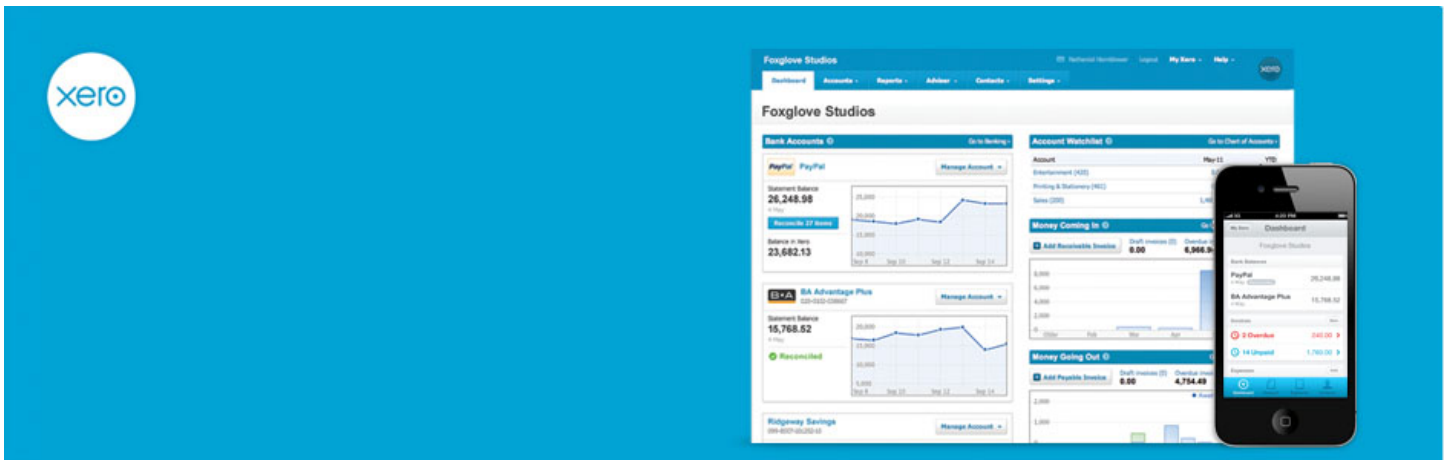




Presbyterian Church
of Aotearoa New Zealand

Xero for Parish Accounts





Xero – A Solution for Parish Accounts

Overview

Currently Parishes are processing their financial transactions and preparing both interim and annual accounts in a variety of methods, some complying with current requirements and others needing improvement. To assist Parishes prepare compliant annual reports to the required standard in an easy manner for the non accountant and to be able to meet the requirements of a changing reporting environment over the next few years a project was initiated in 2012 to find a sustainable solution.

The Online accounting system has been selected and a relationship established with Laurenson Chartered Accountants who have set up a parish specific chart of accounts, annual report formats and financial statistics that will be available for all Parishes to use. The solution has been tailored to meet the Parish needs on both a local level when reporting to Parish committees during the year and to meet the legislative requirements for annual accounts while providing meaningful reports for Parish members reading them. The standard chart is flexible enough that Parishes can edit the descriptions and add additional codes without affecting the operation of the standard reports.

Following a pilot with a small number of Parishes the Xero solution will be available with full support from Laurenson Chartered Accountants to convert from your current method of processing financial transactions, train your treasurer to use Xero and easily prepare your annual accounts. The aim is to have fully compliant financial statements produced with ease including an integrated fixed asset register and notes to the financial statements. This should save considerable volunteer time and allow for easy transition when personnel change.

The process should be as straight forward as this

1. Code all bank transactions each week.
2. At year end add any outstanding payments owed to the Parish or by the Parish.
3. Register any new assets purchased during the year and post depreciation.
4. Print year end financial statements and statistics.

Tax Receipts

As part of the Xero project an integration is being developed with an add product to Xero where giving by individuals is recorded each week and automatically matched to the bank reconciliation in Xero. This will cut out double data entry of giving and ensure the tax receipts produced at the end of the tax year always match the Parish accounts. This is expected to be available subject to testing in a few months.

What is Xero?

Xero is an online accounting system developed and run by a New Zealand Company specifically suited for smaller entities, just perfect for our Parishes! You can access it from any computer that has an internet connection paid for by a small monthly subscription so no upfront software fees, upgrade or support fees. Xero is especially suitable for the non accountant as it uses nice plain English and is easy to deal with the day to day transactions of a Parish.

