Welcome!

The webinar will begin shortly

GRF CPAs & ADVISORS

Using Technology to Reduce Risk and Strengthen Compliance in Nonprofit Finance

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Meet Today's Presenters

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Housekeeping

Learning Objective To provide attendees with an overview of how to strengthen financial processes through the use of technology.	**Instructional Delivery Methods** Group Internet-based
Recommended CPE 1 CPE Credit	**Recommended Fields of Study** Auditing
Prerequisites None required	**Advance Preparation** None
Program Level Basic	**Course Registration Requirements** None
Refund Policy No fee is required to participate in this session.	**Cancellation Policy** In the event that the presentation is cancelled or rescheduled, participants will be contacted immediately with details.

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Personal Service with Powerful Solutions

Nonprofit Expertise at GRF

97%
of GRF's total audit business is comprised of the nonprofit sector

130+
staff across the firm specialize in serving nonprofits and trade and professional associations

30 partners/principals
27 managers
18 supervisors
27 seniors
28 associates/accountants

$17.2B in assets

$11.8B in revenue

AUDITED ANNUALLY

- Established in 1981 and remains an independent firm.
- Full-service CPA and Advisory firm located in Bethesda, MD.
- Primarily serving nonprofits and trade and professional associations

GRF is a member or partner of numerous organizations:

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FAR The nonprofit business leaders' network.

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What We Are Seeing in Audits

1 Key financial processes still rely heavily on manual workarounds

Manual work increases risk of errors, delays, and lost information.

2 Critical decisions are happening outside accounting systems

Decisions outside the system create risk, limit visibility, and weaken controls.

3 Many issues are identified at year-end—not in real time

Common year-end discoveries:

- Unreconciled accounts
- Incorrect grant allocations
- Missing approvals
- Unsupported journal entries
- Compliance issues
- Reporting errors

Late discovery leads to stress, rework, audit findings, and risk.

How Small Process Gaps Become Audit Findings

Most audit findings begin months before the audit starts.

Manual Process
- Spreadsheets
- Email approvals
- Rekeying

Small Error
- Missed restriction
- Formula error
- Approval skipped

Month-End Close
- Variance
- Reconciliation
- Adjustment

Audit Discovery
- Questions
- Testing
- Support requested

Audit Result
- Finding
- Adjustment
- Management letter

Better Process
- Automation
- Approvals
- Monitoring

Technology doesn't eliminate accounting judgment. It reduces the opportunities for small process failures to become audit findings.

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Polling Question #1

How many spreadsheets are involved in your month-end close?

- 0-5
- 6-15
- 16-30
- I stopped counting

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What “Outside the System” Looks Like

Why Technology Now Matters

Greater Demands. Limited Resources. Higher Risk.

Growing Funding Complexity

More funding sources, restrictions, and reporting requirements create complexity and increase the risk of errors.

Rising Compliance Expectations

More regulations, grant requirements and donor expectations demand stronger controls and enhanced documentation.

Increased Security and Transparency

Boards, donors, regulators and the public expect timely, accurate and transparent financial information

