

CERINI & ASSOCIATES, LLP | CERTIFIED PUBLIC ACCOUNTANTS
PRESENTS

NFP ADVISOR

VOL. 30
FALL 2024



CERINI & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS



- PREPARING FOR AN AUDIT**
- FINDING THE BEST FIT:
HIRING AN OUTSOURCED OR INTERNAL
ACCOUNTANT FOR YOUR NON-PROFIT**
- INVESTING IN STAFF GROWTH:
THE KEY TO RETENTION AND
SUCCESSION PLANNING IN NONPROFITS**
- MAXIMIZING NONPROFIT GIVING
IN AN ELECTION YEAR:
STRATEGIES FOR SUCCESS**

COVER IMAGE PROVIDED BY



BRINGING A UNIQUE UNDERSTANDING OF KEY ISSUES FACING NOT-FOR-PROFIT ORGANIZATIONS



EDITOR

MATTHEW BURKE, CPA
CERINI & ASSOCIATES, LLP
PARTNER

CONTRIBUTORS

WRITERS

CRYSTAL HARVEY
CERINI & ASSOCIATES
SUPERVISOR

MAHNAZ CAVALLUZZI, CPA
CERINI & ASSOCIATES, LLP
DIRECTOR

LAUREN GRANDINETTI
CERINI & ASSOCIATES, LLP
SUPERVISOR

ASSOCIATE EDITOR

KEN CERINI, CPA, CFP, FABFA
CERINI & ASSOCIATES, LLP
MANAGING PARTNER

PAGE LAYOUT & DESIGN

KRISTINA LAINO-TORTORICE
CERINI & ASSOCIATES, LLP
GRAPHIC DESIGNER

COVER IMAGE PROVIDED BY
PAL-O-MINE EQUESTRIAN, INC.
WWW.PAL-O-MINE.ORG



Pal-O-Mine Equestrian began in 1995 as a therapeutic horseback riding program for individuals with disabilities and other vulnerable populations. Our mission has been, and continues to be, to provide a comprehensive therapeutic equine program using horses to facilitate growth, learning and healing. Our populations include children and adults with disabilities, those who have been abused or neglected, the military and the impoverished.



As we navigate a rapidly changing landscape in 2024, nonprofits continue to face a unique set of challenges and opportunities. With ever-increasing demand for services, shifts in donor expectations, and evolving regulatory requirements, organizations like yours are always being asked to do more with less, all while planning for long-term sustainability. The changing of the seasons doesn't seem to change these overall themes, but there are certainly some more heightened pressures that are unique to the period of time we're living in now. In this edition of the NFP Advisor, we're honing in on three major issues that nonprofits may or should be grappling with right now: staff retention and succession planning, finding and hiring qualified accounting/finance professionals, and how to prepare for and respond to the 2024 election.

Investing in staff growth is crucial for nonprofit retention and succession planning, as many leaders near retirement. With relative few nonprofits having formal succession plans, developing internal talent is essential. A strong retention strategy, leadership development, and promoting from within help nonprofits retain top talent and maintain organizational stability. We provide some insights into how to build a dedicated workforce and ensure smooth leadership transitions for future success.

A related challenge is the ability to find and retain qualified accounting staff, a crucial part of any nonprofit's sustainability. So few people are entering the accounting and finance fields in general, and this dearth of talent is having a major impact on nonprofits. The financial management of a nonprofit organization is complex, with regulations and reporting requirements that must be navigated carefully. Attracting skilled accounting professionals to the nonprofit sector is often difficult, given the higher salaries offered in the private sector. We provide solutions and food for thought, including potentially outsourcing accounting functions. By partnering with an experienced accounting firm, nonprofits can access the expertise needed without the burden of full-time hires.

As we are now embroiled in a volatile election cycle, it's important for nonprofits to be strategic in their fundraising and other efforts. Historically, election years can create uncertainty, with donors shifting their focus toward political contributions. However, this period also presents many opportunities. Many donors are looking for ways to make an impact in their communities, especially in areas that align with their values. Nonprofits should capitalize on this heightened sense of engagement by emphasizing the urgency and relevance of their work. We write about ways that your organization can thrive throughout this uncertain election cycle, both before and after, and harness this unique period of time to succeed.

