

# OUTSOURCED BOOKKEEPING

## 5 Ways to Save Money and Increase Revenue



Bank account feeling tight?  
Wondering where all your money is going?  
Looking for answers?  
Look no further.



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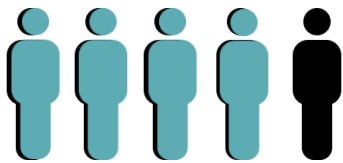
## 5 Ways to Save Money and Increase Revenue

### 1. Avoid Embezzlement

Employee embezzlement is an inside job and can be avoided with an outsourced bookkeeping firm. Although the average total embezzlement amounts tend to fall in the **hundreds of thousands**, this can be misleading as it can occur over time. Your internal bookkeeper might start with \$500 the **first time** and work up from there, costing you a median loss of \$307,472 over time. HISCOX does an annual embezzlement study on employee theft cases. According to their 2016 Embezzlement Study:

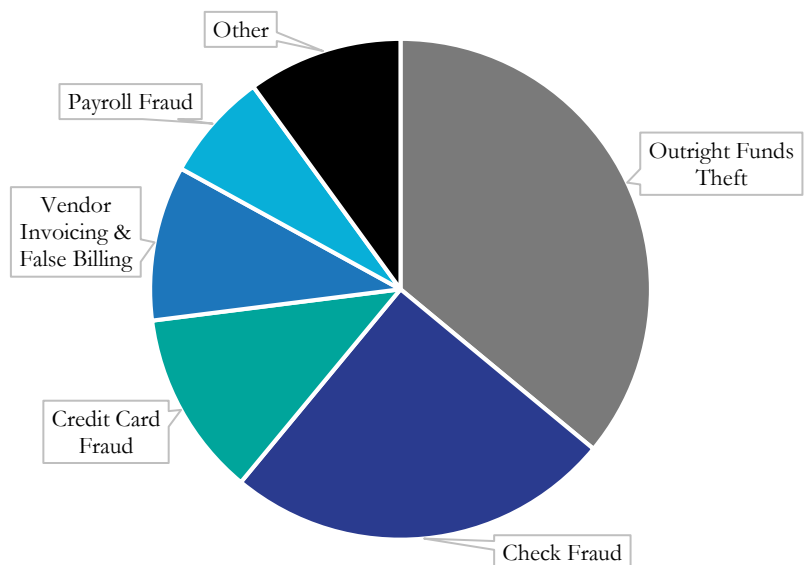
- ❖ Four out of every five victim organizations had fewer than 100 employees; just under half had **fewer than 25 employees**.
- ❖ The highest frequency of embezzlement is from **employees in bookkeeping positions**.
- ❖ A woman who worked as a bookkeeper in Maryland stole over \$1.3 million from four different non-profit organizations. She took money that was intended to provide services for disadvantaged children and homeless families.
- ❖ A 46-year-old bookkeeper embezzled \$155,460 from a nursing center in Kansas. When she was caught, it was found she'd also stolen from several other employers as well. Her job as a bookkeeper was a violation of her parole on previous fraud charges.

Outsourcing to a professional bookkeeping firm bypasses the possibility of employee theft or from a sole proprietor bookkeeper.



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**Federal Cases by Primary Scheme Type**



**The Criminal Next Door:** Embezzlers vary in age, profession, and motivation, but the commonalities are that they're often the most trusted and least expected.

## Meet Helen Helps-Herself



1

### Unexpected Culprit

**Fifty-one** year old Helen Helps-Herself has been the **bookkeeper** for a construction company for **twelve years**.



2

### Desperate Times

Helen's **husband got sick** and couldn't work. The lack of income and family medical expenses make Helen desperate. She **'borrowed'** some money from her employer until they got back on their feet by writing a \$5,000 check to herself, juggling the books to cover it up.



3

### Under the Radar

**No one noticed** the missing money, so Helen wrote another check to herself, recording it as payment to a vendor in the books. Again, no one noticed. The pattern continued for **four years**.



4

### Living in Excess

Eventually the medical bills were paid off, but Helen continued to write the checks. She bought **new furniture** and put a **new deck** on their house.



5

### Caught Red Handed

A vendor whose account she had marked as paid contacted the company CEO looking for their unpaid funds. Careful examination of the company's books showed that Helen had helped herself to just over **\$300,000**.

