

# Fund Accounting

for Nonprofits & Public  
Service Organizations



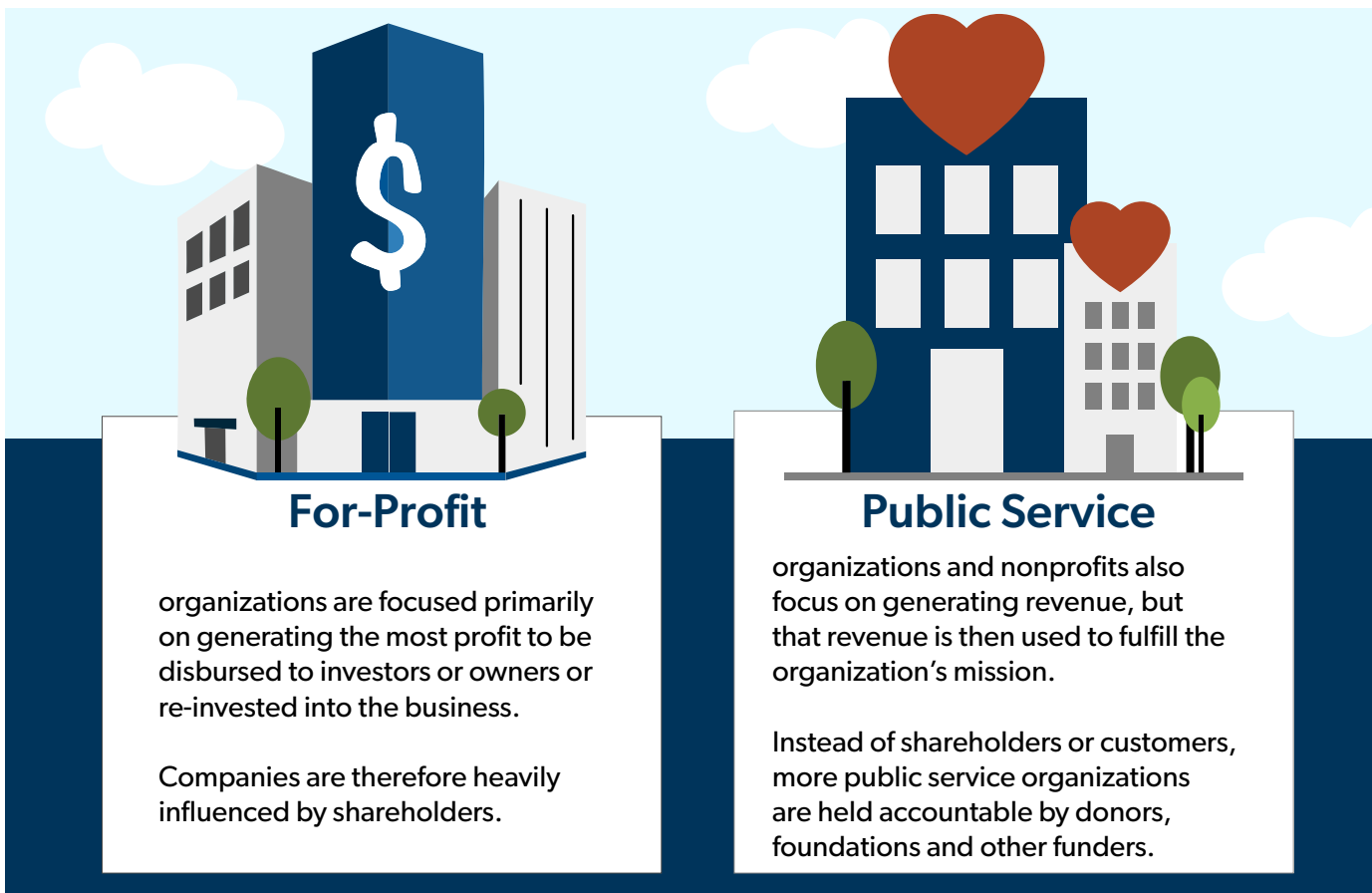
Everything you need to  
know about fund accounting  
and the benefits of fund  
accounting software.

**sylogist**<sup>™</sup>  
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# Financial Goals for Nonprofits & Public Service Organizations

Accounting for nonprofits, NGOs, and public sector organizations presents unique needs and requires specific processes that traditional accounting standards may not address.

Nonprofits and public service organizations have different financial goals than for-profit organizations and corporations.



