

A FEW GOOD ACCOUNTING PACKAGES

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Nonprofit consultants recommend accounting software packages

By: Idealware

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This article courtesy of Idealware, which provides candid information to help nonprofits choose effective software. For more articles and reviews, go to www.idealware.org.

Take a moment to reflect on last year's tax season. Was it a time of stress, chaos, and panic? Or was it relatively trouble free? Could you create the reports you needed? Track restricted funds? Access your accounting software without worrying about causing a fatal system error?

The difference between a painful and an easy tax season can be as simple as your accounting software package -- or lack thereof. If you're struggling to create reports, track expenses, and complete necessary tasks, it may be time for a new system. And while we can't prepare your taxes for you, we can suggest a few tools that might help.

We asked five nonprofit consultants and accounting specialists what accounting packages they recommended. Those who contributed their expertise included Eric Frait of [Your Part-Time Controller LLC](#); Tim Johnston of [NPower Greater DC Region](#); Jack McMillan of [TechBridge](#); Rick Mlekoday of [RCM Tax](#); and Ruth Stevens of [Grant Thornton LLP](#).

Below, you'll find a synopsis of their advice, as well as a list of the tools they use and like. While these aren't the only good accounting packages out there, they have worked well for the consultants we talked to, and could be a good fit for your organization, too.

Who Needs an Accounting Package?

What type of organization should use an accounting package? The consultants we talked to agreed: *every* nonprofit can benefit from one. Even if you work for a small organization that makes only a few basic transactions a month (such as deposits, withdrawals, and invoices), an application like Microsoft Excel may not be enough. Truth be told, Excel is dangerous as an accounting tool. There are no built-in safeguards to keep you from deleting a transaction or accidentally duplicating a line on a report.

Learning to use new accounting software can be daunting, but in the long run it will save you a considerable amount of time. Most accounting packages allow you to create new reports (such as a cash-flow summary or Form 990 information) at a touch of a button. And many programs will update your accounts automatically when you write a check or create an invoice.

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Lower-End Options

Happily, affordable accounting software options do exist. Starting at only a few hundred dollars, these packages are recommended for organizations with one or two users, several programs, and annual budgets of up to \$1 million -- although many very small nonprofits with budgets of \$50,000 or less use them as well.

An accounting package is a useful tool, but it won't make you an accountant. Think of it as a filing cabinet: you need the cabinet in order to hold your files, but you still have to set up a filing system. If you don't have an accounting background, you may want to hire a consultant or a bookkeeper to help you set up the software and define how you should use it. This will likely cost about two to five times the price of the accounting package.

[QuickBooks](#) by Intuit

The market leader in entry-level accounting software, QuickBooks starts at around \$100 for the most basic version and costs about \$400 for a multi-user version with more features. Intuit also offers an online version starting at \$20 a month. QuickBooks is available on [TechSoup Stock](#) for a small administrative fee.

QuickBooks is specifically intended for small business without much accounting experience, and is relatively easy to get up and running. On the other hand, it is not as customizable as an application like Peachtree, so accounting-savvy folks who want to set up their books or reports in a particular way may find it limiting.

Two of the consultants noted that while the for-profit version of QuickBooks differs slightly in terminology from the nonprofit version, it offers little in the way of functionality that would make it worth the steeper price.

[Peachtree](#) by Sage

Like QuickBooks, the widely used Peachtree comes in a variety of prices, from about \$100 for a basic version up to \$1,000 for a much more sophisticated multi-user version. However, Peachtree offers more flexibility than QuickBooks, allowing you to set up reports and accounting charts exactly the way you like -- which is why those with an accounting background tend to prefer it. Peachtree is not as ready to use "out of the box," however, and assumes that users have basic accounting experience. For this reason, it may not be the best choice for accounting novices.

[FundEZ](#) by E-Z Development Corporation

Although it requires a bit more of an initial investment (around \$1,000 for one user, including support), FundEZ is intended specifically for nonprofits, allowing more

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flexibility than QuickBooks or Peachtree in tracking restricted funds and creating nonprofit-specific reports.

Like Peachtree, FundEZ is designed for users who have some accounting background. However, the consultants we talked to reported that this application has a much smaller user base than Quickbooks or Peachtree, making it more difficult to find bookkeeper or consultants with experience using it. The basic principles are the same as any other accounting package, though, and accounting professionals should be able to pick it up quickly.

