

# Sage Intacct Chart of Accounts Design Considerations for Nonprofit Organizations

## Introduction

The Chart of Accounts is the foundation for an effective and robust system architecture to support your organizational tracking, routing and reporting requirements. A successfully designed Chart of Accounts entails obtaining the right mix of people, process and technology that ensures the organization is empowered by the dissemination of useful and relevant information.

Within the Nonprofit sector, there is much variety in organizational mission and operational structure. As a consequence, there is no one 'right' way to implement but rather a consultative duty to align the individual organizational needs with the functionality offered by the Sage Intacct system for an optimal Chart of Accounts structure.

Sage Intacct offers many features that can simplify account and transaction management. Detailed below are critical strategies to help ensure you are able to design an optimal Chart of Accounts for your new Sage Intacct environment.

## Designing an Optimal Sage Intacct Chart of Accounts

The Chart of Accounts is the central foundation to organize all financial and statistical information to be tracked, routed, accessed and reported on. It is important to understand the unique Sage Intacct features with regard to how the Chart of Accounts elements function and how they may differ from your previous systems. This understanding will allow you to leverage the features that are important for your organization and harness the efficiencies offered by Sage Intacct functionality.

### The Chart Elements

Sage Intacct maintains a set of Natural Accounts and the ability to segregate and track within these natural accounts by Dimension [this concept is known as a Logical Chart of Accounts or Table Driven Chart of Accounts design].

Natural Account structure is maintained as 'Accounts' within the General Ledger. The account number structure is selected during the company setup process and consist of:

- **Primary account number** – the primary account number can be anywhere from four to nine digits in length and may be constructed of alphanumeric characters.
- **Account number suffix/sub-account** – the account number suffix/sub-account is an optional feature. The length can be anywhere from two to nine digits. In addition, a primary account can have up to five sub-accounts – again each of the subs can be anywhere from two to nine digits long. Be careful not to use sub-accounts to track dimensional information [read the Dimension documentation herein first]. *Rarely used*
- **Account number separator** – the account number separator is used to delimit the primary account number from the account number suffix/sub-account when used. This can be a period (.) or a dash (-). *Rarely used*

Accounts are created for all Natural Accounts and you may also choose to track Statistical data within Sage Intacct. These Accounts are created as "Statistical Accounts" and can also be reported on by Dimension.

### Additional key considerations when designing your Accounts for Sage Intacct:

- Entire account length cannot be greater than 24 characters (including subs & separators).
- Once defined, the account lengths and definitions cannot be changed.

- Each Bank/Credit Card Account requires its own GL Account (to be able to reconcile). As you design your accounts, be sure to create a unique GL account for each checking, savings, and credit card account.
- Typical customer structures **do not use sub-accounts and separators** because Account Groups take the place of account roll-ups [discussed further later in this document] and dimensions often take the place of sub-segment reporting.

### **Dimension Concept**

Sage Intacct uses dimensions to organize and categorize data into the General Ledger and subsequently report out on these dimensions. From a data management perspective, a *dimension* is defined as a “data element that categorizes each item in a data set into non-overlapping regions.” For Sage Intacct, this means that every transaction you enter can be tagged with applicable dimensions to uniquely identify the record.

Typically dimensions are used to notate details of traditional tracking elements such as location, department, program, funding source, grant, cost center etc., as well as a deeper level of insight by also tracking in detail around items [products or services], vendors, customers/clients/funders, and employees. Dimensions are extremely powerful in that they enable real-time reporting and analysis based on these attributes that are tagged during transaction entry. In addition to tracking and reporting implications, Sage Intacct also has rules that can be defined related to workflows and access security that relate to dimensions. These behavior options as they relate to dimensions are critical to understand so that you may setup an optimally functioning Sage Intacct Chart of Accounts.

### **How Dimensions Matter to Your Chart of Accounts**

Dimensions are extremely important as you design your Chart of Accounts. You will want to leverage dimensions wherever possible rather than embed transaction attributes into your natural accounts. This strategy will allow you to minimize the number of natural accounts required and be flexible as your organization grows and changes requiring new Chart of Account elements.

Depending on your legacy system or how you chose to manage your Chart of Accounts in the past, this may be an opportunity for you to make changes to your existing model. It is well worth the investment to make these structural changes as you embrace the Sage Intacct system as it will allow you to take advantage of the efficiencies and insight offered by the new system in which you are investing.

