

Making the Most of Outsourced Financial Services

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Today's Presenters



Kate Barr

Former President and CEO of Propel
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Adriana Borzellino

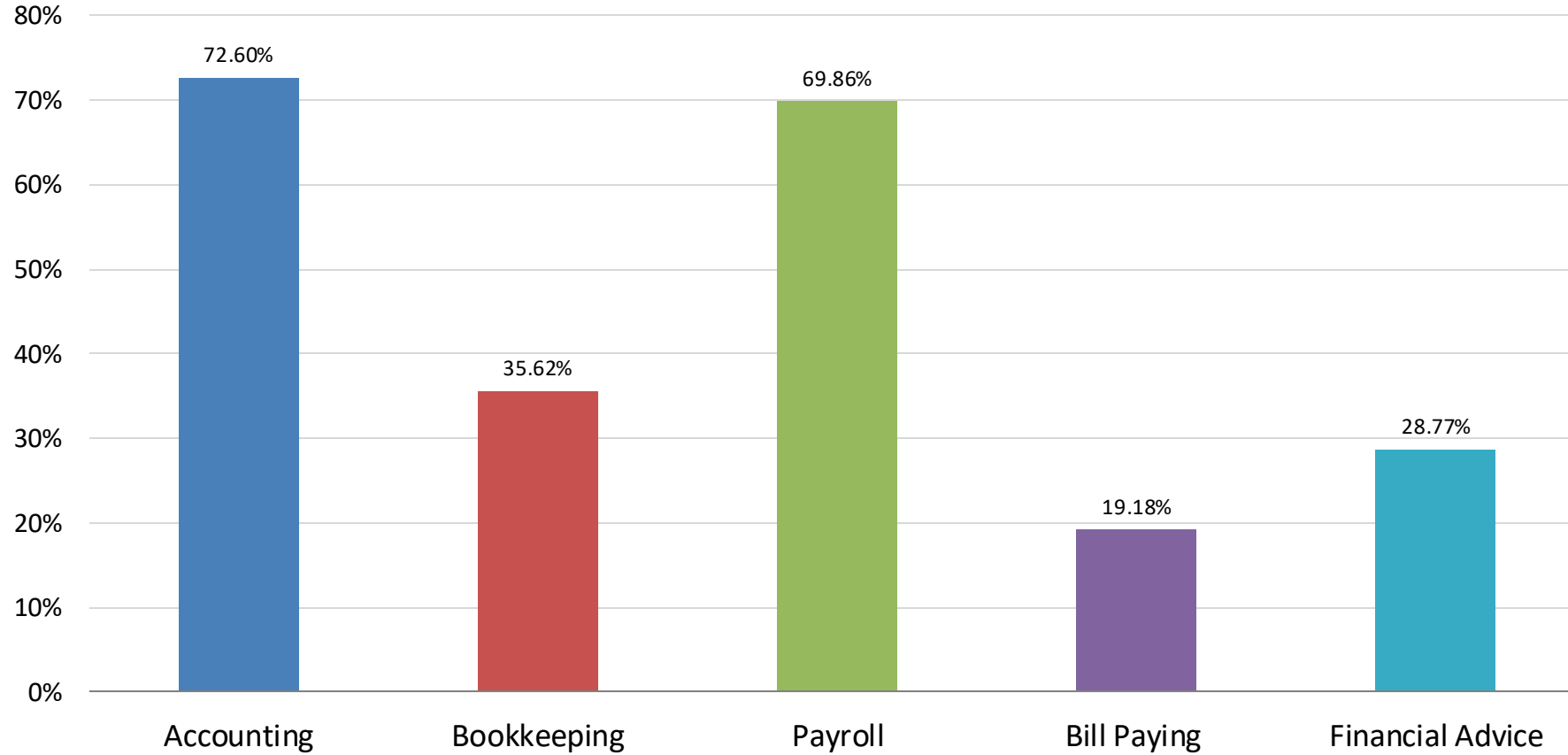
Managing Director
Ensemble Studio Theatre



Dolores Estrada

Chief Operating Officer
PEAK Grantmaking

Does your organization contract for any of the following outsourced financial services?



