



# **Nonprofit Guide to Working Smarter with Outsourced Accounting**

 **Beck & Company**  
Certified Public Accountants  
and Business Advisors

# A Nonprofit's Guide to Working Smarter with Total Accounting

In today's difficult economic environment, nonprofit organizations like yours are looking for ways to make their dollars go farther. Juggling the business aspects of managing your organization while furthering its mission may lead you to consider simplifying through outsourcing. This whitepaper will provide you with valuable information regarding the benefits of outsourcing all or portions of your organization's finance and accounting processes.

## Organizational Infrastructure

Your organizational infrastructure enables you to support your cause. If your infrastructure is not running smoothly, it can distract you from your task at hand -- furthering your mission. So, while your focus is always centered on your mission, you must still find ways to maintain and manage the infrastructure that drives your organization forward.

Your organization is comprised of two key areas: your front-office and your back-office. Your front-office functions are outward facing and include fundraising, community outreach, donor or member communications and messaging, and furthering the cause and/or community you serve. Your back-office keeps your organization on track and is made up of HR, payroll, benefits, finance, accounting, grant management, donation processing, regulations, IT, and tax.

## Cause vs. Cost

*"The Phase I survey revealed that a large percentage of small nonprofit executives are performing many of these back-office functions themselves, and many or most of them are dissatisfied with their own performance...The impacts of not finding better solutions to these back-office needs include: inefficiency and burnout; high staff turnover, cash flow crises, loss of funding, missed opportunities, diminished impact and threats to growth and sustainability. At best, these are enormous distractions for leaders of small nonprofits. At worst, the lack of adequate back-office infrastructure is responsible for their ineffectiveness in achieving their mission (Non-Profit Overhead Cost Study, Brief No. 3, August 2004) and incalculable human and financial waste."*

Outsourcing Back-Office Services in Small Nonprofits:

Pitfalls and Possibilities

<http://www.meyerfoundation.org/downloads/Outsourcing-FullReport.pdf>

On one hand, your number one priority is your cause and the more time that your organization can dedicate to that cause, the more impact you can have. On the other hand, running your



nonprofit requires a lot of attention and a variety of specialized expertise. When your organization is well managed and maintained, it can drive your cause forward and offer the best possible performance. Conversely, when things are slipping through the cracks and you are facing difficulties managing or maintaining your infrastructure, your organization could end up going nowhere at all. The more streamlined and cost effective your processes are, the more time and money you will have to spend directly on your cause. This is why more and more nonprofits are choosing to outsource some or all of their finance and accounting functions, enabling them to reduce costs and improve the quality and efficiency of their financial information.

## Benefits of Nonprofit Outsourcing

Every nonprofit choosing to outsource accounting will have different motivations for outsourcing, therefore providing different benefits. The benefits derived will also depend on who is performing the services, how much of the operation is outsourced, and the level of optimization they aim to achieve. While the reasoning may vary, the benefits of electing to outsource accounting for most nonprofits will typically include at least one of the following:

- **Improving internal controls.** By outsourcing some or all of your organization's finance and accounting operations, you implement the needed checks and balances to ensure independence and minimize the risk of material misstatement or fraud.
- **Reducing risk.** Nonprofit personnel doing their "day job" and acting as CFO, Controller and Bookkeeper can create inefficiency and risk. Outsourcing these functions to the right level person will decrease overhead, reduce inaccuracies and decrease your risk.

- **Reducing overhead significantly.** The finance and accounting function is a cost center and does not generate income. The cost for internal employees to manage these functions can add up very quickly. Many nonprofits seek to outsource some or all of their operational functions, eliminating the mountain of overhead that direct employment generates.
- **Optimizing processes and improving workflow.** Outsourcing often leads to an analysis and review of current business processes, often called Business Process Optimization (BPO), which allows for needed evolution and optimization of these processes to eliminate redundancy.
- **Receiving more timely, accurate and informative financial information.** By outsourcing to an organization that produces financial statements as its primary cause, you'll know that you're able to get the right information at the right time to make crucial decisions for your nonprofit.
- **Providing more management time to focus on your main cause.** When you outsource finance and accounting, you'll have the peace of mind knowing that your funds and donations are being managed properly, your vendors are being paid timely and that your nonprofit's financial health is in good hands. This allows you to focus more of your time and efforts on furthering your cause.

