



2025

Nonprofit Leaders Report

Survey Finds Growth Challenges 6x More Likely Without Finance and Accounting Partners

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EXECUTIVE SUMMARY

In collaboration with Cascade Insights, BTQ Financial (a division of Consero Global) surveyed 100 Nonprofit leaders, including CEOs, COOs, Executive Directors, and Founders, about their top financial challenges and opportunities for 2025.

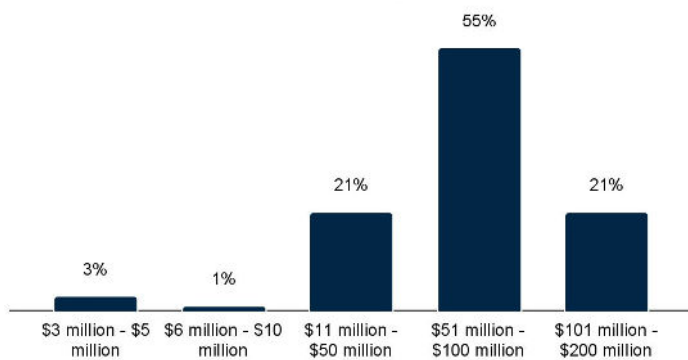
All respondents represent Nonprofits operating in large metro areas within the United States, with annual revenues ranging from \$3 million to \$200 million. Participants lead a wide variety of Nonprofits, including human and health services, animal welfare organizations, and charitable or social service organizations.

With nearly one-third of respondents working with a third-party finance and accounting partner, this whitepaper highlights the core benefits of these partnerships, particularly in addressing key challenges such as assessing financial sustainability and risk, ensuring accurate and timely financial reporting, and meeting audit deadlines and regulations.

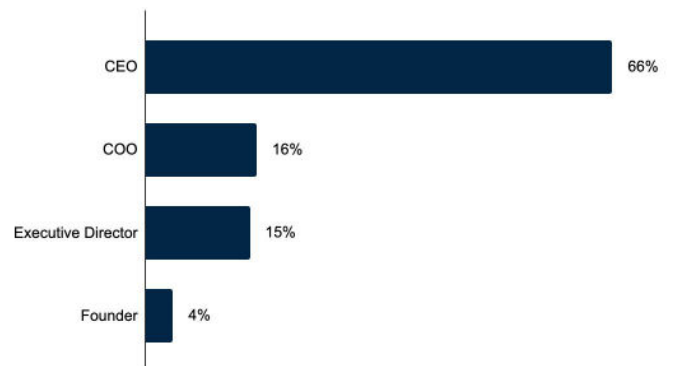
Our research reveals disparities in financial management between Nonprofits that utilize third-party partners and those that do not. Partnered Nonprofits report more accurate budgets and financial forecasts and greater success in meeting regulatory deadlines.

Participant Information

Annual Revenue



Job Title





KEY FINDINGS

- 1** 100% of Nonprofit leaders outsource at least one business function, but **only 30% work with a finance and accounting partner.**
- 2** Nonprofits working with a partner are over **6X less likely to struggle with scaling their financial function** to support growth.
- 3** **72% struggle with turnover in the financial function** at least occasionally.
- 4** **36%** frequently or very frequently experience **cash flow issues.**
- 5** 93% of Nonprofit leaders report needing to **reclassify funds more than once per year.**
- 6** The biggest benefit of working with a finance and accounting partner is gaining **more time to focus on mission-driven activities.**

Rising inflation, the affordability crisis, and skyrocketing rents have created significant financial hardships for all sectors of the U.S. economy, including Nonprofits.

Beyond these macroeconomic pressures, Nonprofits are contending with stagnant or declining funding, surging operational expenses, workforce shortages, rising demand for services, regulatory and compliance pressures, and the need to adapt to rapid technological changes:

- [76% of Nonprofit organizations](#) reported flat or decreased funding, while 60% noted increased difficulties in recruiting staff.
- According to the National Council of Nonprofits, [52% of Nonprofits](#) reported having more vacancies now compared to before the COVID-19 pandemic, and nearly three out of ten have longer waiting lists for services.