For nonprofits, the challenges are ever-present and numerous, but so too are the opportunities. By focusing on strong leadership transitions, securing qualified financial expertise, and maximizing donor engagement, nonprofits can continue to excel in the rest of 2024 and beyond. Thank you for your continued dedication to your mission, and we look forward to seeing the incredible impact you will achieve in the year ahead. As always, if there's anything that we can do to help serve your organization, please don't hesitate to contact us.



PREPARING FOR AN AUDIT

Regardless of the type of audit you're gearing up for, the preparation phase can be daunting. Your head might be spinning as you try to determine where to begin. I've organized some thoughts that I hope will assist you and serve as somewhat of a checklist to get you through this stage. As always, this is not all-inclusive, as every organization has different needs and, therefore, may require more or less from these suggestions.

CONSIDER HAVING A PRE-AUDIT MEETING.

This is a great opportunity for the planning phase of the audit. As the auditee, prepare for such a meeting by gathering questions from your Board, your colleagues, and yourself. **Has anything changed in your organization, such as key personnel, funding streams, significant capitalization of expenses, leasing arrangements, litigation, misappropriation of assets, change in software or service providers, etc.?** This is a great time to bring these up as it could create the need for a change in planned auditing procedures. It's ideal to express expectations regarding timeline and deliverables at this meeting as well. It's most productive if everyone involved (*auditor and auditee*) is ready and available for the audit concurrently. If no formal meeting is taking place, these conversations can happen over a quick phone call.

ARE THERE ANY CHANGES IN ACCOUNTING STANDARDS?

Unfortunately, accounting standards are always changing, so this adds a level of intricacy. Thankfully, not all new accounting standards apply to everyone. If something new applies to your organization, it's very important to read up on the change and ensure that your accounting records are compliant.

WHAT WERE THE RESULTS OF LAST YEAR'S AUDIT?

First and foremost, *were your financial statements given an unmodified opinion?* If not, it's important to understand why and what could be done to fix it. While considering prior year audit results, it's imperative to review the required communications letter and, if applicable, management letter. These documents will explain if there were any material weaknesses, significant deficiencies, other notable issues, and sometimes even best practices. **What needs to be done by your organization prior to the commencement of the audit that could remove these comments going forward?** Lastly, review any journal entries that were made as a result of the audit so you can ensure they are considered during your year-end closing procedures from now on.

SELF-REVIEW YOUR TRIAL BALANCE.

Your organization's year-end closing procedures should be performed first but printing a trial balance afterward is a great way to ensure you're looking at every account for accuracy. **Does your current year opening net assets match your ending net assets from your prior year financial statements? Have the cash accounts been reconciled? Is your investment activity recorded for the year? Are adjustments needed for prepaid expenses, accrued expenses, or deferred revenue? Has billing been completed through year-end or are all eligible expense reimbursement claims entered as receivables? Are any receivables deemed uncollectible? Has depreciation expense been entered for the year? Are all expenses properly classified or allocated?** Now is the time to make these corrections.

OBTAIN A REQUEST LIST, ASSIGN TASKS, AND ORGANIZE DOCUMENTATION.

It's time to dive in! Ask your designated audit team for a request list and determine how documentation will be provided (*i.e. electronically via secure online portal or on-site visit*). Designate a main audit contact at your organization and ensure your auditors are aware of who that is. Review the request list and delegate tasks to your colleagues, if necessary. Label documents by task number to help you and your auditors stay organized. This also helps to prevent duplicate requests.

Preparation can help identify obstacles or errors that can be tackled before an audit even begins. It saves time and gets you in the right headspace. Preparing ahead of time ensures a successful and productive audit process overall.

CRYSTAL HARVEY
SUPERVISOR





FINDING THE BEST FIT: HIRING AN OUTSOURCED OR INTERNAL ACCOUNTANT FOR YOUR NON-PROFIT

Non-profit organizations operate under a unique set of financial regulations and accounting standards, making it imperative to hire an accountant who is well-versed in non-profit accounting. Whether you decide to hire an outsourced accountant or bring an accountant onto your staff, here are essential considerations and tips to ensure you find the right fit for your non-profit.