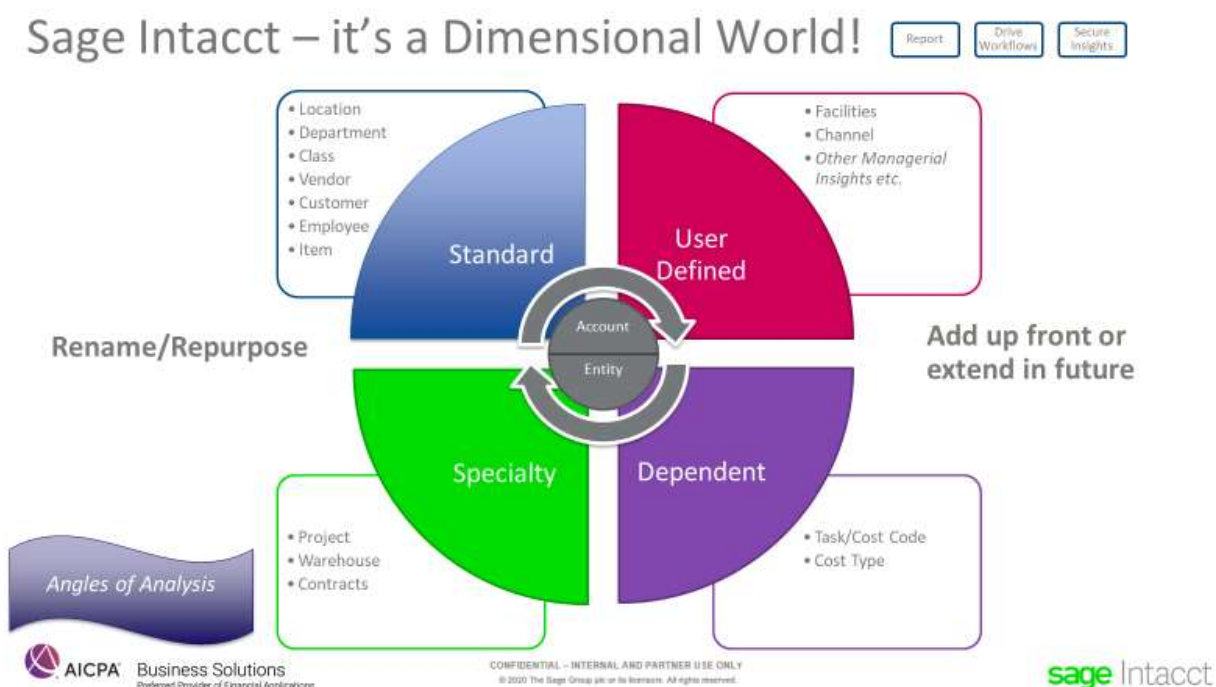
### **Dimensions with Sage Intacct**

The Sage Intacct system natively includes a set of standard Dimensions, most of which can be modified (the Terminology screen allows for these to be renamed and rules can be set for entry). These are: Location, Department, Class, Item, Vendor, Customer and Employee [*note: Employee terminology currently cannot be changed*], and the module-tied specialty dimensions Project (used in almost all nonprofit implementations), Warehouse (tied to Inventory subscription) and the Contract dimension (tied to the software & services Revenue Billing Contract subscription). These Standard dimensions can also be configured to accept parent/child/grandchild etc. relationships within each dimensional structure [except for warehouse and revenue billing contracts]. Further explanation with regard to special behavior of these standard dimensions will be covered in a later section as well as dimension hierarchy options. Dimensions IDs can be number or character based and allow for up to 20 characters with some like Projects allowing for more.

In addition, the Sage Intacct system can also have additional user defined dimensions enabled. For nonprofit organizations, two additional user defined dimensions can be added with no additional charges incurred (applies to Direct and VAR). Further user defined dimensions can also be added if necessary but an additional subscription fee may be entailed. Special considerations for user defined dimensions will also be covered more in this document.

Recognize that dimensions can be enabled over time or use discontinued which allows you to optimize your initial setup for current tracking and reporting requirements. As the organization evolves, the ability

to modify the dimension tracking capabilities ensures that the financial tracking processes and reports stay relevant and current. It is recommended that an organization review their Chart of Accounts design every three to five years.



### Container Impact

Sage Intacct offers five container types (also known as environments) and which type of container you are setup with will impact how your Chart of Accounts structure operates. The container types are:

- (1) Stand Alone (also known as Single) – Retired as a setup option with 2020 Release 4
- (2) Multi-Entity Shared
- (3) Multi-Entity Shared with Sage Intacct Global Consolidations [IGC]
- (4) Multi-Entity Distributed [Distributed]
- (5) Console
  - a. Sage Intacct Accounting Partner [SIAP] Console a special container for Accountants that offer outsourced accounting services provided through bookkeeping in Sage Intacct
  - b. VAR Console allows partners to attach to client environments (like that in 1-4) to implement and provide ongoing support thru slide-in accessibility.

Container type matters because it dictates if you are able to have separate, fully balancing entities complete with inter-entity transaction rules to automate due-to/due-from tracking and if so, how those 'Entities' share or do not share Chart of Accounts information.

To understand containers, let us first discuss 'Entities'.

### Entities

Sage Intacct facilitates the ability to track multiple, independent sets of balancing accounting books known as 'Entities'. Each entity can independently produce a full set of financial statements including a balance sheet, revenue & expenditures, and so forth. Fiscal periods and tax id can be defined per Entity to facilitate separate reporting needs. In addition, Sage Intacct allows rules to be defined with regard to how entities will interact with each other so that cross-entity transactions will have automated balancing entries and save the user from additional data entry.

These rules are known as Inter-Entity Transaction definitions which offer the flexibility to establish instructions for how the inter-entity transaction balancing accounts will be assigned during transaction entry. A common or unique receivable account and payable account can be defined for each relationship. It can also be taken a step further within Sage Intacct to allow specific receivable and payable accounts for each direction of the transactions to be defined so that rather than net receivable and payable accounts between entities, it can be clearly identified exactly what amount was transacted on behalf of each of the other entities. You will decide the level of granularity at which you wish to track inter-entity transactions.

When recording in a journal entry at the top level, the system will auto-balance using the inter-entity method associated with the source specified on the journal header. For payments and deposits processed top level, the system will also create the inter-entity entry as necessary when the bank account has a different entity value than the originating document (the bill or invoice).

Security access on the User record can also be configured to limit access for Sage Intacct users by Entity(ies).