These challenges are straining Nonprofits' abilities to fulfill their missions. Many organizations are scaling back services, delaying critical initiatives, or even shutting down operations—leaving vulnerable communities underserved.

For Nonprofit leaders, our research shows partnering with finance and accounting specialists who understand Nonprofit financial management can be transformative.

These partners bring deep expertise in navigating regulatory complexities, optimizing budgets, and ensuring financial transparency to satisfy donor and board expectations. By outsourcing financial operations, leaders can focus on strategic decision-making and advancing their missions, while building a financial foundation that is strong, compliant, and scalable for future growth.

More Than a Hiring Problem: Staffing Challenges Create Operational Risks for Nonprofits

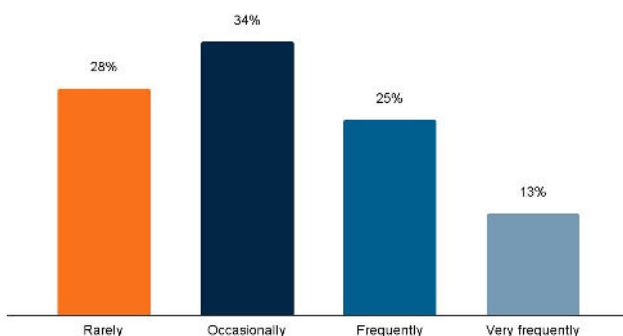
Key Findings

- ❖ 38% of Nonprofit leaders experience frequent or very frequent **turnover in their finance teams**.
- ❖ It takes Nonprofit leaders an average of **5 months to fill open finance roles**.
- ❖ Nonprofit leaders report it takes an average of **19 days to complete financial close** activities.
- ❖ **74%** of Nonprofit leaders deal with **cash flow problems** at least occasionally.
- ❖ **54%** must **reforecast** and adjust budgets quarterly or more often.
- ❖ **93%** of Nonprofit leaders need to **reclassify funds more than once per year**.
- ❖ Ensuring **accurate and timely financial reporting** ranks among the top five challenges for Nonprofit leaders.

While working to achieve their missions, finding and keeping skilled financial professionals is a core challenge for Nonprofits. About 50% of respondents report having at least 3-5 open positions on their finance teams. Overall, it takes Nonprofit leaders an average of about 5 months to fill these roles.

High turnover rates in the finance function complicate the issue. According to our survey, 38% of Nonprofit leaders report frequent or very frequent turnover in their finance teams, making it difficult to maintain continuity and expertise.

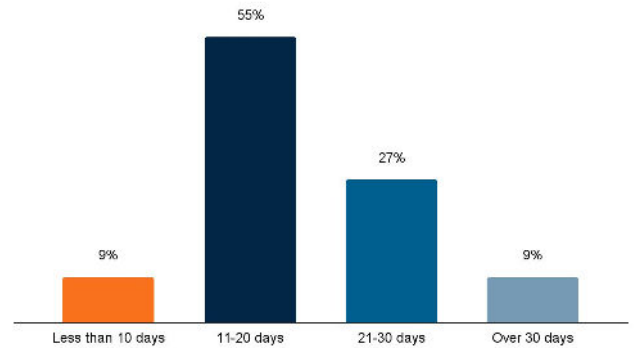
Frequency of Turnover in the Finance Function



Staffing challenges lead to operational inefficiencies

Staffing challenges in finance teams often create a ripple effect, directly contributing to operational inefficiencies and delays in critical processes. For example, Nonprofit leaders confirm it takes an average of 19 days to complete financial close activities, delaying critical decision-making.

