

# Non-Profit Collaborative

## The Cash Management Landscape for Non-Profits

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**Edith K. Joyce, CTP, Cash Management Director, Senior Vice President**  
**Stephen Cochrane, Senior Cash Management Advisor, Senior Vice President**  
**John Moynihan, Senior Cash Management Advisor, Vice President**  
**Tracy Raskow, Cash Management Specialist**

# Agenda

- A. Welcome and Introductions
- B. The Building Blocks of Cash Management
- C. Streamlining Your Operations for Improved Cash Flow Management
  - Receivables and Collection Methods - Maximize the Tools
  - Payables and Payment Methods - Evolve with the Changing Landscape
- D. Fraud Prevention and Risk Management - Protect Your Organization
- E. Investments - Take Broad View
- F. Open Discussion
- G. Resources
- H. Speaker Bios

# Are Non-Profits Different than Businesses?

Peter Drucker, from his book, *Managing the Nonprofit Organization*, said:

‘It is not that these institutions are “non-profit,” that is that they are not businesses. It is also not that they are “non-governmental.” It is that they do something very different from either business or government. Business supplies, either goods or services. Government controls. A business has discharged its task when the customer buys the product, pays for it, and is satisfied with it. Government has discharged its function when its policies are effective. The “non-profit” institution neither supplies goods or services nor controls. Its “product” is neither a pair of shoes nor an effective regulation. Its product is a *changed human being*’.

**That said, the cash management tools are very much the same!**

# The Building Blocks of Cash Management

# Building Blocks of a Comprehensive Cash Management Structure

## *Building Blocks of a Comprehensive Cash Management Structure*

### *Receivables and Collections Solutions*

- Remote Deposit Capture
- Merchant Services
- Outsource Returned Deposited Items
- Escrow Manager
- Lockbox
- Incoming Wires in US Dollars or Foreign Currency
- ACH Debit Origination

### *Payment Solutions*

- ACH Credit Origination
- Outgoing Wires in US Dollars or Foreign Currency
- Check Reconciliation
- Purchasing, Travel & Entertainment Cards
- Business Credit Cards

### *International Solutions*

- Foreign Currency Wires
- Foreign Check Collection
- Foreign Currency Exchange
- Foreign Drafts
- Merchant Services
- Trade Services
- Letters of Credit

### *Investment & Cash Concentration Solutions*

- Automated Overnight Investment Sweep w/FDIC Coverage
- MMDAs w/FDIC Coverage
- CDs w/FDIC Coverage
- ACH Debit/Credit Origination
- Zero Balances Accounts

### *Fraud Prevention and Control*

- Positive Pay
- Trusteer for Cybercrime Prevention
- Exercise Best Practices – Daily Account Review, Monthly Reconciliations, Dual Control

