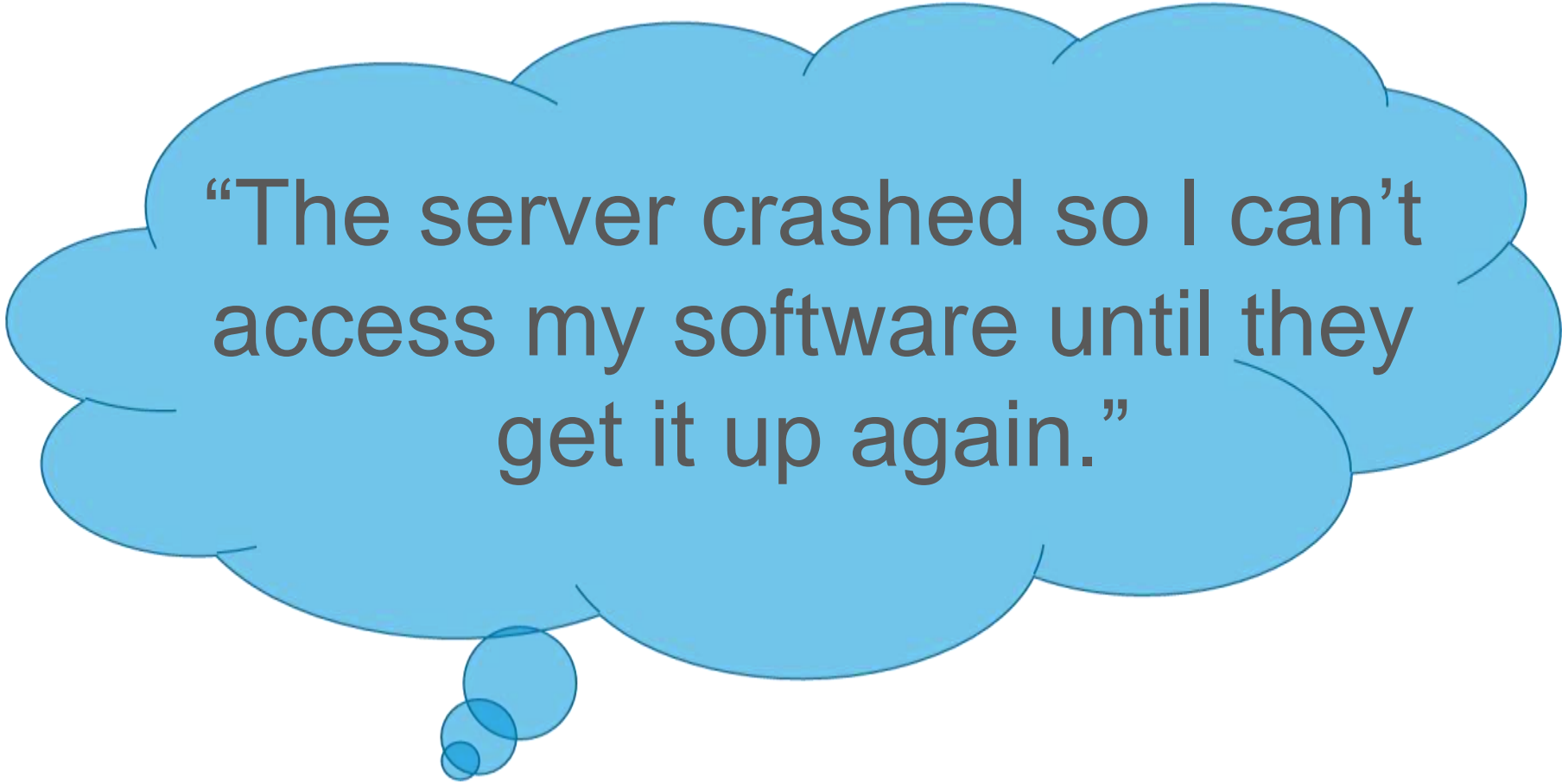


REIMAGINING THE FINANCE FUNCTION FOR 2023 AND BEYOND




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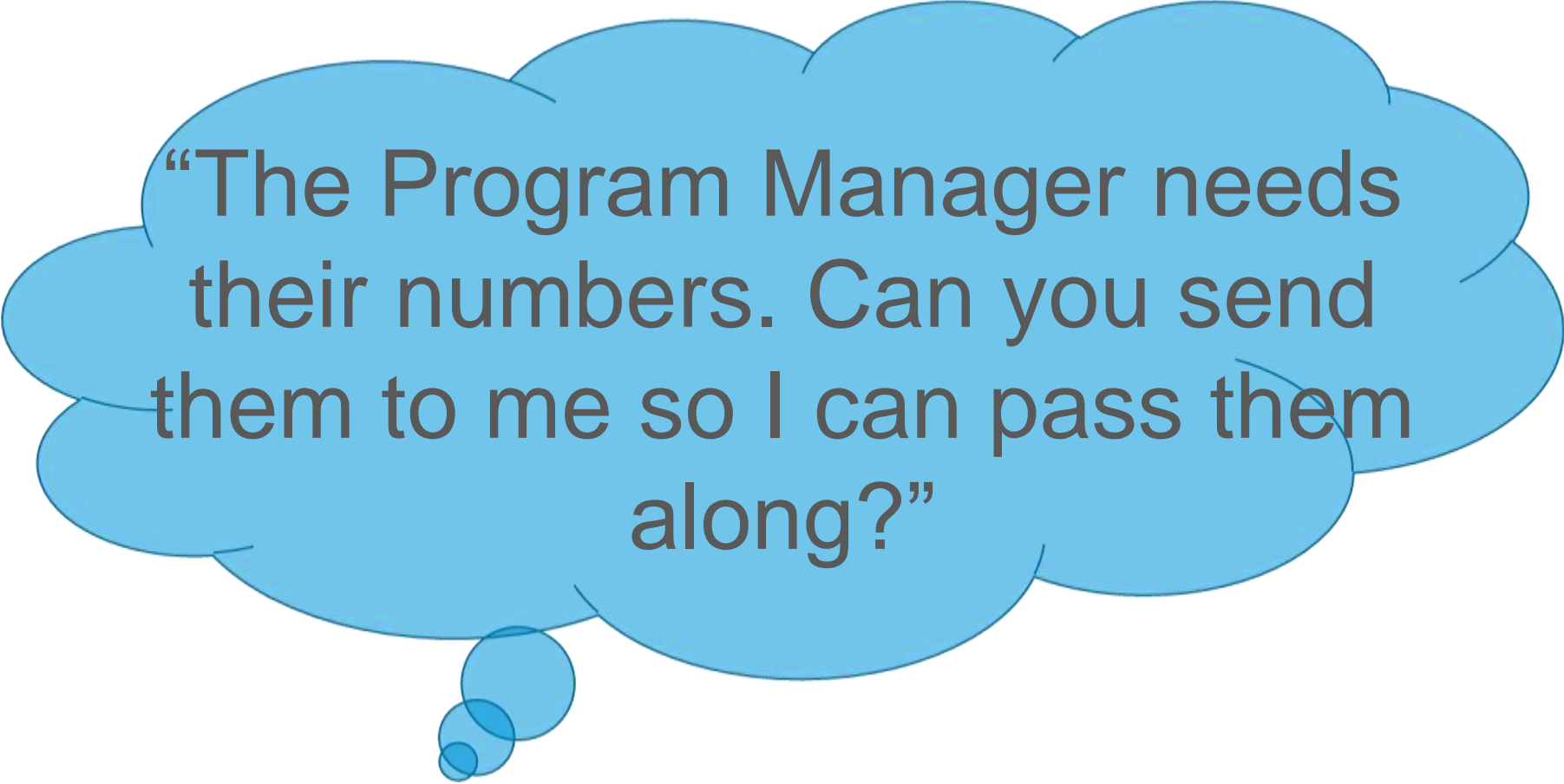
“No one wants to go to the office to print checks and process mail, so now I have to do it.”

