

NONPROFIT
INDUSTRY

“Raffa/Marcum has been a cost-effective, efficient, and highly professional solution to our own challenges, and I know that they would provide the same kind of support and benefits to peer institutions.”

CASE STUDY:

Marcum Helps Nonprofit Leadership Focus on Mission by Managing Critical Back-Office Financial Functions

ABOUT THE CLIENT

The mission of this global fund, a progressive family foundation, is to support people-powered movements to advance democracy and rights and to fight for a healthy planet. The fund awards grants around the globe to advance a sustainable planet where social justice and respect for human rights can flourish.

THE CHALLENGE

The foundation's new executive director was looking for ways to reduce the operating budget in order to increase grant-making and put more resources into social change. Funds are unique entities with complex needs stemming from their complex investments, and because our client awards a significant number of grants annually, the fund felt it was important to have personnel in place who were familiar with the kinds of challenges and regulations associated with this particular sector. Like many of the organizations they fund, the client was a small operational entity, yet needed the highest quality professional administrative services, which they could not always afford on staff. The executive director also put a high priority on due diligence and transparency.

THE GOAL

The client sought an outsourcing solution primarily for financial reasons and because she wanted the confidence that comes with experienced professional services and proven management controls.

THE PROCESS

A comprehensive organizational assessment and operations review made it clear that outsourcing the fund's accounting and human resources work would bring highly cost-efficient and compliant measures to the organization.

The managed accounting services team met with key employees to get a clear understanding about the organizational needs and structure of the Foundation. With a better understanding of their reporting requirements, Marcum was able to assist the client in developing a chart of accounts and identifying the best accounting software to fit their needs. More than a decade later, the fund still utilizes the same accounting system that we implemented at the very beginning of our engagement. We helped develop policies and procedures, an accounting manual, a grants processing system and internal controls. We also assisted in cleaning up the accounting records and standardized account reconciliations including the investment portfolio. As a result of the redesigned financial infrastructure and improved internal controls, the Foundation has consistently received clean audits and reviews through the years.

In addition to ongoing accounting services, which includes annual budget preparation and quarterly review of budget vs. actual results, Marcum presents quarterly financial results to the organization's Finance Committee.

THE SOLUTION

What began as an interim solution during a transitional period for the organization, evolved to become the Fund's longstanding business model for managing its critical back-office financial functions. Over time, the executive director became convinced that outsourcing was the best permanent solution for the organization, and today, the fund remains committed to this operating model, recognizing that an outsourcing approach is effective as well as cost efficient, and that it reduces the administrative burden on staff while helping the organization solve its most pressing day-to-day organizational challenges.

The executive director admits, "Quite frankly, I previously thought it would be better to have somebody sitting in the office next to you day-to-day, and that has not been our experience. The Marcum team is part of our team. It's seamless, and it's efficient. Working with Raffa/Marcum has freed up the foundation's leadership to focus on other aspects of the operations of the organization, and to devote more time to the program and, therefore, the mission of the organization."

