



**Accounting Solutions**

**Optimal Nonprofit Financial Management through Outsourcing  
An Executive Director's Guide to Consistent Accounting without Hiring**



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## Why Outsourcing is a 21st Century Best Practice

With the very real pressure for Nonprofits to become more transparent and accountable, Executive Directors must assess the strength of their accounting processes and in larger organizations the strength of their accounting department.



Accounting matters are not the natural strength of most nonprofit leaders. Most nonprofit Executive Directors have come from the ranks of fundraising, social work, medicine, mental health, and other disciplines. In sharp contrast, it's not unusual for CEOs in the business world to have served as CFOs before taking the helm of the company.

Many nonprofit leaders understandably struggle with the daunting task of recruiting and retaining capable financial accounting talent. If they are lucky enough to find strong candidates to hire, the next challenge is equipping the accounting team with the technological tools and solutions necessary to deliver needed reporting, metrics on Key Performance Indicators (KPIs), and mission-critical outcomes. It's all very costly and time-consuming. And, it's very risky. Few organizations can afford to make such a significant investment and not see immediate benefits.

### Consider the Statistic Before You Begin the Hiring Process

Do you currently have positions open and are actively looking to hire? Here are a few things to consider as you struggle to find the right person with the right skill set for your organization.

Nonprofit Survey Says...

A CareerBuilder survey found that approximately 57 percent of nonprofits indicated they were planning to hire in 2016 – a 7 percent increase from 2015. Given the number of Baby Boomers retiring, that number is likely to grow. It's interesting to compare that to the 36 percent of private sector companies who responded that they were planning to hire.

That's good news for job-seekers. But if we take a closer look, it may mean bad news for Nonprofits looking to hire.

## Talent Drought Exacerbated by Nonprofit Employee Churn

The high numbers of open positions within nonprofits are likely to remain that way for the foreseeable future. Baby Boomers are retiring in record numbers. But another statistic plays a role here. Nonprofits are plagued by a steady employee churn rate of 19 percent in addition to the talent drought.



It's difficult, if not impossible, to move forward on strategic goals such as the expansion of programs, obtaining optimal accountability and transparency for key stakeholders, cultivating donors, and seeking new sources of funding when enmeshed in a constant or frequent state of hiring.

## Managing Overhead Costs

Further strain comes with the need to manage overhead and administrative costs. This is felt most acutely by nonprofits who are looking for expert accounting personnel. Keeping salaries low will not attract the candidates with rich experience and deep knowledge of nonprofit accounting and compliance. Upwardly adjusting salaries poses another problem: less money directed at programs and outcomes and more money tied up in administration expenses.

## An Easy Solution You May Not Have Thought Of

Many nonprofits are outsourcing their accounting to address all the problems covered above. It's become the nonprofit best practice of 21<sup>st</sup> Century.

Nonprofits are outsourcing their accounting to ensure that:

- they have the level of nonprofit accounting expertise necessary for their organization
- there is no disruption to timely, reliable, and accurate reporting due to turnover, sick time, vacations or personal time off
- administration costs are at ideal expenditure levels
- executive management time is spent on mission-centric activities rather than sifting through resumes or devoting time to onboarding new accounting hires

## The old model – 20<sup>th</sup> Century Model Investment

The last century model of building sound accounting resources followed a familiar path. Start-ups and small organizations primarily managed by spreadsheet. Usually accounting duties were shared between the Executive Director and an admin resource with the Executive Director shouldering the reporting duties and responding to requests for information from the board and other stakeholders.



As the nonprofit grew and the number of funding sources increased, the need for more accounting help became more acute. The organization had to hire staff to manage the accounting function.

The hiring process could be long and involved – from developing the job description, to approving the hiring request, to posting the position on various job sites, to sifting through resumes and interviewing candidates – all before the crucial hire is made.

For growing nonprofits, hiring accounting staff was only the first step and investment. What typically followed was the need to evaluate, select, purchase and implement nonprofit accounting software – another lengthy and grueling process. During this exercise, it might be discovered that an upgrade of hardware and infrastructure is necessary. Suddenly each step of the journey is requiring more time and more money.

With the accounting personnel hired and a new accounting solution purchased there is still more investment required – individuals must be trained in order to use the software proficiently and, with on-premises software solutions, an annual bill for maintenance and support is also to be expected.

It's not surprising that it's a process that most nonprofits avoid until they are absolutely forced to do something about it.

## The new model – the 21<sup>st</sup> Century Investment

Enter technology. Cloud computing has revolutionized software delivery and usability in numerous ways. Foremost among its benefits is that it has ushered in a new level of excellence in outsourced services.



No longer a cottage industry of "ma and pa" service providers, outsourced accounting firms have exploded onto the scene bringing specialized areas of accounting and speedy delivery of service and reporting. They have the manpower and the technology to provide complete or partial accounting support to nonprofits.