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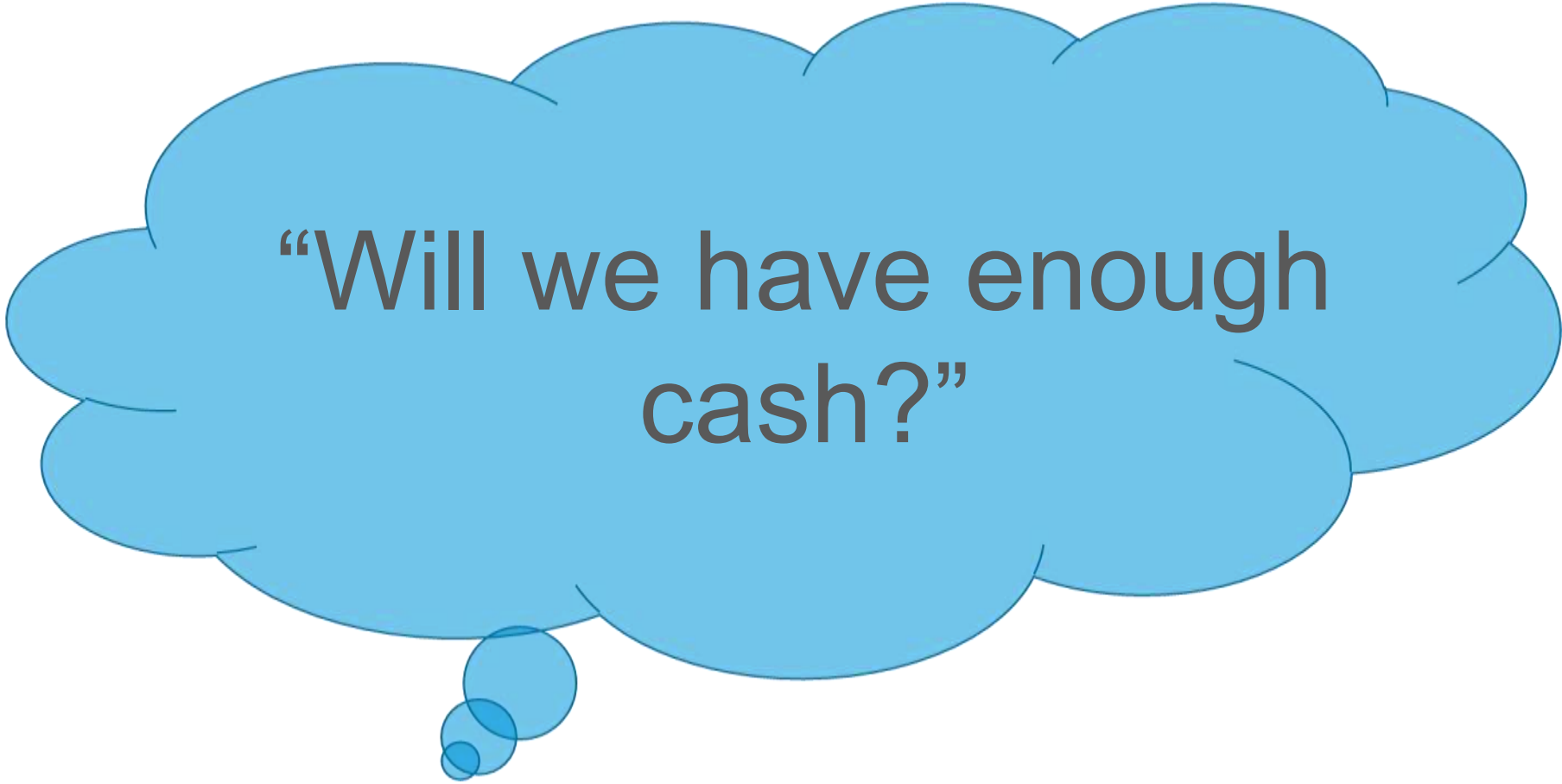
“The server crashed so I can’t access my software until they get it up again.”

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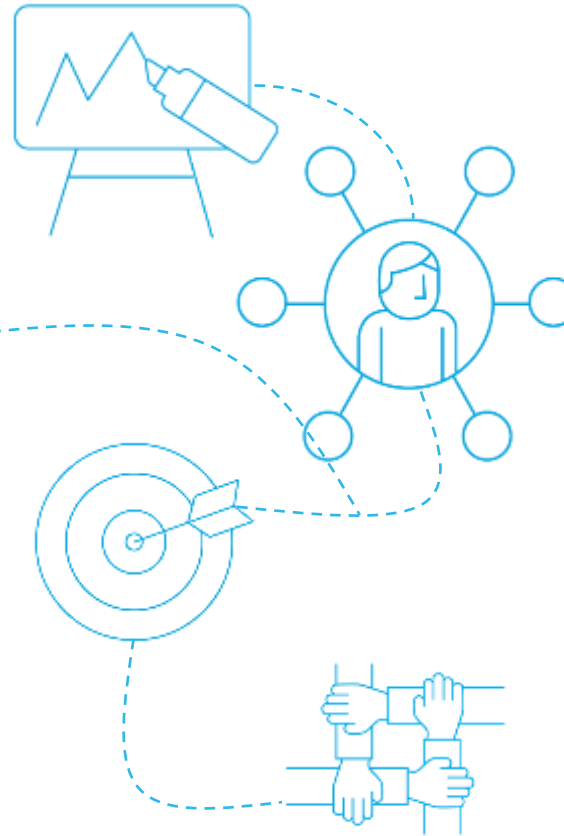
“Our Senior Accountant is leaving next month. I guess we’ll have to start interviews again.”

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“The Program Manager needs their numbers. Can you send them to me so I can pass them along?”

A large, light blue thought bubble with a black outline, containing the text "Will we have enough cash?". Below the main bubble are three smaller, overlapping light blue circles of decreasing size, suggesting a trail of thought.

“Will we have enough
cash?”




Key Challenges Being Faced by Nonprofits

- Segmented data and limited reporting
- Operational silos
- Limitations in existing technology
- Staff capacity
- Unclear or undefined goals/strategy
- Gap in digital leadership
- Us vs. Them mentality (business and IT)

Why Modern Systems Have the Power to Transform

These five trends reflect the evolution from a basic finance function to an enhanced digital system that can help organizations make breakthrough changes that improve growth and efficiency.



1 SaaS for finance



4 Streamlined monthly close process



2 Data mobility



5 Improved analytics and AI capabilities.



3 Workflow automation

Establishing a Strong Digital Foundation

A strong, sound digital foundation can significantly help you pursue future initiatives – as well as prepare you for quickly adapting to disruptions.

Keys to a strong digital foundation:

1. Consolidation of key systems and operations for the organization
2. Leverage viable and capable solutions, preferably with systems that can easily be supported
3. Maintaining control and consistency in your data
4. Implement and use standardized processes as much as possible
5. Integrate systems to replace manual efforts
6. Maintain control and documentation



MODERN FINANCIAL OPERATIONS

Enterprise Resource Planning (ERP) and Payroll

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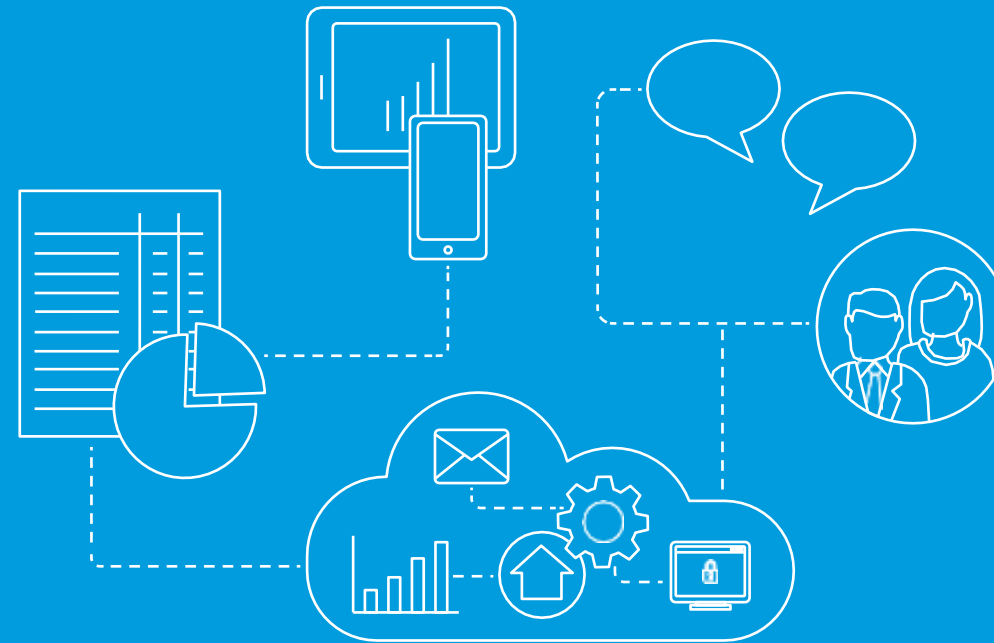
Are you ready
to evaluate?