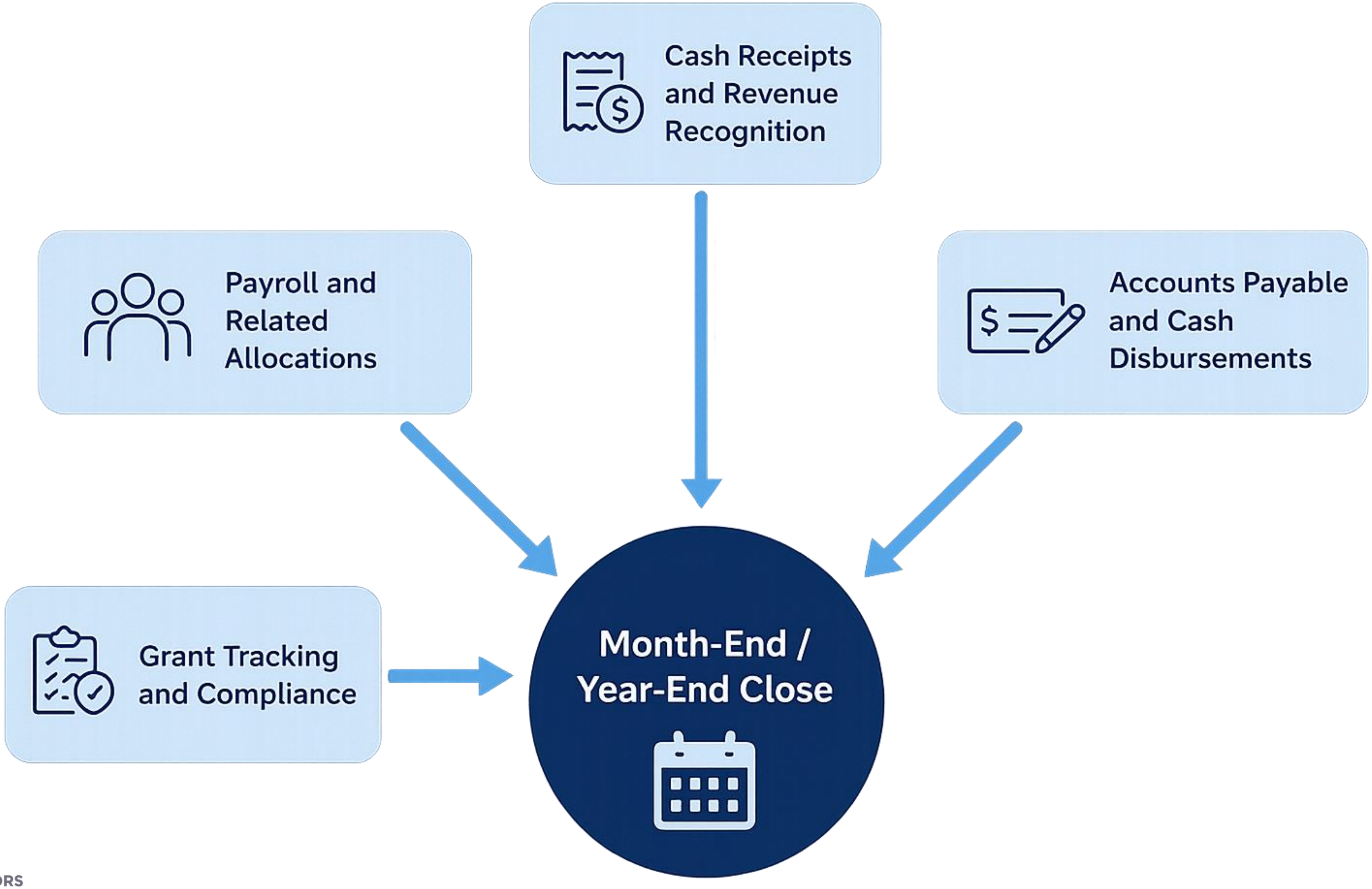
Staffing Constraints

Ongoing shortages, turnover, and competing priorities strain finance teams and increase reliance on manual processes.

Where Risk Lives Today

Real Audit Observations

Common High-Risk Areas



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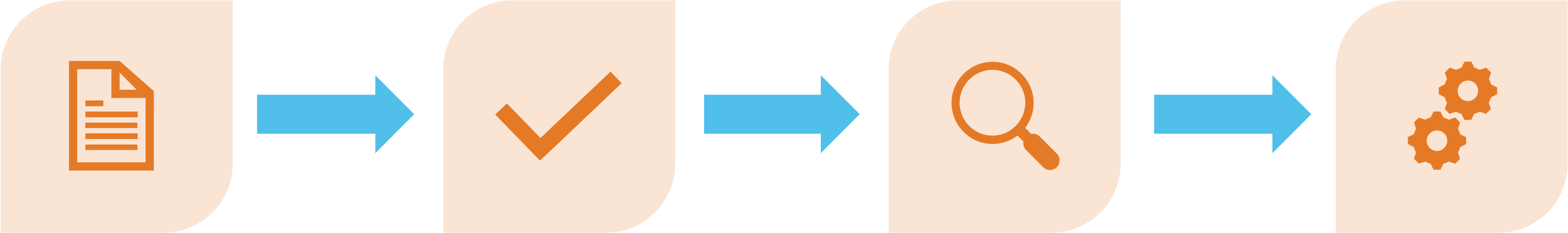
Common High-Risk Areas

Where errors and control gaps most often surface

Cash receipts & revenue recognition	Manual entry from donor systems to the GL Lack of integration leading to timing and cutoff issues
Accounts payable / disbursements	Email approvals, PDF invoices, and shared drives Weak segregation of duties in small teams
Payroll & allocations	Manual allocation of salaries across grants Spreadsheet-driven errors
Grant tracking & compliance	Shadow systems operating outside the GL
Month-end close	Heavy Excel reliance and version control issues

Key Takeaway



MANUAL PROCESS → **INCONSISTENCY** → **LACK OF AUDIT TRAIL** → **CONTROL BREAKDOWN**

Technology as a Control Enabler

Re-framing how you think about technology

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Framework for Technology Development