### **Fund Accounting**

Definitions of fund accounting vary, with some organizations requiring the traditional 'Fund Accounting' meaning full independently balancing Funds and the ability to produce compliant balance sheets by fund including the presentation of due-to/due-from balances as well as activity tracking from a revenue and expense perspective, while other organizations simply mean the ability to account for funds from a revenue, expense and residuals perspective (more of a net asset tracking approach). Step one is to determine for the organization with which you are working, which do they require?

**Net Asset 'Fund Accounting'**: Organizations that need to track funds from a revenue perspective, then spend down and any residuals are typically concerned with accurately tracking both the funds and the restriction designation of those funds. Any of Sage Intacct's standard dimensions can be used for this purpose, but most frequently we see the Project dimension fulfilling this need. The project dimension includes the ability to have open ended funds or to have time bounded funds which makes them an ideal area to track 'funds'. Additionally, some organizations use the project billing features to produce invoices to funders so tracking funds in this area allows for this to occur now or to be preserved as an option for future use.

**Traditional Fund Accounting** (akin to Governmental fund accounting):

Entities are a Dimension tracked by Sage Intacct in the above container types for 2-5 and correspond to the Location dimension that is native to the system. Stand Alone containers do not have an entity concept and will need to be separately considered. Entities is the natural place to segregate independent organizations whose books are kept by the same accounting department. If an organization is practicing traditional fund accounting, the Entity dimension is also naturally equipped to offer the reporting and accounting rules necessary to be compliant with **fund accounting principles and balance sheet** presentation standards. Note, that to ensure appropriate fund balancing, you cannot separately employ Locations within Entities. Each fund must be an independent entity to ensure that cross-entity transactions balance properly. Thus, you may keep both Funds and separate Entities within the Entity dimension and accomplish the necessary tracking, reporting, routing and access security needs. Dimension Grouping will allow you to easily report with Entity only, Fund or Entity and Fund views. The most common container types for nonprofits is Multi-Entity Shared and Multi-Entity Shared with IGC.

One additional consideration to be mindful of with the Sage Intacct system is that Cash Management accounts will require an Entity/Location assignment. When an organization needs pooled cash by bank account (several funds keep cash in the same account), you can structure Sage Intacct for distributed/pooled cash processing [see related setup document NFP Cash Processing Configuration].

**Restriction** tracking also should be considered. Many organizations will elect to separately assert the restriction impact with a separated independent dimension for Restrictions. This is frequently done when

an organization requires a separated release assertion step for restricted funds. Some organizations elect to track the 'fund' value within a dimension and then use an attribute field on that fund to categorize the nature of restriction or leverage parent-child relationships to group funds by restriction within a single dimension. Note under this method, you must be careful on the presentation of the statement of activities as you will need to use a two-report presentation style so as not to show expenses coming from restricted sources.

The Class dimension conversation below covers the independent dimension approach more from a setup perspective. Standard dimensions work best for restriction tracking capabilities because of the ability to have nested parent-child relationships which is especially important when detailed tracking by restriction desired [unrestricted, board designated funds, temporarily restricted, permanently restricted] vs. high level reporting [with or without restrictions]. Note as well that the NFP Quickstart Template assumes 'Class' will be used for restriction tracking.

### **Stand Alone Containers (Single Company Environments) – Retired for New Provisioning requests 2020 R4**

Best practice is to setup a single entity within a Multi-Entity Shared container with just a single entity. While atypical outside an IAP console, Stand Alone containers may be used for nonprofits when there is only a single organization and no future possibility of maintaining another set of books exists AND there is limited needs with regard to fund accounting. For those organizations needing full traditional fund accounting consider the following: Within a Stand Alone environment, a configuration option exists to require 'Balancing by Dimension'. If this box is checked, then each transaction saved will have to be in balance by that dimension. However, the automated 'due-to/due-from' functionality only allows a single account to be defined in essence creating a wash account and the automatic creation of the due-to/due-from entries only occurs in Journal Entry transactions. Recognize that as a single account, you will be limited from a financial statement presentation perspective and potentially have an issue if you need to make payments or receipts across funds.

Another consideration with a Stand Alone container is that the security options offered by User for certain dimensions [Entity and Department] are not available in this container type. This is important because an organization may want to leverage the User security by dimension to restrict user viewing (reports & dashboards and related drill-down) or entry rights within the system (for example in Purchasing). In addition, the Department and Location filters are not as widely available in reports (for example the Check Register).

Additionally, if you do intend to use a Stand Alone environment and want to keep the path open to migrate to a Multi-Entity container in the future, every transaction must contain a value for 'Location' and you must balance by 'Location' as this dimension will become your 'Entity' field should you convert. Note that through setup you can enforce entry rules to keep this path clear [On the General Ledger Configuration screen you can opt to Enforce Balancing by Location and on the Account setup screen you can require a value for Location on every natural account].

### **Multi-Entity Shared vs. Distributed Containers (Environments)**

The Multi-Entity Shared container differs from a Distributed container by allowing a layer for a shared Chart of Accounts (this means natural and dimension accounts). Limits can be placed within this shared Chart for example to limit certain dimensions for use within particular Entities in a Multi-Entity container. Private accounts can also exist within an Entity (both natural and dimension). Reporting across entities either independently or with roll-up can easily occur for transactions that are processed using the shared Chart of Accounts. Multi-Entity Shared environments also can be converted to Multi-Entity Shared with IGC in the future if the organization's needs expand.