### When is Outsourcing a Smart Move?

*"...non-profit organizations that outsource their back-office work tend to save between 25 percent to 40 percent of their budgets, according to Jeff Russell, founder of Easy Office, a Boise, Idaho, outsourcing firm. Manuela Badawy"*

"Small foundations get edge by "back-office" outsourcing"  
<http://www.msnbc.msn.com/id/48153392/ns/business-small-business/t/small-foundations-get-edge-back-office-outsourcing/#.UCf6BJ1T1k>

As nonprofit organizations struggle to raise funds and operate on leaner budgets, more and more are finding that outsourcing back-office functions is a great way to keep costs down while maintaining support of their cause and/or community. Outsourcing is much more than a preference for having someone else perform your detailed, routine tasks. It's much more than saving money and cutting operating costs. It's a strategic opportunity to save on overhead while improving the accounting function, increasing the amount you have available to spend on those you serve – something every nonprofit should find beneficial. According to a 2011 [Everest Group report](#), finance and accounting outsourcing is expected to grow by 15-20% and up to \$4 billion will be spent on finance and accounting outsourcing in 2012.



So, when should you outsource your accounting?

- **When accounting needs to be done by more qualified personnel, faster, and for less money than your in-house staff resources can do it.** When you have an outsourced team dedicated solely to your accounting functions, rather than in-house staff that may have several duties competing for priority, you'll increase the likelihood that your accounting needs will be met efficiently, accurately, and timely, by qualified individuals. Or...
- **When you have lost key personnel and are weighing the pros and cons of deciding to replace them or outsource.** Outsourcing can help you to fill the gaps of key personnel, either providing a more permanent service to supply you with the expertise of the key personnel you have lost, or to provide more temporary guidance services while you take the time to carefully seek out the best candidate to fill your key personnel position. Or...
- **When the services that you are seeking do not require the services of a full time employee, and perhaps require a higher degree of expertise from the company or individual providing those services.** One example would be if you required CFO level services to provide guidance over some of your decision making, but are not yet large enough in scale to hire a full time CFO. You might outsource this accounting or CFO-level service.

### Choosing a Firm

Now that you're considering outsourcing, you'll want to select the right outsourcing team. When selecting a company to provide your outsourced services, look at the firm as whole. You'll want an organization that:

- Understands your accounting and finance needs;
- Is extremely knowledgeable with nonprofit and fund accounting;

- Understands business process, internal controls, and nonprofit financial reporting requirements, and
- Gives you the confidence that they will provide you sound financial advice and guidance to assist you in making important business decisions.

The firm you choose should also be well acquainted with, and have the ability to implement state-of-the-art technology and business practices, that when leveraged with BPO, can create the most streamlined and efficient business processes for your organization.

## Choose Beck & Company CPAs TotalAccounting Services

*"I now have a trusted resource that can provide very high level services that I can rely on. Beck & Company CPAs eliminated the headache of managing my accounting department and has given me the time to focus on the operational issues that are paramount to our success. I'm getting a better quality of service at a lower cost and I would be happy to refer Beck & Company CPAs to anyone considering a similar engagement."*

Glenn Stevens

President & CFO, National Center for Housing Management

At Beck & Company CPAs, we work closely with our nonprofit clients who vary in types and sizes, to help them optimize their finance and accounting operations, save money, and make better business decisions, so they can focus more of their energy and attention on their mission and causes. Our team of experienced CPAs and bookkeepers will work directly with your CEO or Executive Director and other members of your team to define your needs and determine which of our many outsource services will allow you to meet your objectives. These services include, but are not limited to:

- Outsource CFO services;
- Business planning, budgeting, profitability and cash flow;
- Controllership services;
- Monthly close, financial statement preparation, financial policies and operational procedures development or review;
- Accounting services, including bank reconciliations, depreciation calculations, and preparing audit schedules for your independent auditor;
- Transaction processing services, including bookkeeping, Accounts Payable and Payroll, and
- Tax services such as Form 990 and 5500, and
- Audits of financial statements.



