

The Future of Nonprofit Finance: Outsourcing, Technology & AI

Transforming finance practices in the nonprofit sector



Your Speakers



Dorrie **Franzello-Kurtz**, CPA
dorrie.kurtz@yhbcpa.com



Markisha **Baker**, MBA
markisha.baker@yhbcpa.com



Agenda of Key Topics

- Proper Internal Accounting
- AI and Automation in Financial Management
- Benefits of Outsourcing Accounting and Finance Functions



Internal Financial Reporting:

Keeping your Organization on Track



3 Key Benefits:

1. Supports timely mission specific decision-making.
2. Ensures transparency and accountability to donors, grantors, and boards.
3. Helps leadership allocate resources effectively.



Monthly Close Process for Non-Profit Organizations

Use the Four Rs:

- **Reconcile** – bank accounts, grant balances, and restricted funds.
- **Record** – donations, grants, in-kind contributions, and expenses.
- **Review** – budget adherence, program spending, and fund restrictions.
- **Report** – to executive leadership, program managers, and the board.



Why Monthly Reporting Matters

- Timely data helps adjust programs and spending to stay aligned with funding and mission goals.
- Easier to track **grant compliance** and **restricted fund usage**.
- Supports **strategic planning** and **fundraising efforts**.



Key Reports for Non-Profit Organizations

- Statement of Financial Position
- Statement of Activities
- Budget vs. Actual by Program
- Grant Tracking Reports
- Cash Flow Forecast
- Donor and Fundraising Reports



Cash Flow Management in Non-Profit Organizations

Monitor **grant disbursement** schedules and **donor payment timelines**.

Plan for **seasonal fundraising cycles**.

Maintain **operating reserves** and understand liquidity needs.



Strategic Questions for Non-Profit Organizations

1. Are programs operating within **budget**?
2. Are we meeting grant and donor **restrictions**?
3. Which programs are **under- or over-funded**?
4. Do we need to **adjust** staffing or fundraising strategies?



Key Performance Indicators (KPIs) for Non-Profit Organizations

- Program Efficiency Ratio
- Fundraising Efficiency
- Operating Reserve Ratio
- Grant Utilization Rate
- Donor Retention Rate
- Days of Cash on Hand



AI and Automation in Financial Management



3 Key Benefits:

1. Streamlining Grant Tracking
2. Enhancing Expense Management
3. Ensuring Compliance & Error Reduction



Streamlining Grant Tracking

Automation of Grant Tracking

AI tools can automate the grant tracking process, saving time and reducing manual errors for nonprofits.

Monitoring Funding Opportunities

With AI, nonprofits can easily monitor various funding opportunities and stay updated on potential grants.

Efficient Resource Management

Automating grant tracking leads to a more efficient use of resources, enabling nonprofits to focus on their mission.



Top AI-Powered Grant Management Platforms

1. **Grant Assistant** - A comprehensive AI grant writing toolkit that:
 - Automates compliance matrices and proposal drafting
 - Supports complex RFPs
 - Offers preloaded templates for monitoring, evaluation, and plans
 - Reduces proposal development time
2. **Fluxx Grant Management** - Uses generative AI to:
 - Simplify the grant lifecycle
 - Extract insights from complex application data
 - Enable faster, more informed decision-making
3. **Grantable** - Trusted by over 14,000 teams:
 - Empowers grant professionals with AI-enhanced writing tools
 - Focuses on usability and efficiency



Enhancing Expense Management

Real-Time Tracking

Automating expense management allows nonprofits to track their spending in real-time, improving financial oversight.

Effortless Reporting

Automated systems generate reports effortlessly, saving valuable time for nonprofit organizations and enhancing efficiency.

Error Reduction

Automation reduces the risk of errors in financial reporting, ensuring more accurate financial statements for nonprofits.

Examples: Bill.com, Expensify & Zoho Expense



Ensuring Compliance & Error Reduction

AI in Compliance Management

AI technologies can streamline compliance processes for nonprofits, ensuring adherence to financial regulations effectively.

Error Reduction Techniques

Utilizing AI to highlight discrepancies helps nonprofits reduce errors in their financial reporting and operations.