Manual → Managed → Controlled

Stage	Characteristics	Risk Level
Manual	Spreadsheets, Emails, Rekeying	High
Managed	Some tools, partial workflows	Moderate
Controlled	Integrated Systems, Enforced Workflows, Consistent Audit Trails	Low

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Core Control Benefits of Technology

If it's not documented and repeatable, it's hard to rely on

Consistency: Standardized Workflow

Completeness: System-enforced steps

Accuracy: Reduced rekeying

Accountability: Logs, Approvals, Timestamps

Polling Question #2

Which process consumes the most manual effort?

- Payroll
- Accounts payable
- Grants tracking
- Month-end close

Practical Use Case

Restricted Revenue Recognition & Tracking

What We See

Reality During the Audit & Audit Impact

⚠ Restriction omitted from tracking schedule

⚠ Release recorded in wrong period

⚠ Spending exceeds available restriction balance

⚠ Restriction incorrectly classified

⚠ Reliance on institutional knowledge

⚠ Spreadsheet formula errors

What's Happening Behind the Scenes

Manual Flow – Process Breakdown

1. Donor Makes Contribution
2. Email Received
3. Save Award Letter to Shared Drive
4. Update Restriction Spreadsheet
5. Record Contribution Revenue
6. Program Team Spends Funds
7. Finance Team Reviews Spending Later
8. Calculate Releases in Excel
9. Post Manual Journal Entry
10. Update Restriction Spreadsheet

Control Focused Approach

Automated Flow

Donor Makes Contribution → CRM/Grant Management System → Restriction Classification Workflow → Accounting System Integration → Restricted Revenue Recorded → Expenditures Linked to Award → System Tracks Restriction Utilization → Release Criteria Met → Automated Release Entry → Real-Time Net Asset Reporting

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Control Focused Approach

Benefits

- ✓ Consistent application of donor restrictions
- ✓ Reduced spreadsheet dependency
- ✓ Reduced reliance on single individuals
- ✓ Strong audit trail
- ✓ Improved grant compliance
- ✓ Real-time visibility into restricted balances
- ✓ Easier board and donor reporting

Available Tools

Technology

Function	Purpose	Common Tools
Donor CRM / Fundraising Platform	Capture donor restrictions at the point of gift	Salesforce Nonprofit Cloud, Virtuous, Bloomerang, DonorPerfect, Blackbaud Raiser's Edge NXT, Neon CRM
Grant Management Software	Track grant restrictions, budgets, reporting, and compliance	Instrumentl, Foundant Grant Lifecycle Manager, Fluxx, AmpliFund
Accounting System	Record restricted revenue, net assets, releases, and reporting	Sage Intacct, Blackbaud Financial Edge NXT, MIP Fund Accounting, Aplos, Microsoft Dynamics 365 Business Central, NetSuite Social Impact
Automation & Integration	Move data automatically between systems	Power Automate, Zapier, Workato

Available Tools

AI and Automation

AI suggesting the correct restriction category based on the donor award letter.

Optical Charter Recognition (OCR) automatically reading grant agreements and extracting information such as Grant Period; Funding Amount; Purpose Restrictions; Reporting Deadlines

Automated alerts when spending approaches available restricted balances.

AI flagging unusual releases or entries that don't align with historical patterns.

Dashboards highlighting grants nearing expiration or reporting deadlines.

Practical Use Case

Membership Dues Tracking & Recognition

What We See

Reality During the Audit & Audit Impact

⚠ Deferred revenue calculated incorrectly

⚠ Revenue recognized too early

⚠ Revenue recognized too late

⚠ Renewal dates missed

⚠ Spreadsheet formula errors

⚠ Membership records don't agree to accounting records

⚠ Significant year-end adjustments

⚠ Reliance on institutional knowledge

What's Happening Behind the Scenes

Manual Flow – Process Breakdown

1. Member Joins or Renews
2. Invoice Generated
3. Payment Received
4. Membership Spreadsheet Updated
5. Revenue Recorded
6. Deferred Revenue Schedule Updated
7. Monthly Calculation Performed in Excel
8. Manual Journal Entry Recorded
9. Year-End Reconciliation Performed

Control Focused Approach

Automated Flow

1. Member Joins or Renews
2. Membership Management Platform
3. Invoice Generated Automatically
4. Payment Received
5. Accounting System Integration
6. Revenue Recognition Rules Applied
7. Deferred Revenue Updated Automatically
8. Monthly Revenue Recognized
9. Real-Time Reporting Available