CLOUD ERP SELECTION GUIDE

CONTENTS

- 1 Introduction
- 2 ERP readiness questionnaire
- 3 Common pitfalls to avoid
- 4 IT modernization through ERP innovation
- 5 Why modern ERP has the power to transform
- 6 Selecting the right cloud ERP implementation
- 7 Industry research
- 8 Comparison matrix
- 9 Selecting the right implementation partner
- 10 Evaluation checklist

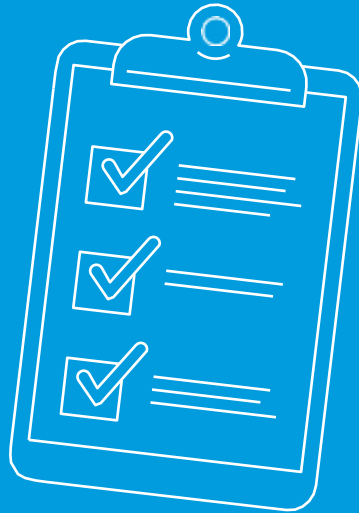


➤ Are you ready to evaluate a new cloud ERP system?

Before you start reading this cloud enterprise resource planning (ERP) guide for the middle market, we would like you to consider the following questions. Your responses will help guide you in determining your key needs as you evaluate the leading cloud-based ERP solutions for the middle market.

GETTING STARTED ERP READINESS QUESTIONNAIRE

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10



- > Are you maintaining multiple systems and platforms to manage your core business and operational functions?
- > Do you need to maintain integrations between these systems or are you looking to build an integration between them?
- > Does your current ERP solution provide enterprise-wide visibility into financial and operational data in real time with anywhere access (mobile, tablets)?
- > Can you easily access reporting and analytics dashboards in your operations with real-time data that helps facilitate decision-making at a glance?
- > Do you access your business management information from a centralized, up-to-date database, or is decision-making driven by multiple systems and spreadsheets?
- > Can you accurately track and manage key activities and performance metrics to compete in your industry?
- > When needed, can your business systems allow for rapid changes and overall flexibility to assist with organizational structure or operations?
- > Has your organization recently executed or is it planning to execute a key growth initiative such as a merger or acquisition, expansion in locations or sales channels, the addition of new product lines, etc.?

Nonprofit ERP Market: Tier 1 versus Tier 2

Tier 1

Key Information:

- Cater to large, globalized, and complex organizations
- Higher price point
- Designed to address most requirements
- Overly complex for simple processes at smaller organizations

Key Drivers: Multi-language, multi-currency, localized tax treatment for many regions, multi-location, unique requirements

Key Players:    

Key Products: Oracle Cloud, SAP S/4 Hana, Workday Cloud, Microsoft Dynamics 365 Finance

Tier 2

Key Information:

- Cater to Small- and Medium-Sized Organizations
- Flexible, affordable, and user friendly
- Quicker implementation and simpler functionality
- Design with industry best practices in mind

Key Drivers: Small- and Medium-Sized Organizations looking for streamlined processes

Key Players:   

Key Products: Sage Intacct, Microsoft Dynamics 365 Business Central, NetSuite, Unit4, Blackbaud NXT

[ERP Selection Guide](#)

Nonprofit Accounting Software Analysis

G2 Grid® for Nonprofit Accounting

Check out the G2 Grid® for the top Nonprofit Accounting Software products. G2 scores products and sellers based on reviews gathered from our user community, as well as data aggregated from online sources and social networks. Together, these scores are mapped on our proprietary G2 Grid®, which you can use to compare products, streamline the buying process, and quickly identify the best products based on the experiences of your peers.



- Leaders**
(High Satisfaction, High Market Presence)
- Sage Intacct
 - Oracle
 - Netsuite
 - Quickbooks Online

- Federal contracts / grants
 - Indirect cost calculations and allocations
 - Compliance reporting
- Integrations with multiple data sources:
 - Examples: Case management, Electronic health records/billing systems for senior living, CRM / Fundraising
- Workforce management – Time/Attendance, Scheduling
- Nonprofit management – donors, volunteers

- Very popular ERP solution amongst our mid-sized nonprofit clients
- Features and functionality include:
 - Strong Core Accounting
 - Multi-Entity & Consolidations
 - Fund Accounting
 - Revenue Recognition
 - Grant-Tracking
- Rated as the #1 ERP for nonprofits by AICPA
- Tends to be less expensive than Microsoft Business Central and NetSuite to implement

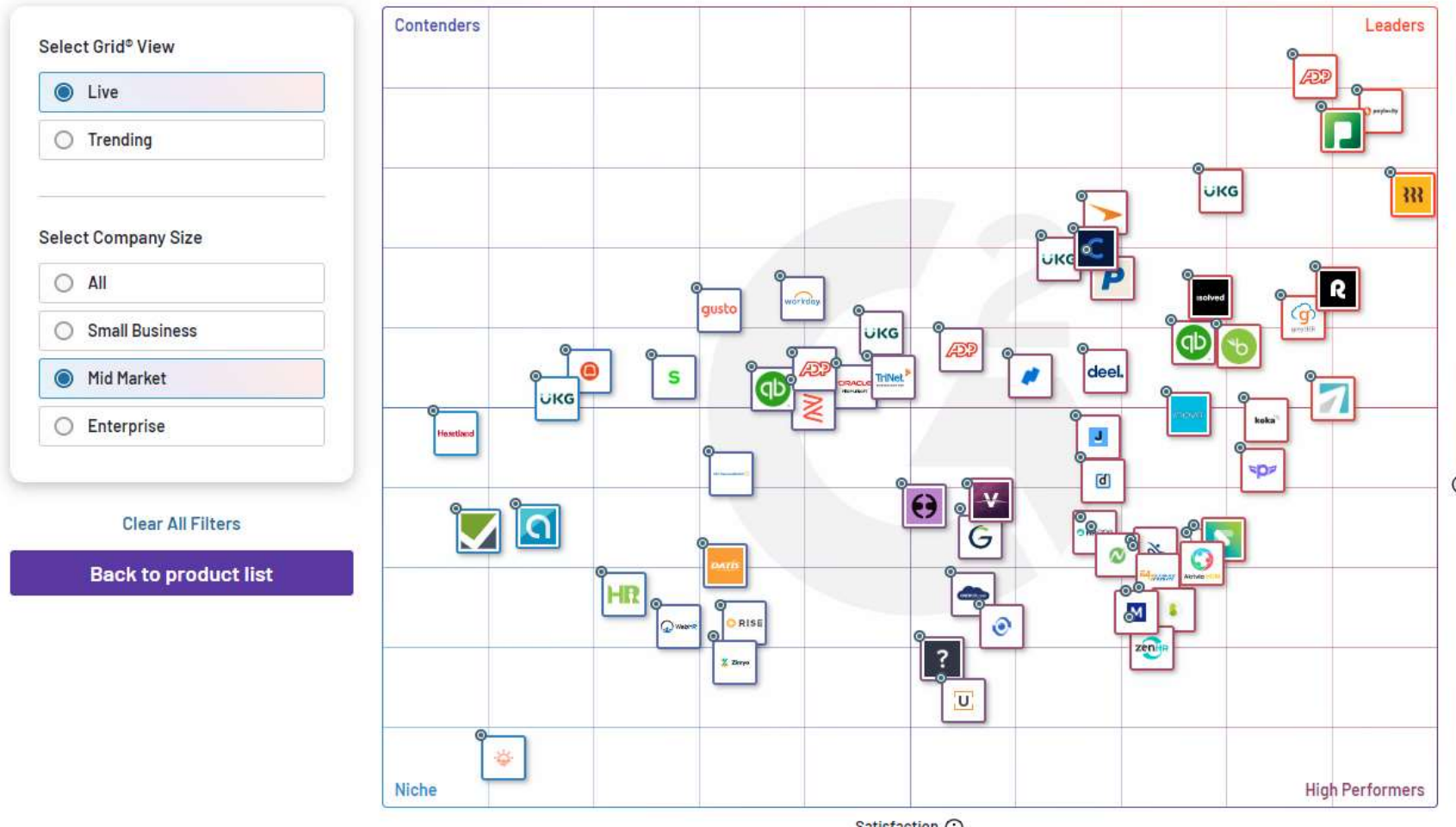
- Popular ERP amongst some of our larger global NFP clients
- Features and functionality include:
 - Strong Core Accounting
 - Multi-Entity & Consolidations
 - Fund and Grant Accounting
 - International capabilities
 - eCommerce
- Built-in CRM system
- Tends to be the more expensive solution compared to Microsoft Dynamics Business Central and Sage Intacct