The Xero software has never been breached and they have never lost any customer data. Xero continue to invest heavily, protecting against unauthorised access and system failures.

Key features

- No setup fees, upgrade fees or contracts.
- Unlimited users and Unlimited customer support. The Xero [Help Center](#) is comprehensive and continuously updated. Xero also monitor and provide support through multiple social networks including Twitter, Facebook and LinkedIn and a Xero community facility where you can share information and request new features.
- Access anywhere online and automatic backups.
- Bank feeds drop all your bank transactions into Xero everyday (no data entry!) just waiting for you to code then produce reports – easy as that.

Xero provides unlimited free email support. They have customer care teams in New Zealand, the UK and Australia. This geographical and time zone spread provides customers with around the clock coverage. Ultimately, the best support is none – when the product is so good, you don't need help to use it. In a typical day, less than 1% of Xero customers need to contact support.

How could Parishes use Xero

The Presbyterian Church is operating a practice version of Xero which enables the parishes to have a Xero subscription under the Presbyterian Church umbrella at a reduced price from normal retail. Using a standard chart of accounts developed specifically for Presbyterian Parishes this would enable easy reporting to on a monthly basis (all reports can be emailed as PDF's) and streamlined year end reporting.

Xero reporting capability enables Parishes to have a full set of financial statements including a fixed asset register and notes to the financial statements all from Xero which is easily achieved and has consistent formatting across all Parishes.

Can any one else access our bank account?

A common question – Absolutely not. All that drops into Xero is a copy of our bank transactions. Xero users do not have access to your bank account, that still runs in exactly the same way as it always has. While Xero will give your national body the ability to pick up your reports online so reducing the need to send them manually (one less job for volunteers) it has no access to your bank account.

Pricing

The medium size option which will suit most parishes includes unlimited bank transactions, invoicing, debtor and creditor functionality at \$38 per month plus GST.

Training

How will you get up and going on Xero? After assistance with the conversion process written training material will be available and some parishes will find that sufficient to hop right in and get going with the assistance of video tutorials from the Xero help centre. After this there will be options to suit each circumstance including

- one on one training by Skype, email, phone calls or in person
- training as a group
- Webinars
- Video tutorials

You will be surprised how easy it is to just jump in and have a go. If you make a mistake and need help, as Xero is online Laurensen Chartered Accountants or Xero Customer Care can see exactly what you can and help you resolve issues as they come up.

Recently I was asked to complete a questionnaire for Xero about my experience in using Xero for not for profit entities here are my answers which you might find interesting

Avril Hillind - Chartered Accountant



Frequently Asked Questions (FAQ's)

Q1: What are some of the common challenges that NP organisations face when managing their finances?

- Getting information from volunteers on a timely basis
- Providing accurate and relevant reports to committees though out the year so everyone understands the current financial position and proper authorisations are in place for payments.
- Preparing year end financial statements that comply with reporting requirements and the needs of funders

Q2: What are the most common mistakes Non Profit organizations make when managing their finances?

- Reinventing all the systems each time a treasurer changes
- Not providing regular reports so all committee members are informed
- Reports are not easily understood by non accountants

Q3: How does Xero help Non Profits address those challenges and/or common mistakes?

- All the past organisational financial history is available to new treasurers in Xero to refer to.
- Both interim and year end reports all stored in one place
- Nice simple cash based reports for committees to approve expenditure
- Expense claims accessible to make volunteer expenses easy
- Good documentation for new volunteers via the help screens
- Report packs provide standard year formats that will meet the needs of the organisation and external funders

Q4: Can you provide examples of how Non Profits have benefited from the cloud?

- When a volunteer's computer was stolen, they were up and going with Xero as soon as a new one was purchased - no loss of data.
- Both treasurers and auditors can have access to Xero which helps with the audit checking.
- Faster volunteer expense as they can submit their own online, no waiting for a meeting.
- Supporting volunteer treasurers in remote locations is a breeze as you can see what they are looking at to help with queries.

Q5: Given your experience with Non Profits, what is the most critical advice you can give them about managing their finances when they're just starting out?

- Be transparent by providing information to committees every meeting on the income and expenditure since the last report, as they are all responsible.
- Do a little often – complete bank reconciliations each week and follow up on queries while it is fresh in everyone's mind.
- Use a monthly checklist to ensure you complete all tasks before producing the reports, then you will achieve accurate results.
- Publish all interim and year end accounts in Xero so others have access as well as the preparer.
- Use the standard reporting formats in Xero then it is easy for the next person after you to follow in your footsteps and keep the reporting consistent.

