



# Ag Credit Analysis

November 7, 2017  
Springfield, IL



# Introduction

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How can I evaluate loan repayment alternatives for agricultural loans, but do it in a timely and cost-effective manner? The agricultural lending environment has changed dramatically from the 2006-2013 period due to lower commodity prices, but principal payments on term debt for capital purchases made during those more profitable years remain. The result is varying degrees of financial stress among agricultural borrowers. A review of the financial information needed to make informed decisions and a spreadsheet that can be used to evaluate repayment alternatives is covered during this workshop. The effectiveness of changes in operating strategies and loan terms on repayment capacity are evaluated for different financial leverage situations, using that spreadsheet. Join us for a day focused on which repayment alternatives are effective and which ones are not during this latest period of farm financial stress.

## Who Should Attend?

Ag lenders, chief lending officers, and credit analysts would all benefit from attending this seminar.

**This one-day seminar provides 6 hours of credit toward the prestigious Certified Community Lender designation**

# Agenda

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9:00 - 9:20 am	Introduction, Current State of Farm Financial Reporting in Agriculture and Practical Exercise 1
9:20 - 9:30 am	Balance Sheet-Review with Emphasis on Indicators of Potential Problems
9:30 - 9:45 am	Practical Exercise 2
9:45 - 9:50 am	Answers to Practical Exercise 2
9:50 - 10:00 am	Break
10:00 - 10:15 am	Deferred Taxes-Review with Emphasis on Tax and Other Expenses Resulting if a Borrower Sells Assets to Satisfy Debt Obligations
10:15 - 10:25 am	Practical Exercise 3, using Worksheet
10:25 - 10:30 am	Answers to Practical Exercise 3, and a Discussion of Software Available
10:30 - 10:50 am	Accrual-Adjusted Income Statement-Justification, Preparation and Review Documents Needed to Complete
10:50 - 11:00 am	Break
11:00 - 11:15 am	Practical Exercise 4
11:15-11:30 am	Answers to Practical Exercise 4 and Discussion of Purdue Spreadsheet that is Available for Free
11:30 - 11:45 am	Statement of Owner Equity-Review with Emphasis on the Contribution of Non-Farm Income and Impact of Withdrawals for Family Living
11:45 - 11:55 am	Practical Exercise 5
11:55 - Noon	Answers to Practical Exercise 5
Noon - 1:00 pm	Lunch
1:00 - 1:15 pm	Cash Flow Statement-Review with Emphasis on Multiple Years of Operating Expenses in a Single Operating Line

# Agenda (cont'd)

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1:15 - 1:40 pm	Practical Exercise 6
1:40 - 1:45 pm	Answers to Practical Exercise 6
1:45 - 1:50 pm	Review Answers to Exercise 1
1:50 - 2:00 pm	Break
2:00 - 2:30 pm	Financial Ratio Analysis - Review with Emphasis on Indicators of Potential Problems Using Comparative Data
2:30 - 2:50 pm	Problem Loan Indicators - Examples Including: Buildup of Accounts Payable, Supplier Credit, Overdrafts, Term Out Revolving Lines of Credit Every 3-5 years, Delinquent Taxes, Cancels Insurance, Borrows from Relatives without Payback Plan, Multiple Lines of Credit, Needs Money Fast
2:50 - 3:00 pm	Break
3:00 - 3:30 pm	Evaluating and Prioritizing Alternatives for Addressing Problem Loans - Discussion Using Purdue Spreadsheet
3:30 - 3:45 pm	Chapter 12 Bankruptcy - Lessons Learned from a 1988 Study of Confirmed Plans
3:45 - 3:55 pm	What to Watch on Your Financial Indicator Dashboard Going Forward
3:55 - 4:00 pm	Questions and Answers

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## About the Presenter

**Freddie L. Barnard, Professor Emeritus of Agricultural Economics at Purdue University, is a native of Kentucky and received both a B.S. and M.S. in agricultural economics from the University of Kentucky and he leads this program.** He received a Ph.D. in agricultural economics from the University of Illinois. He retired June 30, 2017 after serving on the faculty at Purdue University for more than 35 years, where he had Extension and undergraduate teaching responsibilities in agricultural finance and agribusiness management. He also served as Director of the Midwest Agricultural Banking School, which is held each year at Purdue University, a position he held for 36 years. Finally, he has served on the Technical Committee of the Farm Financial Standards Council and as Secretary/Treasurer of the Indiana Chapter of the American Society of Farm Managers and Rural Appraisers.

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## Registration Fees

Fees include hand-out materials, refreshment breaks, and lunch. An income-tax deduction may be allowed for educational expenses undertaken to maintain or improve professional skills.

### Cancellation Policy

Registrants cancelling two days prior to each seminar receive 100% refund; one day prior, 50%; the day of the seminar, no refund. **All cancellations must be made in writing prior to the seminar day. Invoices and training materials will be sent to all "no shows."**

### CBAI MEMBER

One person .....	\$265
Two or more from same banking institution .....	\$245 each

### \*\*PROSPECTIVE MEMBER

One person .....	\$465
Two or more from same banking institution .....	\$445 each

***CDD members receive a 10% discount.***

**\*\*Only financial institutions/firms eligible for CBAI membership.**

**Please note that CBAI does not issue confirmations, with the exception of on-line registrations, but feel free to call the Association headquarters to confirm your registration.**

# Registration Form

## AG CREDIT ANALYSIS

NOVEMBER 7, 2017

Erin's Pavilion, Springfield

### Please Print

Name of Bank \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Tel. No. \_\_\_\_\_

Name/Title \_\_\_\_\_

E-Mail \_\_\_\_\_

Name/Title \_\_\_\_\_

E-Mail \_\_\_\_\_

I have special needs, please contact me before the seminar.

### Please select your payment method.

Check Enclosed

Check in Mail

Pay at Door

Credit Card\*

*\*If you are paying by credit card, please fill out the following information.  
(Visa & MasterCard accepted).*

Name as It Reads on Card \_\_\_\_\_

Company Name on Card \_\_\_\_\_

Billing Address of Card \_\_\_\_\_

Card Number \_\_\_\_\_ Exp. Date \_\_\_\_\_

Security Code \_\_\_\_\_



Mail it in:  
CBAI Education Department  
901 Community Drive  
Springfield, IL 62703-5184



Fax it in:  
(217) 585-8738



Call it in:  
(800) 736-2224 (Illinois only)



Click it in:  
[www.cbai.com](http://www.cbai.com)

## Dates and Location

November 7, 2017

Erin's Pavilion

4965 S. 2nd St.

Springfield, IL 62703

217-585-2941

## Agenda

Registration begins at 8:30 a.m. The seminar runs from 9 a.m. to approximately 4 p.m. Continental breakfast and lunch provided.

## Continuing Education

CBAI is a registered Public Accounting Continuing Professional Education (CPE) provider by the Illinois Department of Financial and Professional Regulation.

## For More Information

Tracy McQuinn, Senior Vice President

Valerie Johnston, Vice President

Melinda McClelland, Vice President

Rebecca Ridgeway,

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Department of Education

& Special Events

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