

Confessions of Nonprofit Executive Directors

Seven Unspoken (but All Too Familiar) Reasons for Outsourcing Accounting



Sometimes the truth of the matter needs to remain anonymous.
This is a fictionalized account of some very real experiences.



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Accounting Solutions

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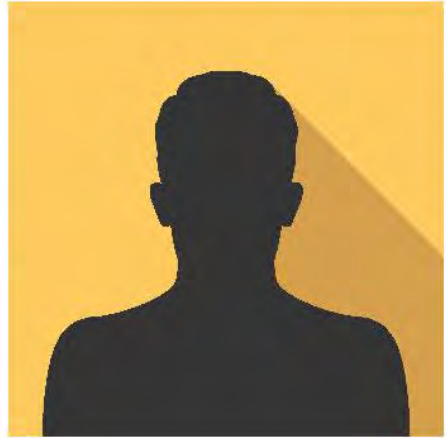


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Chapter 1 – “I wrote a check and the problem went away”



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Think of all the challenges you've had in your career and the measures you've had to take to overcome them. Perhaps the most frustrating problems are those that come up over and over again.

For Nonprofit Executive Director Calvin B. (not his real name) timely and accurate financial reporting was always elusive. By the time monthly financials reached his desk, the reports were at least six weeks old.

Preparing for board meetings brought prolonged chaos. Audits were worse. Inefficient accounting processes and workflows put stress on the entire organization. “The good news was we were awarded a new grant, the bad news was – with more to report on, reporting would take even longer,” recalls Calvin.

A Board Member, Craig, pulled Calvin aside and suggested: “Why don't you outsource the accounting? You write a check every month and the problem goes away.”

“I wrote a check and the problem went away”

“I was startled because I didn't know of any other nonprofit that outsourced their accounting,” admits Calvin. “I pushed back on the idea with several objections. Would an outsourcing firm understand nonprofit accounting? Could they report on the grants? Each grant had slightly different reporting requirements. And besides, I was sure outsourcing would be cost prohibitive.”

For the next few weeks, Craig's words “You write a check and the problem goes away” replayed in Calvin's head every time an accounting or reporting problem bubbled up. “And, they were bubbling up with increasing frequency,” recalls Calvin.

“I lived with the pain, the team lived with the pain for several more months, and after a particularly frustrating week, I did a Google search and found Qbix. All my objections evaporated – they specialized in nonprofit organizations. They understood the reporting requirements. They streamlined our ridiculously cumbersome workflows. Qbix delivers our reporting in a timely manner which allows me and our program managers to better manage our operations, better serve our constituents, and focus on our mission”

Chapter 2 – “I couldn't wait for my CFO to retire”



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Amanda Y. (not her real name), sighs and then hesitantly describes the series of events that led to her decision to outsource, and the long seven months she waited before she could make the change.

“I was at a conference. Another Executive Director, Carol, was presenting. She led another organization in my city and I knew of her,” recalls Amanda. “Carol was showing how her organization used dashboards to display key financial and

other data to help her and her team understand exactly where they were in accomplishing their goals. I was blown away.”

When Amanda returned from the conference, she shared her experience with her CFO. He dismissed the idea of upgrading the accounting tools. “Mike said that technology could do most anything, but whether we could afford it and whether anyone could understand it well enough to implement and use it – was another question.”

Amanda returned to her office, disappointed. “But as I was driving home that night, it occurred to me that Carol's organization was a lot smaller than ours. How was she able to afford it?” Amanda decided to call her the next day.

Carol invited Amanda to visit – she showed Amanda how she used her dashboards and the customized dashboards her program managers and her development director used.

“I couldn't wait for my CFO to retire”

“I was green with jealousy,” admits Amanda. “At one point I was thinking ‘I wonder if I could come and work here?’ Carol and her managers had everything they needed to make the most informed decision possible. Program managers didn't have to guess how much of the grant quarterly funding had been spent and if there was enough funding left to take on new cases.”

