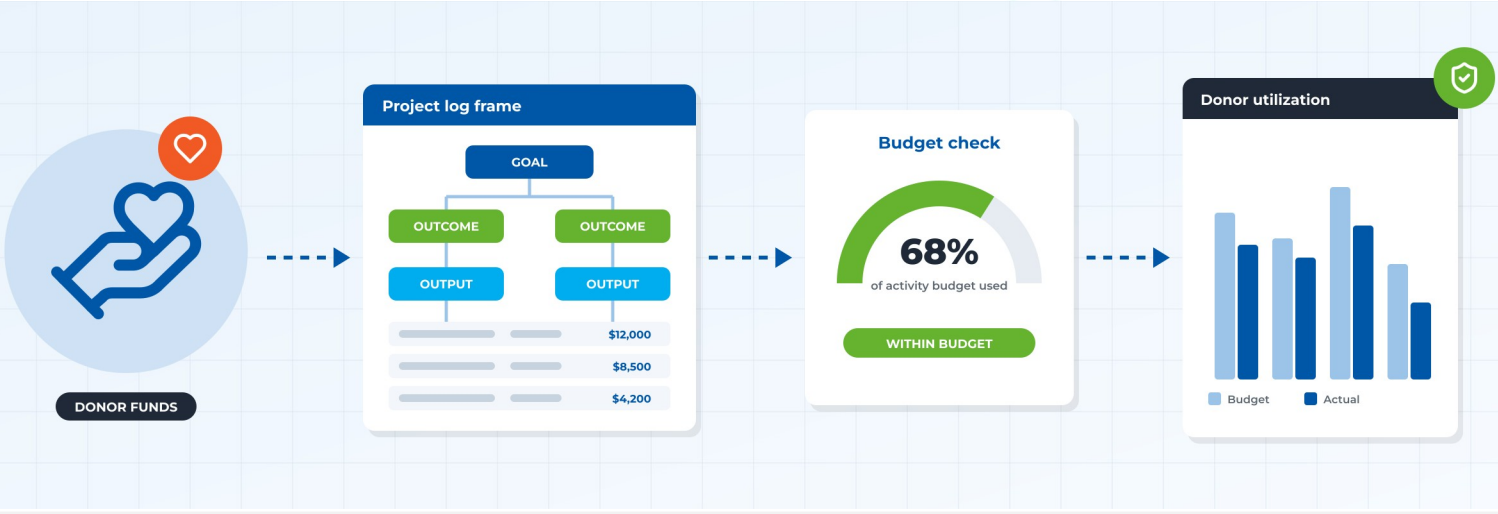
Purpose-built finance for

Nonprofit Organizations

on Microsoft Dynamics 365 Business Central

How log-frame budgets, donor management and staff advance controls help nonprofits show donors exactly how every dollar was used.



Every expense tied to an activity

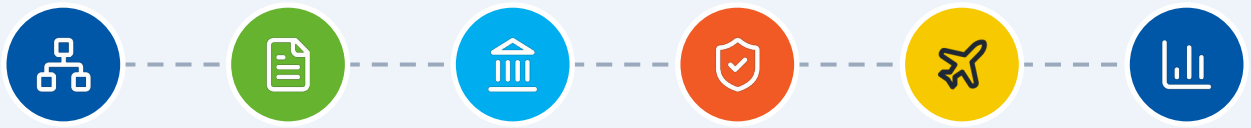
Purchases, petty cash and travel advances are checked against the project activity budget they draw on.

Donor-ready accountability

Approvals, surrenders and custom donor utilization and budget-versus-actual reports make reporting to funders straightforward.

Log-Frame Budgets | **Donor Funds** | **Budget Control** | **Staff Advances**

THE NONPROFIT FINANCE CYCLE IN BUSINESS CENTRAL



Donors fund outcomes. Your finance system should track spending the same way.

