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Reclaim Your Time & Resources: The Strategic Advantage of Outsourced Nonprofit Finance

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Reclaim Your Time & Resources: The Strategic Advantage of Outsourced Nonprofit Finance



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Today's Session

- Recognize Signs of Risk in Finance Function
- Understand Trends in Accounting Industry
- Identify Strategic Opportunities for Outsourcing



The Mission-Distraction Dilemma: Is Finance Pulling You Away From Your Mission?

- Leadership spread too thin
- Staff overwhelmed with compliance and reporting
- Difficulty interpreting financial information or translating into meaningful insights





Signs You're in the Danger Zone

When Finance Becomes a Risk, Not a Resource

- Missed deadlines (990s, grant reports)
- Unreliable financial data
- Limited or no cash forecasting
- Difficult & expensive audits

State of the US Accounting Profession

- Large decrease in new talent
 - Accounting Degree Graduates - Down 16.5% from 2015-2022 - *AICPA Trends Report*
- Large percentage of talent nearing retirement age
 - Estimated 75% of CPAs are at or near retirement age - *AICPA*
- Increase in Accounting Jobs Demand
 - 7% job growth in 2024 - *Bureau of Labor Statistics*
- Less available talent and more competition for that talent





Interactive Poll

*Quick Check:
Where Do You Feel the Biggest
Financial Strain?*



Myth vs. Reality

Debunking Common Outsourcing Myths

Myth	Reality
"We'll lose control"	You'll gain <u>more</u> transparency
"It's too expensive"	Costs less than hiring FTE's + Diverse Expertise
"Only large organizations outsource"	Small nonprofits benefit most



Why Outsourcing Makes Strategic Sense: The Big Picture

- Focus leadership energy where it counts
- Get CFO-level guidance affordably
- Improve cash flow forecasting and planning
- Ensure audit-ready records year-round
- Strengthen your team's capabilities
- Leverage tools not affordable as a standalone



Case Study

Annual Revenue: \$3.5m; Donations, Grants, Fee-for-Service

Org Type: Arts & Culture Organization

Presenting Scenario: CEO & CFO vacancies, outsourced monthly bookkeeping to local CPA firm, Board and LT discouraged with lack of visibility to financial insights and analytics needed for strategic financial leadership.

Solution: JMT provided a Business Process Assessment, GL cleanup, new software implementation & support, post-implementation co-sourcing model.

CAAS Service Tiers			
	TIER 1 Basic Accounting	TIER 2 Controllingship & Daily Operations	TIER 3 Financial Planning & Analysis
	<ul style="list-style-type: none"> • Accounts payable processing • Accounts receivable processing • Recurring journal entries • Import payroll activity • Reconcile bank accounts • Reconcile balance sheet accounts • Monthly financial statements 	<ul style="list-style-type: none"> • Cash flow management • Fixed asset management • Loan/lease management & reconciliations • Payroll reconciliations • General ledger entries, analysis, & approvals • Budget & Spend management • Internal controls & daily operations process oversight • Payables management • Revenue management • Grant management, revenue recognition & reporting • Inventory management • Monthly financials with comparisons 	<ul style="list-style-type: none"> • Budgeting & forecasting • Financial analytics, KPI's & benchmarking • Long-term strategic planning • Human capital advisory • Technology advisory
Fixed Monthly Fee	\$5,428	\$10,457	\$13,562

Outsourcing Models: What are your options?

- Traditional Outsourcing
- Co-sourcing
- Strategy
- Process and Technology Advisement
- Data Cleanup/Alignment



Case Study

Annual Revenue: \$92m; 90% government grants

Org Type: Statewide Human Services Organization

Presenting Scenario: Siloed finance technology, significant finance team turnover, manual processes resulting in delayed period close, inaccuracies, lack visibility to financial insights and grant utilization, loss of Board confidence in finance team.

Solution: JMT provided a Business Process Assessment, GL cleanup, new software implementation & support, post-implementation co-sourcing model.





Discussion

What Would Success Look Like for Your Organization?

How to Transition Smoothly



Change Management

Preparing Your Team for Success

- Over communicate benefits clearly to staff – reinforcement/strengthen team vs. replacement
- Set expectations
- Develop a change plan
- Communicate even more
- Offer training
- Celebrate early wins

4 Elements of Effective Plans for Change



STRATEGIC GOALS

What goals does this change help the organization work toward?



KEY PERFORMANCE INDICATORS

How will success be measured? What metrics need to be moved? What's the baseline for how things currently stand?



PROJECT STAKEHOLDERS AND TEAM

Who will oversee the task of implementing change? Who needs to sign off at each critical stage? Who will be responsible for implementation?



PROJECT SCOPE

What discrete steps and actions will the project include? What falls outside of the project scope?



What Does Success Look Like to you?

Action Steps | Where to Start When You Get Back

- Assess your current state
 - Discussions with Leadership
 - Identify pain points, bottle necks



Outsourced Finance Readiness Assessment Worksheet

Instructions: Use this worksheet during or after the session to reflect on your organization's current financial management realities, identify pain points, and begin framing next steps toward possible outsourcing.

Section 1: Quick Self-Assessment

What areas of financial management currently create the most burden for your organization? (Check all that apply)

- Bookkeeping and reconciliations
- Payroll management and reporting
- Budget creation and monitoring
- Grant financial tracking and reporting
- Audit preparation
- Cash flow forecasting
- Strategic financial planning (e.g., long-term projections)

Other: _____

Section 2: Pain Points

In your own words, what are the top 2-3 financial pain points your organization is currently facing?

1. _____
2. _____
3. _____

Section 3: Impact on Mission

How do these financial challenges affect your ability to achieve your mission? (Briefly describe)



Q & A

Ask Away!

Thank You!

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