



**NonprofitCenter**  
of Northeast Florida

PROJECT IGNITE

# Building Nonprofit CAPACITY

Nonprofit Center's Shared  
Service Initiative

April 1, 2026

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# EXECUTIVE SUMMARY

The Nonprofit Center of Northeast Florida (NPC) proposes to design, launch, and rigorously test a fractional financial management shared services model tailored to mid-sized nonprofit organizations with annual revenue between \$750,000 and \$5 million (approximately 280 organizations on the First Coast). This cohort has a revenue mix large enough to require strategic financial leadership, yet often cannot sustainably support a full-time Chief Financial Officer (CFO).

The project is the outcome of a feasibility study conducted by Social Impact Commons, a national expert in fiscal sponsorship and nonprofit infrastructure sharing. In response to increasing financial and operational fragility within the nonprofit sector, the Nonprofit Center commissioned the study to understand demand within the community for a structured infrastructure sharing project. The findings indicate a critical need for shared infrastructure, with 52% of nonprofits having three months or less of operating cash on hand, and 81% struggling to raise sufficient funds to meet expenses.

Based on these findings, and additional research conducted, the Nonprofit Center proposes building the project over 24-months in a phased approach. This will enable the Nonprofit Center to further customize the model to Northeast Florida and operationalize a high-quality financial management program that fills the gap between transactional bookkeeping and external audit services. The program will be anchored by a structured advisory engagement with an organization with national expertise operating shared financial management models. This will ensure national best practices are embedded from inception while building local ownership and long-term capacity.

The program will begin with Phase I, a six-month ramp-up dedicated to detailed program design, technology acquisition, legal structuring, pricing validation, recruitment of anchor partnerships, and contracting with an organization with national expertise operating shared financial management models. During Phase II, the subsequent 18 months, the Nonprofit Center will recruit, hire, and train a Chief Financial Officer, a Finance Associate, and a Project Manager to support service delivery for an initial cohort of 5–6 mid-sized organizations. By the conclusion of Phase II, the Nonprofit Center will have validated demand, established regional unit economics, documented standard operating procedures, and determined the scalability pathway for a sustainable fractional financial service. During Phase III, the findings will be leveraged to determine if the project should further scale the financial management offering and/or explore expansion for other lines of business.

The success of this project is contingent upon the successful execution of a capital campaign to underwrite the initial subsidy required for launch, including early costs and working capital, while testing a sliding-scale pricing model. Phase I and II costs are estimated at \$697,000, inclusive of advisory services, staffing ramp-up, technology infrastructure, and evaluation.

# INTRODUCTION

For over 22 years, the Nonprofit Center of Northeast Florida has served as a regional capacity builder, helping members adopt best practices, strengthen governance, and make informed decisions through research and technical assistance. Nearly a decade ago, the Nonprofit Center began exploring shared-infrastructure approaches through its work connected to The Jessie, a collaboration space and gathering place for nonprofits and community members.


The Nonprofit Center has also served as a fiscal sponsor for multiple emerging and innovative organizations, providing compliance, financial stewardship, and administrative stability during early growth stages. In parallel to exploring shared services, the Nonprofit Center has invested in sector infrastructure initiatives such as Catalyst Northeast Florida, which provides shared community data to highlight social sector gaps that inform collaborative problem-solving and decision-making. While distinct from shared services, Catalyst demonstrates the Nonprofit Center's role as a neutral intermediary capable of convening partners and managing shared resources that strengthen the nonprofit ecosystem.

# PROBLEM STATEMENT

As a trusted intermediary, the Nonprofit Center sees firsthand both the extraordinary work nonprofits deliver and the administrative strain under which many operate. Observations across Northeast Florida mirror national trends highlighted in the 2025 State of the Nonprofit Sector report from the Independent Sector, which describes a “troubled economic and political moment” for nonprofits marked by rising community needs and persistent operational instability.