Source: 2024 poll of Nonprofit Financial Commons members

Poll Questions

**1) What services are you considering outsourcing or are already outsourcing?
(check all that apply)**

- a) Bookkeeping
- b) Accounting
- c) CFO
- d) Payroll
- e) If you are contracting for multiple services please add the combination in the chat box

2) On a scale of 1-5 how satisfied are you with your outsourced services

- 1 - Excellent
- 2 - Good
- 3 - Average
- 4 - Below Average
- 5 - Poor

Dana Britto



NFC Moderator and Founder &
Principal of Cultivar Consulting, LLC

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Levels of Financial Infrastructure*

Transactional (Bookkeeping)	Managerial (Accounting)	Strategic (CFO -Level)
<ul style="list-style-type: none">· Entering Transactions· Record Keeping· Bank Deposits	<ul style="list-style-type: none">· Managing Account· Period Close· Generating Financial Reports· Overseeing fiscal processes and internal controls· Maintaining fiscal compliance	<ul style="list-style-type: none">· Leading budgeting, cash flow planning and multi-year projections· Conducting scenario and/or contingency planning· Providing analysis to inform org decisions

*Adapted from *Financial Leadership: Guiding Your Organization to Long-Term Success*, by Jeanne Bell and Elizabeth Schaffer

Understand Your Needs and Goals

- Assess where you have the **greatest need**
- Understand that different levels of financial management require **different skill sets**
- Build sufficient capacity and infrastructure for baseline bookkeeping and accounting ***first***
- Ensure sufficient internal capacity for **oversight and coordination** with your outsourced provider

Determining What to Outsource

- Can often be easier to outsource transactional bookkeeping and accounting
- Quality CFO-Level support requires:
 - Sufficient, in-depth knowledge of your **business model and strategic priorities/goals**
 - Capacity for **collaborative thought-partnership and forward-looking thinking** to proactively maximize opportunities and minimize risk
 - Ability to **effectively translate and communicate financial concepts** across all levels of the organization

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Decision Criteria

Control

Security

Expertise

Relationship

Service Delivery
Location

Price

Control

- Can we control workflows and software?
- Example: bill pay
- Do we maintain our data?

Expertise

- Experience in nonprofit accounting (restricted funds, cost allocation, revenue recognition, etc.) and nonprofit culture?
- Accounting / bookkeeping test?
- Check references

Service Delivery Location

- On-site, remote local, remote non-local
- Consider readiness with documentation

Security

- What security protocols are in place?
- Audit of internal processes and procedures?
- Backups and disaster recovery

Relationship

- ❖ Who is the point of contact (consistency)?
- ❖ What is the response turnaround time?
- ❖ Is access limited to a fixed number of meetings or communication?
- ❖ Are reports tailored or off-the-shelf?
- ❖ Thought partnership and client capacity development?

Price

- Match the scope to the price.
- Compare to full cost of hiring.
- Every market is different if looking locally.
- Fixed price or hourly rate?

Where Do I Look?

- State and Regional Association Referral Lists
- Your auditor
- Your field and local networks
- NFC Forums

Case Studies



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Q&A

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Key Takeaways

The secrets to outsourcing:

1. Ask multiple colleagues in your field or locale what their experiences with outsourcing have been – positive and negative. Don't skip this step.
2. Remember that you are looking for firms or contractors with deep and nuanced knowledge of nonprofits
3. How assured are you that your contact person will be consistent and competently backed up
4. Take stock of your own needs for financial information – does it include strategic thinking sessions, some coaching, the development and maintenance a dashboard type financial reporting?
5. Find a partner that is able and willing to customize what you need from them to feed your financial leadership capacity
6. Find a partner that has the capacity to stay a step or two ahead of you in terms of strategic, compliance and other emergent issues

Resources and Wrap Up

Stay Connected on the Forum

YOUR FORUM AWAITS...

Most commons have a forum where community members can meet to surface mutual concerns and exchange resources. At the Nonprofit Financial Commons, THIS is that space. Any question you have about nonprofit finances, whether it has to do with high strategy or granular practice, can be brought here. Here you can glean the rich wisdom of your peers and share your own hard-won insights and knowledge. Be and spread the change you wish to see.

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