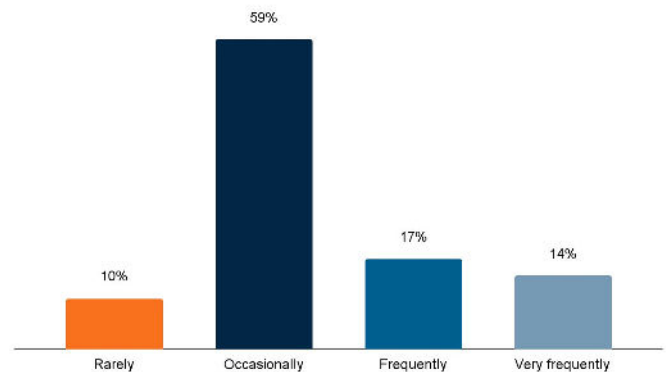
Time to Complete Financial Close



Accounts receivables

Accounts receivables challenges are also widespread, particularly for Nonprofits relying on government funding. For 93% of respondents, at least a quarter of their funding comes from government sources like contracts and grants. Among these, 90% face challenges such as delayed or rejected invoices, with 31% encountering these issues frequently or very frequently.

Frequency of Accounts Receivables Challenges



**This chart reflects the 93% of respondents who report receiving at least a quarter of their funding from government sources.*

Cash flow management

Nearly three-quarters (74%) of Nonprofit leaders also report dealing with cash flow problems at least occasionally, and 54% say they must reforecast and adjust budgets quarterly or more often. These frequent adjustments limit long-term planning and financial stability.

Fund reclassification

Fund reclassification further adds to the complexity. Over 36% of Nonprofit leaders confirm needing to reclassify funds at least quarterly, with some doing so monthly. By comparison, only 7% say they reclassify funds once per year, highlighting the need for more effective allocation processes.

Timely and accurate financial reporting

Ensuring accurate and timely financial reporting, along with scaling finance functions to support growth, rank among the top five challenges Nonprofit leaders face. However, these issues are less severe for organizations already partnering with a finance and accounting provider. This underscores how outsourcing financial operations can address critical pain points.

We've found that finance and accounting partnerships can help streamline financial processes, improve cash flow management, and ensure compliance. By outsourcing these functions, Nonprofit leaders can focus on scaling their operations and better serving their communities, leaving complex financial tasks to experienced professionals.

Top Financial Hurdles and Insights from Nonprofit Leaders

Key Findings

- ❖ **Assessing financial sustainability and risk** is the top financial challenge Nonprofit leaders face today.
- ❖ **Ensuring accurate and timely financial reporting** is the second most significant challenge.
- ❖ Nonprofits working with a finance and accounting partner are over **6X less likely to struggle with scaling their financial function to support growth** than non-partnered Nonprofits.
- ❖ **35%** of non-partnered Nonprofit leaders **struggle with ensuring accurate and timely financial reporting**, compared to just 23% of partnered organizations.

The top financial challenge Nonprofit leaders face today is assessing financial sustainability and risk. This is closely followed by ensuring accurate and timely financial reporting. These challenges highlight the increasing complexity of managing finances in a dynamic and resource-constrained environment.

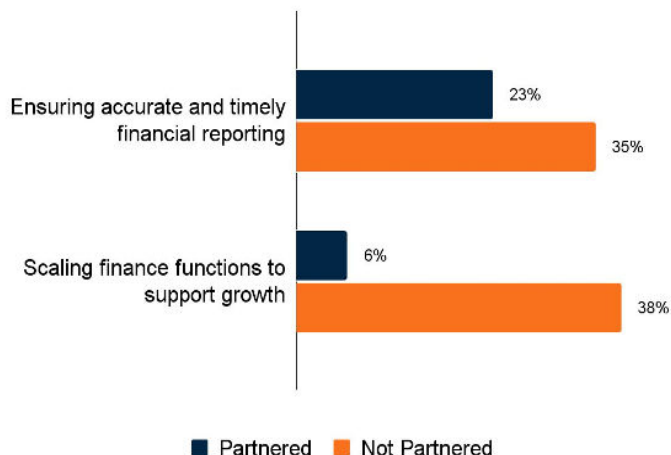
Top Financial Challenges



Interestingly, there are some key differences in terms of the financial challenges faced by Nonprofits already working with a finance and accounting partner and those that are not. For instance, **Nonprofits working with a partner are over 6 times less likely to struggle with scaling their financial function to support growth**, with only 6% reporting this challenge compared to 38% of non-partnered organizations.

