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Client Advisory Services (CAS) for nonprofits:
Practical insights
from leaders
in the field



Are there any clients better positioned to benefit from Client Advisory Services (CAS) than nonprofits?

CAS practices provide a variety of services to clients, ranging from monthly financial statement preparation and accounting with controller-level oversight to differentiated advisory services. These practices have emerged as one of the most important sources of new growth in the accounting profession. Just as important, they help position firms as a trusted advisor to clients — an especially valuable role for clients who may not have the deep financial knowledge they need to make informed decisions when facing difficult finance-related challenges.

Meanwhile, nonprofit leaders are challenged with maintaining a laser focus on their core missions while also grappling with persistent funding, talent, and other resource challenges. They need the type of strong, strategic leadership that gives them the confidence to answer tough questions from their boards, on everything from operational finance to term issues and more. Their finance and accounting departments are at the top of the list of organizational functions that nonprofits could outsource — and today, a growing number of them are doing just that. “In certain circumstances, you have nonprofits that may not know what they need to do, so they’re looking to the accounting firms and the BPO firms for the expertise. And then there’s others that know exactly what needs to be done, and they might just not have the resources,” says Nicole Ksiazek, Senior Director of the Sage Intacct Accountants Program. Even for those that initially use CAS services to tackle routine bookkeeping tasks, firms are well positioned to grow these services into more valuable advisory-level relationships.

Taking advantage of advances in cloud-based software tools that facilitate easy data sharing and collaboration, many nonprofits are allowing CPA firms to take over critical accounting and finance tasks, from baseline accounting to CFO-level advisory roles. Sixty percent of the top 100 firms report seeing an increase in demand for CAS services from nonprofit clients. As a result, these nonprofits benefit from the stability, continuity, and deeper insights into their financial picture that CPAs can provide, tailored to the

unique requirements of nonprofit organizations. Meanwhile, the firms that deliver these services quarter after quarter get a predictable revenue stream and deeper relationships with their clients.

What does it take for CAS firms to succeed with nonprofits? Firm leaders with experience in this industry recognize that their clients’ goals are worlds apart from those of their business counterparts and have learned to modify their approach to nonprofits accordingly. CAS is no exception. In this article, we’ll share current insights from some of the leaders in delivering CAS to nonprofits, drawing from their hands-on experiences.

CAS for nonprofits really is different. Approach it that way.

As firms turn to meet the growing demand for CAS offerings from nonprofit clients, it can be tempting to simply apply the same approach used for other industries to nonprofit clients. But nonprofit clients are truly different — they operate with fundamentally different financial assumptions and seek different goals than their counterparts in profit-making organizations. They need their own template.

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Having the right leadership helps. “One of the missteps we made as a firm, when we first started down the CAS path with nonprofits, was that we had a partner focused on CAS for small businesses try to apply the same approach to nonprofits,” says Jennifer Arbore, partner at The Bonadio Group. “He thought ‘okay, I can just take this and turn it over into its own advisory services group for nonprofits,’ but really didn’t have the experience to serve this specific type of client. There really was a need for CAS on the nonprofit side, but we didn’t align the right resources behind nonprofits initially.”

It’s also important to recognize that different nonprofits have different needs. More sophisticated nonprofits may need more strategic, advisory-level services – and have the resources to afford them. Others may need help with bookkeeping and other transactional support, with the potential to grow into advisory relationships. Firms with CAS practices serving nonprofits report that significant growth is happening in both categories today.

Word of mouth travels further and faster in the nonprofit world

Nonprofits are part of a tight-knit community. They seek to learn from one another, often share board members, and draw from overlapping talent pools. For CAS firms seeking to expand their presence in the nonprofit world, this can be a boon for their new business efforts. “We work with CEOs who are truly excited to share the work we’re doing with them and want to share it with their peers,” says Arbore. “They see that their counterparts don’t have metrics and timely reporting, for example, so they talk to them about what we’re helping them accomplish and the technology we use to do it. As a result, at this point our business with nonprofits is mostly built off of referrals.”

Nonprofits are preparing for a recession

Many firms report that their nonprofit-focused CAS businesses grew considerably as a result of the pandemic. These organizations faced unprecedented financial challenges during that time, and were simultaneously more open to remote collaboration – a perfect opening for CAS offerings. Now, many are girding for a recession, which could bring similar challenges.

Speakers



Jennifer Arbore, CPA—Partner
The Bonadio Group

Jen Arbore joined The Bonadio Group in 2017 as a partner with the firm’s Healthcare/Tax-Exempt Audit Practice. Prior to that she spent 19 years with another large regional accounting firm where she was named the first female partner in 2008 and later appointed head of the Audit Department. In 2019, she noticed the growing demand for internal quality nonprofit accounting resources and decided to join the Outsourced Accounting and Finance Practice. Jen now leads a team of professionals dedicated to providing outsourced accounting services to nonprofit organizations. Her 25 years of experience in public accounting working exclusively with Nonprofits has positioned her extremely well to lead this facet of the outsourced practice.



Ashan Ijaz
CEO, The Ijaz Group

As CEO of The Ijaz Group, **Ahsan Ijaz** specializes in accounting and finance support for nonprofit organizations. Over the last 15 years he has advised numerous non-profit organizations on creating financial strategies that lead to mission success.

Mr. Ijaz has worked closely with numerous nonprofits and their boards. He has led finance teams for nonprofits ranging from \$1M to \$100M in revenue. He has performed CFO duties, prepared accounting policies and procedures, performed finance and accounting system assessments, lease versus purchase analyses, and has years of federal grant reporting experience.

