



# CNB BUSINESS<sup>®</sup> BROADCAST

NEWSLETTER FOR BUSINESS CLIENTS OF CANANDAIGUA NATIONAL BANK & TRUST

## Why is Cash Flow for Your Business Important?

Cash flow is the movement of money in and out of a business, representing the operating activities of a company. Examples of cash flow include receiving payables from clients for goods or services rendered, paying creditors or suppliers, disbursing wages and salaries to employees, investing in new equipment or property, taking out a loan, and receiving dividends from investments or interest earnings. A good gauge of cash flow is reflected in your monthly bank statements. You want to make sure to have enough money coming in to meet your existing financial obligations, as well as planning for the future.

Around 60% of small business owners say that cash flow has been a problem and with 89% of them saying these problems have had a negative impact on their business<sup>1</sup>. Cash Flow tracking is key to balancing your inflows and outflows of liquid cash, to ensure the smooth day-to-day management of your business.

Cash Management is the foundation to your company's success.

### How to improve your Cash Flow Cycle

An easy way to improve your cash flow includes "speeding up" the collection of receivables (inflows) by negotiating shorter payment periods with clients. Alternatively, "extend" the cycle for payables by automating payments to vendors/suppliers (outflows) to have better control on timing.

By managing your cash flow cycle, your business increases operating efficiency and ultimately the ability to capitalize on dividend or interest earnings on excess cash balances. Using Cash Management services such as ACH Origination, Remote Deposit Capture, Online Balance Reporting and Fraud Prevention tools can also aid in better money management.

### Benefits to Consolidating your Banking Relationship

It's important to be connected to all bank accounts balance reporting, loans, and investments on a daily basis in order to track cash inflows and outflows. Ask yourself this - approximately how much money do I have in all of my financial accounts combined? On average, consumers own 5.3 accounts across all types of financial institutions<sup>2</sup>. If you have multiple bank accounts with multiple financial institutions, managing your cash flows could be challenging.

Consolidating your banking relationship and financial accounts can make cash management simpler and more convenient. By trimming down the number of accounts and financial providers, you may get a better handle on your cash

flow with less effort and room for error. When your banking relationship is centralized, transferring money from your checking to your savings account or making loan payments all in the same place will ensure faster processing and better oversight.

CNB offers a number of checking account options that provide the tools necessary for convenient, efficient cash management.

### Relationship Pricing and Yield Management

While assessing your cash flow and financial relationships, consider interest rates, returns on investment, and fees. Where can you optimize your earnings and minimize your expenses?

Relationship Pricing is a pricing and billing structure, where deposit and loan pricing is determined based on a business's overall financial picture, rather than the financial institution proposing on an account-by-account basis. Commercial checking and savings accounts may have required minimum balances or transaction requirements and when you have multiple accounts at several financial institutions, fees can add up. Consolidating your accounts into one financial institution can reduce the number of fees you may be paying. You also might qualify for lower rates on loans or higher rates on savings accounts when all your cash is under one roof.

As your business continues to grow and prosper, CNB can assist with all your cash flow needs. CNB Cash Management solutions can help your business transfer funds smoothly between accounts, speed up your receivables, help you control your payables and structure accounts to earn interest income or pay down loans with your excess balances. We are always available for the opportunity to review and offer suggestions to help you and your business meet your banking goals.

To discover all the benefits of a CNB Business Checking Account and CNB Cash Management solutions, visit [CNBank.com/Business](http://CNBank.com/Business) today!

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# What is the Linked Deposit Program?

Over the past 18 months, we've seen a historic rise in interest rates while the Federal Reserve has worked to curb inflation from post-pandemic challenges. The rising cost of capital has impacted borrowers across our community with interest rates that haven't been seen since the early 2000's. One of the tools that CNB and banks across NYS have used to help our customers is the participation in the NYS Linked Deposit Program.