Nonprofit organizations don't budget the way commercial companies do. Their budgets are built from project activities agreed with donors, every expense has to be traced back to one of those activities, and staff regularly receive cash advances that must be accounted for. A general ledger budget alone can't enforce that discipline.

In a recent internal walkthrough, Brightpoint Infotech's Business Central team demonstrated a set of nonprofit customizations that close this gap: project log frames whose activity lines carry the budget, donor billing and receipting, purchase invoices that check and consume the activity budget, payment vouchers, petty cash, travel advances (imprest), surrenders and staff claims, all with approval workflows.

This paper describes how each process works, the accounting entries and controls behind it, how it supports donor reporting, and where the same design is already being reused beyond the nonprofit sector.

Key takeaways

Budgets live in the log frame

Activity lines carry the GL, quantity and unit cost, so the budget mirrors the donor proposal.

Spending is checked, not just recorded

If an activity has no budget left, the user is stopped with an error.

Advances are fully accountable

Petty cash and travel advances must be surrendered before a staff member can claim more.

Reporting donors can trust

Custom donor utilization and budget-versus-actual reports show how funds were used.

Who this paper is for

Finance directors, grants managers and operations leaders at NGOs and nonprofit organizations using, or evaluating, Microsoft Dynamics 365 Business Central.

Why a standard ERP budget isn't enough

As the demo put it, nonprofits “don't follow the standard budget”: they base their budgets on project activities, or planning lines. Four characteristics shape what their finance system has to do.

Activity-based budgets

Budgets are agreed with donors activity by activity, often for one to several years, and must be tracked that way.

Many donors, many projects

One donor may fund several projects, and one project may be funded by several donors.

Cash in staff hands

Petty cash and travel advances are routine, and every advance has to be accounted for.

Accountability to funders

Donors expect to see how their funds were used, line by line, against the agreed budget.

What Brightpoint's customizations cover

PROCESS AREA	WHAT THE CUSTOMIZATION ADDS
Projects and grants	Project card with donor, dimensions and log frame; activity lines carry the budget; optional monthly work plan
Donor management	Donors set up as customers; sales invoice with a custom fund form; receipt document with approvals
Payables	Purchase invoices checked against the activity budget; payment vouchers with approvals and cheque printing
Petty cash	Request, approval, disbursement and surrender, with a configurable maximum amount
Travel advances (imprest)	Request with destination, dates and per diem; surrender with receipts; automatic claim or refund prompt
Staff claims	Imprest and general claims, calculated from linked documents, with an outstanding-balance check
Donor reporting	Custom donor utilization and project budget-versus-actual reports

Source: Brightpoint Infotech internal demo of Business Central nonprofit customizations, 22 September 2026.

From project goal to a budgeted activity line

Each project card links the funding donor and the project dimensions, so funds can be reported by project or by donor. Below it sits the log frame. Finance works with the grants and project management team to assign a general ledger account to each activity, so the budget is expressed in accounting terms from day one.



Example outcome and output wording as shown in the demo.

Work plan phasing

Splits the activity budget over time; a budget of 59,000 for the whole project, for example, can be phased by month. The work plan is optional.

Several donors per project

Where a project has several funders, the donor list can be extended with each donor's percentage allocation.

Admin budget alongside

Administrative costs use Business Central's standard budget, linked through an “internal admin” project so admin and project spend can be compared.

Income by theme

The chart of accounts mirrors log-frame themes, such as health and nutrition or food security, for both income and expenses.

Donors as customers, funds as receivables

In Brightpoint's design, donors are set up as customers, so standard receivables processes apply. Each invoice carries dimensions such as donor code, area and theme, so income can be analyzed however funders need it.

Sales invoice
Bill the donor against the income theme

Fund form
Custom form shared with the donor

Approve & post
Approval workflow before posting

Receipt
Custom receipt document; apply entries

Post receipt
Funds received into the bank

ENTRIES

Sales invoice
Dr Donor (customer)
Cr Income account for the theme

Receipt
Dr Bank
Cr Donor (customer)

How the receipt document works

Receipt types

Setup defines each receipt type and its account type: customer-based (posting through the customer posting group) or posted directly to a GL account.