More than half of organizations (52%) are financially fragile, holding less than three months of operating cash. Funding pressures are also intensifying. One-third of nonprofits reported disruptions to government funding in early 2025, and among organizations that rely on government grants, two-thirds would operate at a deficit without them. At the same time, the gap between service demand and organizational capacity continues to widen: 68% of nonprofits expect demand for services to increase, yet 81% report difficulty covering basic operating expenses.

These challenges are compounded by a rapidly shifting operating environment. Expectations for transparency and accountability are rising as public trust becomes increasingly tied to strong internal controls and financial stewardship. Traditional funding models are evolving, revenue volatility is increasing, and federal funding slowdowns or delayed reimbursements are straining organizational liquidity. As a result, nonprofits face growing pressure to manage cash flow, monitor receivables, and conduct scenario planning with greater sophistication.



Yet many mid-sized organizations lack the financial leadership required to navigate this complexity. They have often outgrown basic bookkeeping but cannot access strategic financial expertise due to talent shortages or cost constraints. The result is reactive budgeting, limited forecasting capacity, elevated audit risk, and board decision-making that relies on incomplete financial data.

The absence of strategic financial leadership is no longer simply a back-office challenge; it is a material risk to mission delivery and long-term organizational sustainability.

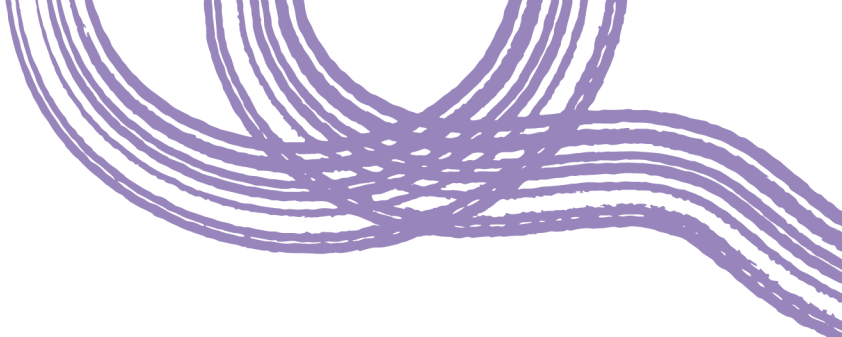
## SOLUTION

Shared services offer a practical strategy for nonprofits facing increasing financial pressure and limited administrative capacity. In this model, multiple organizations collaborate to share staff expertise, technology, and/or operational infrastructure. Typically, shared structures include back-office functions such as finance, human resources, information technology, and marketing. Rather than each organization independently building and maintaining full administrative departments, shared services allow organizations to collectively access specialized expertise through a centralized structure or intermediary organization.



By pooling resources, nonprofits benefit from greater efficiency, lower operational costs, and improved access to professional expertise that might otherwise be unaffordable. Shared services also help standardize processes, strengthen internal controls, and preserve institutional knowledge that might otherwise be lost when key staff depart. As a result, shared services provide a long-term infrastructure solution that strengthens organizational stability while allowing nonprofit leaders to focus more fully on mission delivery and community impact.

To assess demand and identify priority areas for shared services, the Nonprofit Center partnered with Social Impact Commons to conduct a feasibility study. Social Impact Commons is a leading organization advancing collaborative infrastructure and resource-sharing models within the nonprofit sector. The study was led by Thaddeus Squire, a nationally recognized nonprofit leader with more than 25 years of experience in nonprofit management, systems design, and sector innovation. Through his work with Social Impact Commons, he has helped pioneer frameworks for nonprofit 'commoning,' cooperative management, and shared operational infrastructure that strengthen organizational sustainability. Thaddeus' deep expertise and Social Impact Commons position in the market marked them as uniquely qualified to lead this feasibility study in Northeast Florida.



The year-long feasibility study, conducted from January through December 2025, engaged more than 150 nonprofit leaders, philanthropists, and board members across Duval, Clay, Nassau, and St. Johns Counties through presentations, interviews, and surveys. Participants consistently identified finance, from bookkeeping through strategic financial planning, as the most critical unmet need in the region, followed by human resources, advancement, and compliance. Respondents emphasized a strong desire for solutions that both build their organizational capacity and remain cost-conscious.