# Types of Public Service Organizations



Nonprofit  
Organizations



Non-Governmental  
Organizations



K-12 School  
Districts



Government  
Organizations



Religious  
Institutions



Faith-Based  
Organizations

## How is accounting different for these types of organizations

One of the primary differences is the types of revenue that nonprofits and public service organizations collect and track.



### Donations

Events  
Special Events  
*Galas & Auctions*  
*Paddle Raise/Fund a Cure*  
Peer-to-Peer Fundraising  
*Walks, Runs, Rides*  
Virtual Events  
Online Giving  
Online Payments



### Grants & Awards

Federal, State, Provincial  
or Local Government  
Grants & Awards  
Private Foundations  
Community Foundations  
& Donor- Advised Funds



### Corporate Giving

Corporate Foundations  
*Corporate Sponsorship*  
Employee Giving Programs  
*Federated Funds (United Way)*



### Other Revenue

Revenue for goods or  
services provided  
Member dues and fees  
Major Gifts & Planned  
Giving

# Restricted vs. Unrestricted Revenue

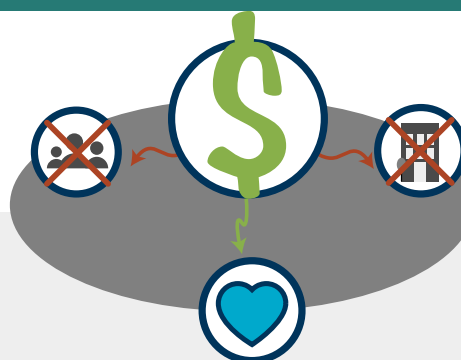
The other major difference between accounting for for-profit companies and not-for-profit organizations is restricted versus unrestricted funds.



## Unrestricted Funds

can be used for any type of expenditure, including:

- Mission activities
- Staff salaries
- Employee training
- Rent and occupancy costs
- Software and hardware



## Restricted Revenue

can only be used for the express purpose the funder has set. Some examples include:

- A foundation does not allow its funds to be used for overhead expenses
- Community Foundation requires funds to stay local
- Donors want to fund a specific mission activity or research area

Donations must be tracked throughout the accounting process, and if the funds are restricted, supporting documentation is required to prove that the funds were only used for the stated purpose.

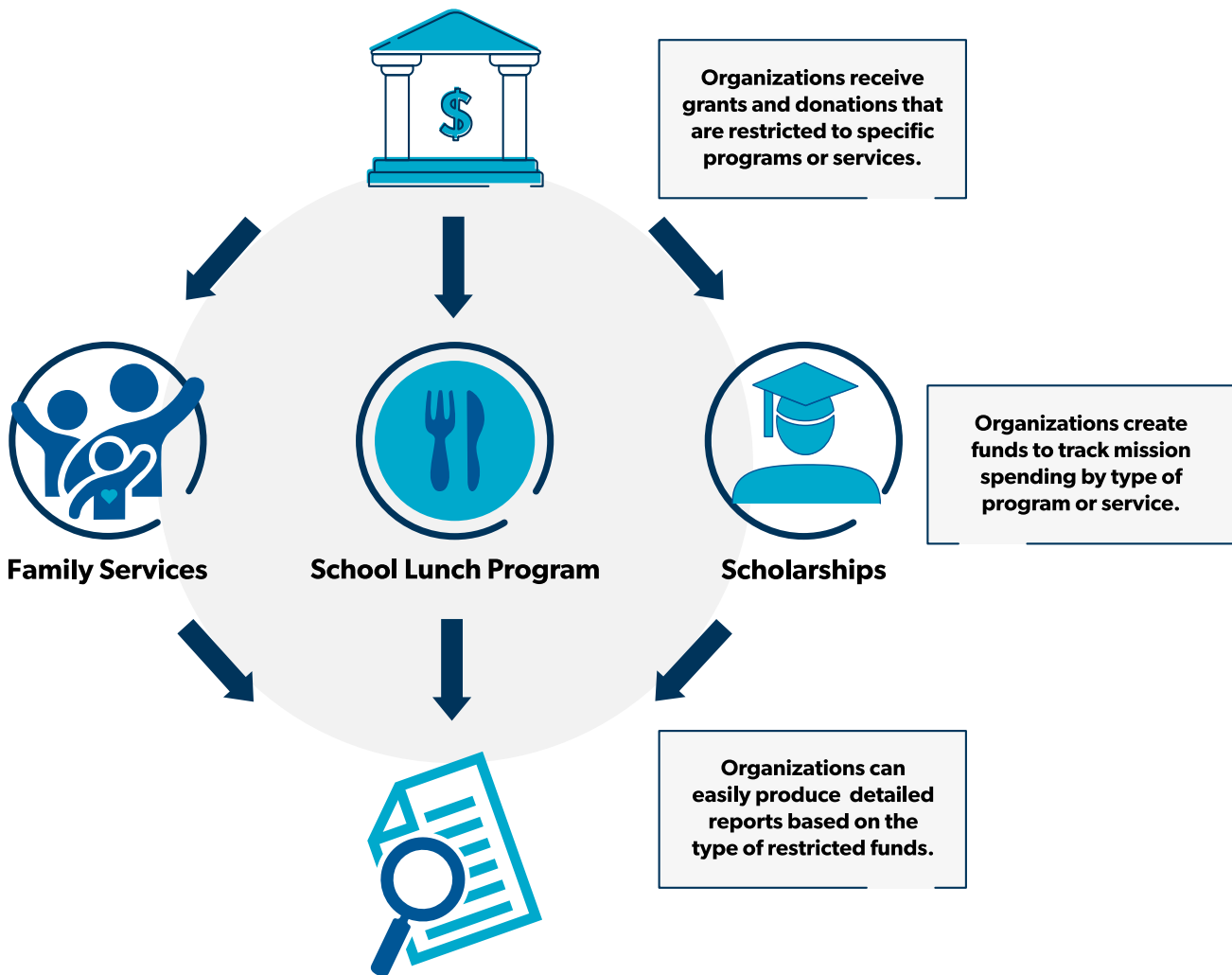
This is especially true for grants, awards, and most government funding.