Control Focused Approach

Benefits

- ✓Accurate revenue recognition
- ✓Real-time deferred revenue balances
- ✓Automated renewals
- ✓Reduced manual journal entries
- ✓Improved member experience
- ✓Strong audit trail
- ✓Better forecasting and reporting

Available Tools

Technology

Function	Purpose	Common Tools
Association / Membership Management System (AMS)	Manages members, renewals, billing, membership levels, and expiration dates	Fonteva, Nimble AMS, iMIS, GrowthZone, MemberClicks, Wild Apricot, YourMembership
Payment processing	Automates member payments and recurring billing	Stripe, Authorize.net, PayPal, Clover, Square
Accounting System	Records dues revenue, deferred revenue, receivables, and financial reporting	Sage Intacct, Blackbaud Financial Edge NXT, MIP Fund Accounting, NetSuite, Microsoft Dynamics 365 Business Central
Integration / Automation Platform	Connects membership platform with accounting and reporting	Power Automate, Zapier, Workato, Power BI

Available Tools

AI and Automation

Automated renewal reminders before memberships expire.

AI flags memberships with unusual billing or payment activity.

Dashboards identify declining renewal rates or memberships approaching expiration.

Automated reconciliation between membership records and the general ledger.

Practical Use Case

Accounts Payable & Disbursements

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What We See

Reality During the Audit & Audit Impact

⚠ Missing approvals

⚠ Duplicate payments

⚠ Lost invoices

⚠ Delayed vendor payments

⚠ Unauthorized purchases

⚠ Incomplete documentation

⚠ Difficulty identifying who approved a transaction

⚠ Fraud risk due to weak segregation of duties

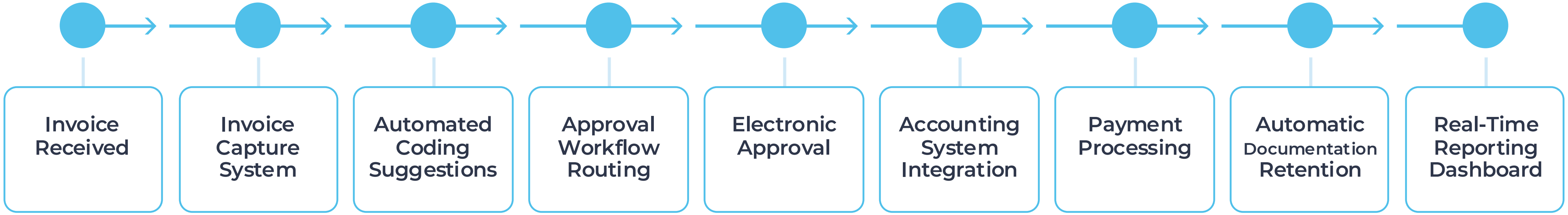
What’s Happening Behind the Scenes

Manual Flow – Process Breakdown

1. Invoice Received
2. Forwarded via Email
3. Printed or Saved to Shared Drive
4. Approval Requested
5. Follow-Up Emails Sent
6. Approval Received
7. Invoice Entered into Accounting System
8. Check or ACH Processed
9. Documentation Saved Separately

Control Focused Approach

Automated Flow



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Control Focused Approach

Benefits

- ✓Electronic approval evidence
- ✓Reduced duplicate payments
- ✓Complete audit trail
- ✓Faster processing
- ✓Improved vendor management
- ✓Better segregation of duties
- ✓Enhanced fraud prevention

Available Tools

Technology

Function	Purpose	Common Tools
Invoice Capture & AP Automation	Digitize invoices, extract invoice data, route for approval, maintain supporting documentation	Bill (formerly Bill.com), Stampli, AvidXchange, Tipalti, MineralTree, Quadient AP
Accounting System	Record payables, payments, expenses, and financial reporting	Sage Intacct, Blackbaud Financial Edge NXT, MIP Fund Accounting, NetSuite, Microsoft Dynamics 365 Business Central
Payment Processing	Issue ACH, checks, virtual cards, and electronic payments	Bill, Melio, Stripe, Wise, ACH services through banks
Integration / Automation Platform	Route approvals, send reminders, notify approvers, archive documentation	Power Automate, Zapier, Workato, Power BI

