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**May your right hand always be stretched out in friendship,
never in want...**

-Famous Irish Wish

Dear Friend,

For many nonprofits the outstretched hand of friendship can come in the form of a new outsourcing relationship. Often driven by staff transitions or a leader's desire to maximize efficiencies, reduce risk and operating costs, successfully implementing an outsourcing strategy, whether that be for the entire financial function or just a piece of the operation, takes solid planning and thinking.

In this issue of *Nonprofits Count!*, Henry Lopez, a seasoned professional Manager in outsourced services to nonprofits offers us some guidance on what we need to think about when considering outsourcing as an option. Exploring an outsourcing relationship is the perfect time to answer some fundamental questions about your organization's ability to keep pace with the efficiencies every nonprofit needs to implement to survive in today's *new normal*.

As we move into budgeting for FY12 it is also the perfect time to consider how to maximize automation and, where it could work, outsourcing as an option.

With warmest regards,

Hilda H. Polanco, CPA

Founder and Managing Director

Fiscal Management Associates, LLC

Feature Article

Is Outsourcing the Financial Function Right for your Nonprofit?

By Henry Lopez, Manager, Outsourcing Services, FMA

When determining the proper role for the financial function, an organization has a number of strategic considerations to make. For many nonprofits, that includes the decision to internally conduct financial operations or to employ a third party team so it may outsource this key apparatus.

There are no hard-and-fast rules that pertain to outsourcing, and determining whether relying on outsourced accountants varies on a case-by-case basis. Clearly, however, organizations that face complex reporting needs, but which have limited resources, are more likely to benefit from externally outsourcing their fiscal office.

Here are just some of the considerations to be made when reviewing the need for outside consulting:

Monthly Reporting

What kind of reports does your board and management team need? Do you have the capacity to provide them internally? Monthly reports, tailored to the budget performance of the departments, program managers, and specific programs, all give managers the information they need to manage program activities and to keep them on track with financial goals. Can you trust the reports you're currently producing and what capacity do you have to tailor them to leaders' needs? As data becomes the cornerstone from which more managers make better decisions in the nonprofit world, how reliable are the reports you currently produce and how easily are they produced?

IRS Reporting Requirements

All charitable organizations with annual gross receipts in excess of \$25,000 are required to file IRS Form 990. Complying with such requirements is essential in maintaining a nonprofit entity's 501(c)3 status, and a necessary component of strong financial health. How much thought does your organization put into your 990? Do you include the development office and program officers in completing the form?

Access to Software and IT Resources

Do you get the most out of your accounting software? A well-designed accounting software system benefits organizations by increasing the accounting department's ability to efficiently and effectively record daily transactions and provide management with complete and accurate reports. When is the last time your chart of accounts were reviewed against your needs? Can you track costs by program, location, and contract or whatever you may need for your nonprofit?

Complexity of Funding

If your organization receives a high level of government funding, or funding that is severely restricted according to a variety of contracts and grants, then the corresponding complexity in recording and reporting transactions is greatly heightened. For this reason, when considering outsourcing, you should always review your revenue streams to determine if your accounting systems reflect that complexity.

Current Staff Make-Up

Have you designed ad-hoc measures to handle financial data management? Staff that is not well trained to utilize the accounting software's capabilities can be costly to an organization. Mistakes in correctly reporting income and expenses, as well as time wasted by staff creating data tracking outside of the software system instead of using the system's internal systems, can add up without management realizing their full costs. Are your staff continually professionally developed to keep pace with changing compliance issues? Do you feel confident they have what is needed to manage the finances effectively? If there is a transition in a key financial role, are there back up plans in place to ensure the continuity of services to the agency from the finance office?

There exist a number of other key issues, including the budgeting process, A-133 reporting, as well as board make up and the nature of your organization's audit and finance committees. While no litmus test exists to define whether or not outsourcing makes sense for your organization, regardless of whether you do outsource or not, it is a decision that should be made thoughtfully and revisited at least once a year.

