October 2012 Newsletter

This Issue

Training Needs – Accounting training is hot with non-profits.
Which Accounting Software? – How much or little do you need?
Collaboration Costs - Accounting for those fundraisers involving goods

Subscribe

Email info@commaccounting.co.nz to be added to the mailing list. It's free for now.

Web

commaccounting.co.nz

Contact

PO Box 13 625; Ph 669 0542; 901a Ferry Rd
Harald: harald@commaccounting.co.nz; Rhys: rhys@commaccounting.co.nz.

Training Needs

After presenting a couple of accounting workshops in the Aspire series earlier this month (run by Christchurch Small Business Enterprise Centre) we asked attendees whether they had any further accounting training needs and, if yes, what they thought they needed further training in. Of the 32 feedback forms returned, 27 identified further training needs.

The top three items people wanted to know more about were accounting for grants/government contracts, management accounting and interpreting financial statements, chosen by 17 or 18 people each (about two thirds of those who identified training needs). About half wanted to know more about accrual accounting/ journal entries and using accounting software, especially MYOB. All other training suggestions we had on the list got at least 8 ticks (30%) each.

That's a lot more than we expected, and we were equally surprised about the topics people wanted to know more about. Financial statements are apparently very poorly understood, and I also wouldn't have picked management accounting (which is largely about tracking different parts of an operation as well as budgeting and projections) to make it into the top three.

This made us think that we need to put on more training opportunities, and we will attend to that as soon as possible. Meanwhile, however, we'd love to hear from you about your training needs, if you haven't told us already. There is a little table at the end of this newsletter (which is the same as we handed out in the seminar). Please, please do return it, so we can better gauge what you might be interested in. We are also interested to know if you would prefer a course spreading over several weeks and covering several topics, or a modular form of training, i.e. individual seminars about specific topics.

Harald

Which Accounting Software?

Accounting is all about debiting one account and crediting another. The concept is so simple, mathematically, that a programmer could whip up the algorithm in five minutes and ridiculously little processing power is required.

Accounting software is trying to translate your everyday transactions into those debits and credits by using interfaces called 'spend money' or 'receive money', for example. The more different functions you add on, the bigger the processing and RAM needs, and the more expensive the software.

All the cheapest packages from the different suppliers (MYOB, Money Works, Quickbooks) can comfortably look after the accounting needs of even quite large non-profits. Xero is the only one that restricts its cheapest package to twenty lines of bank transactions per month, which is really not enough.

So what do you get for the extra money when buying a more expensive package? Mostly you'll get an inventory management system, useful only if you do a substantial amount of trading in goods. With this usually comes an integrated contact management system, connected to your invoicing and supply orders – not what non-profits generally need. Some suppliers give you an integrated payroll module. But none of them adequately addresses grant/government contract management or give a user-friendly function for keeping track of (and depreciating) fixed assets.

Retail prices of online accounting systems	Per month
MYOB 'Live Accounts'	$ 25
Quickbooks 'Hosted'	$ 26.25
Xero	$ 49

The biggest decision to make is probably whether you want to do your accounting online or in the office only. At the moment, Xero, MYOB ('Live Accounts') and Quickbooks ('Quickbooks Hosted') offer online accounting options. All do the job well enough, but it is a significantly more expensive solution than just running an accounting programme on one of your local computers. The cost for just one year of online accounting is higher than for any of the basic software packages you run on your computer.

Xero and MYOB both offer discounts to non-profits. The others may as well. Non-profit discounts are not advertised by any of the companies and you have to specifically ask about them.

	Basic Package	Package with inventory management (* includes payroll)
Quickbooks	"Easy Start Lite" : $ 45.00 [unlimited customer lists: $199]	"Professional": $899
Money Works	"Cashbook": $ 143.75	"Gold": $ 1,029
MYOB	"Account Right Basics": $289	"Account Right Plus" *: $849

Collaboration Costs

For a few years now, non-profits have been told by their funders to collaborate – seriously. The idea behind it is that the result of collaborations is bigger than the sum of what the collaborators put in.

Regardless of whether or not a collaboration yields the desired results, there are costs. Some of them are not easily quantifiable, such as the staff and volunteer time spent managing and monitoring the collaboration. A project run by one organisation requires only one set of accountability structures, but the more organisations are involved in the project the more reporting, consulting and networking is to be done. The work involved in keeping a collaboration going does not rise proportionally with the number of organisations involved, but exponentially as each organisation needs to network with every other to some degree, even if you have a lead provider. The principle can be demonstrated with meetings: a group of 10 will need much longer to get through the same agenda as a group of five. If this is paid time, there are twice as many people being paid for a longer time, so the cost of the meeting has *more than* doubled.

Ironically, the government itself generally tries to save costs by centralising their services and activities, and therefore reduce the need for cross-agency consultation in order to minimise administrative and managerial overheads. The opposite is asked of non-profits.

Once you start designing joint projects, merge organisations, or set up new legal vehicles which the collaborators control jointly (called a 'joint venture'), your accounting needs start to become a lot more complex. With proposals in the pipeline to make financial reporting mandatory for all non-profits, who owns what and who is responsible for which part of the funding in a collaboration needs to be meticulously sorted out for Financial Statements. When it comes to accounting, there are few subjects as notoriously difficult as this one.

Tell us your training needs!

Tick all training topics you would be interested in.

How to use **MYOB, Xero, MoneyWorks** or **Quickbooks** as a non-profit. (Highlight which one)	☐
Using **CCA spreadsheets** for our accounting.	☐
Accrual accounting and journals.	☐
Generating Financial **Statements**.	☐
Interpreting Financial **Statements**.	☐
Tax (GST, PAYE etc).	☐
Management Accounting (budgeting, project accounts, multi-location accounts etc).	☐
Tracking and accounting for grants and contracts.	☐
Accounting for **enterprises** (buying and selling goods or services for profit).	☐
Fixed assets and liabilities.	☐
Internal controls (preventing errors/fraud; accountability)	☐
[your own]	☐
[your own]	☐

Tell us in your own words what kind of training would help your organisation (for example one-on-one, an overall course, a specific seminar on Xero, training for your Board to understand reports etc etc):