KEY CONSIDERATIONS

EXPERIENCE IN NON-PROFIT ACCOUNTING

One of the most critical factors when hiring an accountant for a non-profit is their experience in non-profit accounting. Unlike for-profit entities, non-profits must adhere to specific regulatory requirements, including fund accounting, grant management, and donor restrictions. An accountant unfamiliar with these nuances could lead to compliance issues and mismanagement of funds.

COST AND BUDGET

Cost is a significant factor for non-profits, which often operate on tight budgets. Compare the cost of an outsourced accountant versus an internal accountant. Outsourcing can be more cost-effective for smaller non-profits, while larger organizations may find that a full-time internal accountant provides more value in the long run. If interested in hiring an outsourced accountant, understanding the accountant's fee structure is crucial for budget planning. Ensure that the fees are transparent, and there are no hidden costs. Discuss the billing practices to avoid any future misunderstandings.

FLEXIBILITY AND AVAILABILITY

Consider the level of flexibility and availability you need. An outsourced accountant may offer more flexible hours and services on an as-needed basis, but an internal accountant will be readily available and more integrated into the day-to-day operations of the organization.

SOFTWARE PROFICIENCY

Ensure that the candidate is proficient in accounting software commonly used by non-profits, such as QuickBooks, Blackbaud, Fund-EZ, or other fund accounting systems. Familiarity with these tools can streamline financial reporting and enhance accuracy.

SPECIFIC QUESTIONS TO ASK

The scope and complexity of non-profit accounting require specialized knowledge and experience. Therefore, it is essential to ask the right questions to ensure you are engaging a competent and reliable professional. Here are some pivotal questions to consider during the hiring process:

1.

WHAT IS YOUR EXPERIENCE WITH NON-PROFITS?

Non-profit accounting differs significantly from for-profit accounting. It involves unique aspects such as fund accounting, grant management, and compliance with regulations specific to non-profit organizations. Ensure the accountant has substantial experience working with non-profits and understands the nuances of this sector.

FOLLOW-UP QUESTIONS:

- ▶ Can you provide examples of non-profit organizations you have worked with?
- ▶ What accounting challenges have you encountered and how did you resolve them?

2.

ARE YOU FAMILIAR WITH NON-PROFIT ACCOUNTING STANDARDS?

Non-profits are governed by distinct accounting standards, such as the **Financial Accounting Standards Board (FASB)** guidelines for non-profits. It is crucial that the accountant is well-versed in these standards to ensure compliance and accurate financial reporting.

FOLLOW-UP QUESTIONS:

- ▶ How do you stay updated with changes in non-profit accounting standards?
- ▶ Have you ever encountered issues with FASB compliance? How were they resolved?

3.

HOW DO YOU HANDLE FUND ACCOUNTING AND RESTRICTED FUNDS?

Fund accounting is a critical component of non-profit financial management. The accountant should understand how to manage and report on various funds, including restricted and unrestricted funds, to ensure transparency and accountability.

FOLLOW-UP QUESTIONS:

- ▶ Can you explain how you manage restricted funds?
- ▶ How do you ensure accurate tracking and reporting of all funds?

(CONTINUED ON NEXT PAGE)



4. WHAT IS YOUR APPROACH TO GRANT AND DONOR MANAGEMENT?

Grants and donations are lifelines for many non-profits. It is essential that the accountant has experience managing these funds, ensuring compliance with donor restrictions, and preparing accurate financial reports for grantors.

FOLLOW-UP QUESTIONS:

- ▶ How do you manage grant compliance and reporting?
- ▶ Can you share a scenario where you helped a non-profit manage a complex grant?

5. HOW DO YOU ENSURE COMPLIANCE WITH NON-PROFIT REGULATIONS?

Non-profits must adhere to a myriad of regulations at the federal, state, and local levels. The accountant should be knowledgeable about these regulations and have a robust process for ensuring compliance.