The study also identified capacity constraints at the Nonprofit Center. To support a robust shared services program, the Nonprofit Center will need to expand its administrative capacity and operational systems significantly. The current staff structure, appropriately designed for existing programmatic priorities and budget size, has limited back-office infrastructure. Entering the shared services space will require developing a stronger operational foundation, starting with finance, project management, human resources, and the technology/software needed to deliver services to multiple organizations at once.

Fractional support shared services present unique challenges because they require the Nonprofit Center to operate within clear efficiency parameters while working in an outsourced capacity.

This model is sustainable only with a core group of larger clients that provide predictable revenue to support a professional management team.

Ensuring consistency, quality, and operational integrity will depend on disciplined boundary-setting, standardized technology and processes, and careful monitoring of service conditions. Taken together, these considerations affirm the importance of sequenced growth and strong operational planning as the Nonprofit Center moves toward a shared services model.

Based on these findings, the Nonprofit Center proposes a three-phase approach beginning with financial management services to validate demand, refine pricing, and test operational workflows before expanding to additional functions. The Nonprofit Center will implement a 24-month project to launch a fractional Financial Management shared-services model purpose-built for mid-sized nonprofits with annual revenue between \$750,000 and \$5,000,000. The model pairs locally delivered financial leadership with national advisory expertise to ensure both contextual understanding and quality assurance from inception.

While Social Impact Commons supported the initial feasibility study, the implementation phase requires operational expertise in delivering fractional financial services. As the Nonprofit Center enters execution, it will look to partner with an organization with national expertise operating shared financial management models that can provide advisory support to ensure the project incorporates tested practices in pricing, staffing structure, and service delivery.



## PHASE I

### Program Design (Months 1–6)

The first six months will focus on laying the operational foundation required for high-quality service delivery. The phase will start with a formal 24-month advisory engagement with an organization with national expertise operating shared financial management models. Advisory deliverables will include business model design, pricing structure guidance with sliding-scale access parameters, staffing plans, quality control protocols, and multi-year financial projections grounded in regional salary benchmarks and market size.

The organization will establish a Limited Liability Company (LLC) and conduct a legal and entity-structure review to ensure the new program is legally compliant with all applicable regulations. The LLC will be established to shield core assets from risks associated with revenue-generating activities, limiting liability for lawsuits or debts, managing risky programs independently, and operating unrelated businesses without jeopardizing their main 501(c)(3) tax-exempt status. Legal structuring will also address the Commercial Services Doctrine, which governs whether services provided by a tax-exempt organization to other nonprofits may constitute taxable unrelated business income. To qualify for exemption, services must be delivered at substantially below cost, generally interpreted as 85% or less of full cost recovery, establishing a clear ceiling that must be defined in pricing policy before services launch.

In parallel, the Nonprofit Center will recruit and onboard the Chief Financial Officer, who will lead the program development. The CFO will serve as the lead strategic advisor across all participating organizations, providing the financial leadership that clients currently lack. Once the CFO is in place, the Nonprofit Center will recruit and hire two additional staff members: a Finance Associate and a Project Manager. The Finance Associate will manage transactional accounting functions. The Project Manager will oversee client recruitment, onboarding, day-to-day coordination, and internal workflow systems to ensure service consistency and quality throughout the program. In addition, during this time the NPC will onboard the software required to execute a financial management shared service model, including secure financial accounting software with contract and invoice management, human resources, and advanced payroll tools.

## PHASE II

### Program Implementation (Months 7-24)

During Phase II the Nonprofit Center will train staff and work to recruit and onboard five to six mid-sized nonprofits that will become the anchor clients of the shared service model. Each client engagement will follow a standardized onboarding and financial baselining process, a defined monthly reporting and forecasting cadence, and board-ready dashboards aligned to each organization's governance calendar.

