



# Ag Credit Analysis

November 2, 2021  
Springfield, IL  
OR  
On-Demand Recorded Session



# Introduction

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How can loan repayment alternatives for agricultural loans be evaluated, for not only the upcoming year but also for future years that may not be as profitable, but do it in a timely and cost-effective manner? The agricultural lending environment has changed dramatically from the relatively low income years of 2014-2019. Government payments and improved commodity prices have improved the financial condition and performance of many agricultural producers. So, now the question has changed from how to make the principal payments on term debt during low income years, to how to finance the purchase of capital items such as farm machinery and equipment and how much to loan? Borrowing to purchase capital items requires profitability from which to make principal payments, but not just for the current year but for years throughout the repayment schedule. The financial condition and performance varies widely across producers. A review of the financial information needed to make informed decisions and a spreadsheet to evaluate repayment alternatives is covered during this workshop. The spreadsheet is also used to evaluate the sensitivity of varying amounts of gross revenue needed to breakeven a farming operation, with and without amounts needed to make additional principal payments on term debt. The analysis will be conducted for both low and more highly leverage farming operations.

## 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 - 2:50 pm	Financial Ratio Analysis - Review with Emphasis on Indicators of Potential Problems Using Comparative Data
2:50 - 3:00 pm	Break
3:00 - 3:30 pm	Breakeven Analysis: Evaluating and Prioritizing Alternatives for Addressing Problem Loans - Discussion Using Purdue Spreadsheet
3:30 - 3:50 pm	Survey Results of Chapter 12 Bankruptcy Cases During the 1980's and Lessons Learned
3:50 - 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. 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 .....	\$275
Two or more from same banking institution .....	\$255 each
On-Demand Recorded Session.....	\$500 bank

### \*\*PROSPECTIVE MEMBER

One person .....	\$475
Two or more from same banking institution .....	\$455 each
On-Demand Recorded Session.....	\$1,000 bank

*CDD members receive a 10% discount on the live/in-person registrations only.*

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

The On-Demand Recorded Session will be emailed to participants approximately one week after the live program takes place. Your entire bank can utilize this session for training as it includes the video from the day of the program, plus the exact same handout materials as the live session and will expire on June 30, 2022. For more information, please contact Melinda at CBAI at 800/736-2224 or via email at [melindam@cbaicom.com](mailto:melindam@cbaicom.com).

# Registration Form

AG CREDIT ANALYSIS

NOVEMBER 2, 2021

SHAZAM Education Center: CBAI Headquarters, Springfield

On-Demand Recorded Session

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 2, 2021

SHAZAM Education Center

CBAI Headquarters

901 Community Drive

Springfield, IL 62703

800/736-2224

OR

On-Demand Recorded Session

## 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, Sr. Vice President

Melinda McClelland, VP

Jennifer Nika, VP

Kim Cordier & Tina Wilder,

Administrative Assistants

Department of Education

& Special Events

800/736-2224 217/529-2265

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Terry Griffin,

Vice President Chicago Area

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