

Benefits of Outsourcing Your Accounting Needs

Over the last 30 years, hundreds of clients have trusted us to manage their accounting function. Here are some of the benefits our clients have realized.



ELIMINATE A SINGLE POINT OF FAILURE

We see it all the time. A business owner contacts us in a frenzy because his or her accountant has suddenly left the organization and there is no one to manage the business's finances.

With ARI, depending on the size and needs of your business, you will work with a team of professionals who will manage your day-to-day accounting needs. That means you can always rest easy in the knowledge that more than one individual understands your business's accounting requirements.

SAVE MONEY VS. PAYING AN INTERNAL RESOURCE

When you consider hiring a full-time accountant, you have to figure in all of the associated direct and indirect costs, including payroll taxes, health insurance, worker's comp insurance, benefits, paid time off, training expense, management time, office space and IT requirements. And, when that individual leaves, turnover expenses can add up quickly.

Many of our clients have found they can dramatically cut accounting costs and get CFO-level advice – as well as business continuity – so you don't have to invest time in training new accountants.

GET ACCESS TO A TEAM OF SEASONED FINANCIAL PROFESSIONALS

When you hire an accountant, you typically get just that – someone who is versed in the tactical aspects of paying bills, sending invoices and posting deposits. To get more significant financial insights, you must enlist a financial consultant or other external resource.

Your team at ARI includes not only a staff accountant who can handle all of your business's day-to-day accounting tasks, but also an individual who serves as your CFO or controller. He or she reviews and analyzes your monthly financials and identifies trends that may be impacting your company's profitability.

Services Offered

- Monthly accounting
- Cash management
- Financial reporting & analysis
- Budgeting & forecasting
- Payroll transactions
- Controller & CFO-level expertise
- Year-end tax and audit support

PROTECT YOUR ORGANIZATION FROM FINANCIAL FRAUD

Small and mid-sized businesses are more vulnerable to fraud than larger organizations because it is difficult to segregate duties. For example, one person may be responsible for paying invoices, making deposits, recording transactions, and reconciling bank accounts.

When you outsource your accounting function to ARI, you get maximum internal control because tasks are handled by a team of accountants that reviews all transactions.

CLEAN UP FINANCIAL ISSUES

As CEO or executive director, you may not know what underlying financial issues are unresolved and ready to rear their ugly heads.

At the onset of any engagement, we begin by analyzing the state of your finances and clean up any issues you have. We'll explain any issues we uncover and discuss our plans to rectify them.

SPEND LESS TIME ON ACCOUNTING AND MORE TIME ON GROWING YOUR BUSINESS

As your organization's leader, you should be focused on building your business – not reconciling bank statements. Nobody understands your industry better than you so why not spend your time on mission critical activities like boosting sales, strengthening marketing efforts, or mentoring valuable members of your team.

Many of our clients have found that their CEO or Executive Director spends as much as 75% less time focused on accounting when they outsource to ARI.

GET STAFFING FLEXIBILITY

Your business's accounting needs and goals change over time. We have the capacity to grow along with you.

Maybe you'd like to tackle a big financial project or perhaps you're exploring new M&A activity and need to conduct due diligence. We can easily add additional resources to your account to support these types of projects.

GET THE DATA YOU NEED TO MAKE CRITICAL BUSINESS DECISIONS

Relying on gut instincts is admirable but the insights you glean from your financial statements enables you to adapt strategies to reduce waste and improve profitability.

When it comes to understanding the financial health of your business, having current, reliable data is crucial. At month end, you not only get an easy-to-read set of financials but also a human being who understands your business goals to help you interpret your business's financials – so you have a clear picture to make informed, data-driven decisions.

TAKE THE STRESS OUT OF YEAR END

For business owners, the end of the year through tax filing season can be a nerve-racking time.

At year end, ARI will close your books and provide the necessary information to your tax accountants. We will prepare state sales tax filings, property tax declarations and 1099 forms for all independent contractors. If your organization requires an audit, we will work closely with your CPA firm to furnish the information requested. When your accounting is done correctly throughout the year, year end is a breeze.

If you would like to explore whether ARI is the right partner to help manage your business, contact us today.

How much will it cost to outsource my accounting function?

Are you considering outsourcing your accounting function? Such a major decision can be the source of much angst, but it can also be an important strategic decision that gives you more flexibility, financial expertise, and cost-savings. Whether you are a for-profit company or a not-for-profit organization, this arrangement will free up your time so you can focus on your core operations.