If your organization is looking for ways to stretch dollars and improve accounting functions, our TotalAccounting services may be the next step to reaching your goals. Call us today for a free consultation and see for yourself what outsourcing can do to help you drive your mission forward.

## Refocus. Reduce. Renew.

*"The most common reasons management chooses to outsource accounting services are to reduce operating costs, improve company focus, improve quality, free up capital, increase capabilities not otherwise available and to reduce cycle time."*

Accounting Outsourcing

<http://www.balticseaporphoise.org/why-outsourcing-accounting-is-a-good-idea-for-you.htm>

Refocus your efforts on your mission. Reduce redundancy, inefficiency, management headaches and risk. Renew your enthusiasm and energy for your cause and remember why you chose to run your nonprofit in the first place. Think outside of the box and follow the outsource path that so many other nonprofits have already found so rewarding. Let Beck & Company CPAs apply TotalAccounting services to your business processes and operations and see how you can be rewarded too! Call Kathy Beck, CPA at 703-834-0776, extension 8001, for your free consultation!



---

## About Beck & Company

### Who is Beck & Co?

At Beck & Company, Certified Public Accountants and Business Advisors, we are an accounting and consulting firm delivering specialized expertise, creative thinking, and unsurpassed service to ensure that our clients' financial endeavors flourish.

Serving nonprofit organizations in the Greater Washington D. C. area, we provide audit, tax, accounting, and consulting service that address all aspects of your organization with one goal in mind – exceeding your expectations. We are able to do this by drawing on our combined business background and experience in public accounting to help you in virtually any area of your organization. Our commitment to excellence is demonstrated in our team's understanding of your objectives and by developing innovative solutions so those objectives can be achieved.

### What makes us different?

At Beck & Company, we're different because we've been where you are – either in our professional experience in running our practice and business or we've seen situations similar to yours when working with clients much like you. Our broad base of managerial accounting and systems experience and our deep understanding of business process and technology enable us to apply knowledge from the past, together with up-to-date best practice know-how to help you solve your challenges and capitalize on the opportunities you face. We're also different because a partner will be involved in each of your engagements, getting to know you and your unique challenges and objectives intimately. This combination enables us to develop tailored solutions to increase your effectiveness and improve your competitive position.

### How do we benefit our clients?

We will help you realize your goals and achieve success through our:

- Investment in ongoing learning and education that keeps us current on regulations, standards and emerging issues that will help our clients maintain compliance, improve their processes and achieve their financial goals.
- Uncompromising commitment to the highest standards of quality on every engagement and participation in the American Institute of Certified Public Accountants Quality Review Program that requires us to maintain quality control systems over our accounting and auditing practice.
- Development of service methodologies that achieve the highest standards while maximizing efficiencies for our clients.
- Ongoing communication between our staff and clients throughout each engagement to resolve issues as they are identified so we accomplish your financial goals in the timeline committed.
- Creative and innovative approach to developing solutions for our clients based on our understanding of your unique circumstances, needs and objectives.
- Team of experienced professionals with senior or owner involvement in all client engagements so you know you have direct access to specialized expertise on which you can rely and trust.



**Washington, D.C.**

447 Carlisle Dr. Suite A

Herndon, VA 20170

Telephone: (703) 834-0776

E-mail: [info@beckcpas.com](mailto:info@beckcpas.com)

Web: [www.beckcpas.com](http://www.beckcpas.com)