Henry Lopez is FMA's Manager of Outsourced Services. Henry has over 10 years of experience in audit engagements and various specialized accounting programs, including QuickBooks, MAS 90, and Go System Audit. If you are interested in further discussing potential outsourcing options, please contact him at hlopez@fmaonline.net.

[To download a pdf copy of this article, please click here.](#)

[To view past articles, please click here.](#)

FMA Institute Member Spotlight

Every e-alert we spotlight one of the FMA Institute Members. If you'd like to be featured as the next spotlight, please contact us at fmainstitute@fmaonline.net

The logo for Brooklyn Public Library, featuring the text "Brooklyn Public Library" in white, stacked vertically on a black square background.

**Brooklyn
Public
Library**

Brooklyn Public Library (BPL) is an independent library system for the 2.5 million residents of Brooklyn. It is the fifth largest library system in the United States with 60 neighborhood libraries. BPL offers free programs and services for all ages and stages of life, including a huge selection of books in more than 30 languages, author talks, job search help, literacy programs, public computers and the largest WiFi network in the borough. BPL's eResources, such as eBooks and eVideos, as well as catalog information, are available to customers 24 hours a day at their website, www.brooklynpubliclibrary.org

FMA Institute Upcoming Courses

Is your organization a member? Get complimentary access to the nonprofit financial management courses with FMA Institute membership using your organization member code. If you are a member and need your code, please contact us at fmainstitute@fmaonline.net.

You may also take the courses individually without membership. Course fees are listed on the page.

Nonprofit Financial Management Courses

[Budgeting: A Strategic, Team-Based Approach](#) - In person NYC training - March 15th

[Interpreting Financial Statements: What They Really Say](#) - In person NYC training - March 24th

[Finance for the Program Manager](#) - On line - March 24th

[Controls, Efficiencies, and Transparency](#) - On line training - March 29th

Certified Nonprofit Accounting Professional

CNAP

Certified Nonprofit Accounting Professional

NYC In person series starts in April. For the latest information on the on line course dates please check the FMA Institute - CNAP site.

If you play a role in a nonprofit finance office, CNAP is for you. CNAP is the abbreviation for Certified Nonprofit Accounting Professional, a national program that offers nonprofit finance office staff professional certification. Initiated and developed through The National Association of Nonprofit Accountants & Consultants (NPAC) formerly known as the Not-for-Profit Services Association, it is quickly growing to become the gold standard basic training for nonprofit financial professionals.

FMA Institute members get a 15% discount off of the CNAP program when they use the special CNAP code provided to them.

FMA.Jobs

The www.fma.jobs site was established to help connect FMA's clients to job seekers who are committed to excellence in nonprofit financial management and is exclusively for job openings in the fiscal office with a starting salary of

\$50,000 or more. We invite you to visit the site and invite you to post openings (free of charge for FMA clients, FMA Institute Members, and Friends of FMA).

[Click here to read more about the current open positions](#) that may include:

Chief Financial Officer

Chief Financial and Administrative Officer

Director of Budgets and Contracts

Director of Development

Controller (4 openings)

Senior School Accountant

Grants and Contracts - Senior Accountant

[Click here to read more about posting your open jobs.](#) Posting instructions are listed below. Please note jobs openings must be in the fiscal office with a starting salary of \$50,000 or more.

1. Go to www.fma.jobs
2. Click on the "Employers" tab on the left menu
3. Click on "Submit Job"
4. Use the login: [fmajobs](#) and password: [client](#)
5. Click on the "Submit Job" tab on the left menu
6. Enter Job Description, Qualifications, and How to Apply information, as well as Contact Information of the person to notify when the post expires, or in case we have questions.

Text space is limited. Please double check the text in the confirmation email that you receive. If you have any questions regarding posting or the site please email us at jobs@fmaonline.net.

What's New at FMA

MBAF and FMA, an ERE Affiliate, Join Forces



FMA is proud to announced that it will expand its business process automation services through the combination of FMA affiliate ERE LLP, and Morrison, Brown, Argiz, & Farra LLC (MBAF), Florida's largest independent public accountant firm, and its affiliate Solutions@MBAF, a technology consulting practice.