On average, clients pay \$2,000-\$6,000 per month to outsource their accounting function; however, many factors influence this figure. If you're wondering how much outsourcing your accounting function will cost, know that there are several variables we consider when a prospective client comes to us. Let's start with the main five.

1. Size of the Organization

Obviously, from a scope of services perspective, a \$1 million organization is vastly different from a \$5 million organization in terms of number of employees, number of products or services offered, potential number of nonprofit programs, etc.

2. Scope of Services Required

The type of services your organization needs vary according to several circumstances. For example, is there an individual within the organization who will perform some of your accounting tasks or do you require a firm to manage all of your accounting needs? Do you require us to manage your payroll? Would you like us to eventually make presentations to your CEO or Board of Directors? Defining the scope of services your organization needs on a granular level is a key component to determining your monthly accounting cost.

3. Complexity of the Organization

Believe it or not, complexity is often the primary variable of cost. The more complex the company or nonprofit organization is, the more time an outsourcing firm must allocate to performing monthly tasks and the more high-level financial expertise is needed to ensure those tasks are done correctly. For example, a \$5 million nonprofit agency with one program and five employees is vastly different from a \$1 million agency with 15 programs and 35 employees.

4. Transaction Volume

The number of transactions completed each month is an important component when calculating cost. For example, when pricing an engagement, we consider the number of accounts payable and receivable invoices processed, the number of credit card transactions made each month as well as the number of bank accounts the organization maintains. A company with one credit card and 75 transactions will likely require more time and attention than a company with five credit cards and 12 transactions.

5. Industry

Some industries are just inherently more complex than others. Because our team has been serving clients for decades, we have experience operating in many industries and we apply that knowledge to help calculate prospective clients' fees. Are you a technology company that serves the Department of Defense, a nonprofit organization that has multiple grants from federal agencies or a property manager with 30 properties and



Cost to Outsource Accounting Function

30 different ownership groups? Understanding your industry and its nuances is an important part of our calculations.

Flat Monthly Fee

At ARI, we charge a flat monthly fee for our services. This allows our customers to better understand the cost of their accounting, and to budget this cost more effectively. We understand that some months we may spend more time on the engagement, and it's incumbent upon us to operate at peak efficiency and harness the power of technology, wherever possible.

Once we engage with a client, our contracts are considered evergreen. That means they will automatically renew each month. But, if you ever want to terminate our engagement, all we require is 30-days' notice. And the same goes for us. If, for some reason, we determine ARI is not a good fit for your organization, we will provide you at least 30 days' notice.

What is the process to transition your accounting function to ARI?

We understand there can be angst when you're considering outsourcing your accounting function and entrusting important financial documents to those outside your organization.

Here's how we typically ensure ARI is the right fit for a prospective client (and vice versa) and how we streamline the onboarding process to minimize stress and anxiety.

Introductory Phone Screening

The process begins with an initial phone call screening. You will participate in a 10-to-15-minute introductory call with a member of our sales team to determine if ARI might be a good fit for your organization. Whether you are a seasoned outsourced veteran or are new to the outsourced accounting model, it's important to go through this initial screening so we can understand your accounting needs, your scope of services, your timing, as well as your current situation.

In-Depth Exploratory Meeting with a Management Team Member

Once your organization has been qualified, we will schedule a meeting with a member of our management team to do a much deeper dive into your company. This meeting will last approximately one hour during which time we will ask a myriad of questions about your company and your situation. This is a critical, fact-finding meeting as it helps us understand your organization at a much deeper level and helps us accurately define the scope of services you need. We will go through a standard list of questions as well as our Scope of Services document to frame our discussion.

This is also an opportunity for us to thoroughly describe our process and answer any questions you may have about our firm.

Non-Disclosure Agreement

If there is mutual agreement to proceed, we will send you a Non-Disclosure Agreement (NDA) as a way to protect the integrity of our relationship. An NDA is a contract between two or more parties that prevents sensitive information from being shared with others outside the organizations.

Review of Your Accounting Records

When both parties have signed the NDA, we will ask you to grant us access to your accounting records and share some basic financial information, i.e., an invitation to your QuickBooks Online file, a copy of your QuickBooks desktop file, or access to your general ledger platform. This enables us to review the heart of your accounting operations.

With this information, we will analyze your transactions and processes and determine if your books and records require cleaning up. Based on what we see, we may have additional questions for you. Sometimes, to ensure thorough understanding of particular items, we will walk new clients through their financials and accounts and ask specific questions about each.

Proposal Preparation

With comprehensive understanding of your organization's accounting needs, we will prepare a proposal for the scope of services we believe you require, including all monthly and year-end services we expect to perform.

