



# Identifying and Managing Agriculture Problem Loans in a Volatile Lending Environment



**On-Demand  
Recorded Session**

# Introduction

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The 2019 crop year can probably best be described as a roller coaster ride that would exceed anything you could ever find at an amusement park. Producers and their lenders experienced every emotion during the year from late to no planting to better than expected crop yields to concern over low commodity prices for the next year or so, and perhaps beyond. There was hope for a better 2020, and then in early 2020, an invisible enemy entered the lending environment whose impact is still uncertain, but that appears to exceed anything envisioned in our wildest dreams. Consequently, there will probably be an increase in problem loans. Of course, the financial impact will vary across producers and assessing that impact will require the ability to assess each individual operation. The program focuses on the preparation and use of financial statements, including an accrual-adjusted income statement, to calculate some of the most commonly used financial measures and how to compare those measures to industry averages. Also, a spreadsheet that is available at no cost, is used to illustrate how to prepare an accrual-adjusted income statement and then assess the impact of a variety of revenue, expense and interest rate scenarios on profitability and repayment capacity. What is ahead for 2021 and beyond? Who knows, but we better be ready to buckle up and hang on, because that roller coaster car is about to leave the platform and we better be prepared for the some unexpected twists, turns, ups and downs. All aboard!

## 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 – 9:05 am	Introduction and Outline of Topics
9:05 – 9:20 am	Balance Sheet-Review with Emphasis on Indicators of Potential Problems
9:20 – 9:35 am	Practical Exercise, using Worksheet
9:35 - 9:45 am	Deferred Taxes-Review with Emphasis on Tax and Other Expenses Resulting if a Borrower Sells Assets to Satisfy Debt Obligations
9:45 – 9:55 am	Practical Exercise, using Worksheet
9:55 – 10:00 am	Answers to Practical Exercise and a Discussion of Available Software
10:00 – 10:10 am	Break
10:10 – 10:30am	Reporting Special Assets-FFSC Recommendations, Base Value for Raised Breeding Livestock, Capital Leases and Multiple-entity Businesses
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, using Worksheet
11:15 – 11:30 am	Answers to Practical Exercise 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, using Worksheet

11:55 – Noon	Answers to Practical Exercise
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
1:15 – 1:40 pm	Practical Exercise
1:40 – 1:50 pm	Answers to Practical Exercise
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	Breakeven Analysis, with Emphasis on Effectiveness of Alternatives for Addressing Problem Loans – Discussion Using Purdue Spreadsheet
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	Guarantees and Problem Loan Indicators
3:45 - 3:50 pm	Chapter 12 Bankruptcy – Lessons Learned from a 1988 Study of Confirmed Plans
3:50 – 4:00 pm	What to Watch on Your Financial Indicator Dashboard Going Forward & Q & A

## 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 & Rural Appraisers.

## Registration Fees

CBAI MEMBER		**PROSPECTIVE MEMBER	
On-Demand Recorded Session	\$500	On-Demand Recorded Session	\$1,000

Your entire bank can utilize this on-demand recorded session for training as it includes the video from the day of the program, plus the exact same handout materials as the live session. The on-demand recorded session allows your bank to train all your employees on your own schedule with unlimited views from unlimited computers for up to six months. For more information, please contact Melinda at CBAI at 800/736-2224 or via email at [melindam@cbai.com](mailto:melindam@cbai.com).

# Registration Form

IDENTIFYING AND MANAGING AGRICULTURE PROBLEM LOANS IN  
A VOLATILE LENDING ENVIRONMENT

On-Demand Recorded Session

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

Address \_\_\_\_\_

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

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

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

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

Please select your payment method.

Check Enclosed  Check in Mail

Credit Card\*

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

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

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### 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

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