Available Tools

AI and Automation

AI Reads Vendor Invoices

AI Suggests GL Coding

Intelligent Approval Routing

Duplicate Invoice Detection & Fraud Detection

Cash Flow Forecasting & Vendor Insights

Practical Use Case

Payroll and Time Allocations

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What We See

Reality During the Audit & Audit Impact

⚠ Missing timesheet approvals

⚠ Unsupported labor allocations

⚠ Allocation percentages not updated

⚠ Spreadsheet formula errors

⚠ Labor charged to wrong grant

⚠ Inconsistent methodology across departments

⚠ Difficulty supporting payroll during audits

What’s Happening Behind the Scenes

Manual Flow – Process Breakdown

Employee Works on Multiple Programs → Employee Completes Excel Timesheet → Supervisor Approves via Email → Spreadsheet Sent to Finance → Finance Updates Allocation Workbook → Payroll Processed → Manual Allocation Journal Entry → Grant Reports Prepared Separately → Documentation Stored in Shared Drive

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Control Focused Approach

Automated Flow

1. Employee Records Time Electronically
2. Workflow-Based Supervisor Approval
3. Funding Source Assigned
4. Payroll System Integration
5. Automated Allocation Calculations
6. Payroll Processed
7. Grant Charges Updated Automatically
8. Labor Reports Generated
9. Documentation Retained Automatically

Control Focused Approach

Benefits

- ✓Stronger approval controls
- ✓Improved grant compliance
- ✓Consistent allocation methodology
- ✓Real-time labor reporting
- ✓Reduced manual journal entries
- ✓Complete audit trail

Available Tools

Technology

Function	Purpose	Common Tools
Time & Attendance / Workforce Management	Capture employee time, approvals, labor distribution, and project/grant coding	UKG Ready, ADP Workforce Now, Paylocity, Paycom, BambooHR, Deputy, QuickBooks Time
Payroll System	Process payroll, taxes, benefits, and payroll accounting	ADP Workforce Now, Paychex Flex, UKG Ready, Paycom, Rippling
Accounting System	Record payroll expense, allocate costs by department or grant, and produce financial reports	Sage Intacct, Blackbaud Financial Edge NXT, MIP Fund Accounting, NetSuite, Microsoft Dynamics 365 Business Central
Integration / Automation Platform	Route timesheets for approval, notify supervisors, synchronize payroll data	Power Automate, Zapier, Workato, Power BI

Available Tools

AI and Automation

- AI Reviews Timesheets for Anomalies
- Intelligent Approval Workflows
- AI Monitors Grant Compliance
- AI Drafts Labor Reports
- Predictive Staffing

Polling Question #3

How would you rate your organization?

- **Manual** (e.g. paper approvals, excel tracking, email workflows)
- **Managed** (e.g. some automation, integrated accounting, electronic approvals)
- **Optimized** (e.g. automated workflows, AI-assisted review, real-time dashboards)

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Quick Wins: Reduce Risk Without Replacing Your Systems

Small improvements can significantly strengthen controls and reduce audit risk.

✓ Electronic Approvals

Replace email approvals with workflow-based approvals that automatically document who approved what and when.

✓ OCR Invoice Capture

Automatically read invoices and reduce manual data entry, coding errors, and lost documents.

✓ Automated Reminders

Notify staff when reconciliations, grant reports, approvals, or close tasks are overdue.

✓ Automated Reconciliations

Match transactions between systems and highlight only the exceptions that require review.

✓ AI-Assisted Review

Use AI to summarize agreements, identify unusual transactions, and surface potential risks before the audit.

✓ Dashboards & Alerts

Provide leadership with real-time visibility into grants, deferred revenue, AP, payroll, and close status.

You don't have to modernize everything at once. Start with one high-risk process, automate one manual step, and build from there.

A Practical Technology Roadmap

Modernization is a journey. Focus first on strengthening controls, then increasing automation.

①

Assess

Identify the processes that rely most heavily on spreadsheets, email approvals, or manual workarounds.

②

Standardize

Create consistent workflows and document responsibilities before introducing new technology.

③

Quick Wins

Start with simple improvements like electronic approvals, OCR, reminders, and dashboards.

④

Integrate

Connect your core systems to eliminate duplicate entry and improve visibility.

⑤

Optimize

Use AI to identify exceptions, summarize information, and support better decisions.

Key Takeaway

You don't have to transform everything at once. Build on the Quick Wins, modernize one high-risk process at a time, and let technology support stronger controls rather than replace professional judgment.

Technology doesn't replace strong financial teams.

It empowers them to spend less time on manual processes and more time protecting the organization's mission.

- ✓ **Reduce Manual Effort**
- ✓ **Strengthen Compliance**
- ✓ **Improve Visibility**
- ✓ **Support Your Mission**

The goal isn't more technology. The goal is fewer surprises.

Questions?

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