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Firm Overview:

In 2001, a partnership of several nonprofits organizations and financial professionals initiated an experiment that may well transform the field of nonprofit financial management. The group raised over \$1 million in development capital from government, foundations, and individuals to establish *BTQ Financial*, a financial management firm that provides high quality, cost effective fiscal and accounting services on an outsourced basis to the nonprofit sector.

BTQ's purpose is to support the important and unique work of nonprofit organizations, and complementary for profit organizations. As the bar is raised in terms of fiscal accountability and at a time of scarcer funds, BTQ has developed a viable, cost effective and permanent solution to the expensive and challenging work of operating discrete fiscal departments for the tens of thousands of nonprofits and other mission related businesses across the nation. The outsourcing option allows them to: 1) gain access to a higher level of financial expertise than they might otherwise afford; 2) avoid large capital investments associated with building and maintaining an internal financial department; and 3) focus on the core, revenue-generating competencies of their business.

To date, BTQ, a Limited Liability Corporation that is majority owned by nonprofits, has been a success story, both in its own business development, but also for its clients. Over its first nine years of operation, it has grown from an initial three clients to over thirty clients with combined revenues of over \$600 million. BTQ's operating budget has grown from \$1.5 million to over \$7 million and it employs seventy people, the majority of whom come from the communities served by BTQ's clients. The client agencies represent a wide variety of nonprofits including housing providers, community development loan programs, health centers, public policy groups, arts groups, human services organizations, and social entrepreneurial ventures.

Following their decision to outsource their fiscal operations, BTQ's client organizations have been able to focus on expanding their mission related services. Clean and timely audits and regular and comprehensive financial reports have significantly enhanced their ability to attract more capital from both the public and private sectors. A number of the clients have been able to develop and significantly expand their entrepreneurial endeavors based on their ability to show strong financial management to lenders and investors.

Services

BTQ offers a full suite of financial services developed to meet the needs and budgets of small- to mid-size organizations. Clients outsource their entire financial front and back-office functions – from CFO to Bookkeeper - to BTQ. Clients benefit from the economies that BTQ can offer through its centralized, shared-resource model of operation; in essence, they become subscribers to a “cooperative” where the staff and infrastructure are supplied by BTQ but are shared by multiple organizations, thereby reducing the overall costs to any one agency.

The BTQ package of services represents a long-term and highly flexible model of financial management, one that can grow and contract with the client organization, both in terms of size and technical requirements. In many fiscal departments, there is not a clear match of professional skills to the needs of the agency, primarily because it is generally not feasible to hire portions of people. Highly paid staff members frequently spend their working hours on tasks that should be done by junior staff. But the junior staff members are the first ones to be eliminated when there are budget cuts. The BTQ model provides for the matching of staffing levels and expertise to the specific needs of the fiscal operations.

The Client Manager provides the required resources to meet the client’s fiscal management objectives while providing for the greatest level of control, confidentiality, and cost effectiveness. The role of the Client Manager is to provide the agency with the objective information and sound fiscal analysis it requires to make timely and appropriate management decisions. The Client Manager acts at the direction of the agency’s executive management and Board of Directors or other key stakeholders. At all times, the client agency maintains sole and exclusive control over its funds, budgets, and disbursements.

In order to provide high quality financial outsourcing services while preserving and respecting the focus and culture of the clients and their customers, BTQ works closely with each financial management client to design a customized service package that responds to the its unique agency needs and goals.

BTQ's financial management service packages include:

Project Initiation and Start-up

The first element of Project Initiation and Start-up consists of securing control over financial systems and establishing new reporting mechanisms. The key services involved with Project Initiation and Start-up includes:

- Development of a work plan for modification and restructuring of the fiscal system.
- Development of an agency annual budget by cost center or department and detailed 12-month cash flow projection.
- Analysis of receivables and development of a collection strategy.
- Analysis of billing systems and, where required, development of an appropriate billing system.
- Assessment of the functionality of the current general ledger system.
- Development of a format of a monthly report and other appropriate management reports, including individualized agency benchmarks and other key indicators.

Financial Reporting

BTQ provides regular monthly and annual financial reports in order to provide management and Boards of Directors with the accurate and timely information necessary to strategically direct agency operations. Monthly financial reports include:

- Budget-to-actual reports by cost or revenue center and agency-wide.
- Cash position and cash flow projections.
- Billing reports.
- Balance sheets analysis.
- Revenue and expense analyses.
- Management indicators or benchmarks with prior period comparisons which help monitor agency performance.

Financial Record Keeping

BTQ manages all agency financial records and functions including:

- Voucher registers
- Cash disbursements
- Cash receipts
- Payroll register
- General ledger and
- General journal.

This record keeping will expedite and facilitate the work of the agency's outside auditor in the preparation of annual financial audits.

Cash Management

- **Cash Revenues Management**

BTQ will design and manage the cash receipts process, tracking receipt of payments and reporting to management on successful collections. Cash revenues will be logged in as received, with the receipt verified by at least two parties. A daily cash receipts log that includes available cash balances will be accessible to management. Other controls and reports will be developed, as appropriate, to meet management needs.

- **Cash Disbursements Management**

BTQ designs and manages a system to pay expenses according to priorities established by agency management. Payments will be approved by executive or program managers and managed to maximize agency benefit. The cash disbursement system will:

1. Receive all invoices and logs them to the appropriate cost center;
2. Circulate a copy of all invoices to executive or program managers for payment approval;
3. Prepare checks with appropriate backup documentation for signature by management on a weekly or bi-weekly schedule, as appropriate; and
4. Track all expenditures according to budget and cash flow projections and notify management of any variances to budget and cash projections.

Contract and Grants Vouchering and Management

BTQ provides timely filing of all contract and grant financial reports and monitors receivables. Additionally, program staff assists in performing budget modifications and other non-billing financial tasks associated with contract and grants. BTQ works with agency program staff to ensure that contract and grants funds are expended appropriately and maximized. A contracts' tracking tool and monthly status report are reviewed with the appropriate agency managers on a routine basis.

BTQ has extensive experience working with its clients in the management of federal, state and local contracts, both cost reimbursed and deliverable based contracts.

Planning and Budget Development

The BTQ fiscal management staff meets regularly with executive management to assist in developing and modifying budgets, assessing operations, and forecasting the impact of various environmental changes. It assists in developing and implementing all policies, procedures and operational processes that are necessary for sound fiscal management and will assist in training all appropriate staff in these policies and procedures.

BTQ's Account Executive meets regularly with appropriate staff and board committees to discuss financial results and assist in the financial oversight and planning responsibilities.

Partners:

David Terrio and Kevin Quist manage BTQ Financial. With more than 30 years of combined experience working in the nonprofit and public sector, they have provided consulting services to more than 50 agencies over the past 17 years. Mr. Terrio has a Masters of Business Administration in Finance. Mr. Quist has a Masters of Regional Planning in Finance. Both have been instrumental in raising over \$200 million in funding for their nonprofit clients, including the issuance of State-backed bonds, commercial bank loans, federal, state and local grant funds and private dollars.

Contacts:

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