Apply entries

The receipt is applied to the donor's open invoices, for the full amount or a partial one.

Pending, approved, posted

Separate lists show receipts awaiting approval, approved and posted, so whoever releases a document isn't necessarily the one who posts it.

Income analysis

Because one donor can fund several projects, income is analyzed by dimension and account schedules rather than charged to a single project budget.

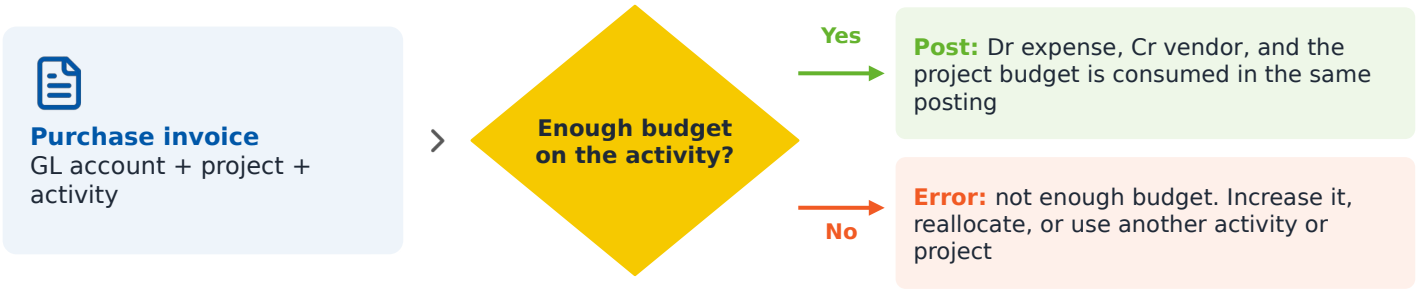
Why income isn't charged to a project budget

In the nonprofit model the budget is expense-based. Income is tracked against the income themes in the chart of accounts and by dimension, while the project activity budget is consumed by spending: purchase invoices, travel advances and claims.

Process and entries as demonstrated, 22 September 2026.

Every expense must find its activity budget

On a purchase invoice the user selects the expense GL account, then the project and the activity (planning line) that funds it. The activity list is filtered to lines that carry a budget for that GL account, so an expense can only be charged where money was planned for it.



The same budget logic applies when spending starts in procurement, from requisition to local purchase order (LPO).

Paying vendors with payment vouchers

Once the invoice is posted, a payment voucher settles it. The budget isn't touched again at this stage: it was already consumed when the invoice posted.

Voucher header

Paying bank, narration and the person releasing the document.

Payment types

Set up through sub-ledger posting: vendor payments or GL-based payments.

Apply entries

Pick the vendor's open invoices; pay in full or in part.

Approval

Vouchers move through pending, approved and posted stages.

Payment release date

Captured at posting, since a cheque may be released after the voucher was raised.

Cheque printing

Customized to the organization's cheque sizes and printers.

ENTRIES	Purchase invoice	Payment voucher
	Dr Expense (budget consumed) Cr Vendor	Dr Vendor (payable) Cr Bank

On the roadmap: electronic payment files

EFT and ACH bank file generation isn't implemented yet. The team confirmed it can be added to the payment voucher, as cheque printing was; an “import bulk payments” function also exists but isn't currently in use.

Small cash, full accountability

Petty cash covers daily running costs and errands, often across several branches or cashiers. The customization adds a request, approval, disbursement and surrender cycle, so every amount handed out is later explained.

