



Accounting Tech Stacks: Best Practices for Large Platforms

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Polling Question 1

Do you want CPE credit?


- Yes
- No

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Learning Objectives


1. Evaluate the efficiency of your accounting software in meeting current and future needs
2. Apply practical considerations and steps to optimize your accounting tech stack and build a robust system that fits your organization's unique requirements
3. Calculate the cost of making a change

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Best Practice #1

Understand Restrictions

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Key Concept for Restrictions

- Think of funds as the “colors of money”
 - Examples
 - Green – without donor restriction
 - Yellow – restricted missions fund
 - Blue – restricted new campus fund
 - Red – restricted disaster recovery fund



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Restrictions – “Colors of Money”

- Donors restrict
 - Temporary
 - Passage of time
 - Events
 - Permanent
- Boards designate (unrestricted funds)
 - ... and can remove designation

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Restrictions – Statement of Financial Position

- Net assets **without** donor restriction
- Net assets **with** donor restriction

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Restrictions – Statement of Activities

- Without donor restrictions
- With donor restrictions
 - Release
 - Stipulated time has elapsed
 - Stipulated purpose has been fulfilled

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What dimensions should one have for the local church?

Top 3

- Fund
- Department
- Employees

Next Level

- Location
- Project tags

Use of a fund dimension or segment is the best technique for tracking funds with and without restriction.

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Restrictions – Alternatives to Fund Dimension

- Other alternatives are more difficult to separate for reporting
 - Departments
 - Project codes or tags
 - Classes
 - Accounts

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Fund Dimension – Common Errors to Avoid

- Placing a fund on each side of a journal entry
 - Avoid having to place the fund on the cash side of the journal entry
 - Key is to keep the fund with any income account
 - The only time one places a fund on both sides of a journal entry is when transferring an amount between two funds

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Fund Dimension – Common Errors to Avoid

- Using funds for balance sheet accounts
 - Most churches don't need to track by fund for assets
 - Your church likely has multiple people managing multiple funds
 - Tithes and offerings versus missions or building funds


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Polling Question 2

Which of the following statements is true?

- Boards restrict and donors designate
- Boards designate and donors restrict
- Donors designate and boards designate
- Donors restrict and boards restrict

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Best Practice #2

Optimize Chart of Accounts


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Chart of Accounts – Simple vs. Complex

Type	Account
Assets	100
Liabilities	200
Net Assets	300
Income	400
Expense	500

- Avoid using account segment to track restrictions
- Multiple expense series can add value, but add complexity

Type	Account
Assets	100
Liabilities	200
Net Assets	300
Income w/o Restriction	400
Income with Restriction	500
Compensation	600
Operating	700
Facilities	800
Other	900

Account Segments

Fund	Function	Depart.	Account	Program	Project
1	30	5939	5015	777387	037

- This segment structure is complex
 - Six segments
 - Twenty digits for each journal entry line
 - Capacity for:
 - 9,999 departments
 - 9,999 accounts
 - 999,999 programs
 - 999 projects

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Account Segments

Cost Ctr.	Account
30011	50100

- This segment structure looks simple but is difficult for accounting staff
 - Six segments
 - Ten digits for each journal entry line
 - Capacity for:
 - 99,999 cost centers
 - 99,999 accounts

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Account Segments

Fund	Account	Dept	Location
33	51000	400	11

Example:

Fund: 33 Missions Trip

Account: 51000 Travel

Dept: 400 Youth

Loc: 11 West Campus

- This recent segment structure has good functionality
 - Four segments
 - 12 digits for each journal entry line
 - Capacity for:
 - 99,999 accounts
 - 999 departments

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Common Errors to Avoid

- Too many:
 - Dimensions
 - Accounts
 - Departments
 - Projects

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Common Errors to Avoid

- Wrong purpose for chart of accounts
 - How can I ensure that every answer I ever need for a board or committee meeting is inside my G/L?

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Polling Question 3

True or false: All payroll and payables details should reside in the general ledger.

- True
- False

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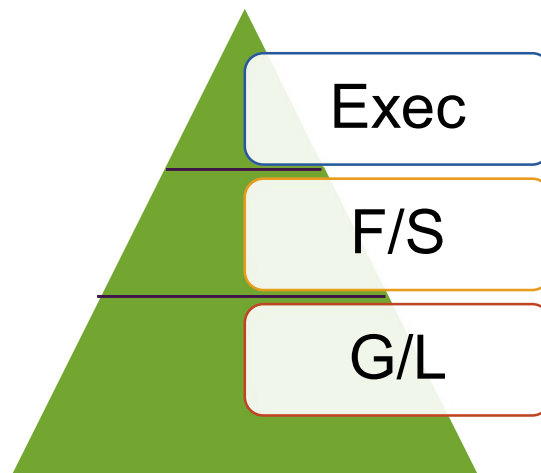


Best Practice #3

Report to Intended Audience



Report to Intended Audience



Report to Intended Audience

- Board reporting
 - Executive summary
 - Headline before the story

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Report to Intended Audience

- Departmental reporting
 - What did I spend?
 - Am I over budget?
 - What do I have left?