We break our fee structure into two parts – one includes a one-time charge to get all records and systems in good shape and the other is for ongoing monthly services.



Transitioning Your Accounting Function

1. **System review and design** (a one-time charge): For records clean-up, system design review of your current accounting processes, changes made to your chart of accounts, banking and credit card reconciliations, catch up work, as well as developing the monthly closing schedules, if necessary.
2. **Monthly accounting services:** (a flat monthly fee): Rest assured that we will never upcharge you or send any additional bills without first having a discussion with you about scope changes.

Engagement Letter

The last phase in the process is formal signing of the engagement letter. When this is complete, you are officially a client of Accounting Resources Inc. Congratulations and welcome! *[Hopefully you can now breathe easier knowing we've got this.]*

Frequently Asked Questions: Accounting Services

HOW MUCH DO YOUR SERVICES COST?

Our fees are based on the complexity of your business, your transactional volume and our ability to automate and streamline systems and procedures. Most clients find that engaging us results in cost savings.

We operate on a flat monthly fee. This enables you to accurately forecast and budget your cash flow. For special services or one-time projects, we bill at an hourly rate and always provide an estimate before starting.

Our average full-service fee ranges from \$2,000 to \$6,000 per month but can vary based on many factors.

HOW QUICKLY CAN YOU GET STARTED?

Our typical lead time is 30 to 60 days from the time we have a signed engagement letter from you. This allows us time to compile our team and develop a transition plan.

WHAT IS ARI'S RESPONSIVENESS AND ACCESSIBILITY?

We commit to responding to emails or phone calls within 24 hours, but you will find that we typically respond much faster. We need to understand everything that is going on with your business and, to do so, requires constant communication.

CAN MY ORGANIZATION SAVE MONEY BY USING YOUR SERVICES?

Although results can vary, many of our clients have saved 25% to 40% by outsourcing their accounting function to us.

DO I HAVE TO SIGN A LONG-TERM CONTRACT?

No. We charge a flat monthly fee. This enables you to accurately forecast and budget your cash flow.

And, if you ever want to terminate our engagement, all we require is 30-days' written notice. And the same goes for us. If, for some reason, we determine ARI is not a good fit for your organization, we will provide you with at least 30 days' written notice.

HOW WILL WE TRANSFER FINANCIAL DATA?

We transfer data in a variety of ways. This may include using Microsoft ShareFile, or having direct access to your bank statements, credit card statements and/or payroll service. Check out [this article](#) to find out how we provide multi-layered data security.

DO YOUR ACCOUNTANTS COME TO MY OFFICE?

We typically do not go onsite to perform accounting work. Of course, we're always available to meet with you upon your request or to attend Board meetings or management team meetings. However, by working in a central location, we eliminate travel time and have access to state-of-the-art technology and accounting systems.



Frequently Asked Questions

WHO WILL BE WORKING ON MY ACCOUNT?

We will assemble a team that is assigned to your engagement. The size of the team will be determined by the size, volume, and complexity of your organization. This group effectively becomes your accounting department and will strive to understand every aspect of your business, including your organization's goals.

HOW FAST DO YOU CLOSE THE BOOKS?

We strive to provide a comprehensive monthly reporting package to you in accordance with the agreed-upon dates of our engagement. As part of the transition process, we will determine what day of the month you need your monthly package. In most cases, these are delivered between the 15th and the 22nd of each month.

WHAT GENERAL LEDGER SOFTWARE DO YOU USE?

Most of our clients use QuickBooks desktop or QuickBooks online. We do have clients on other platforms including Sage, Black-Baud, Financial Edge, MRI, and Timberline. We also use a variety of property management software systems such as Yardi.

WHERE ARE YOUR CLIENTS LOCATED?

We are based in Glastonbury, Connecticut and most of our clients are in the New England region. However, because of our reputation and the outstanding client service we provide, we have extended our reach beyond New England. With the help of technology, we see no limitations in where our clients can be located.

WHAT INDUSTRIES DO YOU SERVE?

We specialize in service-based industries, including non-profits, theaters, technology, transportation, marketing and advertising, professional services, records and data management, property management and construction.

DO YOU PROVIDE TEMPORARY ACCOUNTING SERVICES OR DO PROJECT WORK?

If you are looking for a short-term solution to manage your accounting function or you have a special project you need to complete, ARI is likely not the right firm for you. At ARI, we look for longer-term engagements in which we can truly provide value by serving as your experienced accounting professional.

DO YOU PERFORM AUDITS AND/OR PREPARE TAX RETURNS FOR CLIENTS?