Automating Processes

AI-driven solutions automate routine processes, allowing nonprofits to focus more on their mission and less on compliance tasks.



Other AI Tools for Non-Profit Organizations:

- **Chatbots:** Provides instant support and answers to common inquiries.
- **Data Analytics Tools:** Enhances program evaluation and donor insights.
- **Social Media Management Tools:** Automates posting and engagement analysis.



Benefits of Outsourcing Accounting & Finance Functions



Definition and Overview of Outsourcing

What is Outsourcing?

Outsourcing is the practice of delegating tasks or processes to external service providers to improve efficiency.

Benefits for Non-Profits

For non-profit organizations, outsourcing can enhance resource management and operational effectiveness, allowing staff to concentrate on their mission.

Operational Efficiency

By outsourcing, organizations can streamline operations and ensure that resources are allocated effectively.



3 Key Benefits:

- 1.Reduction in overhead costs
- 2.Access to specialized expertise
- 3.Improved operational efficiency



Outsourcing Benefits

Reduction in Overhead Cost	Access to Specialized Expertise	Improved Operational Efficiency
Allows Non-profits to save on hiring full-time employees, thus reducing operational costs	Allows non-profits to leverage external expertise, enhancing operational efficiency and effectiveness	Help organizations streamline their processes, making operations smoother and more efficient
Non-profits can allocate more funds directly to their essential programs and services.	Through outsourcing, non-profits gain access to specialized knowledge & skills that may be lacking internally	Achieve faster turnaround times, enabling them to respond quickly to community needs
Outsourcing can streamline operations, improve efficiency while allowing non-profits to concentrate on their mission.	Engaging financial & accounting experts can significantly enhance compliance and lead to better organizational outcomes	Can enhance service delivery, allowing non-profits to improve the quality of services they provide to their communities



Outsourcing Enhances Financial Accuracy & Compliance



Reduction of Errors & Fraud

Utilizing External Providers

Engaging experienced external providers helps non-profits minimize financial errors and reduce the risk of fraud.

Best Practices in Management

Professional oversight ensures adherence to best practices in financial management, promoting transparency and accountability.

Reducing Fraud Risks

Effective oversight measures significantly lower the likelihood of financial fraud within non-profit organizations.



Compliance Regulations & Standards

Importance of Compliance

Compliance with regulations is crucial for non-profits to avoid legal risks and maintain credibility.

Outsourcing Benefits

Outsourcing firms provide expertise in regulatory requirements, helping non-profits navigate complex compliance issues.

Minimizing Legal Risks

By ensuring compliance, non-profits can minimize potential legal risks associated with financial reporting.



Accurate & Timely Financial Reporting



Outsourcing Financial Reporting

Importance of Timely Reporting

Timely financial reporting allows non-profits to make informed decisions and respond quickly to changing circumstances.

Accuracy in Financial Reporting

Accurate financial reports are essential for building trust and credibility with stakeholders, ensuring transparency in operations.

Outsourcing Benefits

Outsourcing financial reporting can enhance efficiency, allowing non-profits to focus on their core missions while ensuring high-quality reports.



Preparing for Future Trends in Non-profit Finance



Adapting to Financial Technology Advancements

Importance of Adaptation
Nonprofits must adapt to the evolving landscape of financial technology to remain competitive and effective in achieving their missions.

Role of AI in Nonprofits
Leveraging AI tools can significantly enhance the operational capacity of nonprofits, improving efficiency and decision-making processes.

Automation Benefits
Automation of financial processes can lead to improved financial health, allowing nonprofits to focus more on their missions.



Future Trends in Nonprofit Finance

Technological Advancements
Nonprofit finance will increasingly rely on technology, influencing how funds are managed and allocated in the future.

Changing Funding Landscapes
Nonprofits must navigate evolving funding sources, including grants, donations, and digital fundraising strategies to thrive.

Innovative Financial Strategies
Adopting innovative financial strategies will be crucial for nonprofits to ensure sustainability and growth in the future.

Agility in Operations
Staying agile in operations allows nonprofits to quickly adapt to changes in finance and resource availability.



Thank you!