- Very popular solution for nonprofit organizations that have a Microsoft “stack”, use Microsoft 365 products: Microsoft Dynamics CE, SharePoint, Power BI, Outlook and want native Microsoft Integrations
- Integrates very well with Microsoft Dynamics CE, a popular CRM solution for nonprofit organizations
- Features and Functionality include:
 - Grant Management
 - Donor Management
 - Volunteer Management
 - Reporting
- Because licensing is solely based on users and not modules (like other ERPs), Business Central tends to be less expensive from a software licensing perspective

- Cost allocations are key functionality
- Outsourcing is increasingly more common
 - Reduces risk for business continuity, workforce concerns, and technology updates
 - Can use a hybrid approach (partial outsourcing)
 - PEO is also a common solution for smaller nonprofits
- Common software applications for nonprofits:
 - Top 4 for nonprofits: Ceridian Dayforce, UKG, Workday, ADP
 - Workday's strength is HR, often more expensive
 - UKG is a strong best of breed, but doesn't use a single employee record
 - ADP has most limited functionality
 - Ceridian is often the best option for inhouse or outsourced – single employee record and strong GL integration with cost allocations

G2 Grid® for Payroll

Check out the G2 Grid® for the top Payroll Software products. G2 scores products and sellers based on reviews gathered from our user community, as well as data aggregated from online sources and social networks. Together, these scores are mapped on our proprietary G2 Grid®, which you can use to compare products, streamline the buying process, and quickly identify the best products based on the experiences of your peers.



Select Grid® View

Live

Trending

Select Company Size

All

Small Business

Mid Market

Enterprise

Clear All Filters

[Back to product list](#)

Leaders
(High Satisfaction, High Market Presence)

- ADP
- Paylocity
- Paycom
- UKG

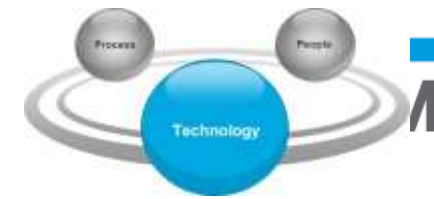


- Hybrid model – in house payroll, outsourced tax and compliance
- Sage Intacct connector

REPORTING, FORECASTING, AND BUDGETING

Corporate Performance Management





CAPABILITIES

BUDGETING & FORECASTING

- Revenue planning
- Workforce planning
- Operating expense planning
- Capex planning
- Balance sheet & cash flow planning
- Workflow and collaboration

FINANCIAL CONSOLIDATION

- Intercompany **eliminations**, reclassifications, and **allocations** based on built-in rule intelligence

REPORTING

- Fully customizable reporting capabilities
 - Financial statements
 - Profitability modeling and optimization
 - Management and statutory reporting
- Dashboards (*basic*), scorecards, and KPIs
- Microsoft Excel Add-In



ENABLEMENT

DATA AGGREGATION

- Direct and/or manual system integration
- ETL of disparate data sources, including ERP/GL, HRIS, CRM, BI, and other sources of information necessary to drive better planning, reporting, and decision-making

SCENARIO PLANNING

- Annual and multi-year planning, as well as periodic forecasting, controllable by version
- Dynamic what-if scenario analyses based on financial and non-financial drivers & assumptions

ALLOCATIONS

- Analyze and report functional expenses
- Deploy automated allocation methodologies for both forecast and actuals
- Dive into the indirect costs to determine true program service expenses

1. Control Personnel Costs

- Proactively manage staffing shortages and high turnover for skilled and unskilled
- Correctly categorize and account for various wage *rates and salary* levels
- Accurately *plan and budget* for different employee types (paid vs. volunteer)

2. Accurately Match Expense to Revenue

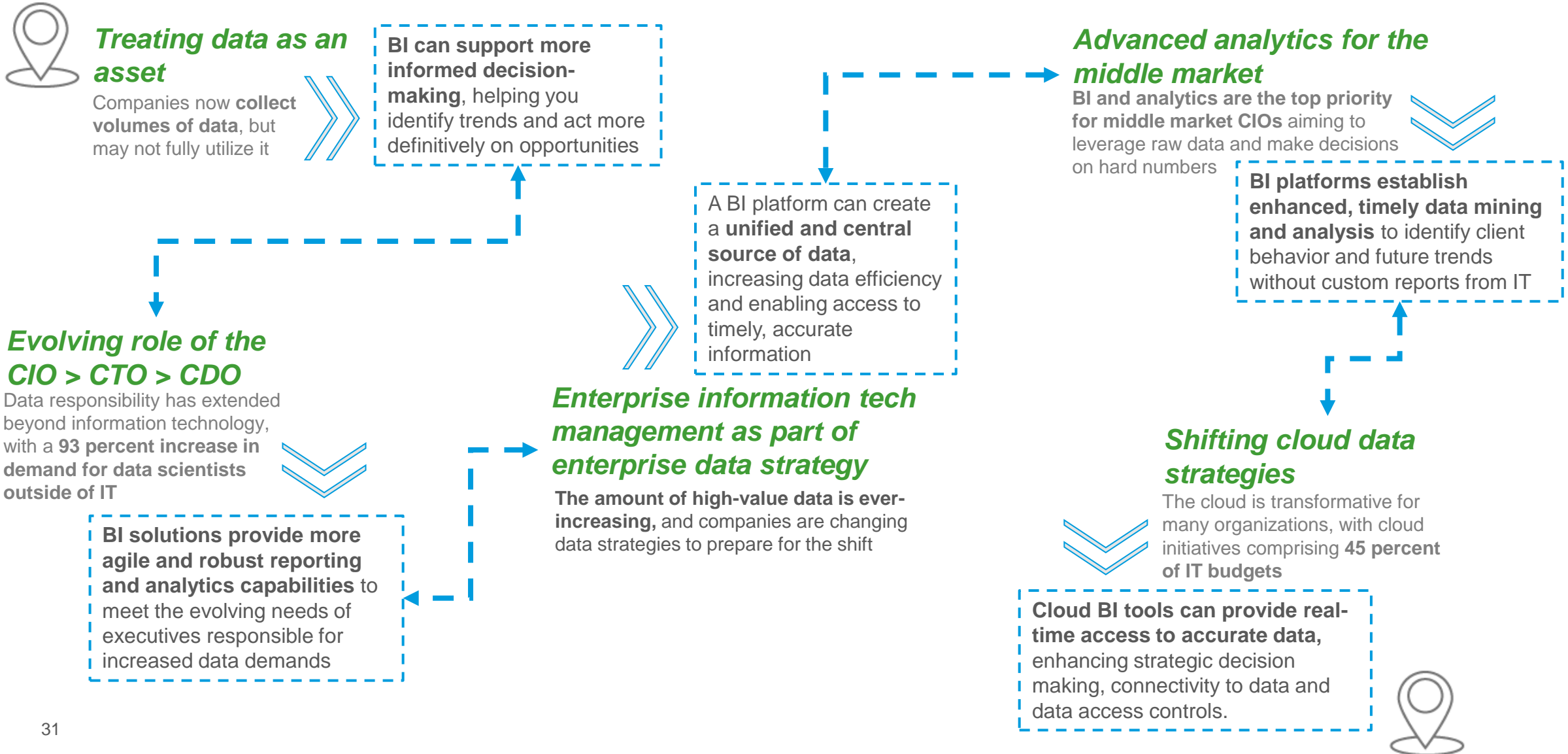
- Control rising costs through frequent forecasting and analysis of financial information
- Provide a centralized view of information creating one source of truth and information
- Allocation of *indirect costs* to *programs and funds*