The Not For Profit high wire act

Published on the Xero Blog in [Company News](#) on 28 August 2012 by [Richard Wood](#)

ACT Scouts are a non-profit using Xero

Don't fall off

It's the ever-present challenge of the non-profit organisation – the fundamental tension between being highly accountable for your financial actions but having limited accounting expertise available.



Whether it's raising money for good causes, providing community services, helping society through specific projects or one of the other many reasons that non-profits exist – every cent counts and has to be accounted for. However, just because your team is passionate about its mandate, there is no guarantee the skills needed to meet the financial requirement demands are there.

This month we sought to build a picture of this and the other challenges that non-profits face, learn from the common mistakes that are made, and find out how cloud software and cloud accounting such as Xero can help.

We pulled together a panel of six experts, non-profits and accounting partners in the United States, Australia and New Zealand, and sought their advice. It soon became clear that there are distinct issues that would worry any small businesses, but in the non-profit context can be critical. Cloud computing has a valuable role to play in addressing them.

Face the fear!

Non-profit organisations often rely heavily on a few paid staff and many volunteers, with limited budgets for financial expertise, PCs and servers. In many cases the need to be accountable to and communicate comprehensively to governance, members and funders can lead to overheads that are out of sync with the size of the organisation.

On top of that, money is raised to use for the purposes of the organisation and any excessive expenditure in other areas will face scrutiny. Budgets may be fixed with little room for movement. In this environment, infrequent or unexpected costs such as technology upgrades or financial reporting changes can be a killer.

Oh dear!

It's great when we can learn from each others mistakes. Problem is, many non-profits are operating in relative isolation and laser focused on their sector. Governance selection may not require financial expertise and staff may not get to network with others in the same job. Some of the mistakes our experts noted are consequences of this, others cite a general lack of financial management expertise or funding for it.

It's tempting to take the cheap or shortcut option with finances, to not prioritise or invest in getting professional help when needed, especially when hourly rates are involved. Problems and potential issues may then fail to be recognised due to lack of appropriate reporting.

Even with good advice and reporting, a lack of at least a common language for discussing financial issues between boards and managers can be an issue, stemming from a lack of financial knowledge in key personnel.

Cloud to the rescue!

So how can cloud accounting such as Xero help non-profits? Firstly, by making good financial management achievable to management and boards and at a predictable and affordable fixed monthly cost.

Xero's single ledger is a great example of a feature that benefits non-profits. The financial data only needs to be entered once, then that data is visible across the Internet to business partners and accounting advisors. It enables accounting advisors to provide key advice in real time and reduces any need for rekeying of data at the accountant's office. Aligned with this is a trend of accountants and bookkeepers starting to provide their services at predictable fixed costs instead of hourly rates.

With the cloud-based single ledger, any number of staff or volunteers can be given appropriate access from anywhere they can get onto the Internet, including from smartphones, leading to efficiencies in record keeping and more up-to-date records. Bank data can be automatically downloaded everyday into the software so that perilous financial positions can be closely monitored.

Xero has many other features that are proving as useful to non-profits as they are to small and medium sized business. These include easy to read reporting, budgeting by tracking, cash-based reports, and the plain language dashboard. Watch a video and learn about our [25% discount for non-profits](#).

Tips and Tricks

To finish off this discussion we asked our panel for their top tips and tricks. Here is a sprinkling:

Standardize your non-profit's reporting system

As most non-profit staff and volunteers likely will not have a background in accounting it is important to keep and use financial reports and systems that can be understood by all. Implement a standardized format that is easy to read. Keep reporting consistent over time so that anyone from a volunteer to a board member can pick up where the last person left off.

Be transparent with your board

Allow board members and senior managers full visibility into the numbers and educate them about how to read non-profit financial reports. Non-profits have a responsibility to inform their principals about their fundraising methods, how much is being raised, how it's spent and what is owed.

It is essential to keep good records no matter how small or large your organization, or how minor or major the amount of money. Non-profits cannot afford to be sloppy or inaccurate with financial records. Employ an easy-to-use, easy-to-read recordkeeping system to make record keeping more manageable.

Put together a strategic plan, budget and monitor against it. Allocate for costs that might not appear to be directly associated with your 'mission', including financial administration, marketing and IT. Set aside a portion of funds to build in as a reserve from the beginning.