In a Distributed container, the Chart of Accounts is fully independent and not visible or accessible across Entities. Distributed containers are typically used when an accounting department is going to track separate legal entities that are entirely independent and share no common business. If consolidation is required, mapping is necessary to designate the appropriate roll-up for the Chart of Accounts and only allows for consolidation on the natural account and two of the dimensions that are native to the system

[Entity/Location and Department]. Note that the Advanced Consolidations subscription is required for this mapping and note that if there are inter-entity transactions, they are handled through manual transaction entry within each entity.

Typically in the non-profit space, distributed containers are considered when there are separate mandated chart of account structures required AND it is determined that the alternate reporting accounts feature is not adequate to address the disparity.

### **Hybrid Setup**

In some circumstances a blend of Multi-Entity Shared and Multi-Entity Distributed is necessary and can be accomplished thru Sage Intacct. For example, if an organization can use shared accounts for 4 entities but requires a separate setup for a 5<sup>th</sup> entity. If you do not have experience with this setup type but have a need, it is recommended you discuss with Partner Services.

### **Multi-Entity Shared vs. Multi-Entity Shared with IGC**

The Multi-Entity Shared with Sage Intacct Global Consolidation container provides the same capability as the Multi-Entity Shared container but with the ability to define different base currencies (aka home or native currencies) for each Entity, report in any of those currencies, the ability to automate elimination entries during the consolidation process, and the ability to automate accounting for the impact of foreign exchange transactions during consolidation. Organizations typically employ a Multi-Entity Shared IGC environment when they need not to just transact in other currencies, but rather to keep full independent books in other countries in their native currency.

With respect to eliminations, there are two approaches used for eliminations often found with Nonprofit organizations: (1) The IGC auto-elimination journal entries approach or (2) Account grouping to net eliminating account balances (inter-company receivables and payables) plus the ability to enter adjustments via journal entry. Approach 2 is often acceptable for domestic entities that need eliminations but do not need full IGC allowing for setup in a Multi-Entity Shared environment.

### **Dimension Considerations**

You can require values for the dimensions you intend to track by natural Account [on the Accounts window] to ensure that your Users are recording transactions at the level of detail you require for reporting purposes. For example, if you want to be able to break-out personnel expenses by individual employee, you can require that data entry tied to each personnel expense account include the employee tag. Entry rules at the Account level can apply for both Standard Dimensions and for any User Defined Dimensions. Additional configuration options for data entry exist in Module Configuration areas as noted in the detail discussion of each Dimension type later in this document.

Additionally, you can configure the user data entry experience to include dimension values at the line level, as a column or as additional pop-out which must be pro-actively displayed. Visit the General Ledger Configuration window to dictate the default experience. Most data entry screens can be further tailored to specify the order in which the transaction line fields appear to foster fast-data entry. This is done from the entry form by clicking the 'Edit Entries Layout' and the setting is retained across Users so typically handled as part of implementation.

With nonprofit accounting, dimensional tracking is frequently used for both compliance reporting purposes as well as managerial reporting so the importance of ensuring tracking is properly configured is paramount as it determines the success of the customer in completing audits as well as driving decisions.

### **Dimensions**

As previously mentioned, Sage Intacct includes Standard Dimensions, most of which can be modified (the Terminology screen allows for these to be renamed). These are: Location, Department, Class, Item, Vendor, Customer and Employee [*note: Employee currently cannot be changed*], and module tied Specialty dimensions Project [used in almost ALL nonprofit implementations], Warehouse, and Contract (as in revenue billing contracts and rarely used in nonprofit). There are also Dependent dimensions that have a business purpose related to another dimension [Task]. Specialized behavior with regard to

**reporting, security access and workflow routing** rules need to be considered as you decide how best to utilize these dimensions for your organization.

## Entity & Location

The Location dimension is a standard dimension that is enabled by default throughout the Sage Intacct system. Remember that each Account record can also have a requirement enabled or disabled for tracking for this dimension.

*Reporting Considerations:* “Fund Accounting” method to be employed matters when considering how location can be leveraged.

For **Net Asset style “Fund Accounting”**, Locations can be leveraged as a P&L style tracking dimension within Entities. Note, location values do not cross Entities but rather exist within a specific Entity so when a transaction is coded and a Location selected this will record both the Location and the Entity for reporting purposes. The location dimension in this context can work well for tracking any activity that is Entity specific.

For **Traditional Fund Accounting**, location should be tied to Entity in a one-to-one manner (recall the option to tie is controlled by container type) and used to track independently balancing funds. Under this method, values are input at the ‘Entity’ level rather than at the ‘Location’ menu area.

As discussed, this dimension is typically used for Funds when traditional fund accounting is necessary and is also the dimension leveraged to separate/segregate independent sets of books kept for separate organizations [Please refer to the ‘Fund Accounting’ section earlier in this document]. It is possible to accomplish both tasks within a single dimension because of the reporting and security options offered to segregate based on Entity. Locations and sub-locations maintained within an Entity [Entity private] do not share the same balancing requirements and may not natively stay in balance when processing cross-Entity transactions. They can however be useful as another level of revenue and expenditure analysis if needed when a direct relationship can be established between an entity and its locations and no cross-location transactions outside the parent entity will be processed.

*NFP Template Considerations:* Assumes used for Funds [only impacts one report view so an easy label change when that is not applicable]

*Workflow Considerations:* Can be considered in workflow routing for Purchasing Transactional based approvals.

*Security Considerations:* Can secure Users to access designated Entities [albeit the noted limitation in Stand Alone containers].