3. Create Detailed Revenue Forecasting

- Create *detailed revenue forecasts* identifying revenue sources such as *program services, contributions, gifts & grants*
- Manage the revenue percentage shifts from program services to contributions, gifts & grants
- Control revenue contributions over the year to minimize seasonality and other external factors

DATA & REPORTING ANALYTICS

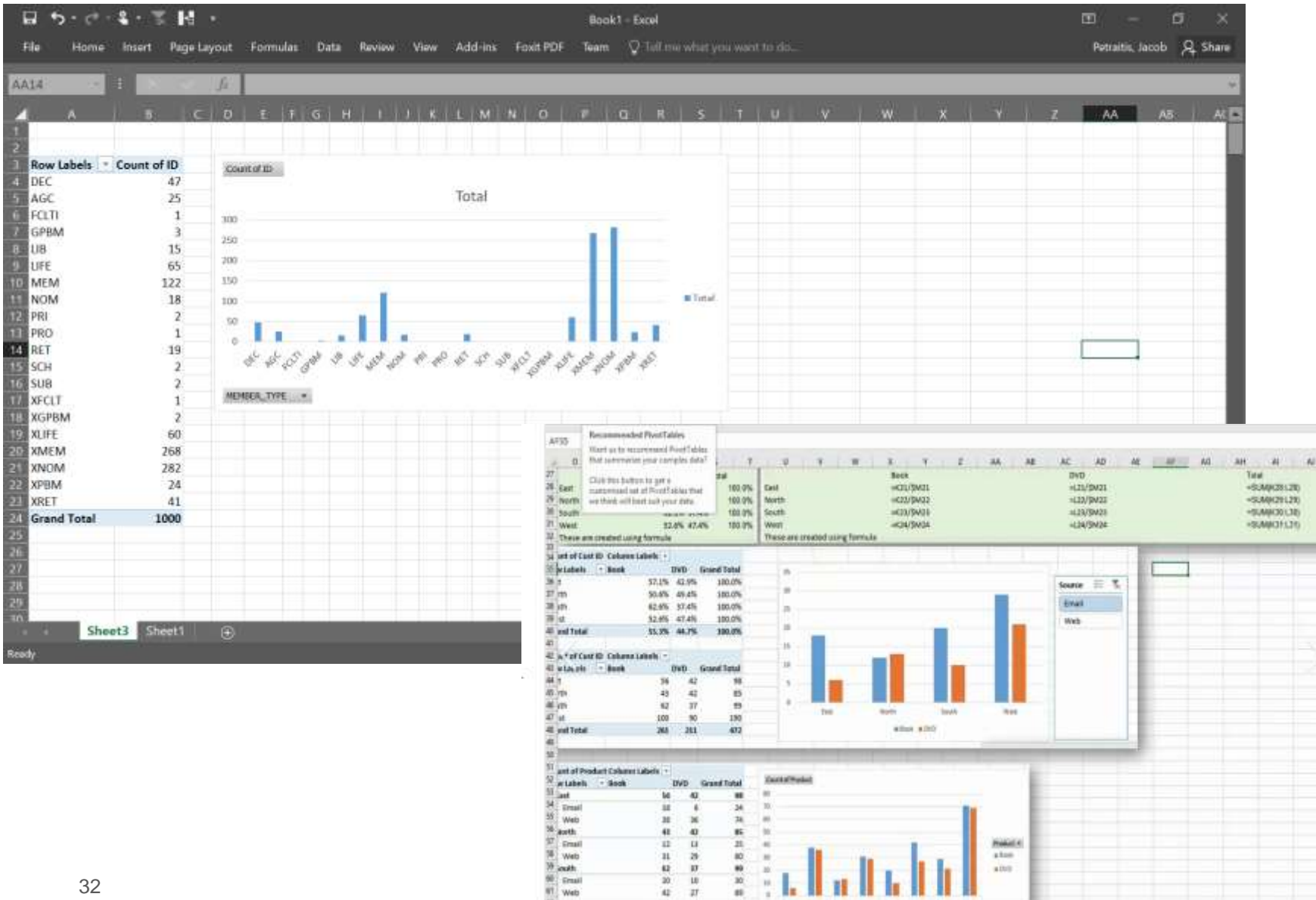




Current State Reporting Capabilities

Common Themes:

- **Very manual reporting methods**
 - Data manipulation at reporting layer
 - One-off spreadsheets for reconciling and fact checking data
- **Low level of visuals**
 - Limitations of reporting tools
- **Limited collaboration in reporting**
 - Teams rely heavily on emailing spreadsheets to share insights



Data & Reporting Visualizations and Interactive Self-Service



Reporting Enhancements:

- **Design of Data Structure with Reporting in Mind**
 - Incorporate all elements needed for reporting at the data level to minimize reporting level calculations
 - Readily available, self-service, accurate, and automated
- **More Visualized Reporting**
 - Provision reporting solutions tailored to interactive data visualization
- **Increased Collaboration in Reporting Solutions**
 - Centralized reporting solutions eliminate the need for "flying spreadsheets"



Data & Reporting Analytics Considerations

Treating **data as an asset** by tapping into different sources of information is **attainable** and not a huge lift in costs. You may have tools already in place to support this which allows you to **leverage what you have** to achieve your data and reporting goals. Currently, your processes may be focused 80% data manipulation and 20% analysis. Let's shift the paradigm.

Change the paradigm to 80% analysis | 20% data manipulation

Automation of critical reporting processes

Decrease time-intensive manual manipulation

Trusted, consistent, accurate data

Templatized reporting to support critical reporting needs (i.e. federal / grant reporting)

Centralized single source of reporting

Maintain control of data and collaborate across organizational teams

Proposed Outcomes

ENTERPRISE ANALYTICS (Across multiple systems)

Data an organization holds often possesses the key to answering most complex business questions. **A strong data foundation provides:**

- Single reporting source of truth / data warehouse
- **Greater** organizational consistency and **collaboration**
- **Increased productivity** and ability to deliver results
- Potential reduced cost of technology ownership
- One-stop shopping for data
- A **common understanding** of data across the organization

PREDICTIVE ANALYTICS

Leveraging your centralized reporting foundation allows you to move into predictive / prescriptive analytics:

- Assisting in making **more accurate** forecasts
- Allowing for **rapid analysis**, prediction, and processing
- Helping **identify** potential **opportunities** and/or **risks**

