

# Bookkeepers vs. Accountants: What Nonprofit Leaders Need to Know

6 min read



As a mission-focused nonprofit leader, you may have found yourself ignoring worries in the back office, like bookkeeping and accounting, until they simply can't be ignored anymore.

## Key Takeaways

- **All About Bookkeepers:** Responsible for keeping detailed and accurate records, bookkeepers carry out the administrative task of recording an organization's...
- **All About Accountants:** Accountants are primarily responsible for interpreting the financial data that bookkeepers generate. An accountant can verify data, generate financial reports, and analyze the organization's financial data to provide valuable insights...
- **You're Leaving Money on the Table:** Many grants and foundation gifts come with "use it or lose it" terms. If you find that your nonprofit is leaving money on the table, then you need better financial management...

You are not alone. The books often tend only to take center stage at times like payroll, the end of a grant's term, right before a board meeting, or at the end of your fiscal year.

Unfortunately, this last-minute bookkeeping and accounting model is not a healthy operational strategy for a nonprofit organization. Instead, your nonprofit's numbers should be an integral part of every choice you make in your nonprofit. When you're deciding which marketing campaign to run, which donors to treat to lunch, which fundraising events to continue the next year, or which neighbor to expand your services, you should be consulting your financial data first.

One way to ensure your nonprofit has reliable, up-to-date financial data is with a solid, professional bookkeeping and accounting department.

When it comes to a back office, however, what does your nonprofit actually need? What's the difference between a bookkeeper and an accountant, and can you survive with just one or the other?

## **Bookkeeper vs. Accountant: What's the Difference?**

### **All About Bookkeepers**

Responsible for keeping detailed and accurate records, bookkeepers carry out the administrative task of recording an organization's daily transactions in a consistent and organized manner.

This includes maintaining records of expenses and income, creating invoices, managing payroll, and maintaining account balances in ledgers. In essence, bookkeepers generate the financial data that nonprofit leaders can use to make strategic, data-driven decisions.

Read More: [How Much Do Bookkeeping & Accounting Services for Nonprofits Cost?](#)

Although there are certifications that bookkeepers can earn through experience, training, testing, and ongoing education, they are not required to have these certifications. Additionally, a bookkeeper's pay varies based on the complexity of their responsibilities in an organization, their years of experience, whether or not they have a professional certification, and the average rates in your region.

### **All About Accountants**

Accountants are primarily responsible for interpreting the financial data that bookkeepers generate. An accountant can verify data, generate financial reports, and analyze the organization's financial data to provide valuable insights such as identifying trends, forecasting, and suggesting opportunities for growth. Accountants can also provide controller services by establishing sound bookkeeping and accounting systems, policies, and procedures on behalf of

an organization. Additionally, they can perform internal audits to further safeguard a nonprofit from fraud.

To become an accountant, one must complete at least a four-year degree. Accountants can then pursue further training to obtain various specialized certifications, such as certified public accountant (CPA), chartered financial analyst (CFA), or certified internal auditor (CIA).

While an accountant is qualified and capable of carrying out bookkeeping tasks, they do typically earn a much higher rate. So, paying an accountant to handle your bookkeeping and accounting is usually not a wise use of funds.

## **6 Signs Your Nonprofit Needs Professional Back-Office Support**

### **1. Your Organization Is Growing**

As your nonprofit grows, your expenses are going to grow, too.

As your operational costs increase, it becomes increasingly important to keep careful track of the money coming into and flowing out of your organization so that you have a strong grip on your budget and a bird's eye view of your cash flow and financial health at all times.

### **2. Back-Office Tasks Are Taking Away From Front-Office Dedication**

If you find that bookkeeping and accounting tasks are draining your energy and taking up so much of your time that your other (more important) responsibilities are suffering, then it's time to bring in professional bookkeeping and accounting assistance.

Read More: [Top Automation Trends For Nonprofits in 2022](#)

### **3. You Feel Overwhelmed**

Maybe your nonprofit's taxes have become so complicated that you're worried about facing compliance issues, or perhaps, you've recently landed a big grant with complex rules about how you're allowed to use the funds. No matter the reason, if your back office is overwhelming you, then you need to protect yourself and your nonprofit with professional bookkeeping and accounting services.

### **4. You Don't Have Up-to-Date, Reliable Data**

You simply cannot operate a nonprofit if your financial data is unreliable or outdated. In order to make the best leadership decisions on behalf of your organization, you need to have a transparent back office that provides you with reliable financial data in real-time. Otherwise,

you'll largely be basing the decisions you make on your gut instead of your numbers, and, in business, that's never a good idea.

## **5. You Are Vulnerable to Fraud**

Oftentimes, handling bookkeeping and accounting tasks inside the office leaves nonprofits vulnerable to fraud. Typically, most nonprofits do not have enough people on staff or on a finance committee who are comfortable enough with bookkeeping tasks to be involved in back-office responsibilities. As a result, there simply aren't enough people available to build the kinds of sound checks and balances and dual control procedures that need to be there to prevent the organization from suffering financial losses and reputational damage due to fraud.

Read More: [Preventing Fraud In A Nonprofit](#)

## **6. You're Leaving Money on the Table**

Many grants and foundation gifts come with "use it or lose it" terms. If you find that your nonprofit is leaving money on the table, then you need better financial management. Period. Money lost not only represents a missed opportunity for your organization, but it can also make it more difficult for you to be selected to receive funding in the future. Foundations want to choose nonprofits where their money will go to the best possible use, and that typically doesn't involve their dollars sitting, unused, in your bank account for the duration of the grant period.

# **Outsourced Bookkeeping and Accounting Services for Nonprofits**

Professional nonprofit bookkeeping and nonprofit accounting services do not have to be out of reach for your organization – no matter how tight your budget is. With outsourced bookkeeping and accounting services, your organization can have access to an entire team of bookkeepers, accountants, and controllers with the know-how to set you up with the tools, technology, and secure policies and procedures that can lead your organization to success. By outsourcing, you can enjoy all the benefits of hiring an in-house back-office team but at an affordable fraction of the cost. Plus, you can scale services as your nonprofit continues to grow.

Teaming up with a knowledgeable back-office team can be an investment that saves you both time and money. When you have a high-functioning back office, you can identify ways to improve operational efficiency, maximize the ROI of every dollar your nonprofit raises, and protect your organization from fraud risks – all while focusing the time and energy of your most precious asset, your people, on maximizing the impact of your mission.