*Note:* Default value can be assigned by a Project record or defined by other dimension Relationships. Another consideration is that Cash Management setup requires that Bank Accounts have a Location assignment. This means that as disbursements and receipts take place there is the possibility for Inter-Entity transactions to be generated. Lastly, if planning to use both the ‘Entity’ and ‘Location’ component, consider that they occupy a single dimension at time of coding so if using Spend Management to enforce spend limitations, budgets would have to be entered per Location not per Entity. If the organization budgets per Entity rather than at a more granular level as with location codes, then bypass using the Location component here and track that detail in a different dimension. Once transactions are recorded within a location, the parent relationship may not be changed but you can still report from a grouping context in various ways as long as within same currency.

## Department

The Department dimension is a standard dimension that is enabled by default throughout the Sage Intacct system. Remember that each Account record can also have a requirement enabled or disabled for tracking for this dimension.

*Reporting Considerations:* Typically Department is utilized to track Revenue & Expenditure type transactions within the system but can be tracked on other accounts as needed (for example, it is common to track fixed asset accounts by Department).

*NFP Template Considerations:* Department is assumed to be leveraged for tracking the Functional Categories as required for compliant production of a Statement of Activities expenditure section and for 990 purposes. To accomplish this, the parent behavior within the dimension is typically leveraged to group the Management & General departmental areas as a section, Fundraising may or may not need to be grouped depending upon your organizational structure and the Programmatic delivery areas should similarly be given structural consideration within this dimension for accurate compliance reporting.

*Workflow Considerations:* Can be considered in workflow routing for Purchasing via Department manager approval or Transactional based approvals. Can be considered in Time & Expense for Department manager approval.

*Security Considerations:* Can secure Users to access designated Departments [albeit the noted limitation in Stand Alone containers].

*Note:* Default value can be assigned by a Project record. Additional relationships can be established to other dimensions.

## **Class**

The Class dimension is a standard dimension that can be enabled throughout the Sage Intacct system. Each Module Configuration area allows the turn on/off of the tracking for this dimension. Remember that each Account record can also have a requirement enabled or disabled for tracking for this dimension.

*Reporting Considerations:* Typically Class is utilized to track Revenue & Expenditure type transactions within the system.

*NFP Template Considerations:* Class is leveraged for Restriction tracking within the system. Each Revenue, Expenditure and Net Asset account should require the Class element to utilize this feature. The Statement of Activities and Statement of Financial Position rely upon this setup to accurately render the presentation of restriction designations.

*Workflow Considerations:* Not available as a workflow routing element.

*Security Considerations:* Not available as access control dimension.

*Note:* Default value for Class can be assigned by a Project record. Additional relationships can be established to other dimensions.

When full Projects (also known as Grant Tracking) is subscribed, there is additional specialized functionality for Class that can be enabled to track Task financial impact through the Class segment. If utilized (*which is rare in nonprofit implementations*), this precludes the Restriction tracking purpose typically assigned to Class by the NFP Template and Restriction tracking and reporting will need to be considered elsewhere within your chart of accounts for compliance. An alternative approach in lieu of task financial posting is to leverage sub-projects which natively are tracked dimensionally and allows class to be used for restriction tracking.

## **Project**

The Project dimension is a module related specialty dimension that can be enabled independently or as part of the greater module. It is accessible throughout the Sage Intacct system and is used in nearly all nonprofit implementations. The way in which it is leveraged varies and ranges from use as 'funds' and grants to tracking of projects, events, campaigns, work-tickets, contracts and more then separated in reporting by customizable attributes such as project type. Nested (parent-child) relationships are common and stretch the use of the project dimension across purposes (for example, projects funded by specific grants or contracts). The ability to track Projects as open ended or bounded by a start and stop date and the ability to status track provided added value for tracking and reporting. Each Module



Configuration area allows the turn on/off of the tracking for this dimension. Remember that each Account record can also have a requirement enabled or disabled for tracking for this dimension.

Additionally, if the Projects add-on subscriptions are subscribed, additional functionality for Projects will be enabled to allow for the collection of more detailed information supported by a detailed Project record with the ability to maintain project task information along with the ability to generate Invoices based on project charges. You can also add the resourcing component as well. For nonprofits, this functionality can make Projects an ideal area to maintain detailed information about both projects as well as grants. Centralizing details of projects and grants can be accomplished along with billings or expense support to grant funding sources. Project labor costing for accrual of effort is also an option but used rarely in nonprofit implementations.

***It is strongly advised that if you need any of the project capabilities now or in the future, do NOT try to repurpose a different dimension as there is not a conversion path to move data. While you may believe you are saving money up front, this will be a costly decision for a client in the future should the need arise.***

*Reporting Considerations:* Typically Project is utilized to track Revenue & Expenditure type transactions within the system and does not natively have balancing behavior.

With the Projects Module (aka Grants Tracking and Billing) subscription, the Project record view becomes available and allows for tracking of Expenditure transactions generated through Purchasing, Payables, General Ledger and Expenses [configuration on the Project record will determine] and Revenue transactions recorded through Order Entry and Accounts Receivable. Note that if using Projects to track grants that it is possible to track the Revenue & Expenditure details and be sure to mark "Net Assets" as needing this tracking as well in case there are any residual funds.

The Project record natively allows analysis by Location which can be used to view the Funds or Entities that support the project. Conversely, Project funding can also be tracked and maintained separately using Parent-Child relationships within the Project dimension in which case a reporting view would best be leveraged to view the funding position. Consider which method or combination thereof will best support the tracking and reporting requirements of the organization for optimal setup.

*NFP Template Considerations:* Not at this time.