“Finally, I blurted out, ‘How can you afford all of this?’ says Amanda. Carol leaned back in her chair and smiled, “It's a wash. We had a full-time person leave. We decided to outsource rather than hire. I wish I had done this years ago,” Carol revealed.

“Driving home, all I could think about was that Mike would be retiring at the end of March,” Amanda recalls. “I could do my research and if we could make the move as easily as Carol's organization did, I was going to present it to the board.”

Amanda completed her research within a month. She met with the team at Qbix, did her due diligence and then made her presentation to the board. “The transformation is remarkable. We are all better agents of the organization because we have the real-time information we need to make better decisions,” notes Amanda. “And, I can't emphasize this enough, it was so easy!”

Chapter 3 – “A long list of audit findings greeted me on my first day”



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Kevin M. (not his real name), is a charismatic and forthright leader. Early in his career he had great success as a fundraiser which led to his promotion to development director. He then moved to a larger nonprofit and served as their development director. His ultimate goal was to become an Executive Director, and soon that day arrived.

With a chuckle, Kevin admits “My first day as Executive Director came complete with a long list of audit findings. I was hired to clean up a mess. I made it clear that cleaning up the mess would mean change and I was going to be an agent of change out of the gates.”

“A long list of audit findings greeted me on my first day”

“The organization needed an extreme accounting makeover and the truth of the matter is that while we needed Finance Director level expertise, we couldn’t afford to hire that level of expertise,” Kevin recalls. “In order for me to do the job I was entrusted with, I needed nonprofit accounting experts. I could access that level of expertise by outsourcing.”

Kevin’s organization has outsourced its accounting for two years now. “Now we can afford to bring people in house, but why? We can maintain a higher level of performance with Qbix and enjoy business continuity through outsourcing our accounting. Qbix doesn’t call in sick or take a vacation,” Kevin says with a smile.

“We don’t have to worry about evaluating, purchasing, and implementing nonprofit accounting software or technology,” points out Kevin. “But we do get to benefit from the best nonprofit accounting and technology that Qbix has vetted and uses on our behalf.”

“I’m a big believer in Keep It Simple,” shares Kevin. “There are enough challenges nonprofits face without adding accounting to the pile. I’m happy to outsource to experts who can make my life easier and supply me with the information I need to take my organization to the next level.

And what about subsequent audits? “Rocky and his team have turned that ship around. They know what the auditors will want. We are always prepared,” Kevin says. “Audits are no longer a source of anxiety.”

Chapter 4 – “99 Problems but accounting ain't one”



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Elena R. (not her real name) has a rather droll sense of humor. When asked how she would characterize her experience with outsourced accounting software, without hesitation she quips, “99 problems but accounting ain’t one.”

“What I mean by that is there are going to be challenges and problems for any leader,” explains Elena, “but financial accounting and on-time reporting will never be a problem for us because I can outsource to experts. I rely on Qbix and they keep my accounting problem-free.”

“I’m on a never-ending mission to find additional sources of funding for my organization,” Elena says with passion. “We provide a variety of services to help families attain financial self-sufficiency. That involves serving children and adults. It involves education, access to healthcare, transportation, any number of things.”

“If you don’t have your financial house in order, it’s impossible to demonstrate transparency and accountability to prospective donors and funders,” Elena points out.

**“99 Problems but
accounting ain’t one”**

Early in her career, Elena was mentored by a nonprofit executive who repeatedly emphasized the importance of complete clarity when it came to financials. “Donors and foundations want to give their money to an organization that takes stewardship seriously and provides maximum impact,” says Elena. “Who would want to make a large gift to an organization without the expertise or the tools to manage the money professionally?”

Elena had no interest in attempting to build an in-house accounting team. “I know that other nonprofits attempt to do that, but I’ve never seen a small or mid-sized nonprofit do it successfully.” Elena believes that it’s risky to spend several months waiting for the ideal candidate or having to compromise with a candidate that doesn’t have what she calls the total package.