For Mid-Sized Nonprofits

If you have more than four or five users, an annual budget greater than \$1 million, conduct business internationally, or need to track multiple programs, departments, and locations, you'll likely want to look beyond entry-level solutions to a more robust accounting software package. These packages tend to cost thousands to tens of thousands of dollars, in addition to yearly licensing fees. You'll also need to consider the costs of implementing these systems, which can be equal to or greater than the cost of the software itself.

Nonprofit-Specific Packages

The consultants who contributed to this article were divided over the benefits of using a tool specifically intended for nonprofits. Some felt that the basics of accounting are the same regardless of the sector, and that it was best to go with the more widely used general accounting packages. Others felt that packages with a nonprofit focus -- called fund accounting -- offer important functionality for tracking restricted funds. As with any other software choice, you'll need to assess your own needs and determine what's important to you.

[MIP Fund Accounting](#) by Sage

A solid option, MIP's pricing is lower than others in this category, charging about \$5,000 to \$10,000 for its Fund Accounting Pro package. MIP provides strong support for tracking restricted funds and offers a good report writer.

[Fundware](#) by Kintera

A more robust but pricier option, Fundware is also specifically geared toward nonprofits and government organizations. It includes functionality for managing activities, projects, grants, cost centers, contracts, and investments.

[The Financial Edge](#) by Blackbaud

A complex and more expensive package for those with sophisticated needs. While it offers the ability to integrate with The Raiser's Edge (also by Blackbaud), The Financial Edge requires expensive customization, and several consultants felt that integration was not worth the effort.

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General Business Accounting Packages

General accounting packages tend to be much more widely used than those targeted specifically to nonprofits. This often makes it easier for you to find people to help with setup, support, and bookkeeping. If you need to track inventory, billable hours, or the like, these business systems can also offer support that is not provided by most nonprofit-specific packages.

[Dynamics](#) by Microsoft (formally Great Plains, Soloman, and Navision)

Microsoft's trio of accounting packages -- Great Plains, Soloman, and Navision -- were recently renamed Dynamics GP, Dynamics SL, and Dynamics NAV, respectively. Great Plains (we'll stick with the more well-known names) is a strong and widely used standard accounting package geared toward medium-sized businesses. The software typically costs between \$5000 to \$10,000, not including configuration or additional consultation.

Soloman is geared towards project- and service-based organizations, and allows more flexibility than Great Plains. At \$10,000 to \$30,000, Soloman is also more expensive than Great Plains.

Navision is designed to be highly customizable for those with complex needs and who want to start with a blank slate. Licensing costs are comparable to Soloman, but if you require extensive customization, this software solution can be considerably more costly to implement.

[Mas90](#) by Sage

Mas90, created by the same company that makes MIP, is targeted primarily toward manufacturers. If your organization requires sales order entries or goods tracking, Mas90 could be a good bet. It is comparable in price to Soloman, at about \$10,000 to \$30,000 in licensing fees.

For more information on the multitude of general business accounting packages available, see accounting information Web sites AccountingSoftware411.com and 2020software.com.

For Large National and International Nonprofits

The tools listed above will support the needs of the vast majority of nonprofits -- unless you have hundreds of millions of dollars to manage, more than a hundred accounting users, or a complex, multi-unit national or international structure. If that's the case, you'll need an enterprise package -- such as PeopleSoft, JD Edwards, Oracle Financials, Great Plains' enterprise package, or Lawson Software -- tailored to your specific needs. The prices of these packages tend to start in the six figures. If you are ready to make this kind of investment, you should certainly look beyond this article for expert advice.

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Moving Forward

Where do you go from here? As with any software package, start by understanding your needs -- including the accounting procedures you will follow. If no one at your organization has accounting expertise, you may need to ask an outside expert to help with this. If you're looking at larger packages, consider issuing a [request for proposal](#) (RFP).

Before making any decisions, talk to vendors and look at the tools, download trial versions, and talk to other organizations that use them to understand how well the applications can support your needs. And don't forget to factor in the costs of setting up and training users in your new system.

With some diligence, you can make tax season next year a pleasure. ...Or, at least, a little easier.

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