*Workflow Considerations:* With the additional Project module (aka Grant Tracking and Billing), workflow routing for Purchasing can be configured to consider Project Manager for Transactional based approvals and within Time & Expense for Project Manager approval of Time & Expense entries charged against a Project.

*Security Considerations:* With the additional Project module, Security can be assigned from the Projects record to control data entry for Time & Expense by Project. Keep in mind that Projects can be set at the Top level to transact across Entities or be tied by Entity if uniquely encompassed by Entity but that this is a global setting.

**Grants:** Note that 'Grant' tracking requirements vary depending upon whether the organization is grant giving or a grant receiving organization (or both) as well as based on how funding is sought by each organization. Some organizations have a project then seek specific funding sources like grants and in that case often find that a parent-child relationship within the Project dimension to represent the project and the source of funds is a best fit. Other organizations have many grant funding sources and many projects and find it best to structure these as separate dimensions. Note that the customer as the funder can be tied to the project or sub-project to be used for reporting as well as for bill-back capabilities and to tie out expenses counted as qualified toward a

funding source. It is always best to discuss practices with each organization to determine optimal structure.

### **Task**

The Task dimension is a module specific dependent dimension that can be enabled when the Projects module (aka Grants Tracking and Billing) is subscribed. It is accessible throughout the Sage Intacct system however it is designed to be consumed thru the lens of Project reporting. It is not always needed for dimensional reporting in nonprofits and should be discussed as to whether enable or not based on the need or lack thereof for tracking revenues and expenditures at the task level.

*Reporting Considerations:* Reporting upon these dimensions from the financial report writer is dependent on configuring each entry area to capture the details associated with the dimension as transactions are written into the general ledger.

*NFP Template Considerations:* Not applicable

*Workflow Considerations:* Not applicable outside of Time & Expense specific workflows

*Security Considerations:* Not applicable outside of Time & Expense specific configuration settings

### **Vendor, Customer, Employee, Item**

Sage Intacct allows an additional layer of report analysis by allowing the system to be configured for tracking of Vendor, Customer, Employee and Item detail information to be written against the General Ledger entries. This allows for analysis of these dimensions through the Financial Report writer rather than simply through sub-ledger analysis. Each related Module Configuration area allows the turn on/off of the tracking for these standard dimensions. Remember that each Account record can also have a requirement enabled or disabled for tracking for this dimension.

Consider that if the Projects module is in use and will be used to generate Invoice billings or to track eligible expenses for a funder, Item tracking will be necessary for related charges that are generated in Payables & Purchasing and Time & Expense so set the tracking level in each Configuration area accordingly.

*Reporting Considerations:* Reporting upon these dimensions from the financial report writer is dependent on configuring each entry area to capture the details associated with these dimensions as transactions are written into the general ledger. This level of analysis is often new to Sage Intacct customers so it is encouraged to err on the side of tracking the information and considering how this may be useful to the organization. Typically these dimensions are used for additional Revenue [Customer & Item] and Expense [Vendor, Employee & Item] analysis and account level entry requirements should be considered for these types of accounts.

*NFP Template Considerations:* Not applicable

*Workflow Considerations:* Not applicable

*Security Considerations:* Vendors and Customers can be limited for use by Entity (Location).

Specialized rules for Employees can be set by Project as detailed above.

*Note:* Customer can be assigned a default value by Project. Additional relationships can be established to other dimensions.

### **Warehouse & Contract Dimensions**

These dimensions are specialty dimensions tied to module ownership and will only appear if the associated application is subscribed: Inventory brings in the Warehouse dimension and Contract Billing brings the Contract dimension. Inventory transactions will automatically include the ability to include the warehouse detail within the GL posting by leveraging the dimension. This 'Contract' dimension is for revenue contracts associated with subscription based services and can be paired with specialized revenue recognition automation generally associated with subscriptions, services and support typically found in software companies. Most nonprofit clients instead need 'contract tracking' for negotiated purchases or for revenue contract awards, and will use a standard or user defined dimension and simply re-term it for that purpose rather than needing the specialized functionality associated with the Sage Intacct Contract's module.

## User Defined Dimensions

The Sage Intacct system can also have additional unlimited user defined dimensions enabled. For nonprofit organizations, two additional user defined dimensions can be added with no additional charges incurred (Direct and VAR). Further user defined dimensions can also be added if necessary but an additional subscription fee may be entailed. However, for the SIAP program different subscription pricing rules apply so please contact the Account Manager if this need arises.

When a user defined dimension is enabled, it is automatically available throughout the system [similar to standard dimensions]. Rules can also be set by natural Account to require data entry for user defined dimensions. Special considerations for user defined dimensions and how they function within Sage Intacct need to be factored in when deciding how to leverage user defined dimensions for tracking and reporting.

*Reporting Considerations:* Typically Revenue and Expenditure focused reporting is done for user defined dimensions.

*NFP Template Considerations:* Not applicable

*Workflow Considerations:* Not available as a workflow routing element. This is an important consideration to take into account when structuring your chart of accounts should you intend to use the routing workflows withing the system.

*Security Considerations:* Not available as access control dimension.

*Note:* Some Platform built Applications may not natively support User Defined Dimensions and would require additional technical implementation resource effort to include values for User Defined Dimensions in any entries generated by these applications. Be sure to verify if you need or anticipate a future need for marketplace partner applications or custom solutions built on the platform. Also be aware that Groups & Custom fields are setup differently than with other dimensions so be sure to locate the instructions to do so. Time entry does not currently allow line level default display of user defined fields, instead requiring the details screen to be opened for input. However, you may use relationships to default in values per dimension or user. UDD values cannot be made inactive. Lastly, parent-child relationships do not exist in the same style as other dimensions but can be mirrored through Grouping for reporting purposes. As a best practice, UDDs are best employed for managerial tracking.