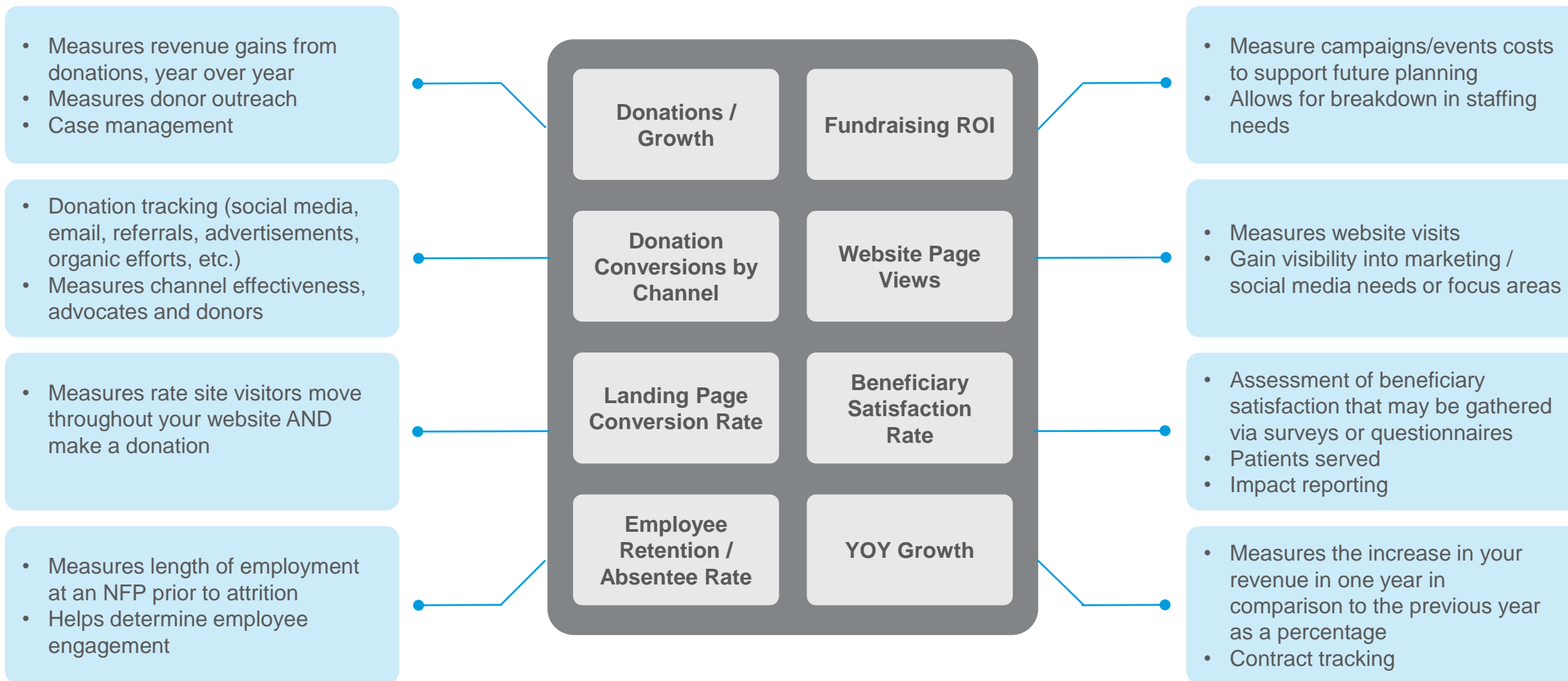
DATA & REPORTING GOVERNANCE

Organizations cannot make confident decisions without accurate data they trust.

- Developing end-to-end landscape with management controls and governance
- Architecting their data and reporting environment
- Leveraging technology to **enable improved processes**
- Being **proactive**, not reactive
- Challenging manual and time-consuming processes to **standardizing** data usage and **collaboration** across the organization
- Leveraging internal control experts
- Understanding and focusing on risks and pain-points

KPI's

NFP Key Metrics and Areas of Focus



LSF HEALTH SYSTEMS DCF SAMH FUNDING* FY 2019-2020 BY THE NUMBERS

REVENUE	
DCF-SAMH	\$148,010,713
Other revenue	\$1,752,714
State Grants/Local Match	\$416,834
Federal Grants	\$689,695
Foundation Grants	\$628,594
Sponsorships and Contributions	\$11,194
Trainings	\$6,398
TOTAL	\$149,763,427

96.69%
Direct Services
Provider
Network

3.31%
LSF Health Systems
Network
Administration

**TOTAL FUNDING
\$148,010,713**

58 Provider organizations contracted with us to provide a comprehensive range of state-funded mental health and substance abuse programs in a 23-county region.

549 Callers served by our Access to Care Line, a free resource that offers 24/7 screenings, referrals and information about mental health and substance use programs in Northeast and North Central Florida.

928 Clients served by our Care Coordination program that promotes seamless care transitions for individuals with complex behavioral health needs. The team works with at-risk children and adults to reduce repeat admissions to acute or inpatient behavioral health services, support continuity of care and improve outcomes.

4% Recidivism rate for acute levels of care following enrollment in the program.

2,179 People who participated in more than 60 distinct training sessions offered by our Training Institute that provides behavioral health professionals and those in primary care and criminal justice settings with best practice trainings to address pressing community issues.

57 Monitoring events conducted by our interdisciplinary monitoring team as part of our network oversight role. This includes welcome aboard and start-up technical assistance and follow-up monitoring events.

260+ Individuals we trained to become certified as recovery peer specialists to date.

584 Law enforcement officers, veterans, and others participating in our Clay County Mental Health Awareness Training project. These innovative training sessions included cutting edge information on Mental Health First Aid, De-Escalation and Suicide Prevention.

1,280,816 Individuals served by our network of contracted behavioral health organizations through prevention, outreach, and mental health and substance abuse treatment and recovery programs.

55% Percent decrease in substance use related ER visits at AdventHealth Waterman Hospital following participant enrollment in our Florida Blue Foundation SEIS grant project.

1,328 Law enforcement calls in 2020 that included mental health co-responders through three co-respondor programs that we fund. The co-respondor programs help law enforcement officers provide timely assistance to individuals in crisis and deescalate challenging situations.

94% average diverted from jail into treatment

81% average diverted from involuntary inpatient crisis admissions to community-based care

*Florida Department of Children and Families (DCF) Substance Abuse and Mental Health (SAMH)



Where To Start: Strategic Pulse Check

There are multiple factors to consider when determining how your organization can increase its data and reporting maturity by setting the baseline for prioritization of key improvements.



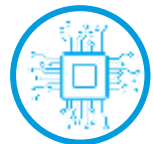
Data Governance



Source System Data Quality



Master Data Management



Data Architecture



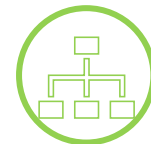
Data Analytics/Reporting



Report Execution & Automation



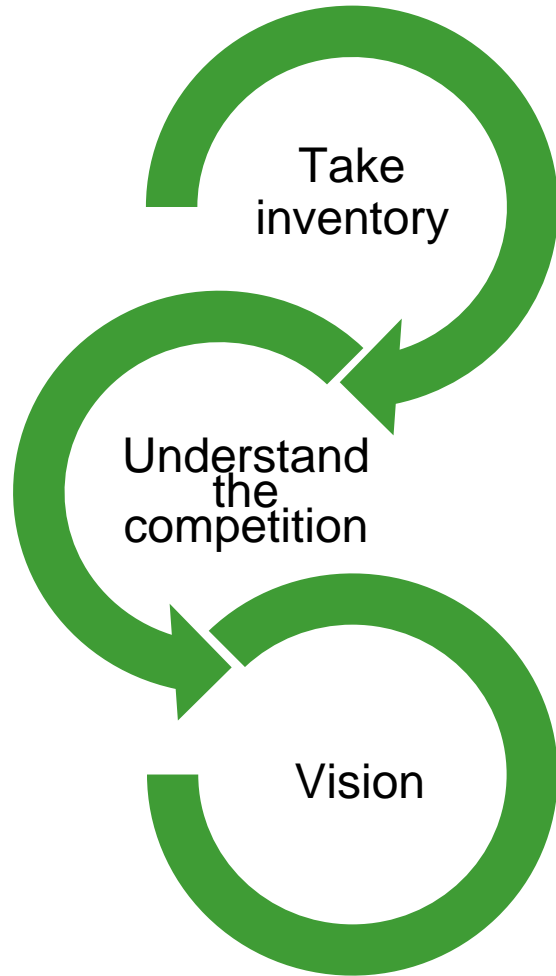
Data Sourcing & Consolidation



Data Modeling & Transformation

Where To Start?