### *Business Online Banking Platform*

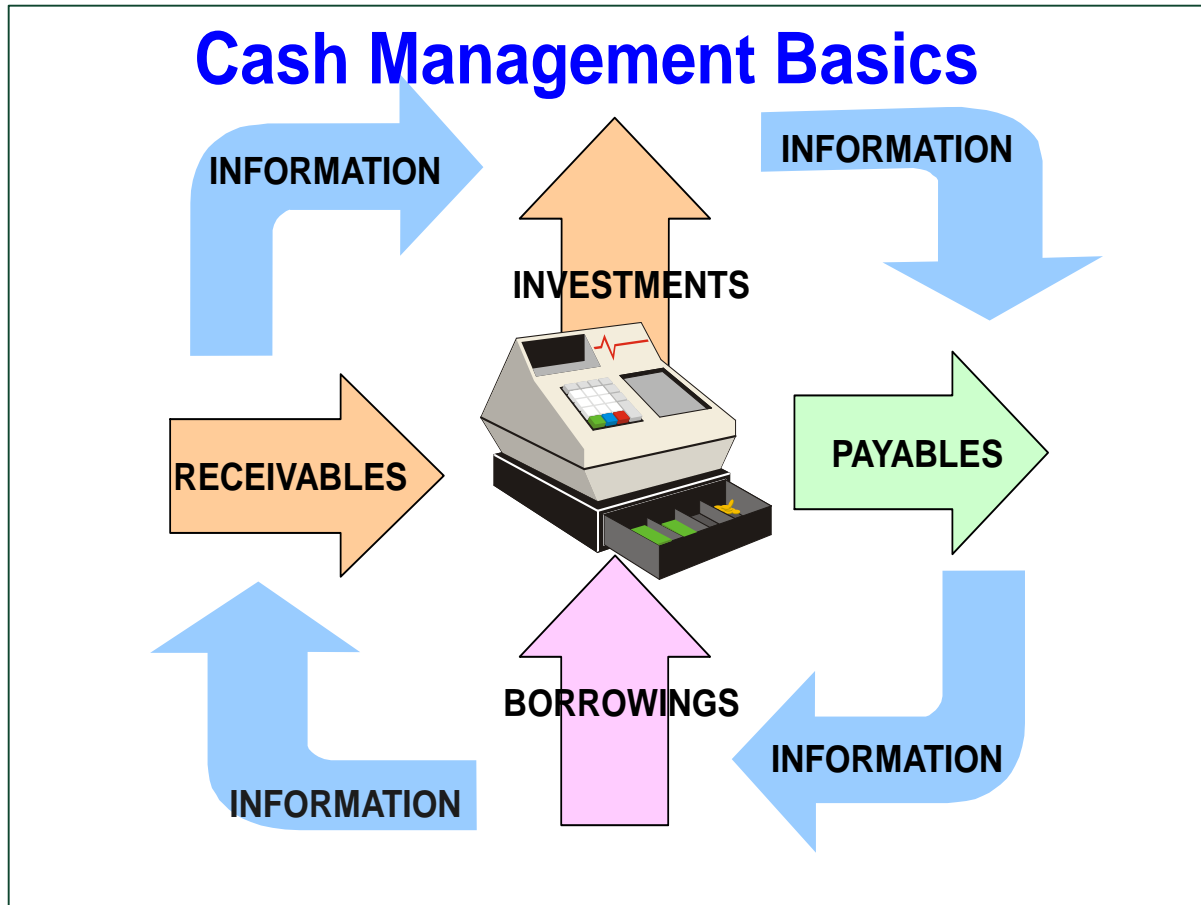
Access Account Information, Initiate Transfers Between Accounts, Place Stop Payments, Launch Cash Management Services (Remote Deposit Capture, ACH, Positive Pay, Wires), Conduct Research, View Account and Analysis Statements

# Streamlining Your Operations for Improved Cash Flow

# Cash Flow Cycle

- Why does cash flow matter?
- How does cash flow rank in your organization's list of challenges?
- Do non-profits have special challenges?
- Is your organization managing multiple bank relationships?

# Cash Flow Cycle





# Receivables and Collection Methods

*Let's talk about how your organization accepts payments today*

# Receivables and Collections Methods

- Cash
- Checks
- Credit and debit cards
- ACH
- Wires
- Lockbox

# Receivables and Collection Methods

- Are you getting the most from your current system?
- Can you easily track your incoming payments?
- Are you able to quickly research incoming payments?

# Receivables and Collections Methods

## Solutions to consider to increase efficiency

- Deposit checks using remote deposit capture (RDC)
- Reduce or eliminate cash payments – unsecure and difficult to track
- Accept credit and debit cards for payment – can increase donations
- Use automated clearinghouse (ACH) debit origination to collect donations, tuitions or fees
- Replace check payments with ACH
- Evaluate wire payments - immediate funds can justify service charges
- Explore lockbox services to outsource accounts receivable processing

*Eliminate cash, reduce checks, increase electronic payments*

# Payables and Payment Methods

*Let's talk about how your organization makes payments today*

# Payables and Payment Methods

- Payroll – typically largest expense
- Vendors
- Expense reimbursement to employees
- Insurers
- Retirement plans
- Debt repayment
- Other

# Payables and Payment Methods

- Cash
- Checks
- Credit and Debit cards
- ACH
- Wire Transfers

# Payables and Payments Methods

## Solutions to consider to increase efficiency

- Replace check payments with ACH payments - the all in cost of paper check payments is \$10 versus \$1 for ACH payments
- Convert all employees to direct deposit and eliminate checks
- Reduce wire payments - could those payments be replaced with ACH to reduce service charges?
- Explore using company credit card versus checks, debit cards or petty cash payments

*Eliminate cash, reduce checks, increase electronic payments*



# Fraud Prevention and Risk Management

# Impact of Fraud

- Financial Losses
- Reputational Impact
- Lower Employee Morale
- Potential Legal Issues
- Closing of Non-Profit