“I outsource our accounting to access multi-faceted expertise,” explains Elena. “Qbix understands nonprofits. They are CPAs, they are former auditors, and their clients are nonprofit organizations of all sizes with a variety of missions. I benefit from that. They are exposed to a wide variety of best practices in both nonprofit accounting and technology.”

“I love telling our story,” says Elena. “We do life-changing work for our constituents. Our team can provide transparency and accountability with confidence – which makes future grants and donations much more likely.”

Chapter 5 – “I can be more demanding with an outsourcing firm”



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Clarence Q. (not his real name) was introduced to the concept of outsourcing while at a neighborhood bar-b-que.

“My neighbor was the CEO of a start-up and he was extolling the virtues of outsourcing,” Clarence remembers. “He had outsourced IT, Accounting, Legal – just about everything he could possibly outsource. There were a lot of great practical reasons for doing so but one of the biggest reasons he was so sold on the model was he could be more demanding with an

outsourcing firm.”

Clarence said that idea of being more demanding resonated, noting, “There is no sector that is more conflict-averse than nonprofit organizations.” There had been many times, when preparing for a board meeting, that Clarence found himself thinking about his neighbor saying, “I can be more demanding with an outsourcing firm.”

“I can be more demanding with an outsourcing firm”

“I found myself thinking about how the relationship dynamics would be different with an outsourcing firm than with a staff member,” Clarence admits. So, he began investigating outsourcing options. “I wasn’t optimistic that I would find something suitable. I had this mental image of mom and pop organizations that kept the books for small nonprofits. Qbix was a stark contrast to that stereotype.”

Clarence discovered that Qbix had teams of nonprofit accounting professionals with both accounting and technology expertise. They could utilize AICPA-endorsed nonprofit accounting software on his behalf, streamline workflows, eliminate duplicate data entry, punctually deliver reporting and more.

Qbix handles reporting, accounts payable, time and expense and was able to execute duties much faster than Clarence was currently experiencing.

“I was sold,” Clarence reports. The organization’s accounting was moved over to Qbix in the next 60 days. Clarence recalls that about a year later he ran into his neighbor at a downtown restaurant and mentioned that he had outsourced his accounting. “It makes it a lot easier to crack the whip, doesn’t it?” joked his neighbor. “And then it hit me,” laughs Clarence, “I’ve never had to – and that’s probably the greatest benefit of Qbix – you guys just get it done.”

Chapter 6 – “I’m a doctor, not an accountant!”



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Dr. Jack (not his real name) is the Executive Director of a research facility. “It’s really very simple. My organization relies on grants to do our research. If we’re going to spend a chunk of money it’s going to be on doctors, equipment, and supplies,” said Dr. Jack.

“You’re not going to be very successful writing grants if you don’t have access to accurate financial data,” points out Dr. Jack.

“I was struggling with pulling information together for a grant one evening when my wife called up to say dinner was ready. I marched down the stairs complaining that I was a doctor not an accountant. And she laughed saying I sounded like Bones, the Starship Enterprise doctor from Star Trek.”

“But it is true,” says Dr. Jack with dramatic flair, “**I am a doctor**, not an accountant!”

“I’m a doctor, not an accountant!”

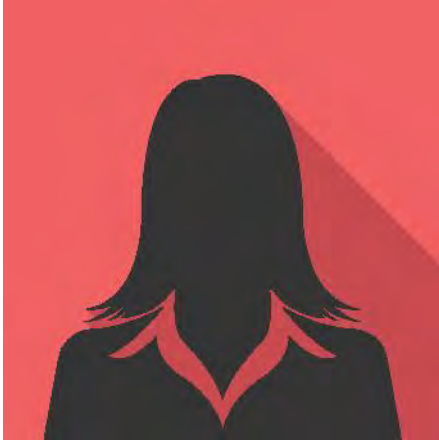
Dr. Jack and his team know exactly where they want to focus their expenditures. That focus does not include in house IT or accounting solutions and departments. “Outsourcing is simple and extremely efficient.”