Data analytics strategic journey



The first step of your strategic journey should be rooted in **understand what you have** (data assets) & how you want to be **known in the industry**.



Taking inventory includes **analysis** of **critical data points**

Knowing your competitors and where you align stacked against them is key to **prioritization of improvement opportunities** and identifying where you can **stand out**.



Leveraging reference data for **comparative analytics and insights**

Crafting your mission, vision, and strategies based on what your **key differentiators** are in the market and how you want to be **identified by your customers**.



Driving and developing the **data strategy** to **enable the business**

DONOR RELATIONS

Technology to enhance relationships

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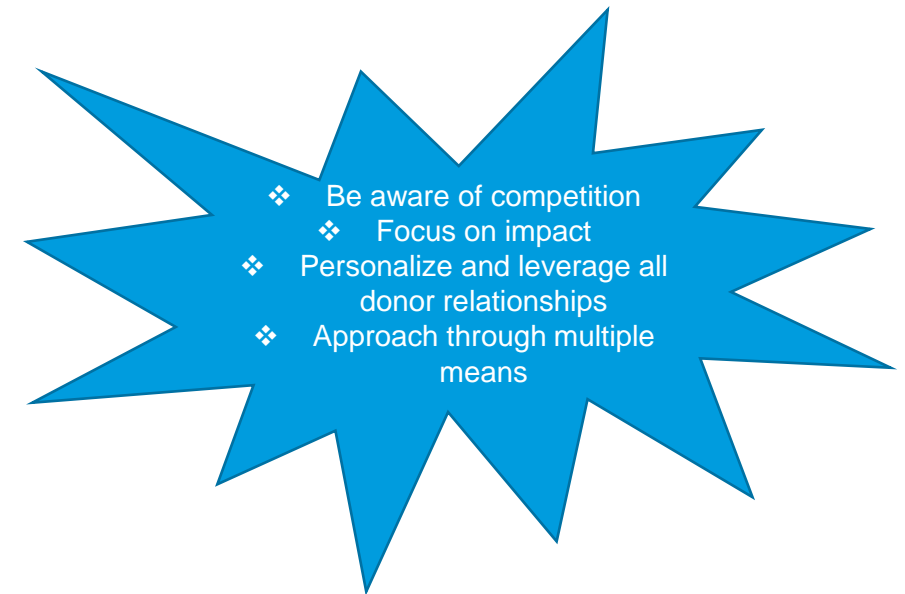
- Macroeconomic Trends

- Impact of Inflation, Stock Market, Interest Rates, Labor Market

- Donors are cautious, but also more aware of greater need

- Small and mid-level donors are giving less, but loyalty adds a lot of value

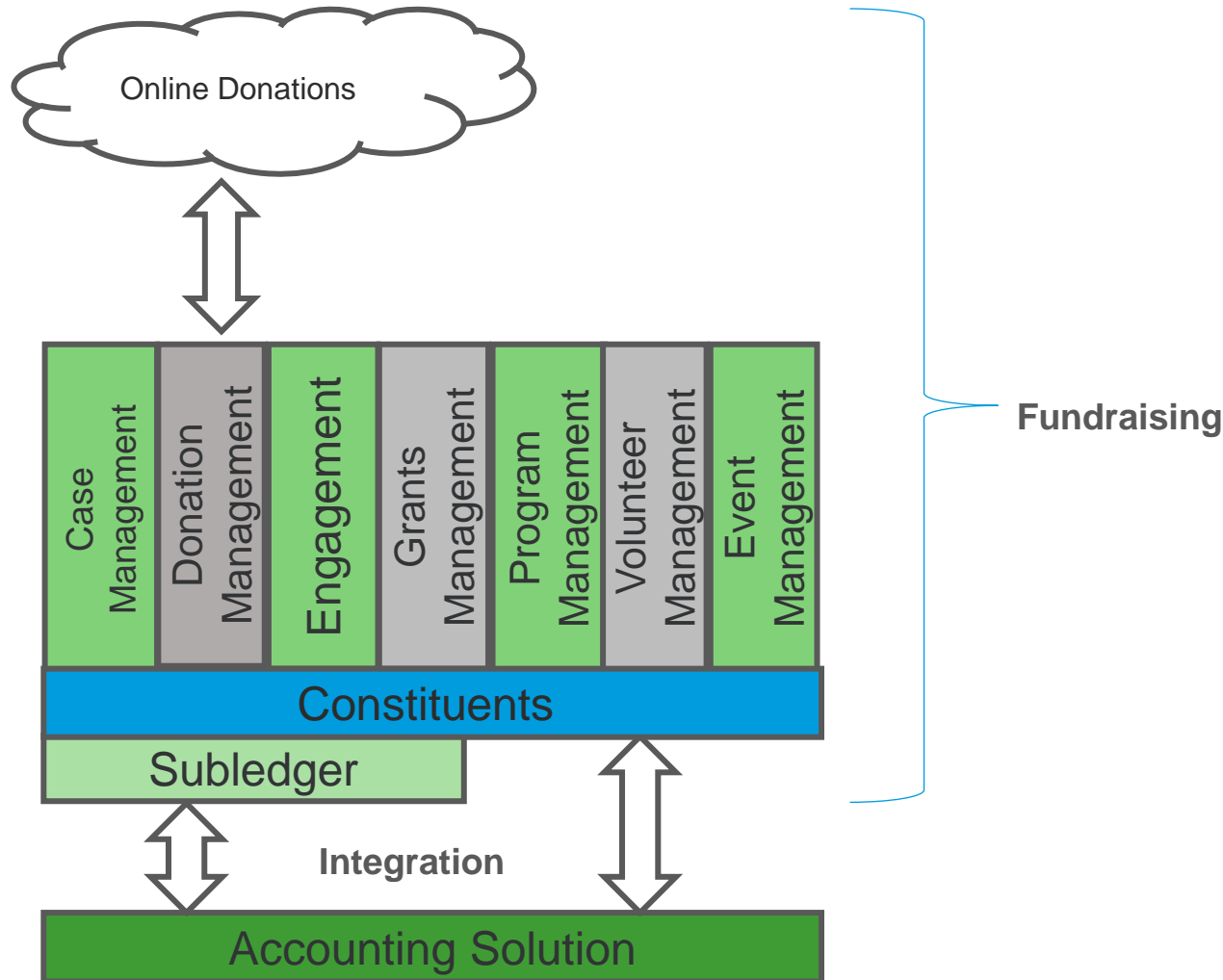
- Major donors are giving more



Sources:

- *RSM Nonprofit Industry Analyst*
- *2022 Donor Insight Study, DickersonBakker*
- *The Annual Report on Philanthropy for the Year 2021, Giving USA Foundation*

What is a Fundraising System



A Donor/Fundraising System is a powerful software solution that can help your organization perform more efficiently and effectively.

What Makes a Donor/Fundraising System Different?

- It's more than a CRM
- It runs the different aspects of programs, fundraising, grants management, program management, and engagements.

Platform approach to Donor Relationships



Salesforce Nonprofit Success Pack

Fundraising and Engagement
Program and Grants Management
Marketing
Case Management



Microsoft Cloud for Nonprofit

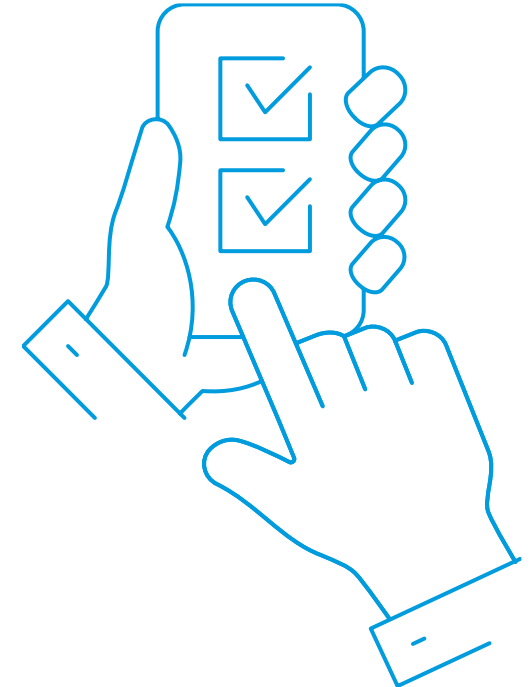
Fundraising and Engagement
Volunteer and Event Management
Marketing
Case Management
Grants Management (RSM)

WHAT COMES NEXT?