Non-profits have multiple projects being managed and executed simultaneously by many different people (typically volunteers). The cloud makes it possible for users to submit expenses, track spending and run reports anytime, anywhere. The cloud also makes it easy for accounting professionals working offsite to provide timely and effective council for non-profits.

Thanks to Morri Young, [Matrix on Board](#), Australia, Will MacGregor, [Bushmob](#), Australia, Steve Chaney CPA, [Chaney & Associates](#), USA, Erica Mohan, [Community Education Partnerships](#), USA, Dave Jessep, [DJCA](#), NZ, and Patrick Knowles, [Te Kohanga Reo](#), NZ

XERO SECURITY

Our software has never been breached and we have never lost any customer data. We invest heavily to protect your sensitive financial information against unauthorised access and system failures, ensuring your data is guarded to the highest level.

System security

Our hosting and service delivery infrastructure ensures the highest level of security. This is supported by a world-class network, data and physical security environment. Security is an ongoing process, not a singular event - we continuously evaluate and reinforce our security policy and practices.



Here are just some of the security precautions we take.

SSL

Our servers have SSL Certificates signed by global leaders in certificates, Entrust & GTE Cybertrust, so all data transferred between the users and the service is encrypted. The encryption is the same as that used for Internet banking.

User access

No one has access to your organisation unless invited by you and with a level of user permission selected by you. You can remove any invited users whenever you want. You also have the option to invite Customer Care, but it's for support purposes only and completely at your discretion.

User passwords

Users must choose a strong password and automatic lockouts are enforced when incorrect passwords are repeatedly entered. We don't allow the browser to save your login, which eliminates access from a stolen or compromised computer. If you leave your computer unattended for an extended period, you will be automatically logged out.

Physical security

Our servers are located within Rackspace tier-4, enterprise grade hosting facilities. Access is restricted to authorised Rackspace staff by a combination of biometric systems and 24/7 onsite security guards, and is continually audited to meet SAS 70 Type II standards.

Firewalls & network security

External access to our servers is controlled by multiple layers of firewalls, intrusion protection systems and routers, which are configured and monitored according to industry best practice.

Our own internal office networks are isolated from any customer data by design.

Third party audits and inspections

Our security is reviewed regularly and audited by external specialists. This includes penetrative testing and automated server port security scanning.

Third party access

Transfer of data to any third parties can only occur with your consent and to organisations that provide adequate data protection.

Data protection

We run offsite backups nightly, full backups weekly and transaction log backups of our database every 10 minutes so we can immediately recover your data if necessary.

How is Xero more secure than desktop software

With Xero your data isn't stored on your computer – if your laptop crashes, or gets lost, or stolen, all your data remains completely safe and unaffected.

By allowing your accountant or financial advisor to have secure access to your data within Xero, it's much more secure than emailing your accounting data files or sending out discs with your data on it.

"@Xero @paycycleaus thankful to be 100% Xero -main office computer crashed but with everything online = no data loss & no downtime!"

[via @fivewayscharter from Twitter](#)

Steps you can take to stay protected

We work very hard to keep Xero secure. Here are some simple steps you can take to stay protected:

1. Create a password nobody can guess, so no dictionary words or family names. Be cryptic or use multi-word pass phrases - easy to remember, hard to crack.
2. Don't share your password with anybody.
3. Don't write your password on a sticky note and attach it to your computer.
4. Keep your browser software up to date.
5. Make sure you only login at login.xero.com.

Data protection and backup

Our service has been designed for high user availability, with redundancy built into every level of our hosting infrastructure, including redundant power, network, database and web servers. Our service availability performance stands at over 99.99% since launching the service in 2007.

All customer data is backed up daily. We also run a continuous off site data back-up service into a second Rackspace facility for further real-time data protection.

Because we back-up your data, you don't need to. If you want to get your data out of Xero at any time then you can simply use the Trial Balance and Detailed General Ledger reports to export your data. Exporting reports to Excel is ideal because they can be easily read and are also in a form that can be manipulated for import into other systems if required.

You can also export other data such as your Chart of Accounts, Contacts and Inventory Items from Xero in a convenient csv file format. We go to great lengths to comply with legislation covering the security and privacy of data about you as an individual, and the financial data relating to your organisation, in all the major countries where Xero is available.

Extracted from the Xero Help Centre