

How Much Do Bookkeeping & Accounting Services for Nonprofits Cost?

8 min read



Key Takeaways

- **Basic Bookkeeping Vs. Full-Service Accounting:** your first task is to decide whether you just need compliance (basic bookkeeping), or if you're ready to graduate to full-service accounting that will help you serve more people and raise more money.
- **Full-Time Bookkeeping for Nonprofits:** The current average full-charge bookkeeper's salary fluctuates between \$34,000 to \$54,000 per year plus benefits and overhead.
- **Outsourced Bookkeeping For Nonprofits:** A recent study found that 19% of Nonprofits reported having limited staff as their greatest challenge.

How much should Nonprofits spend on bookkeeping and accounting?

As a nonprofit leader, you naturally want as much of your resources to go toward furthering your mission as possible, but of course, keeping a nonprofit's operations in motion doesn't just happen for free.

In addition to paying employees, office & equipment expenses, and technology costs, **nonprofits also need the right processes and procedures in place** for audit readiness and mitigating watchdogs.

Just like for-profit businesses, nonprofits need to spend money on accounting. **However, it's important to consider that nonprofits require a much more robust system of bookkeeping and accounting than for-profit businesses.** Since nonprofits use other people's money to fund their operations and further their causes, it's essential to keep spotless financial reports and carefully record where each penny comes from and where it goes for compliance purposes.

How Much Should You Be Paying for Bookkeeping Each Month?

There are many factors that go into the costs a nonprofit incurs for bookkeeping, including organization size, lifecycle stage, the volume of monthly transactions, number of employees, how payroll is processed, number of expense accounts, credit cards, number of bills to pay, the volume of balances sheets to reconcile, etc.

In addition to these basic bookkeeping activities, your costs will be impacted by how your accounting systems, policies and procedures, and reporting needs are set up and administered.

Basic Bookkeeping vs. Full-Service Accounting: Which Does My Nonprofit Need?

While for-profit businesses primarily focus on boosting profit, nonprofit organizations focus more on the accountability component of bookkeeping and accounting. Especially in the

earlier stages, many nonprofits are primarily concerned with compliance. However, at some point, your organization will cross a threshold and you'll begin to place more emphasis on the need for timely, accurate financial reports and intelligence.

This is when you'll need more advanced bookkeeping, accrual-based accounting, and management and board reporting to help you make data-driven decisions that drive your mission forward.

Read More: [Why Financial Management Of A Nonprofit Is Harder Than A For-Profit.](#)

So, your first task is to decide whether you just need compliance (basic bookkeeping), or if you're ready to graduate to full-service accounting that will help you serve more people and raise more money. Both require very different levels of effort and expertise and the cost for full-service accounting is much higher. However, most nonprofits that make the leap see the value, and experience an ROI rapidly.

What Does a Bookkeeper Do for Your Nonprofit?

Bookkeepers are in charge of maintaining your books closely day in and day out. They are responsible for all data entry into accounting ledgers or software. Their focus is on recording the financial transactions of your organization through maintaining records, tracking transactions, and creating financial reports.

Other duties include:

- Standard Data Entry: Entering, Coding, and Paying Bills.
- Allocating Costs: By Program, Administrative, and Fundraising
- Reconciling Bank and Credit Card Accounts
- Maintaining Accounts Payables and for Accounts Receivable
- Supporting the Executive Director and Board By Preparing:
 - Work Papers for Month-End Closing and Audit Support
 - Scan & Attach Documents for Tax and Audit Support
 - Board Reporting Package

Wheelchairs For Warriors is on a mission to help as many injured veterans as possible. However, as they began applying for larger grants, without accurate reporting they did not look healthy from a financial perspective and were initially turned away. **Find out how in just one year, they jumped from a \$75,000/year grant to a \$150,000/ year grant- from the same foundation...**

[Read the full story here](#)

Part-Time vs. Full Time vs. Outsourced Basic Bookkeeping Costs

If basic bookkeeping is all that your organization needs, you'll need to decide whether to do the bookkeeping in-house or if you should outsource. If you decide to hire and manage a bookkeeper, you'll also have to decide whether the position is part-time or requires a full-time, full-charge bookkeeper.

. Let's look into three different options your Nonprofit could consider filling this need...

Part-Time Bookkeeping for Nonprofits

The cost of a part-time bookkeeper can vary widely. Hourly rates for internal, **part-time bookkeepers average between \$18-23 per hour** depending on job description and location. They typically are performing basic bookkeeping duties and will need to be heavily supervised and managed. ^[1]

If you have the spare time to manage your work and some of the accounting each month but need a little extra help, a part-time bookkeeper might be a good solution for your Nonprofit.

Often nonprofits try to train another employee with the capacity to become a part-time bookkeeper. While this can work and is often the least expensive option on paper, there are risks associated if the part-time employee's or office manager's output does not measure up to standards. And the cost of oversight, usually in the executive director's time, can be significant.

