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Arnold Gallivan Levesque P.C.



TAX-EXEMPT INDUSTRY UPDATE

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TAX-EXEMPT INDUSTRY UPDATE

MANAGING CASH IN TOUGH TIMES

In tough times every dollar counts and through solid cash management strategies organizations can maximize their cash flow. The foundation for any cash management strategy is to develop an easy to use 13-week cash forecast model and process. The process, once refined, will be an efficient and effective way for management to manage cash and gain a greater understanding about the cash cycle of the organization. Benefits from the 13-week cash forecast process is that the timing of cash outlays can be timed to avoid cash crunches and through accelerated information management has time to develop strategies to accelerate revenue in order to address cash shortfalls.

We advise clients to follow three steps in implementing their processes:

- Determine cash inflows for the next 13-weeks
- Determine cash outflows for the next 13-weeks
- Identify weeks with cash shortfalls and develop specific plans to either push disbursements out to future weeks or accelerate cash receipts

The potential benefits of implementing this strategy include increasing cash flow thereby reducing potential interest expense on lines of credit, increasing interest income from money markets and creating more free cash flow for use in pursuant of your organization's mission.

CONCENTRATIONS

In today's economic environment asset protection strategies must be implemented with respect to all monetary assets. Although some corporate accounts are temporarily sheltered in full by FDIC insurance, it is prudent for clients and their Board of Directors to consider diversifying their financial institutions to decrease concentrations. Proper diversification is an appropriate component of any internal control plan even if assets are FDIC insured.

Clients may also consider diversifying their brokerage firms while still having one advisor overseeing the entire investment strategy and allocation.

Please do not hesitate to contact Roger Gallivan at rgallivan@aglpc.com regarding any questions regarding the content contained in this email.

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