

The Village Learning and Achievement Center

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When it comes time to prepare for an annual financial audit, many nonprofits find themselves underprepared and overwhelmed. Most organizations have spent the year focused on generating revenues, watching costs and serving their mission - not on their work papers. When the auditors arrive, the organization has to stop in its tracks to create an audit trail.

While financial audits are a necessary requirement in order to maintain tax exemption status and secure certain types of funding, the audit process can be long and can reduce productivity by tying up staff and resources. Additionally, given their limited budgets, it's difficult for nonprofits to compete in the marketplace for talented and qualified accounting professionals. These struggles were a reality for The Village Learning Center, until they reached out to GrowthForce for help.

The Situation:

The Village Learning Center is a Kingwood, Texas-based nonprofit organization serving children and adults with disabilities. Since launching in 2000, they quickly discovered that their community-based services were in high demand, and short supply. This

resulted in rapid growth for The Village – expanding from one to five locations in a very short time frame.

On top of the growth, The Village was experiencing frequent turnover in their bookkeeping role. This left them with out-of-date books and limited financial insight, and often resulted in typical cash flow uncertainty for the nonprofit - an issue that impacted payroll and future funding alike. *“Given the level of complexity involved in nonprofit fund accounting, combined with the competitive nature of the accounting industry and the limited salary and resources a nonprofit has to offer, it’s not surprising so many nonprofits struggle with getting timely, accurate financial information,”* explained **GrowthForce CEO Stephen King, CPA CGMA.**

The Village’s accounting pain came to a head when the time came to prepare for its annual audit. Like most nonprofits, an annual audit is required to complete foundation grant applications as well as submit cost reporting to government agencies that fund its programs. When the agency was preparing for its scheduled financial audit by **CPA Firm Reimer, McGuinness & Associates** in 2008, it became quickly apparent that outside help was needed in order to get the books in suitable shape for the audit to be performed. *“For nonprofits, it’s crucial that the books stay in order and agree with the numbers reported to government agencies, and that supporting documents are in place,”* explained **GrowthForce Service Operations Manager James Kahn.**

The Solution: GrowthForce Outsourced Controller Services

When GrowthForce was first recommended to The Village by a board member, the opportunity was presented as a way to clean up the nonprofit’s books, optimize their accounting system, and deliver timely month-end closing and financial reporting to

satisfy the needs and inquiries of the Board of Directors, the development team, and the auditors. Following initial catch-up and cleanup, GrowthForce started providing outsourced controller services. In this capacity, The Village's dedicated GrowthForce service team – comprised of a bookkeeper, staff accountant and accounting manager – implemented disciplined processes and procedures to allow for the delivery of timely, accurate financials, as well as provide oversight of the nonprofit's in-house bookkeeper.

*"When the opportunity to outsource to GrowthForce was presented to me, I immediately knew that their involvement was critical because our staff did not have the necessary accounting background to properly handle and keep pace with the financial management needs of our growing organization," explained **Founder and CEO Kim Brusatori**. "Our management team needed to focus on serving clients – without worrying about overseeing the accounting functions."* In addition to the growing demands on the in-house staff, Brusatori was interested in a scalable solution that would allow the agency to add and subtract services based on their current situation without having to make tough decisions about firing or hiring in-house staff.

The Results: Timely, Accurate Financial Information and Audit-Ready Books

When GrowthForce stepped in, the first task tackled was the design and optimization of a new accounting system for the organization to meet their nonprofit accounting needs. Next, the agency's dedicated GrowthForce service team caught the agency's books up to date, and implemented disciplined processes, procedures and training to allow the partnership between the GrowthForce and Village teams to deliver timely, accurate financials moving forward. GrowthForce also provided oversight and training for the in-house bookkeeper.

As a result of the newly designed accounting system and disciplined workflow, the GrowthForce team was able to perform a timely month-end closing process, ensure proper coding of all financial transactions, and prepare monthly financial reports and a custom Board of Director's report package.

In addition to reducing the in-house bookkeeping burden, GrowthForce was able to reduce audit-related expenses by delivering audit-ready books to the agency's CPA firm. GrowthForce's clean up and catch up work allowed the auditors to successfully complete the 2007 audit. Furthermore, the new accounting procedures established by GrowthForce helped streamline future audits, allowing the CPAs to complete the next audit in just three months. Kahn explained, *"When documents are on hand for the CPAs, it saves the auditors time, resulting in fewer billable hours to the client. The auditors are happy because they reduce the amount of non-billable time due to constant rescheduling of audit start dates."*

Randy Reimer, CPA with Reimer, McGuinness & Associates, CPA, the partner in charge of handling the Village's audit stated, *"It was great to work with GrowthForce since they fully understand the accounting and audit schedules needed to complete an audit. It is also a plus that GrowthForce is an independent third party. There is no doubt that GrowthForce made a big difference in the time required to conduct the audit for the current year."*

As a result of the newly designed accounting system and institution of disciplined accounting processes and procedures, GrowthForce continues to deliver on the promise of a timely month-end closing process, accurate monthly financial reports, meaningful Board of Director's report package, and audit support as needed. As for their funding requirements, with GrowthForce's help, the fundraising staff can now readily access the data needed to complete grant applications. This has allowed the

Village to submit its Home Community Services (HCS) Medicaid Waiver cost report on time; a state required report to show how Medicaid payments are appropriated. An additional advantage is that the Board of Directors is now issued financial reports the week prior to meetings, allowing ample time for thorough review.

To date, GrowthForce's reliable services continue to save the organization time, money and worry. *"GrowthForce helped The Village get back on track. They are the perfect solution for our organization because they offer the skills necessary to get the job done accurately and on time,"* shared **Brusatori**.

GrowthForce Delivers:

Peace of Mind: By outsourcing the controller services, The Village's Board has peace of mind that a second set of eyes is reviewing the numbers.

Financial intelligence: The Cash Flow Forecasting Report and Profit and Loss By Class for each Department allow the board to know where to focus management efforts. This information drives cost analysis, which in turn helps with fundraising.

Scalable Solution: GrowthForce's flex staffing allows The Village to add and subtract accounting services based on their current situation, without having to make tough decisions about firing or hiring in-house staff.

Fraud Reduction: GrowthForce provides oversight of existing staff and helps The Village leverage them fully. The agency can look at actual Profit and Loss versus Budget for each service, including cost centers for every department. This gives the board immediate visibility into problems.



GrowthForce can help your agency put the power in your numbers.
Call today to set up a 20-minute financial management consultation.

877-735-7693
contact@growthforce.com