He has extensive experience working with nonprofit boards to assure the reliability of financial records, evaluate the adequacy of internal controls, and produce strategies that help these organizations grow.

"Many of the people in finance roles at nonprofits today have never been in a financial role during a recession," says Arbore. "So today they're asking 'how could we outsource these finance-related tasks to professionals who can help us ensure that we're recession-proofing our organization, for long-term stability?' In this environment, nonprofit clients need services that go beyond bookkeeping – they need trusted advisors who understand their missions, their goals, their financial opportunities and challenges, and can help steer them through potentially perilous economic times.

Value-based pricing works

Given that many nonprofits operate on extremely tight operating budgets, it makes sense that many firms default to pricing structures based on hours spent. But leaders at successful CAS practices say that this approach can be short-sighted – and that their nonprofit clients are more open to value-based pricing than might be expected.

"I know a lot of firms working with nonprofits will say 'it's going to take us 10 hours a month to do this work, so let's multiply that by our rate, and here's the flat monthly fee for the client,'" says Ahsan Ijaz, CEO of The Ijaz Group in Arlington, VA. "We've stepped away from that, and I think charging for the value we deliver to a client is a better approach. It puts the responsibility back on our firm to manage efficiency, technology, and staffing. Look at the client's budget, look at the scope of work they need, and set a fee based on the value you can deliver to that exact client, based on their revenue."

Nonprofit CAS clients should use your technology

Clients always bring their own technology to their relationships with firms. Often, firm leaders will decide that it's best not to rock the boat, and will find ways to accommodate clients' preferences. In CAS, this is a particularly bad idea. Because successful CAS practices are built on uniformity and repeatability – the fewer variations, the easier it is for firms to serve more clients at a higher level, profitably.

CAS leaders in the nonprofit realm are united in their conviction that clients should use the firm's preferred solutions, and not their own. "We're at the point today



Nicole Ksiazek, CPA, CGMA

Senior Director, SIAP Strategy and Sales
Sage

Nicole M. Ksiazek, CPA, is the Sage Intacct Accountants Program Director. She concentrates on working with accounting firms and creating resources for the growth of their cloud-based accounting services practices utilizing the Sage Intacct cloud financial management software and SIAP Program in partnership with CPA.com. She works on best practices for vertical industry focus, pre-sales support and scoping and solutions management for complex business scenarios.

She has more than 20 years of experience and previously worked with a top ten accounting firm.



Ashley Doyen

CAS Product Account Manager
CPA.com

Ashley Doyen is passionate about helping firms utilize cloud technology to transform their client advisory services (CAS) practice. Having worked with the accounting profession for 12+ years, Ashley uses her experience to advise hundreds of firms on how to build a high-growth practice. As CAS Product Account Manager, she takes a holistic approach by focusing on all aspects of the CAS practice including its people, processes, and technology that will ultimately enhance client relationships.

where clients have to be willing to switch to our system," says Ijaz. "Not just technology, but all our systems – all within coming on board within a period of time. We know that can't happen on Day 1, but within six months we want clients to migrate off of their systems. That's how we're going to be able to deliver on the promises we're making to nonprofit clients. We're promising metrics, instant information, and up-to-date financials. It can't happen if

they're only halfway in. We'll stick to their systems in the beginning, but make sure they've committed to onboard with us."

It helps for firms to show clients what is possible using the advanced technology solutions deployed in their CAS practices. Dashboards have a big role to play here. "Say you want to break down the nonprofit's spending on grants," says The Arborio Group's Jennifer Arbore. "At our firm, we'll pull up a Sage Intacct dashboard populated with their grant data to show them what's possible. It always gets a big smile from these clients, because the dashboards are incredible. It makes it easy to sell them on our firm – and on the software tools we want them to use as part of our relationship."

Ashan Ijaz agrees. "We often show clients a liquidity tracker, which shows the current burn rate of their cash," he says. "They're also impressed with the grant tracker dashboard, which shows the grant data, its start date and end date, its period of performance, the burn rate, how much is left, and more, to help show them whether it's going to wrap up by the expected time, and whether they need to ramp up or down to meet expectations. This type of ability is well beyond what most are able to do today."

What to do now

Whether your firm already has a CAS practice and is looking to expand its nonprofit portfolio, or does not currently have a CAS practice but is seeking new ways to better serve nonprofit clients, you can learn from the experiences of peers who have been operating at the front lines of client service to this important sector. Delivering high-value client advisory services (CAS) to the nonprofit industry, an on-demand webinar hosted by CPA.com, is a great place to start. **This webinar features leaders from The Bonadio Group, The Ijaz Group, CPA.com, and Sage Intacct, speaking to their experiences and insights gained working with CAS practices focusing on nonprofits.**

About the Sage Intacct Accountants Program

To help firms take advantage of the growth opportunity in client advisory services (CAS), CPA.com and Sage Intacct developed the Sage Intacct Accountants Program.

Through the Sage Intacct Accountants Program, firms are leveraging the best-in-class advisory capabilities of Sage Intacct to deliver high value engagements such as virtual CFO-level outsourced advisory services for their clients. Designed for advisory firms, the program offers access to an Accountant console as well as a plethora of industry leading resources, tools, education and support.

To learn more about Sage Intacct from CPA.com, please contact our team at inquire@hq.cpa.com or by calling 1.855.855.5CPA.