Working with a finance and accounting partner may also help ease Nonprofits' financial reporting burden. 35% of non-partnered Nonprofit leaders say they struggle with ensuring accurate and timely financial reporting, compared to just 23% of partnered organizations.

Financial Challenges: Partnered and Not Partnered



These differences underscore how outsourcing financial functions can relieve some of the financial pressures Nonprofit leaders face, enabling them to focus more on advancing their mission and serving their communities.

Here's how Nonprofit CEOs, Founders, COOs, and Executive Directors describe addressing these challenges today:

- ❖ *“Conduct **regular internal audits** or **engage external auditors** to review financial reports to ensure compliance and transparency of financial data”*
Executive Director, Charitable or Social Services Organization
- ❖ *“We have **third-party financial partners** which can help us solve these challenges.”* COO, Credit Union or Cooperative
- ❖ *“Addressing skills gaps by **hiring specialist financial talent** and funding training for current employees”*
CEO, Health and Medical Organization
- ❖ *“Effective management of donor relationships, including **tracking donations and issuing receipts.**”*
CEO, Animal Welfare Organization

A finance and accounting provider like BTQ Financial helps Nonprofits overcome these challenges by eliminating the need to build and maintain an in-house financial function, which can be costly and resource-intensive.

Transforming Nonprofit Operations Through Finance Outsourcing

Every Nonprofit leader who answered our survey (100%) outsources at least one internal function like IT support, data management, web and digital services, payroll, or benefits administration. Clearly, outsourcing is nothing new for the Nonprofit sector, and already plays a key role in helping organizations run more efficiently.

However, there is a lag when it comes to finance and accounting, with only 30% of Nonprofit leaders outsourcing these critical tasks. That means the majority (70%) haven't yet tapped into the benefits of outsourcing their finance operations, leaving a key opportunity to improve efficiency unexplored.

Outsourced Business Functions



Outsourcing financial operations can offer Nonprofits strategic advantages. BTQ Financial also delivers a comprehensive suite of solutions designed specifically for the Nonprofit sector. By streamlining and automating financial workflows, these solutions minimize manual errors, enhance compliance, and give leaders more time to focus on strategic priorities.

A capable outsourcing partner also helps tackle common challenges, like the difficulty of hiring and retaining skilled finance professionals, by giving organizations [access to experts](#) who understand Nonprofit-specific needs like managing restricted funds and handling grant reporting. Plus, outsourcing is a [cost-effective alternative](#) to building an in-house finance team, cutting down on expenses for hiring, training, and technology.

Outsourcing financial operations also enhances compliance and risk management by bringing in experts to navigate complex regulations. This provides Nonprofit leaders the flexibility to scale financial support during times of growth or change, like managing large grants or handling mergers. These benefits make outsourcing a powerful tool for improving operational performance and helping Nonprofits better serve their communities.

Most Commonly Outsourced Financial Services

Finance and accounting partners provide Nonprofits with a wide range of services designed to meet their specific needs. Based on our survey, the most commonly used financial services include:

1. Strategic FP&A reporting (68%)
2. Grant management and reporting (65%)
3. Staff augmentation and fractional CFO support (55%)
4. Budgeting and forecasting for programs and operations (42%)
5. Audit preparation and support (42%)
6. Revenue recognition and reconciliation for donations and grants (42%)

Top Outsourced Finance Services



For Nonprofits looking for a comprehensive solution, Finance as a Service (FaaS) offers a fully integrated approach to financial management. FaaS brings together skilled finance professionals, advanced systems and technologies, and streamlined processes to deliver a complete suite of services. This includes specialized support like revenue cycle management and grants and contract management.

