

4 Things Finance Leaders in Nonprofit Membership Organizations are Focusing on in 2019

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Across all types of nonprofit sectors, the expectations of funders and stakeholders demand more transparency and better explanation of the financial performance of organizations as well as the impact nonprofits are making with their missions. The 63,000-plus trade and professional associations in the U.S. are no exception; nonprofit membership organization and association leaders need to be able to tell their organizations' stories in ways that effectively highlight benefits for members.

Today's members seek a different membership experience. They expect modern and highly personalized, digital interactions with their chosen associations and membership

organizations, from registering online for a conference, to attending web-based professional training, or networking with other members in an online community.

In this article, we'll explore how nonprofit finance teams look to use technology to enhance strategic insight and transform their organizations to improve member experience.

4 Top Technology Goals of Nonprofit Finance Leaders at Membership Organizations

We recently conducted interviews with financial leaders at nonprofit membership organizations and associations. Here are four goals they told us they are focusing on in 2019:

1. **Gain global, real-time visibility into financial performance and outcomes across multiple entities**

Nonprofit membership organizations have become increasingly global as modern technology has united trade groups and professionals across wider geographic areas. Many membership organizations support multiple entities as new chapters get launched in other locations. But at the top of the organization, nonprofit membership organization finance leaders can struggle to obtain a consolidated view across multiple locations, different funding sources, many programs, and even multiple currencies.

"We have three entities. In QuickBooks, we were only able to see one entity at a time, and we would have to exit one before we could go into another. With Sage Intacct, we have a top tier view, then we can separate it out and see each separate entity as well. That saves us a lot of time and gives us greater visibility."

—Joe Stangl, CFO, Air Force Association

Without a financial system that delivers the ability to get a high-level, consolidated view of financial performance, the finance team must run reports for individual locations or programs and then spend time and effort to manually consolidate the information to perform analysis. By the time the reporting is complete, the data is stale. A cloud-based financial system can consolidate data from every part of the world, in real time, without manual intervention.

The screenshot displays a role-based dashboard for Susquehanna Community Health &... with the following components:

- Summary Metrics:**
 - Fundraising Expenses: 5% (this year to date, -0 vs. prior year)
 - Program Efficiency: 72% (this year to date, +2 vs. prior year)
 - Administrative Expenses: 22% (this year to date, -2 vs. prior year)
 - Fundraising Efficiency: \$0.18 (this year to date, -\$0.03 vs. prior year)
 - Average Donation: \$194 (this year, +\$11 vs. prior year)
- Collaborative Compliance Decisions:** A section with a user profile for Karla Grace and a message about facility costs and relocation.
- Revenue Sources:** A pie chart showing the distribution of revenue across categories: Safe Communities, Management & General, Fundraising, Services, Special Projects, and Task Forces.
- Statement of Revenue & Expenditures-By Dept Program - CFO View:** A detailed table comparing actual vs. original budget for various programs.
- Funct. Exp with Budget v Actual with Commits:** A table showing expenditures against budget and commitments.

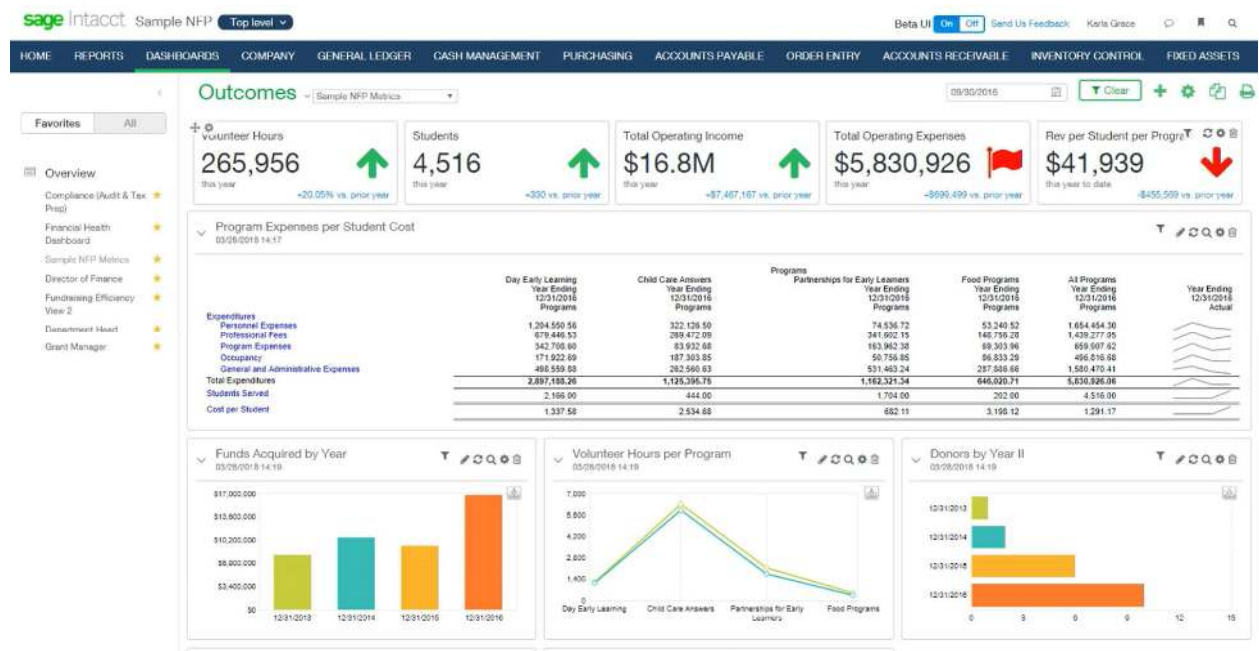
	Services Year Ending 12/31/18		Task Forces Year Ending 12/31/18		Special Projects Year Ending 12/31/18	
	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
Operating Revenue						
Grant	482,000.00	250,000.00	0.00	0.00	0.00	1,044.00
Contributions	10,950.00	0.00	60,000.00	0.00	0.00	18,115.00
Tuition	0.00	0.00	1,007,865.00	0.00	0.00	0.00
Membership Fees	3,930.84	0.00	0.00	0.00	0.00	650.00
Sales	5,129.10	0.00	0.00	0.00	1,361,740.00	1,486.7
Service/Participant Fees	538,380.79	612,725.19	367,142.53	399,882.75	538,287.86	596.2
Other Revenue	442,131.05	479,489.14	181,117.65	197,269.64	176,043.25	186.2
Total Operating Revenue	1,481,586.78	1,342,214.33	2,416,065.18	597,152.42	2,085,963.14	2,239.3
Expenditures						
Personnel Expenses	961,938.66	862,195.73	390,126.50	340,727.95	74,536.72	92.8
Professional Fees	672,446.53	678,714.96	269,105.24	344,825.40	281,602.15	248.8
Program Expenses	100,321.88	119,182.69	83,738.18	72,845.32	163,907.38	145.6
Occupancy	143,469.69	128,489.79	187,303.85	204,006.63	50,756.85	55.2
General and Administrative Expenses						

