

NONPROFIT
INDUSTRY

After learning auditors would not issue a management letter with the 2019 audit, the CFO commented:

“Wow—thanks. What an awesome team we have!”

CASE STUDY:

Marcum Helps Nonprofit Restore Confidence in its Accounting System

ABOUT THE CLIENT

This nonprofit client in the alternative energy sector provides safety and training programs, and invests in research and development of new technologies. Authorized by legislation and established through an industry-wide referendum, its programs benefit companies in the transportation, agriculture, commercial landscaping, residential, and commercial building markets.

THE CHALLENGE

Since its inception in the mid-90s, the organization had worked with the same outsourced accounting firm, which also maintained their accounting system on its enterprise resource planning platform. In 2017, our client's external auditors identified a material weakness in internal controls in the nonprofit's year-end report, raising management's concerns about the work of their incumbent accounting firm. They decided they needed a change.

THE GOAL

After competing against a national and regional nonprofit accounting firm to win the work, Marcum's goal was to restore the confidence of management and the Board in the organization's accounting and finance function. Given the issues that surfaced in early 2018, it was imperative to establish strong internal controls and improve workflows, especially as new systems were about to be implemented.

THE PROCESS

The client viewed their move to Marcum as an opportunity to revisit their existing accounting and

- ▶ Implemented a new Sage Intacct accounting system and moved the client's accounts payable processing and payments to a web-based system;
- ▶ Helped the nonprofit implement Fluxx grant management and HubSpot customer management relationship software with the help of Marcum's business applications team, who ensured it worked seamlessly with the new accounting system;
- ▶ Assisted our client with the transition to new inventory and e-commerce systems; and the move to a new warehouse vendor for its fulfillment operations, requiring new inventory software and a shift from weighted average costing of inventory to the first-in, first-out method;
- ▶ Assisted with the preparations for the 2018 audit.

THE SOLUTION

Improved workflows and internal controls were established, and the 2018 audit concluded with clean reports. All new systems were up and live by the first quarter of 2019. Our client began using its new accounting system with dashboards and reporting features in 2019. Per our client's request, Marcum also developed an accounting manual documenting the new processes and controls.

As of today, Marcum continues to serve as the nonprofit's trusted advisor and act in congruence with the organization's management team, performing additional projects such as our evaluation of alternative revenue streams and assisting in the selection and implementation of new budgeting software.