This standardization is essential not only to service quality but to the scalability of the model; it ensures that what works for five organizations can be replicated for fifteen.

The fractional financial management model will deliver a comprehensive range of services that fill the critical gap between basic bookkeeping and external audit functions, the strategic middle ground where most mid-sized nonprofits are currently underserved:

- Accounts Payable and Receivable
- Internal Controls Design and Monitoring
- Payroll Processing
- General Ledger Management and Account Reconciliation
- Internal Financial Statement Preparation
- Coordination of Annual Independent Audit and Form 990
- Annual Budget Coordination, Preparation, and Compliance Monitoring
- Annual Forms 1099 Preparation

## PHASE III

### Business Model Validation & Sustainability (Months 24+)


The program is designed not only to deliver meaningful services to a cohort of mid-sized nonprofits, but to answer the fundamental business model questions that will determine how difficult it will be for shared financial services to become a lasting regional resource. NPC will collect operational data throughout the program to determine whether the model works financially, operationally, and in terms of real impact on client organizations.

Operational metrics will include utilization rates, cost to serve per client, pricing elasticity, and cost and revenue trajectory. Organization-level outcomes will include financial reporting timeliness and accuracy, forecast variance, audit adjustments, on-time grant reporting, and qualitative measures of executive and board confidence in financial decision-making. Together, these indicators will tell us not only whether the model is sustainable, but whether it is meaningfully improving organizational resilience.

#### Success at Month 24 will be defined by:

- At least 5 anchor organizations are completing or contracted to complete a full-service year.
- Clear sustainable revenue calculations within a 36–48-month+ expansion horizon.
- Documented standard operating procedures and a pricing model validated and ready for scale.

The \$697,000 capital campaign will underwrite the one-time investments required to launch, but Phase III will require continued philanthropic investment. The sliding scale pricing model will never generate sufficient earned revenue to cover costs by the end of the program. This is the standard trajectory for nonprofit shared services models: an initial subsidy period during which the cohort is built, systems are standardized, and pricing is calibrated to the market, followed by a path to a sustainability revenue mix as volume grows and unit economics improve. The goal is for philanthropic investment to underwrite 20% of program operating costs to ensure pricing is structured in compliance with the Commercial Services Doctrine (CSD).



CSD requires that nonprofit services be delivered at substantially below cost to avoid unrelated business income tax exposure, a threshold the pricing model will be specifically designed to satisfy.

If Phase II validates demand and demonstrates financial sustainability, the model may expand through additional CFO hires or complementary service lines (such as human resources or advancement support) based on demonstrated market demand and financial performance. If the Phase II surfaces unresolvable challenges, the data collected will ensure that lessons are documented and shared, contributing to the broader field of nonprofit shared services practice. Clear definitions of the go vs. no-go criteria for program expansion or conclusion will be defined during Phase I.

## CONCLUSION

Northeast Florida's nonprofit sector is navigating a period of genuine fragility. Demand for services is rising while financial margins are thinning, funding environments are shifting, and the administrative expertise required to manage through this complexity remains out of reach for most mid-sized organizations. The Nonprofit Center has spent more than two decades building the trust, relationships, and infrastructure needed to respond to exactly this kind of moment. The phased approach represents the next step in a multi-year effort to strengthen nonprofit infrastructure across the region.

It is grounded in rigorous feasibility research, designed around tested national models, and structured to generate the operational data and financial benchmarks necessary to determine whether shared services can become a durable regional resource.

By combining the Nonprofit Center's role as a trusted local convener with the institutional knowledge of a national expertise, this initiative will deliver measurable improvements to the financial health and governance capacity of participating organizations, while validating a model that could ultimately serve dozens more. If successful, the framework developed through this program could extend to additional service areas such as human resources, advancement support, or compliance, helping nonprofits across the region redirect time and resources toward the mission-driven work their communities depend on.



JESSIE BALL  
DU PONT  
FUND

*Thank you to the Jessie Ball DuPont Fund, which supported the Nonprofit Center's Shared Service feasibility study. Their support made this work possible.*