Helen's scheme succeeded because she was a long-time **trusted employee** with **sole control** of the company's bookkeeping.

*Graphic: THE 2016 HISCOX Embezzlement Study: A report on white collar crime in America.*

## 2. Stop paying your CPA to fix your books every year

Professional bookkeeping firms generally charge \$50 to \$75 per hour. Some even have package deals that work out to less than that.

According to CPA Practice Advisor, average hourly fees for various client services provided by an accountant range from \$83 to \$157, an average of about \$124.

- ❖ Audit of Financial Statements – \$157
- ❖ Financial Services – \$144
- ❖ Tax Services – \$145
- ❖ Management Advisory Services – \$146
- ❖ Financial Statement Presentation – \$134
- ❖ QuickBooks or Bookkeeping Advisory Services – \$97
- ❖ Write-up Work – \$93
- ❖ Payroll Services – \$83

The important point to understand about the above averages is if you give your accountant a shoe box of receipts it probably falls in that high \$90 range for a junior person in the CPA firm to input and reconcile it all. But when a senior accountant needs to check it out or touch it in any way, it's in that \$145 range. More importantly, if you use a smaller firm or sole accountant... they likely do not have that junior person and do it all themselves at \$145 per hour! **Larger CPA firms charge \$175 to \$350 per hour.**

A good professional bookkeeping firm has an intake process where they make sure they understand all YOUR income and expense categories so they go in the right place. They also have a procedure to ask you about expenses that can't be identified (like an ATM withdrawal). This insures your accountant gets a clean set of books and just needs to charge you for what they do best, financial statements, tax services, and financial advice. They will probably like you better for it!



**Professional bookkeeping firms charge \$50 to \$75 per hour. Larger CPA firms charge \$175 to \$350 per hour. Three and a half times more money for the same result? Time to rethink strategy.**

### 3. Get CFO Level Insight at Bookkeeping Cost

According to Glassdoor, the **national average Chief Financial Officer salary is \$158,553**. The New York City area averages even higher, at \$183,315.

According to Investopedia, the three core duties of a CFO are:

- ❖ Presenting and reporting accurate and timely historical financial information.
- ❖ Deciding how to invest the company's money, determining the best mix of debt, equity, and internal financing.
- ❖ Identify and report what areas of a company are most efficient and how the company can capitalize on this information.

**Great** bookkeeping firms not only “keep” your financial information but will analyze and trend your financial data allowing them to see opportunities for your business. Quarterly reporting and review of your data can spot trends or issues that can improve your business. Some bookkeeping firms may even help with budgeting and projections.

- ❖ Credit card processing fees can increase without you even noticing and bleed you of thousands of dollars.
- ❖ Improved cash flow management can avoid those annoying overdraft fees.
- ❖ Improved inventory management can even out cash flow and avoid those “feast or famine” months.
- ❖ Tracking marketing expenses properly can assist in measuring ROI and honing in on tactics that actually work.



#### 4. Spend More Time on Productive Activities

There are dozens of books on making money and increasing productivity. All of them, in one way or another, will tell you to outsource every activity – that is not productive.

As important as keeping good books is, it is by nature a maintenance activity. Like keeping your office clean, it's certainly important, but doesn't bring in revenue. Bookkeeping is important, but it's so inexpensive to outsource, it's crazy to do it yourself.

According to the Energy Services Group, the annual cost to heat a 2,200 square foot home costs between \$1,095 and \$3,143, but most people don't cut their own wood to heat their house to save money. Why? Because most people know that time is better spent!

So why in the world do people do their own books? Sure, it's easier than cutting wood, but that time could certainly be better spent!



#### 5. Improve Your Life

You and your family being happy and healthy can positively impact your financials more than anything else on the planet.

Having a professional bookkeeping firm handle your books can relieve stress, give you more time for fun and family and just make everyone happier!

**“Bookkeeping  
is important,  
but it’s so  
inexpensive to  
outsource, it’s  
crazy to do it  
yourself.”**

Sources:

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# CAPACITY Bookkeeping

**Main Office:** 3 Wallkill Ave Unit C1 – Montgomery NY 12549

**Phone:** 1.845-688-8338

**Email:** [info@capacitybookkeeping.com](mailto:info@capacitybookkeeping.com)

**Website:** [www.capacitybookkeeping.com](http://www.capacitybookkeeping.com)