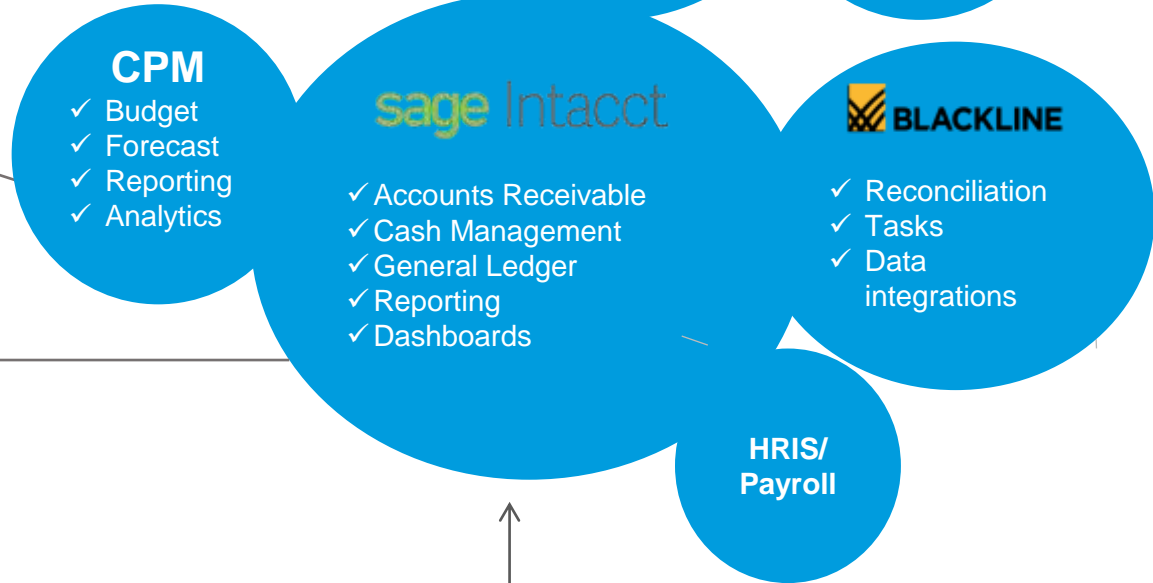


Common signs it is time to look at new technology :

- Maintaining multiple systems to manage core functions
- Don't have visibility into financial and operational data real time
- Can't easily access reporting and analytics to make decisions
- Can't track and manage key activities and KPIs
- Current systems don't allow for growth or scaling



Integrated Digital Approach (SAMPLE)



How To Get Started

- Identify the right people to drive change and plan for change management
- Take inventory of what you have today
 - Software ecosystem
 - Processes (automated vs. manual)
 - Stakeholders and supporters
- Determine your end-state requirements and vision
- Engage with a partner that understands your needs
- Roadmap and budget for system conversions
 - Include planned cost savings!





QUESTIONS AND ANSWERS

THANK YOU FOR
YOUR TIME AND
ATTENTION

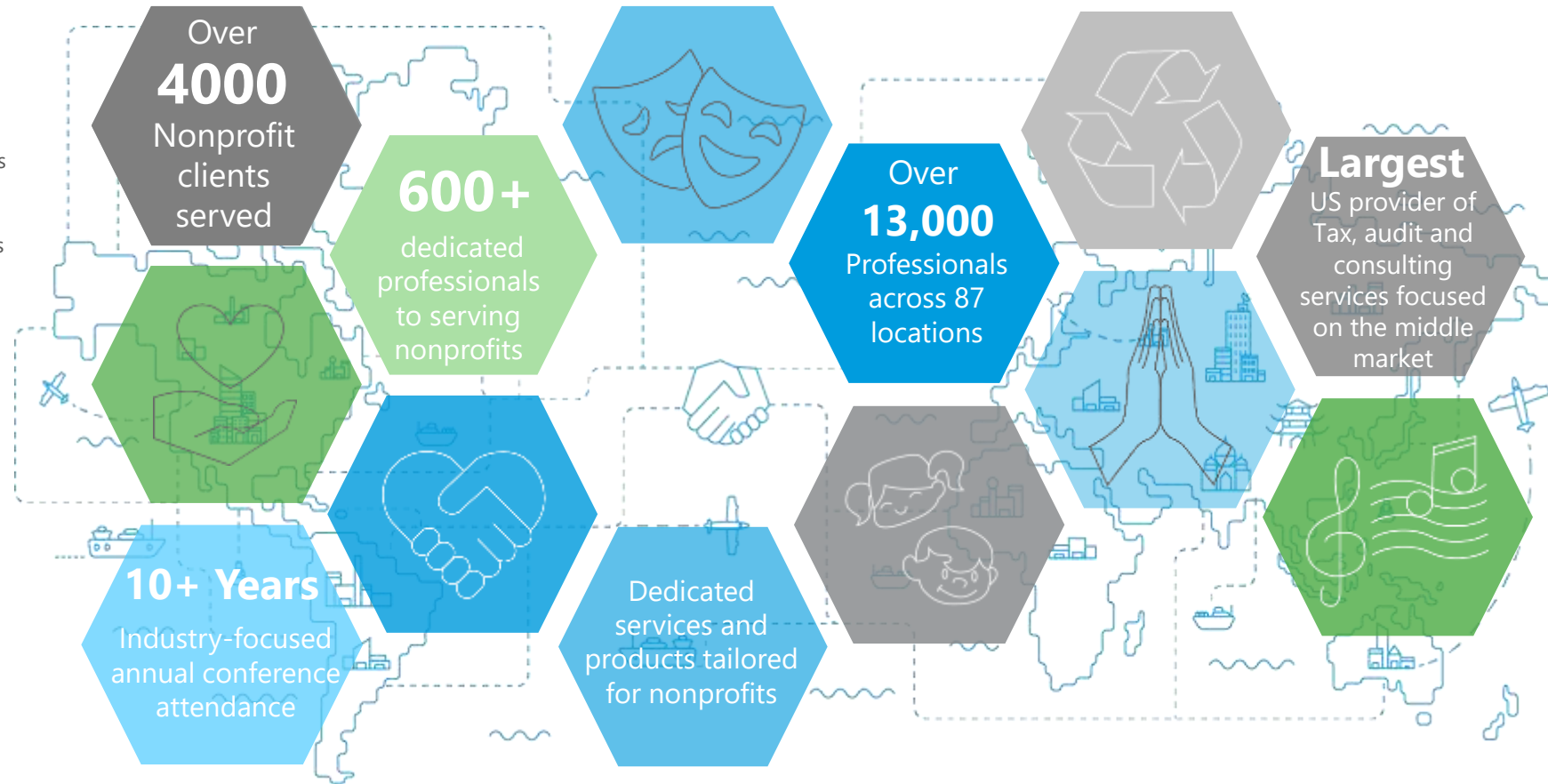
RSM's Commitment to Nonprofits

Representative nonprofit clients

- Archdiocese of Los Angeles
- Archdiocese of Detroit
- Catholic Social Services (Philadelphia)
- Catholic Social Services (Alberta)
- Catholic Charities of the Archdiocese of DC
- Catholic Diocese of Arlington
- Catholic Charities of the Diocese of Fort Wayne
- Catholic Diocese of Kansas City
- Lakewood Church
- Legacy Treatment Services
- Lutheran Services Florida
- Lutheran Home for the Aged
- Woods Services

Nonprofit and education capabilities

- ✓ Social Services
- ✓ Higher education and private schools
- ✓ Professional, trade and membership
- ✓ International
- ✓ Charitable, civic and community
- ✓ Religious
- ✓ Foundations (public and private)
- ✓ Research and scientific
- ✓ Cultural



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