***Be aware that other limitations may also exist with User Defined Dimensions so it is recommended these are used for operational rather than regulatory or statutory reporting purposes. Please see article User Defined Dimension Power and Considerations.***

## Dimension Hierarchies and Groups

Sage Intacct allows for the grouping of Dimension values for reporting purposes through three methods:

(1) Parent/Child relationships within the Dimension value record (2) Dimension Groups with direct selection (3) Dimension Groups built dynamically by leveraging of a Custom Field filters

The ability to have dimension hierarchies and groupings is an important consideration in designing the Sage Intacct chart of accounts as it may allow you to limit the number of dimensions necessary for tracking and reporting (and simplify data entry in the process) while still achieving the reporting capabilities desired.

Dimension Groups and Reporting Structures are able to easily sum dimensional data together.

Note, Dimension Groups and Structures cannot be employed in Spend Management for budget checking so make sure that Budget level is considered when evaluating if a dimension group/structure can replace a dimension.

# Sage Intacct – Dimensions with Power

**Streamlined Tracking**

1. Native Hierarchies
2. Flexible On-Demand Groupings
3. Extend with Custom Attributes

Revenue Year Ending	Operating Expenses Year Ending	Net Earnings
12/31/2020	12/31/2020	
Actual	Actual	
20,050,064.38	14,730,968.40	5,319,094.98
5,645,774.70	2,097,823.31	3,547,951.45
<b>Total Revenue Generating</b>	<b>16,828,792.71</b>	<b>8,897,046.43</b>
<b>Support Centers</b>		
Admin	2,410,474.87	(2,410,474.87)
HR	562,467.67	(562,467.67)
Finance	1,437,671.64	(1,437,671.64)
IT	2,233,866.91	(2,233,866.91)
Marketing	5,283,975.86	(5,283,975.86)
Product	3,324,299.60	(3,324,299.60)
<b>Total Support Centers</b>	<b>15,252,756.55</b>	<b>(15,252,756.55)</b>
<b>Total Rev &amp; Support</b>	<b>32,081,549.26</b>	<b>(6,355,710.12)</b>

*Reduce effort while extending Insights*

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sage Intacct

## Account Groups

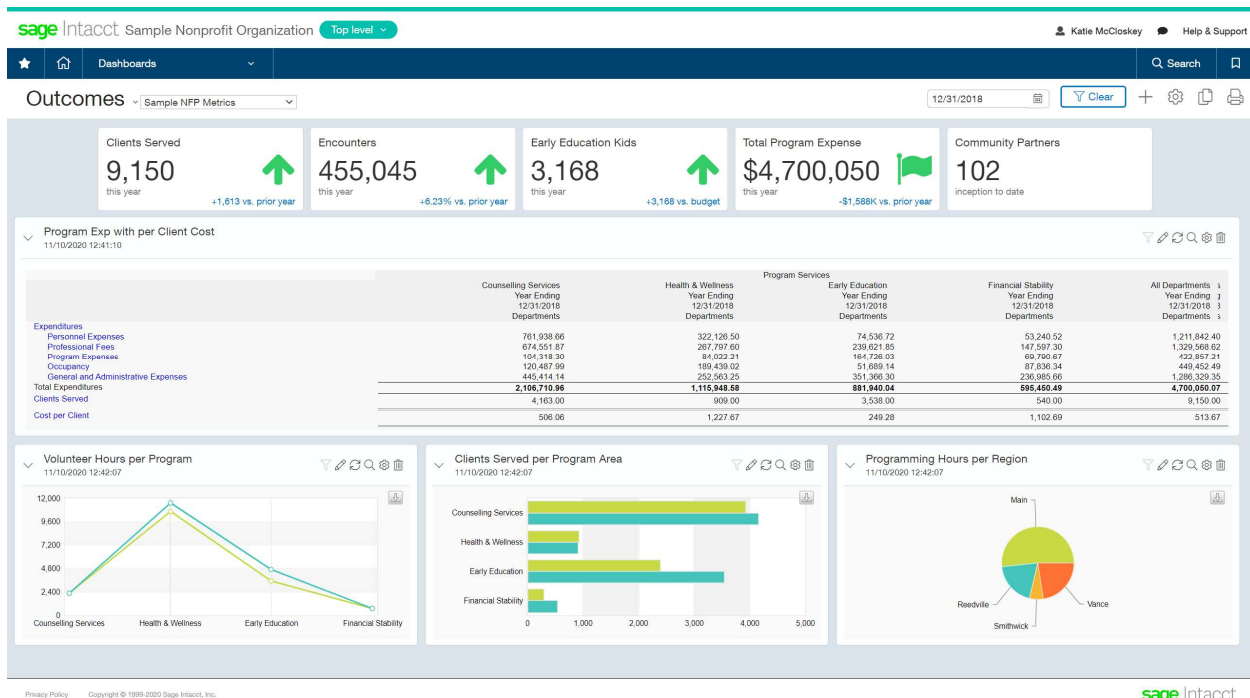
Account groups are one of the most powerful features of Sage Intacct. They enable the ability to easily sum any accounts together, perform calculations, and can be used for financial reports to display/organize data for both Natural Accounts and Statistical Accounts even factoring in dimensional filtering as needed. The use of account groups essentially eliminates the need for sub-accounts, significantly simplifying your chart of accounts structure and reporting efforts. This is because a sub-account in Sage Intacct works the same as a primary account in that it is an independent account with no relationship to other accounts. All accounts (both primary and sub) are summed via account groups; therefore, how a GL account is defined (primary or sub) is irrelevant. Keeping your accounts as simple as possible and using the transaction dimension tagging and account grouping features should provide an easy-to-manage and powerful chart of accounts construct.