Dr. Jack’s profession recognizes the value of areas of specialization. “Focus allow specialists to go deep and develop a very particular expertise. Why would I want to waste the time struggling with a learning curve that would make me only marginally proficient, when I can rely on the expertise of Rocky, David, Jennifer or any of the team members at Qbix?”

“Just like my team, Qbix has invested in the ongoing education and technology tools, which combined with their experience in the field makes them the best in their area of expertise,” observes Dr. Jack.

“They understand what I need to do my work,” comments Dr. Jack. “They deliver with consistency and provide me with counsel on any areas that could be improved. It’s a benefit to have their expertise working on our behalf, allowing us to focus on our important work.”

Chapter 7 – “We were a mess and on the brink of closing down”



Sometimes the truth of the matter needs to remain anonymous. This is a fictionalized account of some very real experiences.

“This absolutely must remain anonymous, because I don’t want to put the organization in a bad light,” says CEO Margaret S. (not her real name).

“Internal controls, documented processes, separation of duties, transparency and accountability – all of those things sounded like luxuries when I took over as Interim CEO – because the organization was in such a mess accounting-wise. We were limping from payroll run to payroll run, hoping we would have enough.”

“Anonymity allows me to be blunt about the sad state of affairs that is accounting within the nonprofit sector,” declares Margaret. “And it’s not just small nonprofits. The problem extends into some of the larger organizations.”

Margaret points out that while part of the problem was due to one source of funding expiring, the larger problem was simply having no idea what had been spent and what was available due to manual processes that caused reporting to be out of date before it was ever circulated among the team.

“It was triage time,” recalls Margaret. “We needed someone who knew what they were doing, a system that could be quickly deployed, and we needed a complete revamping of our workflows, if we had any hope of surviving. We turned things over to Qbix to right the ship. I shudder to think of what might have happened if we hadn’t found them when we did.”

“We were a mess and on the brink of closing down”

Margaret is unabashed when it comes to nonprofits and the need for professional attention to accounting. “There is this mistaken notion that nonprofits are doing a noble thing by “doing without” the needed expertise and technology in the area of accounting. In this respect, nonprofits could learn from the commercial sector. The CEO of a business would not tolerate substandard anything when it comes to accounting and finance – because they realize just how important timely and accurate financials are to timely and strategic decisions. Nonprofit leaders and boards need to be equally demanding.”

“Perhaps in the past, this “doing without” attitude could be chalked up to the sizable investment it would take to recruit, hire and retain top level talent. And then the cost of researching, selecting, and implementing modern day nonprofit accounting software – but today you don’t have to do that. In fact, you shouldn’t do that. Today you can outsource at a reasonable level of investment.”

About Qbix Accounting Solutions

Qbix was formed in 2008 as Davidson & Collins, CPAs in Macon, Georgia, just south of Atlanta. Our goal is to provide much higher levels of outsourced accounting and bookkeeping for nonprofits than they could achieve on their own. Qbix was founded on the premise that all nonprofits need good financial information at an affordable price. A cloud-based bookkeeping and accounting strategy was developed in which we collaborate with the nonprofit's staff under a **Fixed Price Agreement**.

We knew we couldn't provide service at this high level unless we are all working on the same system LIVE! In the old days, accountants would receive a box of "stuff" and spit back a financial statement a few weeks later. Many accountants have updated this method only by getting an "accountant's copy" of their QuickBooks file. We work in the cloud **with you**, not around you.

All this is built out to help fulfill our mission: "to help our customers fulfill their missions and goals by providing them with the right financial information on time, all the time." Today we are proud to be able to provide very high level services at prices that are affordable to nonprofits.

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