FOLLOW-UP QUESTIONS:

- ▶ What steps do you take to ensure regulatory compliance?
- ▶ How familiar are you with the IRS Form 990 and annual state reporting requirements?
- ▶ Have you ever faced a compliance issue? How did you address it?

6. WHAT STRATEGIES DO YOU USE TO ADDRESS PROBLEMS?

Effective communication is vital for a successful working relationship. The accountant should be able to explain complex financial concepts in a way that is understandable to non-financial staff and board members.

FOLLOW-UP QUESTIONS:

- ▶ Can you provide an example of a time when your communication skills helped resolve a financial issue within a non-profit organization?
- ▶ How often will you provide financial updates and reports?

7. CAN YOU PROVIDE REFERENCES?

Speaking with other non-profits that have worked with the accountant can provide valuable insights into their reliability and effectiveness. Ask for references and follow up with them to get a sense of the accountant's performance and client satisfaction.

FOLLOW-UP QUESTIONS:

- ▶ Can you provide contact information for some of your non-profit clients?
- ▶ What feedback have you received from your clients?

WHERE TO FIND QUALIFIED INDIVIDUALS

PROFESSIONAL NETWORKS AND ASSOCIATIONS

Leverage professional networks and associations dedicated to non-profit management, such as the National Council of Nonprofits or the Association of Fundraising Professionals. These organizations often have job boards and can recommend qualified candidates.

INDUSTRY-SPECIFIC JOB BOARDS

Use industry-specific job boards that cater to the non-profit sector, such as Idealist, NonprofitJobs, or The Chronicle of Philanthropy. These platforms attract candidates with relevant experience and a passion for non-profit work.

CONSULT WITH OTHER NON-PROFITS

Reach out to other non-profits in your network for recommendations. Peer organizations can provide valuable insights and referrals based on their experiences.

CONSIDER TEMP AGENCIES SPECIALIZING IN NON-PROFITS

Some temp agencies specialize in placing accounting professionals in non-profit organizations. These agencies can provide temporary or temp-to-hire solutions, allowing you to assess the candidate's fit before making a long-term commitment.

OFFER COMPETITIVE COMPENSATION

While budget constraints are a reality, offering competitive compensation can attract higher-quality candidates. Ensure that your salary and benefits package is in line with industry standards to attract and retain top talent.



IN SUMMARY

Making the choice to hire an outsourced accountant or internal accounting staff member for a non-profit organization requires careful consideration and due diligence. By focusing on candidates with specific non-profit accounting experience, asking the right questions, and utilizing targeted recruitment strategies, you can ensure that you are engaging a professional who has the necessary expertise, experience, and approach to manage your non-profit's finances effectively. The right accountant will not only help in maintaining financial integrity but also contribute significantly to the organization's success and sustainability.

**MAHNAZ CAVALLUZZI, CPA
DIRECTOR**





INVESTING IN STAFF GROWTH: THE KEY TO RETENTION AND SUCCESSION PLANNING IN NONPROFITS

In the nonprofit sector, where the mission often outweighs monetary incentives, the importance of investing in staff growth cannot be overstated. As a significant portion of the nonprofit workforce nears retirement, with 67% of CEOs planning to leave their positions within the next five years, the urgency for robust succession planning and employee retention strategies has never been greater. Unfortunately, many nonprofits are ill-prepared for this transition, with only 27% having a written succession plan and a mere 17% of smaller organizations under \$1 million possessing such plans. To bridge this gap, nonprofits must focus on developing their internal talent and creating a culture that values promotion from within.

1. THE NECESSITY OF A FORMAL RETENTION STRATEGY

A strong retention strategy starts with intentionality. According to a survey by Nonprofit HR, 84% of nonprofits lack a formal recruitment strategy, leading to less efficient talent acquisition and retention. Nonprofits should begin by benchmarking their current employee retention rates and conducting exit interviews to understand why employees leave. This data is critical for developing a targeted retention strategy that aligns with organizational goals.

By putting a formal retention strategy in place, nonprofits can ensure that they are not only attracting but also retaining top talent. This strategy should include clear pathways for staff development and opportunities for advancement, which are essential for keeping employees engaged and committed to the organization's mission.

