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Nonprofit Niche Offers Unique Rewards

Scott H. Cytron, ABC



Scott Cytron takes a personal look at the nonprofit sector, and explains why even as a part-time venture, the nonprofit sector makes sense for many practitioners.

A Specialty Proven Successful

Today, many accounting professionals are proving to their peers that you don't have to work in the nonprofit niche full time to properly address its various intricacies and provide excellent value to nonprofit clients.



Take Bill Sims. A CPA working mostly in the audit function, he is still actively involved in the firm's nonprofit practice. Bill is an owner and vice president at Salmon Sims Thomas, a full-service firm in Dallas, Texas. Salmon Sims Thomas provides accounting and consulting services to many types of clients,

including individuals, multiple-campus career colleges, real estate and property management companies, churches, and nonprofit organizations.

"We serve more than 1,100 clients throughout the United States, and the firm is a founding member of [INTEGRA International, Inc.](#)," Bill says.

Bill heads the Audit Department of 11 staff, which keeps him busy. He oversees quality control of audit and attestation work and reports, schedules the staff, counsels staff in career development and advancement, and recruits and interviews potential new hires. "I am also in charge of our Nonprofit Niche group," he says.

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Nonprofits as Employers

Trust me. I know the nonprofit sector. Early in my career, I had the thought that I would provide writing and communications services exclusively to nonprofit organizations. I'd already worked for four nonprofits or not-for-profits, and was convinced I would establish a strong niche. More importantly, I would help charities, associations and other noble organizations and selfishly enjoy that warm and fuzzy feeling of fighting the good fight.

Today, some two-plus decades later, working in the nonprofit arena still has a tug on my heartstrings, but I have also learned that some nonprofits can't pay for the communications function, even though they

Salmon Sims Thomas sets up industry groups or niches within the firm to provide good quality support for these specialties. In the nonprofit group, "We meet monthly and discuss how we can better serve our nonprofit clients. We also strategize on marketing efforts and additional services which our clients need or are asking about."

A Nonprofit Connection

Not surprisingly, his professional interest reflects his personal commitments. Involved in community organizations, he serves as treasurer of the Board of Trustees for Brother Bill's Helping Hand, a West Dallas ministry. He is a board member of the Lake Highlands Exchange Club, a 170-person service organization situated in a Dallas suburb, and also is treasurer of the Children's Craniofacial Association.

Accountability is of Primary Importance

Bill says there are sometimes subtle, sometimes obvious, differences between the firm's for-profit clients and those that fall in the nonprofit or not-for-profit area.

"Nonprofit organizations have a number of similar, but nevertheless, different issues when compared to their 'for-profit' brethren. Some issues we regularly deal with include fiduciary duties that are inherent as a result of being a 501(c)(3) organization."

In addition, he says there is a higher responsibility to beneficiaries, donors and the public than is typical for a closely-held business. A prime example of this is *voluntary* compliance with Sarbanes-Oxley provisions.

"I think that SOX is becoming more and more discussed by nonprofit organizations and their boards," Bill says. "Board members are exposed to SOX in the public company arena in which some of them operate, so they are looking at some of the provisions that would be 'best practice' in a nonprofit environment."

Systems and Controls

A good internal control structure and systems are just as necessary in a nonprofit as a for-profit business. "In fact, in connection with a nonprofit organization's fiduciary duties, internal controls are very important and an integral component of a viable nonprofit organization."

Bill tells the story of one group that had a

might want and need to do so.

What I have also learned, however, is that nonprofits much more frequently recognize the value of on-point accounting, bookkeeping and consulting services — especially when provided by firms that understand the unique challenges in those markets. Better yet, nonprofits are usually able to justify paying for those services.

When I talk with CPAs and other practitioners who serve this sector, I find many who — like me — understand the unique needs of the sector and carry nonprofit clients in the midst of a broader practice. Bill Sims, interviewed for "Nonprofit Niche Offers Unique Rewards," is a great example of this kind of practitioner.

-- Scott Cytron, ABC

misappropriation of assets perpetrated for several years in the financial area by a long-time employee.

"The nonprofit had pretty good systems and controls, or so they thought, but they got somewhat complacent and comfortable. Not until some circumstances changed did they stumble on the fraud. The amount stolen was significant and it caused significant distractions within the organization. The prior auditors, on whose watch this occurred, are being very careful and I suspect are anxious about their alleged oversight or lack thereof."

Differences and Similarities

Bill also sees many other issues connected with nonprofits, and aptly advises his clients on various solutions that tie back to accountability. Take governance, for example – a common area of concern with nonprofits, particularly when there is not a clear form and direction for board members.

"How effectively the Board and its committees function very often determines the health of the organization," Bill says. "That's not to say they're immune from problems if they have well thought-out committees and appropriate board members, but it is much less likely to occur when everyone knows the goal and their roles in achieving it."

Conversely, there are several areas that are just as important to for-profits and nonprofits, including related party transactions, control party issues and inurement of benefits.

"So many of these areas deal with transparency and accountability," he says. "While their revenue cycle and methods differ from commercial businesses, and while they are not as concerned with the bottom line as their for-profit counterparts, nonprofits are very similar to for-profits in how they address and deal with one section of the P&L statement in particular, namely expenses. The issues they address, which are reported in the expense section, are very similar to what for-profit entities deal with, namely compliance with laws and regulations, good business practices and systems, and how people interact with the processes."

An End in Itself?

Some practitioners volunteer to help nonprofits for the [networking benefits](#), at least in part. Bill frames the decision in terms of making sure your priorities are in

order. "I think you should volunteer for nonprofits primarily because of the tie to the organization. If you aren't doing it 'first' because you believe in the cause, then people will see through you as just looking for business. However, if that first priority is in order, then people will naturally think about you when they have a need for what you and/or your firm does. All things being equal, people would rather do business with someone they know," he says. "All things not being equal, they'd rather do business with someone they know."

"I believe that someone who is willing to give back by donating their time and talents makes for a better, well-rounded person. That's the type of person I look for when I'm recruiting or otherwise looking to add someone to our staff."

Specialization Creates Opportunities for Firms of All Sizes

While Bill works in a large CPA firm, with many professionals, he sees specialization as a useful tactic in the reach of firms ranging down to the sole practitioner. "Regardless of the firm size, I would recommend trying to specialize in an industry or service line," he says. "Whether that includes nonprofit organizations or something else, I think devoting the bulk of your marketing efforts to a specific group will pay dividends over the long haul. People don't typically have a need for what you're 'selling' at that moment, but when the need arises, they will hopefully think of you if you're around them regularly, or you regularly have information from you in front of them."

He adds that it's best not to be in too much of a hurry. "You have to be patient. This process typically takes a period of time to accomplish. However, the rewards are worth it in my opinion."

Scott H. Cytron, ABC, is an accredited communications and public relations consultant working in the accounting, health care, high-tech and finance industries. Co-author of AICPA's 2004 Top Technologies, he can be reached at scott@cytronandcompany.com or through his Web site, <http://www.cytronandcompany.com/>.