1. **Grant Tracking**. Grant management can be tricky, especially if your grant providers are not required to adhere to a specific year-end. Knowing the deferred amount of revenue in your account is essential, as is knowing what grants are receivable and how many grants you have at one time. Good grant tracking requires you to keep accurate records of what grants you are using at what time for what expenses. If you are not keep track of your grants with adequate software, you could risk losing out on crucial grants in the future.
2. **Payroll Management**. Many nonprofit organizations lack the skill and expertise to handle payroll in-house; however, accounting software for nonprofits can help them overcome the skill barrier. Many accounting software solutions come with a payroll module designed to make payroll management a breeze. Instead of outsourcing payroll (which can become very expensive very quickly), nonprofits can rely on their own staff to manage the payroll process.
3. **Pledge Tracking**. According to recent statistics, individuals account for about 80% of all charitable giving and larger donations come in from pledges over multi-year timeframes. Many nonprofits have difficulty tracking what has already been paid and what has been pledged (not yet to be paid). In order to properly track your pledges, you can configure your accounting software to alert you of pledge reminders. Staying on top of your pledges will solve your nonprofit bookkeeping problems significantly.
4. **Properly Managing Cash Flow**. Cash flow is a huge challenge for many nonprofit organizations. The amount of cash coming into and going out of your organization directly affects your organization’s programs as well as the board’s ability to manage it effectively. Nonprofits must learn how to properly manage their cash flow and train their employees to understand cash flow issues, read financial reports, and maintain financial responsibility at all times. Nonprofit accounting software can also help your organization properly manage cash flow so you can focus on more mission-critical tasks.
5. **Staffing**. Hiring the right accounting staff can be challenging, to say the least. While it is ideal to have an in-house accountant who knows the way around nonprofit law and reporting requirements, many organizations have trouble finding educated accounting staff. Bookkeeping should be regulated to one person (unless you outsource it to a CPA or accountant), and the designated person should participate in accounting activities on a daily basis. While maintaining your nonprofit’s account is not above the caliber of your staff, it is essential that they practice their accounting skills daily so they know how to respond to accounting problems and technical challenges.