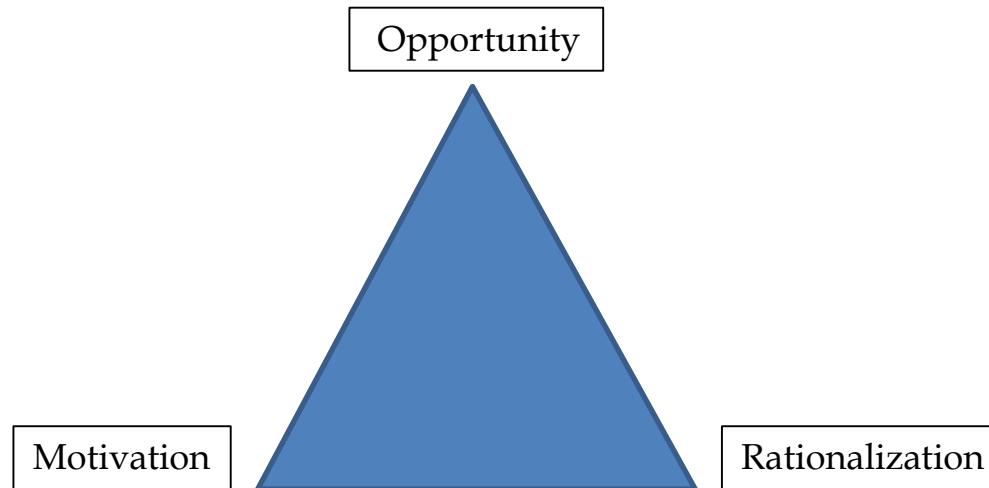
# Types of Fraud

Internal	External
Accounts Payable/Purchasing	Check Fraud
Financial Statement Fraud	Corporate Account Takeover
Bribery/Corruption/Kickbacks	Debit Card/Credit Card Fraud
Expense Reimbursements	Company's Third Parties
Business Assets for Personal Use	Social Engineering

# Internal Fraud

The fraud triangle originated from Donald Cressey's hypothesis:

*Trusted persons become trust violators when they conceive of themselves as having a financial problem which is non-shareable, are aware this problem can be secretly resolved by violation of the position of financial trust, and are able to apply to their own conduct in that situation verbalizations which enable them to adjust their conceptions of themselves as trusted persons with their conceptions of themselves as users of the entrusted funds or property.<sup>1</sup>*



Donald R. Cressey, *Other People's Money* (Montclair: Patterson Smith, 1973) p. 30.

# The “One” Thing You Can Do.....

- "the extensive verification procedures that would enable both sides to monitor compliance with the treaty“

Or

- Trust, but verify

# Sample of Recommended Controls

- Segregation of duties
- Background checks
- Temporary fill-ins for employees
- External audits
- Role rotation (cross-training)/mandatory vacations
- Limits for transactions (A/P, banking)
- Record retention program
- Shred documents and electronics
- Be suspicious – new car, lavish vacations, change of behavior
- Reconcilements- *no double duty*
- Physical security
- Verify requests by call back
- Insurance

# Banking Specific Services and Tools

- Stand alone device to conduct all banking activity
- Review online banking *daily* and report suspicious activity *immediately*
- Reconcile bank accounts monthly
- Ensure appropriate security levels for Business Online Banking users
- Set dollar limits and time restrictions for Business Online Banking users
- Update Business Online Banking users regularly
  - Remove users that are no longer with the organization
  - Adjust user rights and permissions as needed
- Positive Pay – verification
- Merchant Card services allow you to take payments from customers without keeping sensitive card data stored at your business

# Conclusion

- Checks and Balances
- Invest in technology
- Review third parties
- Educate employees
- Trust, but verify



# Investments

# Investments

- Does your organization have an investment policy approved by the board?
- Does your organization have excess cash?
- Does your organization require FDIC coverage on all balances?
- Does your organization have deposits at multiple banks to maximize FDIC coverage?