## Categories

The NFP QuickStart Template leverages the Account assignments placed in Categories on the Account record to present the QuickStart Financial Statements. Account Groups are included with the NFP QuickStart Template that base Account Groups on Categories which are then utilized to generate the QuickStart reports. Keep in mind that Categories are pre-defined (based on US 990 categorization) and cannot be edited by the end user because this is how Sage Intacct delivers out of box content and related updates.

## Statistical Accounts

Nonprofit organizations are typically tasked with defining outcomes and performance metrics that align to their mission. Many nonprofit organizations also need to track operational activity counts and allocation bases to be used for calculations, reporting and analysis purposes. Annual reports often already tie the financial numbers to the outcomes produced. Sage Intacct facilitates this tracking by allowing the setup of an unlimited number of statistical accounts. Thus, Sage Intacct provides value by providing a central area where these outcomes and financial data can be brought together on a more routine basis and formatted in a way that they can be efficiently shared with decision makers on a more frequent basis. Dimension rules can be applied around statistical accounts just as they can with the natural accounts to ensure for comprehensive collection of the data upfront to allow for meaningful analysis.



## Allowable Account & Dimension Combinations

Within chart design for nonprofits, the concept of 'allowable' vs. 'unallowable' coding combinations is often considered when using a table-driven chart of account structure such as Sage Intacct's. If you have a need to limit which accounts (natural accounts and dimensions) can be used together there are several options.

- The first option that can be used is the Smart Rule which allows you to create a custom message if an invalid combination is entered on a transaction that will warn or stop the entry from being recorded.
- The second option is that Relationships can be used to define how certain dimensions should relate to each other. There are some benefits to using Relationships as this is the simplest for the end-user to maintain with the on-screen selection of valid accounts being enabled. Further, you can elect to limit views to valid options based on prior selections. However, this is not a control in the same way that a Smart Rule but rather an assistive data entry approach designed to be 'permissive' rather than restrictive. For further information, please see Partner Office hours on the Dimension Relationship topic.
- Lastly, you can elect to allow the posting but trigger a Smart Event to notify a designated staff member that a certain posting combination occurred.

## What to do if the NFP QuickStart Template Dimension Structure Does Not Fit

The NFP QuickStart Template relies on Departments to report as Functional Categories and Class to report on Restrictions. If an organization requires a different use for these dimensions, the standard NFP QuickStart reports will not render accurately 'out of the gate' but can be made to work with some additional effort. For example, the Statement of Financial Position presents 'Net Assets' by Class to illustrate the Restriction designations and would need to be adjusted for the Dimension chosen for this particular organization. Similar adjustments will need to be made for other standard reports including the Statement of Activities [which relies on Class for Restrictions by Column and Department for Functional Categories presentation of Expense Rows].

Be mindful that if the NFP Quickstart Template is not used, the client being implemented will not be able to benefit from any NFP category-driven enhancements (such as updated compliance reports) nor subscribe to insight driven add-ins like the Nonprofit Board Book.

## Managing Historical GL Transaction Data from Legacy Systems

To upload historical General Ledger transaction data into Sage Intacct, you must use your new Sage Intacct chart of accounts. All historical data will be required to be mapped to the new chart of accounts prior to uploading to Sage Intacct.

## To Begin

- Collect feedback from management and stakeholders regarding reporting needs
  - What reports are you currently producing in your current accounting system?
  - What reports are being produced outside your accounting system?
  - What reports would you like that you currently have no way to produce?
- Ensure reporting requirements have been documented, reviewed and approved by management
- Consider organizational growth – be aware of ongoing restructuring efforts within your organization
- Analyze how dimensions, dimension hierarchies and dimension groupings might alleviate chart of account burden and maintenance
- Document workflow and approval procedures that currently exist within your organization and any desired changes
- Outline security/access concerns for finance users and employee users
- Start with a basic structure and then determine the level of complexity needed to satisfy reporting requirements
- Develop and document a set of rules, standards and conventions
  - To provide users with a set of guidelines to follow when entering transactions.
  - To enable system administrators to maintain chart consistent with initial design efforts

## Discover the Client's Objectives

### Reporting

- ✓ Restriction Tracking
- ✓ Independent Entities with Separate Books
  - Fund Accounting
  - Consolidation
  - Inter-company automation
  - Shared cash
- ✓ Internal Reporting Centers
- ✓ Compliance Reports
  - IRS 990, 1099s, etc.
  - FASB Independent Audit / Published Financials
  - Other Compliance Guidelines
- ✓ Current Chart of Account structure & desire for change

### Workflows

- ✓ Areas of approval desired & structure of approvals for each application
  - Purchasing
  - Accounts Payable
  - Employee Expenses
  - Timesheets
  - Project & Grant Costs
  - General Journal
- ✓ Current process and desire for change with:
  - Allocations
  - Budget control (Spend Management)
  - Restriction releases
  - Revenue Recognition
  - Conditional promises to give

### Security

- ✓ Data Entry
  - Need to Control Independent Entity Access?
  - Internal Cost Center or Departmental Access Control?
  - Employee Users control for Project Time or Expenses?
- ✓ Reporting Access Concerns