2. LEADERSHIP DEVELOPMENT AND SUCCESSION PLANNING

Leadership development is a cornerstone of effective succession planning. Nonprofits must cultivate the next generation of leaders by providing opportunities for growth and development within the organization. This involves more than just filling roles; it's about building a 'leadership-legacy' where current leaders are intentional about creating opportunities for others to step up.

This process requires a continuous practice of identifying, recruiting, and developing individuals with the skills necessary to carry out the organization's vision. It's also crucial for leaders to be mindful of creating equitable opportunities, ensuring that leadership development is accessible to all staff members, regardless of their current role.

3. PROMOTING FROM WITHIN: A STRATEGIC ADVANTAGE

Promoting from within not only boosts employee morale but also ensures continuity and stability within the organization. Employees who see a clear path for advancement are more likely to stay and invest in the organization's success. This approach also allows nonprofits to retain institutional knowledge and maintain the trust and relationships that staff have built over time.

Lateral and vertical growth opportunities are both important in this regard. Lateral growth, which includes expanding an employee's skill set within their current role, helps keep employees engaged and prepared for future leadership positions. Vertical growth, on the other hand, involves clear pathways for promotion, which can be facilitated by creating a formal career path strategy and succession plan.

4. INVESTING IN TRAINING AND DEVELOPMENT

A commitment to staff development is essential for both retention and succession planning. Nonprofits should invest in training and development programs that allow employees to build their skills and prepare for future leadership roles. This could include mentorship programs, professional development budgets, and opportunities for employees to attend conferences or pursue further education.

By prioritizing staff development, nonprofits not only enhance the capabilities of their workforce but also demonstrate a commitment to their employees' long-term success. This investment pays off by reducing turnover and ensuring that the organization is well-prepared for leadership transitions.

5. BUILDING A CULTURE OF TRUST AND RECOGNITION

A culture that values trust and recognition is key to retaining top talent. Employees who feel trusted and appreciated are more likely to remain with the organization. Regular recognition, whether through formal programs or simple acts of gratitude, reinforces a positive work environment where employees feel valued.

In addition, transparency and open communication are vital. When employees are kept informed about the organization's direction and are invited to contribute to decision-making processes, they are more likely to feel invested in the organization's future.

As the nonprofit sector faces a wave of retirements, investing in staff growth and promoting from within are not just strategies for retention—they are essential components of effective succession planning. By creating a culture that values development, nonprofits can ensure that they are not only prepared for the future but are also cultivating a dedicated and capable workforce that is committed to the mission for the long haul.



LAUREN GRANDINETTI
SUPERVISOR





MAXIMIZING NONPROFIT GIVING IN AN ELECTION YEAR: STRATEGIES FOR SUCCESS

As the 2024 US presidential election draws closer, nonprofits face unique challenges and opportunities in their fundraising efforts. With the political landscape dominating headlines and shaping public discourse, it's essential for nonprofit professionals to navigate these waters thoughtfully. Here's how nonprofits can maximize their giving in an election year by understanding the landscape, adapting strategies, and leveraging opportunities.

UNDERSTANDING THE ELECTION-YEAR LANDSCAPE

1. IMPACT OF POLITICAL CAMPAIGNS:

The misconception that political campaigns divert funds away from charitable causes is often overstated. While political giving does spike during election years, it typically represents a small fraction of overall charitable donations. For instance, political contributions in 2024 are projected to be around \$2.7 billion, a fraction of the nearly \$500 billion in charitable giving expected this year.

2. HISTORICAL TRENDS:

Historical data shows that charitable giving tends to increase in nine out of ten presidential election years, despite political fundraising activities. Notably, the increase in political donations does not necessarily result in a reduction in charitable contributions. In fact, studies suggest that donors who contribute to political campaigns often increase their overall charitable giving.

STRATEGIES FOR EFFECTIVE FUNDRAISING

1. BOLD AND CLEAR COMMUNICATION:

In a politically charged environment, it's crucial for nonprofits to take a bold, unapologetic stance on their mission. Clearly articulate what the public and politicians should do to drive change. This approach helps differentiate your organization amidst the noise of election campaigns.