Properly recording and managing funds helps to inspire trust among donors, and increasing the likelihood that donors and grantors will continue to support your mission in the future.

# How Does Fund Accounting Work?

Fund accounting focuses on the use of resources, rather than profitability, with transparency and accountability at its core. It provides the framework for organizations to tell their stories and remain accountable to their stakeholders.

A “fund” is a separate accounting entity defined by an organization. Each fund maintains a set of self-balancing accounts that must be used for the specific purpose defined by donors, grantors, governing boards, or by law.

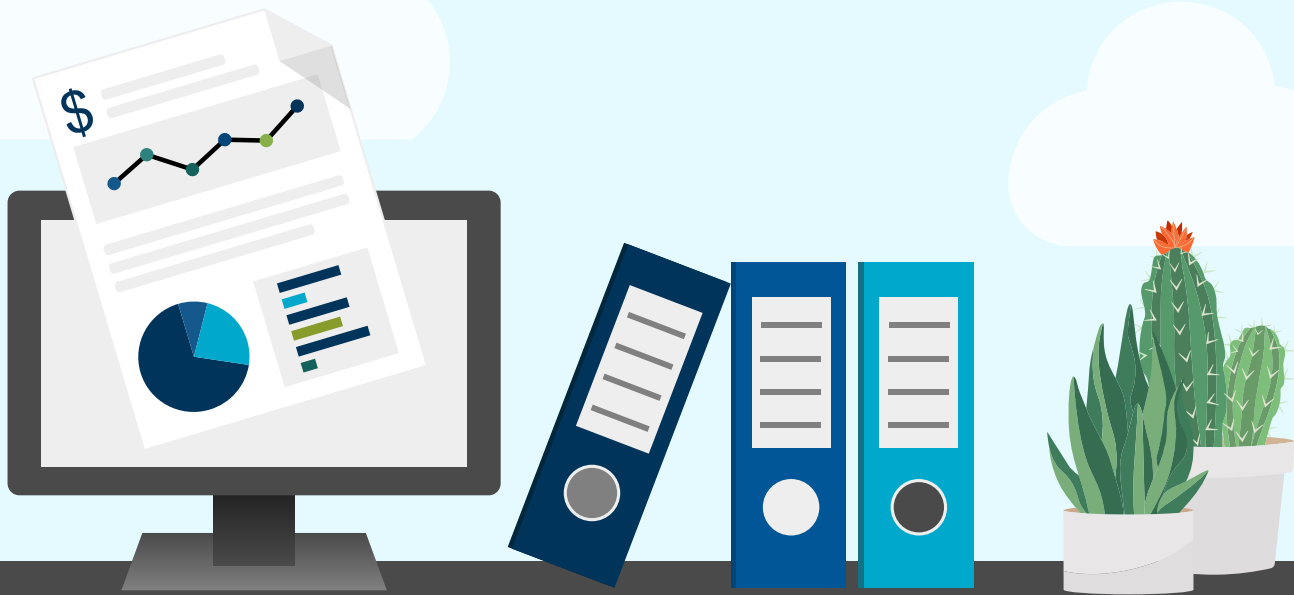


Depending on the type of funding, the grantors or donors may have specified specific types of work that it’s gift can fund. Sometimes overhead expenses, like compensation and occupancy, are expressly forbidden and fund accounting allows public service organizations to meet these requirements.