# Investments

## Solutions and considerations:

- Create an investment policy even if your organization has little cash to set aside at this point
- Ask your bank about deposit products with enhanced FDIC, including sweep products
- Avoid chasing interest rates – time consuming and does not develop long-term relationships with banks

# Open Discussion

# Resources

# Resources

- Association for Financial Professionals - [www.afponline.org](http://www.afponline.org)
- Free Management Library - <http://managementhelp.org/nonprofitfinances/>
- MA Society of CPAs - [www.mspcaonline.org](http://www.mspcaonline.org)
- National Council of Non-Profits - <https://www.councilofnonprofits.org/tools-resources/financial-management>
  - Financial Assessment Tool
- New England Association for Financial Professionals - [www.neafp.org](http://www.neafp.org)
  - Bi-monthly educational meeting and annual conference in Boston from May 17-19
- Nonprofit Quarterly - [www.nonprofitquarterly.org](http://www.nonprofitquarterly.org)
- SCORE (Service Corps of Retired Executives) - [www.score.org](http://www.score.org)
  - Mentors, workshops, tools
- The Nonprofit Center - [www.nonprofitcenterboston.org](http://www.nonprofitcenterboston.org)
- Third Sector New England - [www.tsne.org](http://www.tsne.org)
- Wallace Foundation - [www.wallacefoundation.org](http://www.wallacefoundation.org)

# Speaker Bios

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## **Edith K. Joyce, CTP**

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Edie Joyce joined Enterprise in 2010 as Cash Management Director/Senior Vice President and is responsible for the Bank's commercial Cash Management sales program including business development, training, marketing and product enhancement. With over thirty years of experience in financial services, Ms. Joyce has focused on overall relationship management and cash management in many industry sectors, both locally and nationally. Ms. Joyce received a Bachelor of Arts degree from the College of the Holy Cross in Worcester, MA and a MBA from Babson College in Wellesley, MA. She is a Certified Treasury Professional. Ms. Joyce serves on the boards of directors of the New England Association for Financial Professionals, a regional chapter of the Association for Financial Professionals, and World Music, Inc. in Cambridge, MA. In addition, she is a member of the Local Cultural Council for her town of Harvard, MA, and a Corporator of The Bridge of Central Massachusetts which has fifty programs in seventeen communities throughout Worcester County.

## **Stephen Cochrane**

Senior Cash Management Advisor, SVP  
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Stephen Cochrane recently joined Enterprise Bank as a Senior Cash Management Advisor/SVP and is responsible for Cash Management business development as well as managing the Bank's existing Cash Management portfolio in the Nashoba Valley, Northern Central MA, and Greater Lowell markets. Mr. Cochrane most recently held the role as Market Manager, Cash Management with People's United Bank for the state of New Hampshire. Prior to that he had extensive experience working with mid to larger size commercial, municipal and non-profit organizations throughout the Merrimack Valley and beyond. Steve's 30+ years of banking experience has been commercial-focused and in addition to working for People's United, he held positions at TD Bank/Bank of NH, BankBoston & BayBank. Mr. Cochrane serves on the board of the Assisted Living Facility in Salisbury, MA and strongly supports "Fitness for a Cure", the annual, Lowell-based fitness gala supporting St. Jude Children's Research Hospital. Steve is originally from Acton (where he still has family), then moved to Leominster for several years before settling in Southern NH.



# Speaker Bios

## **John Moynihan**

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John Moynihan is a Vice President and Senior Cash Management Advisor. Mr. Moynihan joined Enterprise Bank in 2014 and is responsible for overseeing a portfolio of cash management clients and developing new cash management relationships in the Merrimack Valley and New Hampshire. John has over thirty years of experience in financial services, and has focused on business development and cash management throughout the Northeast. Prior to his position with the Bank, he held various positions at RBS Citizens, Andover Bank, Family Bank and BayBank. Mr. Moynihan is a graduate of Bryant University and holds a MBA from Southern New Hampshire University. John is involved with many non-profits, including the Greater Salem Rotary Club, Greater Salem Chamber of Commerce, New Hampshire Public Radio and the Merrimack Valley Adventures Club. He is also a past Chair of the Hampstead, NH Budget Committee and the past Vice Chair of the Hampstead School Board.

## **Tracy Raskow**

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Tracy Raskow is a Cash Management Specialist at Enterprise Bank. She is responsible for providing relationship support to both internal and external clients of the Bank. Ms. Raskow joined Enterprise Bank in 2013 with an extensive banking background, having worked in the profession for seventeen years. Tracy received her B.S. in Economics/Finance from Southern New Hampshire University and went on to receive her M.Ed. in School Counseling from Rivier University. Ms. Raskow is an active volunteer in both Enterprise Bank sponsored events and in her local community. She is working towards her Certified Treasury Professional (CTP) designation.

THANK YOU!