2. LEVERAGE DIGITAL MOBILIZATION:

Election years present an opportunity to boost digital engagement. Use this time to grow your supporter base and connect with your audience through digital platforms. ACLU's example from the 2016 election shows the potential for increased engagement and donations when leveraging timely, relevant messaging.

3. ENSURE TECHNOLOGICAL READINESS:

Prepare your technology infrastructure to handle potential surges in engagement. Ensure your CRM, donation platforms, and website are scalable and robust. The high volume of traffic and donations seen during past election years underscores the importance of having reliable technology in place.

4. ADJUST ADVERTISING AND OUTREACH:

Plan your advertising strategies carefully. Political campaigns will increase competition for ad space and may lead to higher costs and stricter scrutiny of ad content. Adjust your ad timelines and be prepared for potential delays or restrictions. Consider keeping evergreen ads live and pausing major campaigns close to the election.

5. REFINE EMAIL AND DIRECT MAIL TACTICS:

Be thoughtful about your email and direct mail campaigns. Avoid election-related themes unless directly relevant to your mission. Adjust your mailing schedules to avoid overlap with peak political messaging periods. For critical appeals, such as end-of-year requests or Giving Tuesday promotions, consider timing them before or after the election to avoid competition with political fundraising.

6. MONITOR AND ADAPT BASED ON ANALYTICS:

Track and document how the election impacts your fundraising efforts. Analyze changes in donor behavior, campaign performance, and overall fundraising trends to refine future strategies. Understanding the context and adjusting expectations will help set realistic goals and improve planning for future election cycles.

EMPHASIZE EMPATHY AND MISSION

1. PRACTICE EMPATHY:

High voter turnout and election outcomes can heighten emotions. Approach communications with empathy, acknowledging the potential impact of political events on your donors and stakeholders. Tailor your messaging to resonate with their current concerns and values.

2. REAFFIRM YOUR MISSION:

Regardless of election outcomes, stay committed to your mission. Reinforce the relevance of your cause and continue to communicate your organization's impact. Donors remain passionate about their causes, and maintaining focus on your mission will help sustain their support.

Navigating fundraising in an election year requires a blend of strategic planning, adaptability, and empathy. By understanding the election's impact, leveraging digital and advertising opportunities, ensuring technological readiness, and maintaining clear communication, nonprofits can effectively engage their supporters and maximize giving. Despite the political climate, Americans remain generous, and with thoughtful preparation, your organization can thrive and continue to make a significant impact.

CRYSTAL HARVEY
SUPERVISOR





CERINI ASSOCIATES LLP

CERTIFIED PUBLIC ACCOUNTANTS

Copyright © 2024 by Cerini & Associates, LLP.
All rights reserved.
Please request permission to reprint or copy any part of the NFP Advisor.

LEARN MORE ABOUT TWO AMAZING EVENTS HONORING AND AWARDING THE BEST NONPROFIT ORGANIZATIONS IN THE AREA

13th ANNUAL

Long Island Imagine Awards
APPLY NOW! DEADLINE NOVEMBER 25TH!
EVENT DETAILS:
TUESDAY, APRIL 29, 2025 | 5:30PM-9:30PM
CREST HOLLOW COUNTRY CLUB
WWW.IMAGINEAWARDSLI.COM

4th Annual

New York City Imagine Awards
FINALISTS ANNOUNCED!
EVENT DETAILS:
TUESDAY, OCTOBER 29, 2024 | 6PM-10PM
GUASTAVINO'S
WWW.NYCIMAGINEAWARDS.COM

Diamond Sponsor



Platinum Sponsors



Diamond Sponsor



Platinum Sponsors



FOR MORE INFORMATION ON APPLYING, TICKETS, OR SPONSORSHIPS, CONTACT: HILLARY@HILLARYNEEDLEEVENTS.COM

WWW.CERINICPA.COM | 3340 VETERANS MEMORIAL HWY., BOHEMIA, NY 11716 | (631) 582-1600