Real-time, role-based dashboards can help nonprofit finance leaders gain easier visibility into financial performance and membership trends.

Membership organizations are struggling to engage younger members, according to membership trends researcher, Sarah Slanek. To increase relevance with younger generations, it is more essential than ever for nonprofit membership organization and association leaders to be able to articulate the impact of mission to members.

Today's funders want to work with nonprofit membership organizations that measure and report on outcomes rather than activities. When a financial system

integrates with other business systems to provide real-time visibility into outcome metrics, nonprofit leaders gain a powerful tool to help convey the story of how a membership organization’s work benefits members.



Membership organizations that measure and analyze outcomes do a better job of communicating the impact of their mission.

2. Accelerate growth by increasing efficiency and automating manual financial processes

As membership organizations add more members and locations, the financial technology and reporting processes that support them may not be able to scale effectively. Manual data manipulation within Excel spreadsheets might work for a small organization for a while, but soon, the reporting burden consumes too much of the finance team’s time and attention—crowding out more important priorities.

Nonprofit membership organization finance leaders can’t focus on strategic decision-making if they are too busy building pivot tables. Many organizations look to more powerful financial management solutions for greater automation

and efficiency of routine administrative tasks. Reducing or eliminating low-value manual data entry and data manipulation allows the finance team to focus on more strategic priorities and high-value activities that help accelerate growth.

"With Sage Intacct, we can more quickly and easily determine whether new member programs are viable or recognize when we might need to cancel a workshop that doesn't bring in enough registrations to cover its cost."

–Melissa Lorts, Finance Director, Missouri State Teachers Association

3. Support real-time decision making by key stakeholders

Nonprofit membership organization finance leaders want to be able to quickly provide accurate and reliable data to key stakeholders, like executives, the Board of Directors, and chapter leaders. But without an easy system for reporting and automation to centralize financial performance data, it is difficult for the finance team to support real-time decision making by stakeholders.

"It's been an amazing experience to take real-time, accurate financial information from Sage Intacct to our executive community and the board. Now, they can make decisions faster to help improve SIFMA's operations and give our members what they want – all while sticking closely to the budget."

–Sophie Usasz, Managing Director of Finance, SIFMA

Stakeholders require both deep and wide visibility into revenue streams, programs, and outcomes to make the right decisions for their organization. Without real-time, consolidated financial information, stakeholders will struggle with limited insights to guide their strategic decisions for the organization as a whole.

"Because our board members aren't financial people, they didn't know why we were losing money. With Sage Intacct, I could point out the areas we needed to

fix. Their whole attitude about the future of NATCO changed, because now they had financial information, they could actually make decisions with. Bottomline, Sage Intacct is helping us save lives. It's beautiful."

–Donna Dickt, Executive Director, NATCO

4. Replace old financial systems with modern cloud technology

Nonprofit membership organizations and associations are moving to cloud technology in greater numbers. Using a cloud accounting and financial management system reduces IT cost and complexity, because the software is maintained and updated by the vendor and there is no need for finance to maintain a server.

Provided the cloud solution contains API functionality, it can be much easier to integrate with other critical business applications than on-premises financial software. That's important when you need to feed your financial system with data streams from your AMS or CRM system to get the full picture about membership outcome metrics.

"Sage Intacct's rich reporting and best-in-class approach saves our team upwards of \$135,000 in headcount annually. By seamlessly integrating our cloud ERP software with tools like Adaptive Insights for budgeting and Yooz for AP automation, we're seeing tremendous ROI and getting back weeks of productivity every year."

–Bryan Schmidt, Controller, Unite Here Health

With a cloud accounting and financial management solution, nonprofit membership organizations eliminate paper and centralize information, so anyone with appropriate security credentials can view real-time information needed for their role. Members of the finance team can work from home or the road as easily as the office. This helps executives stay on top of financial decisions while

traveling, and it also enables organizations to offer employees flexibility to work from home—an important benefit for recruiting today's young finance professionals into the nonprofit industry.

Conclusion

The next few years will be critical for nonprofit membership organizations and associations as they join other industries and nonprofit sectors in the journey toward digital transformation. Technology will play the central role in how membership organizations improve member experience. Finding the right nonprofit accounting and financial management system will also form a critical part of how nonprofit leaders and stakeholders will develop the strategic insights to position their organizations for maximum future success.

Want to learn how Sage Intacct helps nonprofit membership organizations and associations elevate financial management to a more strategic level? Contact us.