When a nonprofit contracts with Qbix they can skip the time intensive and costly process of hiring accountants and purchasing accounting software. For a fixed monthly fee, Qbix provides the accounting expertise and software tools to manage the accounting duties on behalf of the nonprofit.

It's the rare challenge where you can make a decision and simply not deal with it again. It's taken care of – professionally. You can make the leap from no internal accounting department to a complete, expert, and reliable accounting solution. It's easy and it provides the professional level of accounting you need to demonstrate accountability, transparency, and satisfy your stakeholders. It is an affordable and impactful way to accelerate mission fulfillment.

## The Benefits of Outsourcing Accounting for Nonprofits

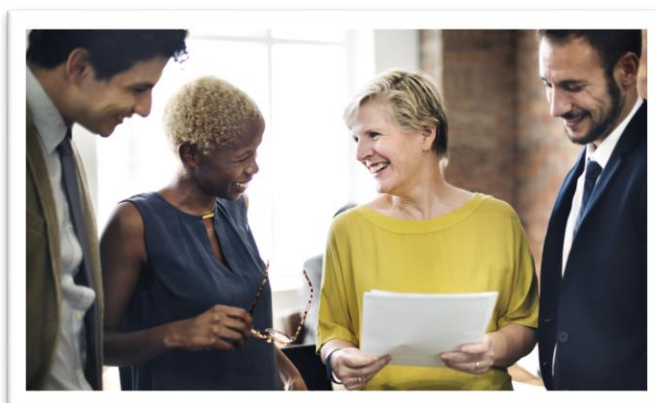
**Hassle Free** - The common sentiment among the nonprofit organizations that we serve is along the lines of "I wished we had outsourced sooner." When a nonprofit enlists us to handle their accounting, the hassles they previously struggled with go away. Depending on the state of their accounting, we can usually get things up and running quickly and begin delivering reports in matter of a few short weeks. This eliminates the weeks, months, even years of toil and expense of trying to hire appropriate staff and implementing accounting software.

**Budget-friendly monthly flat fee** – Equally as attractive to nonprofits is the ability to address their accounting processes with a budget-friendly monthly flat fee.

There are no hidden costs. In most cases the flat fee is significantly lower than what the costs would be were they to hire staff and implement an accounting software solution.

**Unlimited access to accounting professionals**

– The predictable monthly fee is even more attractive combined with the fact that the nonprofit has unlimited access to our accounting team of professionals. Better yet, our team of accountants are nonprofit specialists. They understand the unique requirements of nonprofits. They understand that each grant and fund has its own unique set of reporting requirements. Our clients can attest to the accessibility of the team that is assigned to their account and have come to rely on our ability to quickly and thoroughly respond to their requests.



**No disruption due to turnover, time off, or system outage** – Retirement, leaves of absence, personal time off, can pose a problem when it comes to executing duties and juggling workload. When you outsource, this is no longer an issue, your outsourced team is always on duty. Similarly, any software or hardware system outages or limited system availability due to annual software upgrades is no longer an issue for nonprofits that outsource. It is all handled by the provider.

**Fast, dependable, scheduled delivery of necessary reporting** – When you outsource, your reports come on schedule. No more scrambling at the end of the month or prior to a board meeting. Qbix delivers your reports on time. Instead of spending precious time compiling reports and ensuring that all data has been entered, you can do the more valuable work of report and data analysis.

**Flexibility of service** – With outsourcing you don't have to worry about paying for services and features that you don't need and will never use. Our flexible service plans are tailored to your specific needs. Better yet, if your needs change, you may scale your service (up or down) to better suit your current situation.

## What to Look for in an Outsourced Accounting Firm

**The right expertise** – The core service outsourcing firms offer is the level of expertise they can provide you. Examine both the credentials and experience of the accounting team. Does the team include CPAs? Do individual members of the team have domain experience – have they worked with nonprofits? Do they understand

the complexities of nonprofit accounting and the unique challenges that come with multiple sources of funding?

**An enthusiastic client base** – Who else uses the service? What has been their experience with the firm? Is the client base made up of nonprofits? What are the challenges those nonprofits faced and how has the outsourcing firm been instrumental in overcoming those challenges? Do the clients feel they are getting the attention they need and access to the team that is supporting them? How long have the clients been working with the outsourcing firm? Part of your due diligence will be to ask for references and determine for yourself the level of satisfaction the firm's existing clients have with the accounting services.

**Someone you trust and enjoy working with** – When you've checked off the right expertise and due diligence, there's only one other factor and that's to pick a firm that you trust and enjoy working with. When you outsource accounting, it's one of the few occasions where you can make a decision and not think about it again because it's handled. But what we've found is that our clients look to Qbix as part of their team. They rely on us for performing the duties for which they've engaged us, but they also look to us for guidance and strategic input which we are more than happy to provide. We want our clients to succeed and fulfill their missions. We want to assist them in maintaining the financial health that will ensure they are able to serve their constituents and our communities for years to come. We want our partnership to be a long and enjoyable experience.