With this holistic approach, Nonprofits gain the tools and expertise they need to navigate an increasingly complex operational environment and position themselves for long-term success.

Finance as a Service (FaaS) for Nonprofits

Here's a more comprehensive breakdown of the individual services that fall into each of these categories:

Finance and Accounting	Accounting, planning and budget development, reporting and analysis, accounts payable, accounts receivable, cash management, and audit preparation.
Revenue Cycle Management	Medical billing self-service portal, guidance toward successful third-party medical billings, weekly HIPAA-compliant claim submission schedule, fast posting for remittances, hands-on guidance for resolving unpaid claims, collection and denial reports, dedicated client manager, and comprehensive accounts receivable reporting.
Grants and Contract Management	Expense management and allocation, funder submission and processing, compliance and reporting, audit trains, and financial analysis and planning.

Top Reasons Nonprofits Utilize Finance and Accounting Partners

Based on our survey, the top five benefits Nonprofit leaders receive from working with a finance and accounting partner like BTQ Financial are:

1. More time for leadership to focus on mission-driven activities (45%)
2. Time savings from streamlined financial and accounting processes (42%)
3. More timely and accurate financial reporting (42%)
4. Access to specialized nonprofit financial expertise (39%)
5. Cost savings from staff and financial systems (35%)

According to the Nonprofit leaders we surveyed, the top benefit of working with a finance and accounting partner is gaining more time to focus on mission-driven activities.

Other significant advantages include time savings from streamlined financial processes, more timely and accurate financial reporting, and access to specialized Nonprofit financial expertise.

Benefits of Working with a Finance and Accounting Partner



The data suggests that outsourcing the finance function is particularly valuable for leaders who are pressed for time. By leveraging expert support and efficient financial reporting, Nonprofit leaders can reclaim valuable time to focus on what matters most.

These benefits also address some of the biggest challenges Nonprofit leaders face today, including evaluating their organization’s financial sustainability and managing associated risks, as well as ensuring accurate and timely financial reporting. According to our survey, these are the top two financial hurdles Nonprofit leaders are currently working to overcome.

Empowering Nonprofits to Make an Impact

Navigating today’s financial challenges requires more than resilience—it demands strategic solutions. This is where partnering with finance and accounting experts like BTQ Financial can make all the difference.

By streamlining financial processes, improving compliance, and providing access to specialized expertise, these partnerships free Nonprofit leaders to focus on their mission-driven work.

The data is clear: outsourcing financial operations isn’t just about efficiency—it’s about unlocking new potential for growth, impact, and sustainability. For the 70% of Nonprofits not yet leveraging these opportunities, now is the time to find a finance and accounting partner that can transform your operations and empower your organization to better serve your community.

Each organization’s challenges are unique, and BTQ Financial has the expertise to identify the precise solutions needed to turn your finance function into the engine that propels your organization forward. [Contact us](#) to schedule a consultation.



ABOUT BTQ

BTQ Financial, a division of Consero Global, has been partnering with Nonprofit organizations for over 20 years, revolutionizing financial management across the Nonprofit sector.

Through a cloud-based platform, BTQ Financial delivers the financial clarity and efficiency needed to help drive missions forward. Strategic Nonprofit leaders are adopting BTQ Financial's cost-effective, and efficient Finance as a Service (FaaS) model to free up time and focus on the mission at hand. BTQ Financial provides Nonprofits with the financial expertise, technology stack, and industry knowledge so that organizations can achieve superior business management.

BTQ Financial offers outsourced finance and accounting services, revenue cycle management and grant and contract management services.

Learn more about BTQ by visiting:

<https://www.btqfinancial.com/>



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