Full-Time Bookkeeping for Nonprofits

The current average **full-charge bookkeeper's salary fluctuates between \$34,000 to \$54,000 per year** plus benefits and overhead, according to Salary.com. Depending on your location, this number can be even higher, current listings in high-cost-of-living cities like New York or L.A. show full-charge bookkeeper's salaries creeping towards \$67K. In addition, you'll need to add around 20% on top of salary, for benefits and overhead, including office space.^[2]

A full-time bookkeeper handles the day-to-day accounting functions for your office. Keeping your books in order and up-to-date is important for the basic financial strength of your organization. Hiring a full-time bookkeeper is essential when your organization is ready.

You can expect a full charge bookkeeper to run operations associated with paying bills, billing clients, managing time-sheets and payroll, and processing financial statements at month-end. As a nonprofit leader, you will still need to look over the end results to guarantee accuracy.

Outsourcing Bookkeeping for Nonprofits

The average price of outsourcing your bookkeeping ranges from about \$2,000 to \$3,500 per month depending on the number of transactions and complexity of services required.

A key benefit of Outsourcing is that it gives you the ability to customize the services with your bookkeeping needs. For example, outsourcing can potentially offer advanced management accounting and controller functions to receive a complete “*virtual accounting department*”, and could be what you need at this stage in your growth. An outsourced bookkeeping and accounting service should be able to scale with you by adding full-service accounting when you are ready for it.

Outsourcing also offers many benefits that you can't get with an in-house bookkeeper. If your organization is growing or has various fundraising and program costs, you need to **consider graduating to a full-service accounting solution with financial, board and management reports that help you navigate collaborative decision-making.**

A recent study found that 19% of Nonprofits reported having limited staff as their greatest challenge.^[2]

Outsourcing can help alleviate this challenge. A major benefit of moving your bookkeeping and accounting to a remote expert team is that you can relieve the pressure of your in-house back-office staff so they can collaborate with the development office to help focus on driving the mission.

Now more than ever, part-time or in-house bookkeeping is not ideal, and switching to outsourced bookkeeping or accounting is becoming a more common solution. Many organizations are concerned about making the jump over to outsourcing, but with today's advancements in technology, working with a remote expert team is almost seamless. Outsourcing can provide advanced and less costly bookkeeping services than a typical in-house bookkeeper.

Why Nonprofits Shouldn't Rely on the Executive Directors or Board of Directors for Accounting

When you select board members or hire an individual to serve as your executive director, you likely aren't selecting them for their strong background in bookkeeping and accounting. Likely, you choose them based on their list of contacts, fundraising abilities, and proven commitment to your cause. As a result, most executive directors and nonprofit board members aren't qualified to handle the bookkeeping and accounting for your nonprofit.

Read More: [Advisory Board vs. Board Of Directors: Does My Nonprofit Need An Advisory Board?](#)

So, relying on them to operate the back office can lead to costly mistakes with tax filings and donation tracking. Additionally, it can lead to missed opportunities in the form of "untranslated" financial information or unidentified financial insights.

Additionally, when you rely on a board member or executive director for their networking and organizational skills, or fundraising capabilities, you don't want them spending time on the books; you want them focused on executing the organization's mission to the best of their ability.

Finally, board members are personally liable for their custody of the nonprofit organization's assets. You want to ensure your back office is run smoothly and efficiently to ensure the errors & omissions policy that protect you is always paid up and that your financial reporting is handled accurately and compliantly.

Read More: [Raise More Money By Showing The Donors The ROI Of Their Gift](#)

So, Which Type of Bookkeeping is Best for Your Organization?

There are major differences between the three types of bookkeepers and what each can offer your Nonprofit. Figure out which works best for your organization and start tackling the problems with your books.

While it might seem impossible for a nonprofit, likely operating with an extremely tight budget, to be able to afford the kind of robust bookkeeping and accounting systems they need, it's actually highly possible thanks to modern technology and outsourced accounting services. Instead of hiring bookkeepers, a controller, and CPAs who specialize in nonprofit accounting, nonprofit organizations can access the skills and expertise of an entire back office team at just a fraction of the cost of hiring them full-time.

With a strong outsourced accounting partner, your nonprofit can leverage the skills of highly experienced nonprofit accountants, ensure you're always audit and tax-ready with impeccable records, and you can gain valuable insights into the financial drivers of your organization.

Although you might not be focused on generating the highest revenue with the best profit margins, you are undoubtedly highly motivated to increase your service capabilities, bolster fundraising, and continuously improve operations to further your mission. The financial insights made available through a robust back office will help you identify, measure, and track key performance indicators that can help you determine the best way to use your resources to accomplish your mission.

We are passionate about **Accounting for Nonprofits** and can serve as your outsourced advanced bookkeeping and accounting department. We provide the expertise you need to help your nonprofit serve more people, raise more money, and drive your mission forward.

[1] <https://www.financepal.com/blog/how-much-do-bookkeepers-charge/>

[2] <https://www.salary.com/research/salary/alternate/full-charge-bookkeeper-salary>

[3] https://www.jitasagroup.com/jitasa_nonprofit_blog/nonprofit-accounting/