Non-Profit Collaborative
The Cash Management Landscape for Non-Profits

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Edith K. Joyce, CTP, Cash Management Director, Senior Vice President
Christopher Dias, Cash Management Advisor, Assistant Vice President
Stephen Cochrane, Senior Cash Management Advisor, Senior Vice President
John Moynihan, Senior Cash Management Advisor, Senior Vice President
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
     - Digital Currency – Giving Trends in Bitcoin

D. Fraud Prevention and Risk Management – Protect Your Organization

E. Investments – Take Broad View

F. Open Discussion

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The Building Blocks of Cash Management
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?
- Are you managing multiple bank relationships?
Cash Flow Cycle

Cash Management Basics

- INFORMATION
- RECEIVABLES
- INVESTMENTS
- PAYABLES
- BORROWINGS

Enterprise Bank
CREATE SUCCESS
Let’s talk about how your organization accepts payments today
Receivables and Collection Methods

- Cash
- Checks
- Credit and debit cards
- ACH (Automated Clearing House)
  - Debit Origination
- Wire transfers
- 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 Collection 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 ACH debit origination to collect donations, tuitions or fees
- Replace check payments with ACH payments
- 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 (Automated Clearing House)
  - Credit Origination
- Wire Transfers
Payables and Payment 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*
What is it?
- Unregulated digital currency
- Currency that can be purchased and traded by anyone in the World with an Internet connection

Pros
- Better tracking of where funds are used
- Builds trust with donors
- No transaction fees associated with certain payment processors
- Transactions are very quick. Almost instantaneous.

Cons
- Very volatile market
- Donations are completely anonymous

**Major Non-Profits already accepting Bitcoin:**

*United Way, Save the Children, Green Peace, and American Red Cross*
Do your research!

- Would it benefit the organization
- Know how it works! Understand the operations, risks, and rewards
- Many countries are trying to regulate. What affects will that bring?

Visit Resources

- Reach out to Non-Profits taking Bitcoin
- Visit sites such as:

Bitcoin.org – Original Bitcoin site with help videos and resources

CoinDesk – Bitcoin news site that offers details on latest trends and view of the network

CoinBase – Bitcoin Processor that offers information and tutorials for Nonprofits
Fraud Prevention and Risk Management
Impact of Fraud

- Financial Losses
- Reputational Impact
- Lost Productivity
- Lower Employee Morale
- Potential Legal Issues
- Closing of Non-Profit
## Types of Fraud

<table>
<thead>
<tr>
<th>External</th>
<th>Internal</th>
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<tbody>
<tr>
<td>Check Fraud</td>
<td>Accounts Payable/Purchasing</td>
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<tr>
<td>Corporate Account Takeover</td>
<td>Financial Statement Fraud</td>
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<tr>
<td>Debit Card/Credit Card Fraud</td>
<td>Bribery/Corruption/Kickbacks</td>
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<tr>
<td>Company’s Third Parties</td>
<td>Expense Reimbursements</td>
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<tr>
<td>Social Engineering</td>
<td>Business Assets for Personal Use</td>
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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.*

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 for deposits and payments
- Background checks for new employees; vet temporary employees
- External audits
- Role rotation (cross-training)/mandatory vacations
- Limits for transactions (A/P, banking)
- Record retention program; shred documents, destroy out of service electronics
- Be aware of employee behavior changes – new car, lavish vacations, absences
- Account Reconcilements – no double duty
- Physical security – secure check stock, cancelled/scanned checks, PCs, phones
- Verify requests related to transfers of funds by call backs
- Insurance – know your coverage
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 deposits?
- 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 coverage, including sweep products
- Focus on activities that maximize benefits to your organization
Open Discussion
Resources
Resources

- Association for Financial Professionals - www.afponline.org
- MA Society of CPAs - www.mspcaonline.org
  - Financial Assessment Tool
- New England Association for Financial Professionals - www.neafp.org
  - Bi-monthly educational meeting and annual conference in Boston from April 18 – 20, 2018
- Nonprofit Quarterly – www.nonprofitquarterly.org
- SCORE (Service Corps of Retired Executives) – www.score.org
  - Mentors, workshops, tools
- The Nonprofit Center – www.nonprofitcenterboston.org
- Wallace Foundation – www.wallacefoundation.org
Speaker Bios
Speaker Bios

Edith K. Joyce, CTP
Cash Management Director - Senior Vice President
(978) 656-5693
Edith.Joyce@ebtc.com

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 - Senior Vice President
(978) 656-5571
Stephen.Cochrane@ebtc.com

Stephen Cochrane recently joined Enterprise Bank as a Senior Cash Management Advisor – Senior Vice President 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
Senior Cash Management Advisor - Senior Vice President
(978) 656-5680
John.Moynihan@ebtc.com

John Moynihan is a Senior Cash Management Advisor - Senior Vice President. 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. Mr. Moynihan 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.

Christopher Dias
Cash Management Advisor - Assistant Vice President
(978) 656-5772
Christopher.Dias@ebtc.com

Christopher Dias is a Cash Management Advisor - Assistant Vice President. Mr. Dias joined Enterprise Bank in 2013 and is responsible for overseeing a portfolio of cash management clients and developing new cash management relationships in the Greater Lowell area. Mr. Dias has eight years of banking experience following several years working in a manufacturing environment. Mr. Dias is a graduate of Southern New Hampshire University and is currently enrolled in the University’s MBA program. Active in many local non-profit organizations in the Greater Lowell area, Mr. Dias is currently President and President-Elect of Rotary Club of Tyngsboro/Dunstable, Head Coach of 5th Grade Tyngsboro Travel Basketball, and recently Treasurer of the Business Network International in Tyngsboro. He is a member of the New England Association of Financial Professionals, a regional affiliate of the Association for Financial Professionals.
THANK YOU!