

CASE STUDY:

Finance and accounting outsourcing transforms operations for nonprofit



One of our key organizational values is continuous improvement—that's also one of the things I appreciate about the RSM team. From a client perspective, I appreciate not having to push a vendor to improve, but working with a vendor that authentically wants the systems to be efficient and to improve just as much as we do.

JIM SCHRODER
Director of Finance
and Operations,
Character Lab



Growing organization gains insight and saves time to further mission

Overview

Character Lab is a 501(c)3 nonprofit organization that advances scientific insights that help kids thrive. By connecting researchers with educators, Character Lab seeks to create greater knowledge about the conditions that lead to social, emotional, academic and physical well-being for young people throughout the country. Character Lab was founded in 2013 by a scientist and two educators: Angela Duckworth, author of *Grit: The Power of Passion and Perseverance* and the endowed Rosa Lee and Egbert Chang Professorship at the University of Pennsylvania; Dave Levin, co-founder of Knowledge is Power Program (KIPP) charter schools; and Dominic Randolph, head of school at Riverdale Country School.

Background

Character Lab initially managed its financial information within QuickBooks but began to experience difficulties with grant reporting given the platform's limited number of dimensions. In addition, the organization's accountant did not fully reconcile the books, functional expenses and balance sheet on a monthly basis, so grant reporting dates and year-end periods were hectic, and the lack of visibility into systems made its yearly audit long and arduous.

To the organization's credit, it always knew what its numbers were—but leadership sought a more efficient and less time- and labor-intensive way to arrive at those numbers.

"We outgrew the finance technology that we launched the organization with and the industry expertise of the accountants

we were working with," said Jim Schroder, Character Lab's director of finance and operations. "We have grown year-over-year, and the complexity of our work and our financials has increased. We are grateful to have received some significant multiyear restricted grants, which made our operations more complex as well."

Project

Character Lab began a fact-finding mission to evaluate peer technology solutions and initiated a search for a new finance and accounting provider. Ultimately, the organization determined that the Intacct enterprise resource planning (ERP) platform was the right platform from a technology perspective and chose RSM US LLP as a provider based on the firm's deep industry experience and ability to provide audit-ready financials and meet a monthly close timeline.

"I reached out to peers at several local organizations about who they worked with and the technology they used," commented Schroder. "For our needs, Intacct was a clear winner, and that certainly emphasized the value that RSM provides as experts with Intacct. I probably looked at five or six organizations, but this was just the right fit."

RSM delivered a comprehensive finance and accounting outsourcing (FAO) solution for Character Lab, including solutions for monthly close and financials, payroll and bill pay. The new technology provides more functionality and deeper insight while saving the organization a significant amount of time.

RSM's implementation of Intacct took the organization from QuickBooks to a multidimensional ERP solution. Character Lab has some complex reporting requirements, and the RSM team created custom reports in Intacct to match the manual reports that the organization previously created internally. The organization's legacy expense management and payroll providers were also integrated into Intacct, enabling more extensive reporting and tracking of each of Character Lab's critical dimensions, down to individual employees.

"The reporting out of Intacct is much more user-friendly than what we had previously," said Schroder. "As an end-user, there are three or four reports that I regularly go to, and then I drill down as deep as I want to find what I am looking for. I appreciate the way the system is architected to create a seamless dive into data, rather than having to pull a different report for each different angle, or having to export data to Excel."

In addition, RSM implemented a Blackline financial close platform for Character Lab, expediting the monthly close and increasing oversight to provide more confidence in the numbers with a much smaller time commitment.

"Another area we've seen significant value in from RSM is the efficiencies across the technology platforms and making sure they talk to each other, so we don't need to enter data twice. We input data once, and then it feeds across everything," said Schroder. "For example, now, whatever I see in ADP is exactly what goes on the general ledger. That level of integration across the platforms is not something we had before."

Outcomes

With the FAO platform from RSM, Character Lab significantly reduced the timeline for its year-end close and audit and now receives more reliable and comprehensive monthly financials. Transactions in the new environment can be viewed through multiple dimensions, and reporting details can be drilled into easily for greater insight. The solution reduces time spent on grant and expense tracking and frees up key resources to focus on the organization's mission.

Key benefits of RSM's FAO services for Character Lab include:

- An enhanced reporting environment with greater functionality and insight
- A quicker month-end and year-end close timeline
- Integration between Intacct and legacy systems to track payroll and other key dimensions
- Increased automation to reduce reliance on manual reporting efforts

+1 800 274 3978

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