In 1994, the state began the Linked Deposit Program to assist and encourage firms, manufacturers, and small businesses to make investments. This program offers reduced-rate financing to make it less expensive to borrow money. Under this program, loans can be obtained by qualifying businesses through commercial banks, savings banks, savings and loan associations, farm credit institutions and the New York Business Development Corporation at a reduced rate. Interest rates for these loans are subsidized by the state at the individual loan level. Funds are deposited by the state in the same amount as the loan to the lending institution but earns less interest on the deposit. This allows the lender to transfer the interest rate savings to the borrower. At the end of the loan term, the bank returns the initial deposit to the state.

Most eligible businesses qualify for up to a 2 percent interest rate reduction, while others like agricultural firms, technology and innovation businesses, certified Minority Women Owned Business Enterprises (MWBEs), certified

Service-Disabled Veteran-Owned Businesses (SDVOBs) and those businesses located in highly distressed areas may qualify for up to a 3 percent reduction.

Since the program's inception in 1994, LDP has lowered the interest rate for over 5,900 loans, resulting in \$2.02 billion in lending and leveraging \$4.16 billion in new capital investment by businesses across New York State.

In 2022, 34 projects were approved across New York State totaling \$20.70 Million.

Since the fall of 2022, the LDP processed 12 applications from CNB, totaling over \$11,000,000.

Help from the LDP has proven to stimulate the economy by allowing businesses to expand, become more competitive, upgrade their equipment and develop new products.

To learn how to apply or find more information, visit [esd.ny.gov/linked-deposit-program](http://esd.ny.gov/linked-deposit-program) or contact us at (585) 419-0670 today.



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This material provided by Greg Helmer.

## CNB BUSINESS LOAN SPECIAL

**7.25% APR**

4-MONTH INTRO RATE PRIME -1.25%

**3- & 5-Year Term Loans<sup>1</sup> or Line of Credit<sup>1</sup>** - Start with an attractive 7.25% introductory rate for the first four months and then continue to receive a competitive rate for the remainder of your financing commitment. No application or doc prep fee (\$200 savings).

**3-YR  
TREASURY + 3.55% APR**

**Commercial Mortgage<sup>2</sup>** - Our Commercial Mortgage Loan offers a competitive term and rate with no commitment fee. The Annual Percentage Rate (APR) is fixed for the first 5-years and is set 10 days prior to closing.

[CNBank.com/BizLoanSpecial](http://CNBank.com/BizLoanSpecial)

**Contact a Business Banking Officer at (585) 419-0670, or visit your local CNB Office today.**

Offer valid for applications received between 9/1/2023 and 11/30/2023. Subject to credit approval. Some restrictions apply. Equal Opportunity Lender. Automatic payment from a CNB business checking account required. Refinancing of existing debt with CNB is not eligible for this offer. Offer does not apply to existing customers whose total loan exposure including overdraft and aggregate loan amounts would exceed \$750,000 with the new loan request. SBA Guaranteed Loans are excluded. All rates are subject to change. The 3-year treasury rate is 4.63% as of 8/18/2023. 1) The loan request must be a minimum of \$10,000 and is not to exceed \$750,000. The 4-month introductory annual percentage rate (APR) of 7.25% is based on Wall Street Journal Prime (Prime) minus 1.25%. Prime is 8.50% as of 7/27/23. After the 4-month introductory rate period has ended, the remaining balance of the term loans will be a fixed rate set at closing of 3-year treasury plus margin based on term and loan amount. The variable rate Line of Credit will adjust to the terms of the contract. 2) Introductory rate does not apply. The commercial mortgage request must be a minimum of \$100,000 and is not to exceed \$750,000. Prepayment penalties apply. At the end of the 5-year term, the mortgage repurchases according to the terms of the contract. Deposit Products — Member FDIC

**1180** Ask the  
**WHAM** Experts

**2023 Shows — Saturdays at 8:00pm**

Nov. 25

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