## *Do You Need Fund Accounting & Award Management Software?*

Nonprofits, NGOs, and other public service organizations have unique business models and accounting standards and require different features and functionality from accounting software.



Fund accounting is not required by Generally Accepted Accounting Principles (GAAP), but nonprofit organizations still need purpose-built fund accounting software.

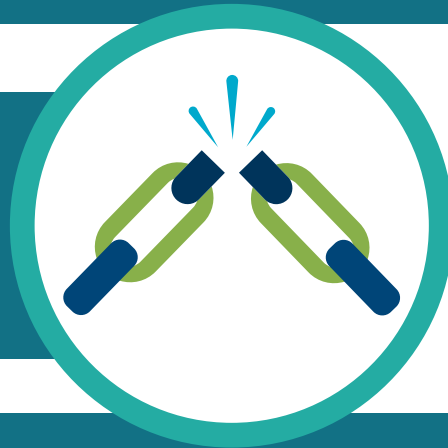
Fund accounting requires specific industry expertise, knowledge and experience to bridge the gap between tracking the use of funds and generating GAAP financial statements that focus on the changes in net assets.

Most general accounting software lacks the ability to:



**Maintain balances  
between funds**

**Recognize the  
release of restriction**



**Track commitments  
and encumbrances**

**Generate transparent,  
reliable reports at the  
fund level**



These tracking requirements can become complicated when your programs are funded by different awards, each with its own timetable and expense eligibility criteria.

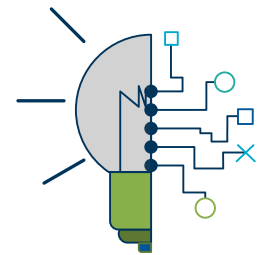


## Benefits of Software Made For Fund Accounting

The following seven benefits demonstrate just some of the ways your organization can streamline operations and spend less time on paperwork and more time on fulfilling your mission.

### Improve decision making

Users enjoy access to real-time information such as expenses, sub-awards, obligations; all presented in easy-to-understand displays. Dashboards show graphs and visualizations of awards and spending.



### Increase efficiency

Productivity goes up compared to maintaining separate information “silos”; everyone has access to the same information, reducing “back and forth” communications that waste time.

### Streamline processes

Get a comprehensive picture, from start to finish, of your entire process and eliminate redundant and potentially conflicting data issues.





# Benefits of Fund Accounting Software

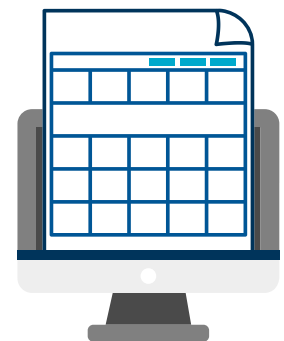


## Automate and simplify grant compliance

Improve grant management by linking all relevant financial activity to a particular segment. This will ensure your compliance improve and periodic reconciliation is more efficient.

## Access data in the format you need

Quickly pull the data you need in Excel, PDF, and other formats.



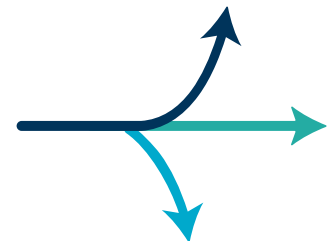
## Provide user-defined multi-currency viewing

You may need to view and report grant data in different currencies, depending on your multi-national operational needs. This feature is particularly helpful for multi-national humanitarian organizations conducting operations worldwide.



## Increase flexibility

Choose to incrementally obligate funding, recognize revenue based on milestone completion or invoice generation, and define indirect cost allocation methods at both the funding source level and the award level.



# Choosing the Right Fund Accounting Software

Once an organization decides to implement software to facilitate fund accounting how can they narrow their search for a software solution?

## 5

### Ways to Narrow Your Search for the Best Fund Accounting Software

- 1 Determine the size and complexity of your requirements
- 2 Choose how to integrate your solutions
- 3 Determine your customization needs
- 4 Choose your deployment method
- 5 Find the right level of support





ERP

SylogistMission ERP, is a pioneering fund accounting software solution for nonprofits, NGOs, K-12 Schools, Government, faith-based and religious institutions.



Contact our experts to learn more and schedule a demo

[sylogist.com/mission](http://sylogist.com/mission)