Request
Purpose, petty cash type, amount

Approve
Raiser and disburser are different people

Disburse
Posted from a petty cash bank

Surrender
Actual spend plus supporting attachment

Post
Expense recognized; staff balance cleared

ENTRIES	Disbursement	Surrender
	Dr Staff (set up as customer) Cr Petty cash bank	Dr Expense Cr Staff

Controls built into the setup

HR-linked staff

The employee number comes from HR integration, and staff are uploaded as customers so advances sit on a staff balance.

Maximum request

Cash management setup caps the amount anyone can request; above it the system stops the request.

Petty cash types

Types such as office expenses are set up as needed and point to the right expense account.

Bank types

Banks are flagged as normal, petty cash or universal, controlling which banks can pay out petty cash.

Linked surrender

The surrender lists only unsurrendered petty cash for that person and pulls in the amount issued.

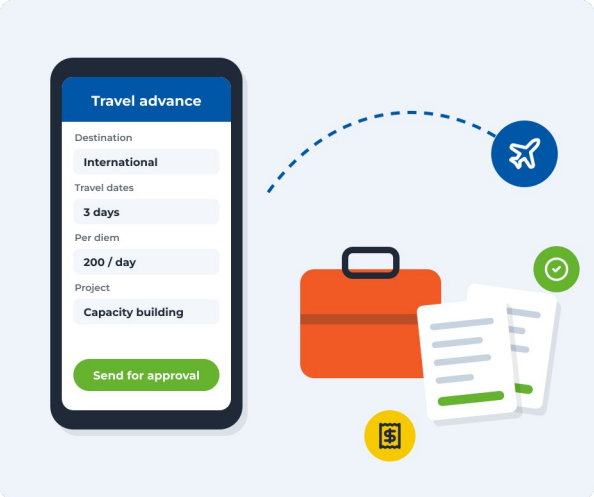
One summarized line

Many small receipts are explained in an attached Excel or Word file and posted as one GL line.

Being explored: on-screen surrender lines

Today, how the cash was used is explained in an attachment. The team is exploring a screen to record the spend line by line directly in Business Central.

Example in the demo: a request cap of 500, raised to 1,000 in setup.



Imprest, end to end

A travel advance, or imprest, funds a staff member before a trip; afterwards they account for what they spent. Requests are normally raised through the staff self-service portal; the demo showed the same steps in Business Central.

What the request captures

- Purpose and destination (local or international)
- Travel and return dates; funding can't exceed the days
- GL line (e.g. accommodation, per diem), project, task and activity

Request
Per diem × days, split across projects if needed

Approve
Approval workflow

Post voucher
The imprest itself is the voucher

Surrender
Actual spend with receipts and hotel bills

Settle balance
Claim if overspent; receipt if underspent

ENTRIES

Imprest
Dr Staff (customer)
Cr Bank

Surrender
Dr Expense (actual against budget)
Cr Staff

When the spend doesn't match the advance

On posting a surrender, the system compares the advance with actual spend and prompts the next step.

Overspent e.g. 600 advanced, 1,000 spent
→ Staff claim for the 400 difference

Underspent Less spent than advanced
→ Receipt to return the unused cash

Staff claims

Calculated, not keyed

Linked to the imprest surrender, the claim works out the amount still owed to the staff member.

Claim types

Imprest claims, plus general claims such as a taxi fare or costs paid during a training.

Outstanding-balance check

A staff member with unsurrendered funds can't raise a new claim until they surrender.

Charged to activities

General claims also select the project and activity task that funds them.

The entries behind each document

A single view of what each customized document posts, and whether it touches the project budget, as explained in the demo.

DOCUMENT	DEBIT	CREDIT	PROJECT BUDGET
Donor sales invoice	Donor (customer)	Income (by theme)	No
Donor receipt	Bank	Donor (customer)	No
Purchase invoice	Expense	Vendor	**Yes: budget consumed**
Payment voucher	Vendor (payable)	Bank	No
Petty cash disbursement	Staff (customer)	Petty cash bank	No
Petty cash surrender	Expense	Staff	**Expense recognized**
Travel advance (imprest)	Staff (customer)	Bank	**Charged to activity**
Imprest surrender	Expense	Staff	**Actual recognized**

Budget effect for the imprest is as described in the demo: the activity is selected on the request and actual spend is recognized against the budget at surrender.