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Report to Intended Audience


- Your software and report writer must do this for you:
 - Create sample of one data set into each of the three levels
 - Sustain timely and meaningful reporting
 - Automated
 - Not manual

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Common Errors to Avoid


- Bring summary data into the G/L
 - Payroll details reside in payroll system
 - Receivable details reside in A/R system
 - Payable details reside in A/P system
 - Donor details reside in donor accounting system

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Best Practice #4

Expense Management

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Expense Management

- Your church has many spending agents
 - How do you capture and report all credit and debit card spending?
 - Amount
 - Purpose
 - Who



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Expense Management

- Use an app on a mobile phone
 - Snap a picture of a receipt
 - Limited chart of account options
 - Route to supervisor for approval



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Expense Management

- Your pastoral and administrative staff can self-report
- Outcome – timely and meaningful reporting



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Best Practice #5

Count the Cost of Change



Count the Cost

Dollars

- Implementation costs
- License costs

People

- Project percent of FTEs
- Training time for users

Count the Cost

- Information
 - Are we enhancing decision making?
 - Are we creating the right amount of detail?



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Major Steps in Implementing New Software

1. Needs assessment
2. Meetings with software vendors
3. Discovery with implementation partners
4. Use case documentation
5. Demos
6. Selection
7. Implementation

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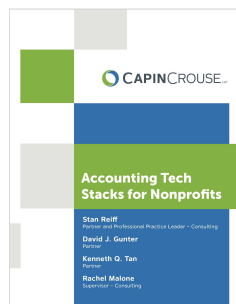
Polling Question 4

What components are included in the cost of change?

- Implementation costs
- Training time for users
- License costs
- All of the above

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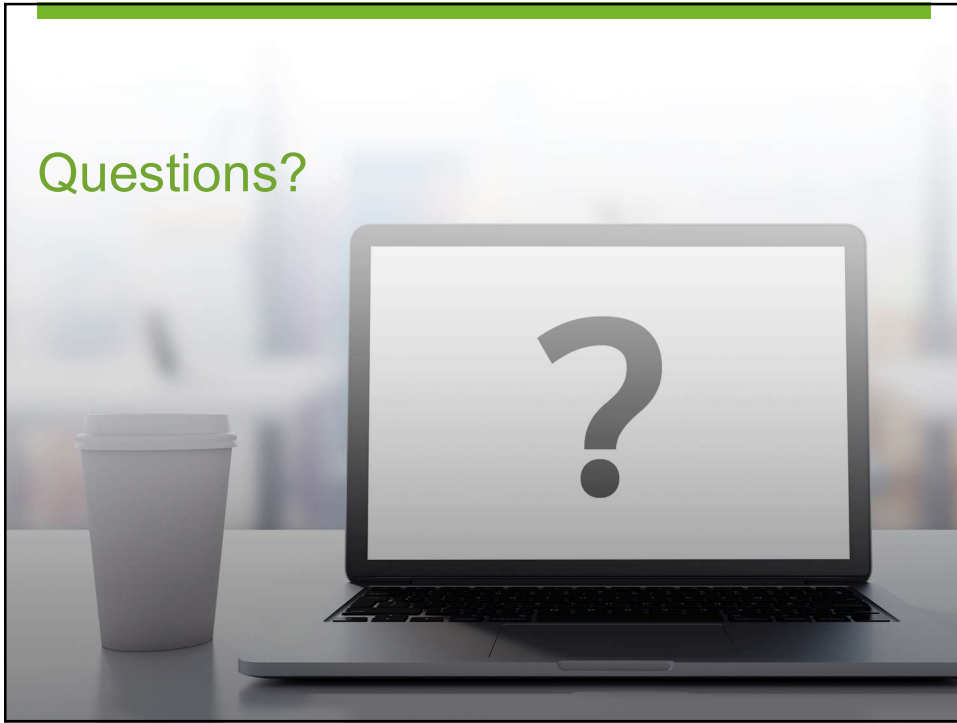
Helpful Resource



Visit capincrouse.com/accounting-tech or scan the QR code to download your free copy!

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Questions?



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