[To read the press release click here.](#)

[To watch a video please click here.](#)

FMA Manager quoted in *New York Times* Article

Amy K. Gudgeon, leads the FMA Midwest office and is responsible for recommending and implementing improvements to organizations' financial management infrastructure, facilitating management decision making on strategic financial issues. She was recently quoted in an article from *The New York Times* titled "[Howard Brown Center Tries to Mend Finances and Reputation](#)" by Jessica Reaves.

[To read the complete article please click here.](#) Ms. Gudgeon's comments are on the second page. To read more about Ms. Gudgeon, please see [our homepage.](#)

FMA Event Recap: Success Stories of Nonprofit Mergers & Collaborations

Fiscal Management Associates, LLC and the Wallace Foundation presented a special morning in Chicago focused on exploring Success Stories of Nonprofit Mergers & Collaborations. A diverse panel of participants explored the national trends in the nonprofit industry, the various approaches to effecting a merger, and key steps for a successful nonprofit collaboration. [Watch a 5 minute clip of the event highlights or click here to learn more about the event.](#)

FMA welcomes New Staff

FMA would like to welcome the following team members: Brian Axelrod, Consultant, Bryn Murray, Associate, and Vanessa De La Ossa, Associate.

The Double Bottom Line

Mr. Mayor: Don't Ignore the Crisis in Nonprofits

By [Hilda H. Polanco](#)

The Huffington Post

Published: March 8, 2011

Hilda suggests how Mayor-Elect Emanuel can strengthen the Chicago Nonprofit Community.

Read more: http://www.huffingtonpost.com/hilda-h-polanco/mr-mayor-dont-ignore-the-b_833199.html

2 Charities Set to End a Merger, Papers Say

By [STEPHANIE STROM](#)

Published: March 6, 2011

The New York Times

Donors sign a petition to stop a merger of two organizations.

Read more: <http://www.nytimes.com/2011/03/07/business/07charity.html>

I.R.S. Takes on Tax Abuse by Charity Support Groups

By [STEPHANIE STROM](#)

Published: February 14, 2011

The New York Times

The Internal Revenue Service has revoked the tax exemption of a number of groups, known as supporting organizations that obscure philanthropies.

Read more: <http://www.nytimes.com/2011/02/15/business/15charity.html>

More College Graduates Take Public Service Jobs

By [CATHERINE RAMPPELL](#)

Published: March 1, 2011

The New York Times

Evidence suggests that more young people are considering public service.

Read more: <http://www.nytimes.com/2011/03/02/business/02graduates.html>

Don't Choose a Charity Based on the Administration Rate

By [Saundra Schimmelpfennig](#), Founding Director, The Charity Rater, LLC

Published: February 16, 2011

The Huffington Post

The majority of people believe that administration costs are an indication of the effectiveness of an organization. This article discusses why that might not always be true.

Read more: http://www.huffingtonpost.com/saundra-schimmelpfennig/dont-choose-a-charity-bas_1_b_823771.html

New YouTube Site Helps Charities Attract Attention and Revenue

January 5, 2011

Philanthropy Today

A new YouTube channel that collects videos posted by nonprofit groups and sorts them by cause will donate a portion of the advertising revenue from views of the clips to the charities, according to tech-news site [Mashable](#).

Read more: http://philanthropy.com/blogs/philanthropytoday/new-youtube-site-helps-charities-attract-attention-and-revenue/30430?sid=&utm_source=&utm_medium=en

Recession Prompts Changes to Scoring for Certain Types of Charities

November 24, 2010

Charity Navigator

Our team of Analysts have evaluated the data from thousands of fiscal year ending 2009 Forms 990 and have come to some conclusions concerning the financial position of charities in 2009.

Read

more: <http://www.charitynavigator.org/index.cfm?bay=content.view&cpid=1171>

Facebook Co-Founder Launches Social Network for Good Causes

By Matthew Hall
December 24, 2010

Facebook co-founder Chris Hughes is only 26 but can already claim to have played a major role in two of the decade's more significant developments.

Read more:

<http://www.aolnews.com/2010/12/24/facebook-co-founder-chris-hughes-launches-jumo-social-network/>

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