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FINANCIAL FOCUS



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Your Accounting for a New Economy

Simple Ways to Help Optimize Your Financial Operations

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Does your organization have the financial tools to make the most of the limited resources you have to achieve your mission? Economic downturns, unpredictable collections, and fluctuating cash flow can impact your ability to meet your objectives. We have been talking with our clients about best practices to help ease and optimize operations.

- Know your Earnings Credit Rate (or ECR) on your checking account.
 - This can often be the best “rate” in the market. If you have idle cash paying little to no yield, additional balances in your checking account can help offset bank service charges.
 - In this low rate environment, savings accounts are also paying an attractive yield relative to Money Market Mutual Funds. You can deposit an unlimited number of times and withdraw up to six times in a month. This is often used for your next tranche of cash.

- Review your account analysis statement with your banker.
 - It is prudent to comb through your statement to turn off services you are not using.
 - You might want to start with a fresh point of view and be sure you actually need to keep the accounts and services you have implemented. In these times, it is sensible to rationalize your account structure.
 - Consider turning off any paper processing requests and switching them to electronic to avoid possible charges.
 - You should be reviewing your statement and investments with your banker at least twice a year.

- Know that fraud is on the rise.
 - You should use every tool to protect your balance sheet from both check and ACH fraud. You can do so through Positive Pay (for check fraud) and ACH Debit Block (for electronic fraud).
 - * For ACH transactions, anyone can come and take funds electronically UNLESS you put a block in place.
 - * Also, you have 24-48 hours to turn around an electronic fraud transaction or you are stuck with it.
 - * An ACH Debit Block enables you to specify which companies are authorized to post ACH debits to your accounts, blocking those that are not authorized.
 - You can also flag accounts with Post No Checks, which prevents all checks from posting to a checking account. It is used primarily with “depository only” accounts.
 - Check your website to ensure your Executive Director’s signature isn’t posted. It can be lifted and used for fraudulent checks.
- Review your merchant processing rate.
 - If you haven’t completed a relationship review for your merchant services, then now is a good time to conduct one. Many organizations are increasing their processing fees.
 - Often times not-for-profit organizations can qualify for a tax-exempt code called Emerging Markets, which offers a less expensive processing rate.
- Be sure to segment your cash balances.
 - It is a best practice to know your cash buckets, including operating, reserve, restricted and strategic.
 - You want to have some cash on the sidelines to be able to make tactical moves without market risk.
 - Review your investment guidelines to ensure they are up-to-date for the current market.
- Utilize a remote capture solution.
 - You can reduce trips to the bank and maximize availability of your funds by processing deposits at your computer.
 - Often you can make deposits up to 7 p.m. for same day availability.
 - You can also search deposits at your computer since the check images are available online.

- Redirect your spending to a corporate card.
 - You can ultimately reduce your bank fees by putting more charges on a card and earn rebates at the same time.
 - It is less expensive to process transactions on a card versus a check.
 - For those that currently do not utilize cards, card programs allow organizations to control cardholders' buying power while streamlining the processes associated with business spending. It is best to roll out a program with robust policies and procedures in place. Ask your bank for samples.

- Streamline the Finance Department
 - Check with your financial provider to ensure you are using the bank's online reporting systems in the most efficient manner. You can utilize custom reports and Internet bank statements to help make your job easier.
 - You should get to know your customer service representative since they can be a valuable resource.

- Take advantage of bank programs for your employees.
 - You should see if you can get better rates through a comprehensive financial program that provides businesses and your employees with retail products and services (i.e., checking products, mortgages, credit cards, home equity loans)
 - Representatives often will come to your location to provide financial education seminars through lunch and learns.

These are just a few best practices we are seeing many not-for-profits implement. You should tailor them to create solutions for your own organization's unique needs, enhancing your ability to collect donations, manage assets and distribute benefits.