No, we do not perform audit services or prepare annual tax returns. Although many of us have worked in auditing firms, we choose to specialize in outsourced accounting and HR services. However, we work with trusted partners to whom we refer our clients for these types of services.

DO YOU MANAGE MY ANNUAL AUDIT?

Though we do not perform annual audits, we will be an integral part of your audit process. We will work with your chosen auditing firm to furnish all of the necessary schedules and information to enable them to complete an efficient audit and prepare any tax returns required.

WHAT OTHER SERVICES ARE INCLUDED?

Included in our monthly service fee are the preparation of property tax declarations and sales tax returns. We will also work with you to develop a comprehensive budget, as necessary. You can find a detailed list of our services [here](#).

WILL YOU ATTEND MY BOARD MEETINGS?

Yes, according to our engagement agreement, we can attend your monthly, quarterly or annual finance or Board of Directors' meetings, either in person or virtually, based on your needs. For many clients, we also present annual budgets to their management team and answer questions that arise.

Screening Questions: For-Profit Businesses

Following are questions our team members will typically pose when exploring an engagement with a potential new business client.

General

1. What services do you feel you need?
2. What is your timeline to begin outsourcing?
3. How many employees do you have?
4. What is your organization's annual revenue?
5. What are your major revenue sources?
6. How did you hear about ARI?

Systems in Use

7. Which accounting system do you currently use?
8. Do you use other third-party systems?

Operations

9. How many bank accounts do you currently have?
10. How many investment accounts do you have? What are the amounts of your investments?
11. On average, how many invoices do you process per month?
12. How often do you issue checks to vendors?
13. How many credit cards do you issue to employees? On average, how many credit card receipts do you have?
14. How many deposits, ACH, or wire transfers do you receive each month?
15. Does your business have a line of credit or other debt?
16. How do you process your payroll?
17. What is the due date and typical timeline for your monthly financial reports?
18. Would you like ARI to present to your finance board?

Year-End Activities

23. What is your business' year-end date?
24. When does your end-of-year audit take place?
25. Who is your external auditor?

Scope of Work: For-Profit Businesses

During initial meetings with your management team, we will identify which of the following services your organization requires.

Transition Process
Meet with management and staff to establish operating process and procedure for engagement.
Identify accounting control weaknesses and provide recommendations for improvement.
Review chart of accounts and make recommendations for change. Implement those agreed to by management.
Create and maintain internal financial statements reporting package in accordance with GAAP.
Perform a complete review of revenue recognition process and methodology and make recommendation for improvements.
Perform a complete review of approach to accounting for equipment for resale and make recommendations. Implement those agreed to by management.
Meet with management and define business segment reporting. Implement agreed reporting and incorporate into monthly reporting package.
Develop necessary understanding of client ERP system to allow for efficient evaluation of data and creation of required management reporting.
Review and implement month-end closing process.
Design customized forms and financial reports, as required.
Define other activities, as needed, to establish an effective and efficient operating relationship.

Ongoing Activities
Cash Management and Investments
Review cash transactions and balances.
Prepare monthly bank reconciliations and adjust, as necessary.
Prepare weekly cash report, including updated cash balance and unpaid bills.
Other Liabilities
Record, review, and reconcile any other liabilities (debt, accruals).
Accounts Receivable
Record customer invoices, as needed.
Review and record deposits.
Review A/R aging reports and record allowance for doubtful accounts, as needed.
General Ledger
Maintain detailed general ledger.

Analyze revenue and expense accounts.
Prepare and record adjusting journal entries.
Prepare adjusted trial balance and supporting schedule.
Fixed and Other Assets
Maintain fixed and other asset schedules.
Capitalize fixed assets in accordance with the organization's policy.
Record depreciation.
Payroll
Process payroll.
Record payroll.
Accounts Payable
Review and post new vendor invoices.
Post other electronic transactional activity.
Post credit card transactional activity.
Create weekly cash and unpaid bills report to be utilized as a tool in paying bills.
Make vendor payments through Bill.com or checks.
Financial Statements and Management Reports
Prepare and reconcile balance sheet and related accounts.
Review income statement for trends and variances, record accruals, and prepaids, where applicable.
Maintain all necessary workpapers.
Present financial results and explore trends with management team.

Year-End Services
Provide adjusted trial balance and supporting schedules to auditors.
Interface with CPA firm during year-end audit, including state audits (if applicable).
Prepare 1099s forms.

Additional Services (billed at an hourly rate)
Perform special project needs, as identified and agreed to with management.
Assist in preparing annual budget.
Perform cashflow forecast.