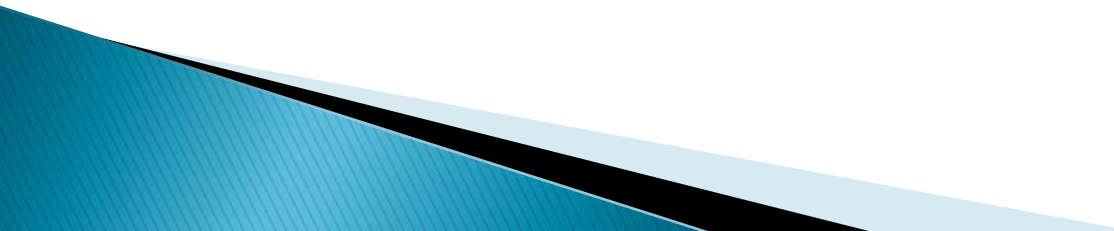


What a Banker Looks For

Cherie G. Ward, Vice President
Government, Higher Education, Healthcare & Not-for-Profit Banking
JPMorgan
West Region, Phoenix

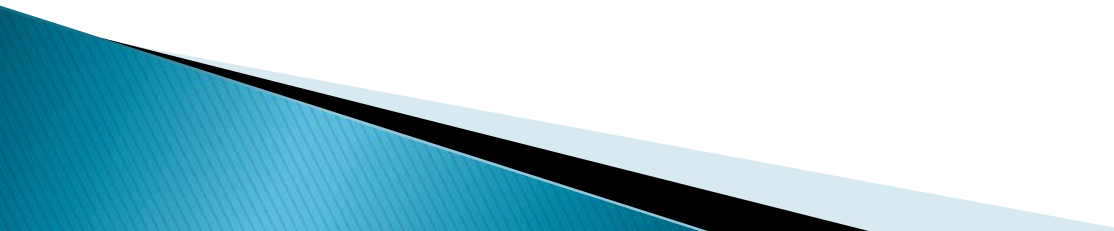
Learning Objectives

- ▶ Identify requirements and the underlying regulations organizations will have to comply with in order to establish banking services and/or borrow money
 - ▶ Describe credit and collateral considerations for borrowing money
- 

Brave New World of Banking

- ▶ Regulatory Requirements
 - Anti-Money Laundering Act (AML)
 - The Bank Secrecy Act
 - USA Patriot Act
 - US Foreign Corrupt Practices Act
- ▶ Control & Risk Management
 - Standardized Processes
 - Documentation Requirements
 - Who Controls Funds

Getting Started

- ▶ Organizational Documents
 - Filed Articles of Incorporation
 - Amendments
 - ▶ W-9
 - ▶ Tax/Employer ID #
 - ▶ Authorizing Resolutions
 - ▶ List of Board Members
 - Voting vs. Non-Voting
 - Personal Information
- 

Basic Due Diligence

- ▶ Applies to all New Accounts/Loans
- ▶ Sources & Uses of Cash Flow
 - Public vs. Private Sources
 - Major Customers & Supplies
 - Domestic vs. International
- ▶ Expected Product Usage
 - Coin & Currency Services
 - Wires – International vs. Domestic
 - ACH – Debit vs. Credit
 - Prepaid Cards including payroll cards
 - Loans or TS Products with Credit Qualities


When will the Bank require financial statements?

- ▶ **Soft Exposure or Operating Credit Facilities**
 - ACH Credit and Debit Origination
 - Daylight Overdraft Lines
 - Zero Balance and Controlled Disbursement Accounts
 - Blocked Account Agreement

When will the Bank require financial statements?

- ▶ Hard Exposure or Direct Credit Facilities
 - Credit Cards
 - Revolving Lines of Credit
 - Term Loans
 - Letters of Credit

What might the Bank require?

- ▶ Audited and/or Internally-Prepared Financial Statements
 - Consolidated vs. Consolidating
 - Obligated Groups
 - ▶ Budget to Actual Performance Reports
 - ▶ Projections
 - ▶ Operating Statistics/Volume Information
 - ▶ Capital Campaign Pledge Reports
 - ▶ Investment Statements
 - ▶ Covenant Calculation/Compliance Certificates
 - ▶ Borrowing Base and A/R Aging/Listing
- 

What do Banks evaluate?

- ▶ Liquidity
 - Expendable Financial Resources to Operations
 - Days Cash on Hand
- ▶ Leverage
 - Expendable Financial Resources to Debt
 - Debt to Unrestricted Net Assets
 - Funded Debt to EBITDA
- ▶ Cash Flow
 - Debt Service Coverage
 - MADS

What do Banks evaluate?

- ▶ Revenue Sources
 - Diversification
 - Contract Tenor and Renewal History
 - Unrestricted vs. Restricted
 - Contributions Composition
 - In-Kind Contributions
- ▶ Operating Expenses
 - Administration Expenses
 - Fixed vs. Variable Expenses
 - Bad Debt
 - Depreciation
- ▶ Capital Expenditures