Eight controls finance teams can rely on



Approval workflows

On receipts, invoices, vouchers, petty cash, imprest and claims



Budget availability check

Stops spend on activities with no budget left



Filtered activity lists

Only activities budgeted for the chosen GL appear



Petty cash maximum

Configurable cap on any single request



Day-count limit

Imprest funding can't exceed the travel days



Surrender before claim

Outstanding balances block new claims



Bank types

Only petty cash or universal banks pay out petty cash



Payment release date

Recorded at posting for cheque timing

Answering the donor's question

Every funder eventually asks how their money was used. The customizations include reports built for exactly that conversation.

Donor utilization report

Shows a donor how the funds they provided have been used.

Project budget vs actual

Compares spending with the activity budget, ready to share with donors.

Dimension analysis

Account schedules by donor, area and theme cover income spread across several projects.

The donor utilization and budget-versus-actual reports are Brightpoint customizations, not standard Business Central reports.

Built for nonprofits, useful everywhere

Advances, surrenders and claims aren't unique to NGOs. Any organization that gives staff travel money and reimburses expenses can use the same documents. For organizations that don't budget by project, the team has built a department-based budget in which a commitment is recorded before an advance is approved; this approach is being applied for a microfinance organization.

Project-based budgets
NGOs and grant-funded programmes

Department or branch budgets
Commitment recorded before an advance is approved

On the roadmap

EFT and ACH payment files

Not yet implemented; confirmed as an extension to the payment voucher.

On-screen surrender lines

Recording petty cash spend line by line instead of in an attachment.

Staff self-service portal

Where staff raise imprest and claims; to be shown in a later session.

Bulk payment import

Function present for posting many lines at once; not currently in use.

Five questions to ask about your finance system

1. Can every expense be traced to the donor-agreed activity that funds it?
2. Does the system stop spending when an activity's budget runs out, or only report it afterwards?
3. Must petty cash and travel advances be surrendered before staff can claim more?
4. Can you produce a donor utilization report without rebuilding it in spreadsheets?
5. Do approvals separate the person raising a payment from the person releasing it?

How Brightpoint can help



1. See it working

A walkthrough of the project, donor, payables, petty cash and imprest processes.



2. Map your setup

Log frames, chart of accounts by theme, dimensions, approvals and limits.



3. Go live with control

Configure, test and train, then report to donors from day one.



Microsoft nonprofit pricing

Microsoft says eligible nonprofits get Dynamics 365 Business Central from US$32 per user per month, 60% off commercial pricing. Eligibility is confirmed through Microsoft's nonprofit program.[1]

Sources and notes

Solution capabilities, controls and accounting entries are as demonstrated in Brightpoint Infotech's internal session “BC custom processes for non-profit organizations”, 22 September 2026. Figures in examples (budgets, per diem, limits) are demonstration values.

1. Microsoft, “Dynamics 365 Business Central for nonprofits” (microsoft.com/nonprofits), accessed November 2026. Pricing and eligibility are set by Microsoft and may change.

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Show donors exactly how every dollar was used

Brightpoint Infotech is a Microsoft Solutions Partner with offices in the USA, Canada, the UAE, Kenya and India. We help nonprofit organizations run log-frame budgets, donor funds and staff advances in Microsoft Dynamics 365 Business Central.

Log-frame budgets

Activity lines carry the GL and cost.

Donor management

Billing, fund forms and receipts.

Budget-checked spending

Invoices stopped when budget runs out.

Payment vouchers

Approvals and cheque printing.

Petty cash and imprest

Requests, surrenders and claims.

Donor reporting

Utilization and budget vs actual.



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