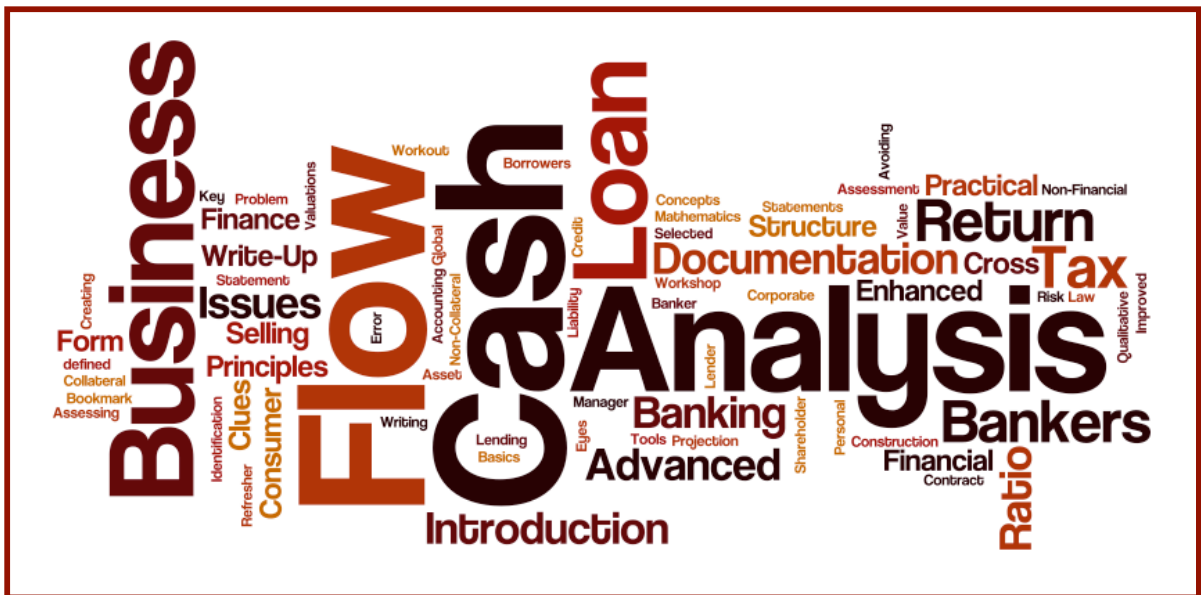


John Reik & Associates LLC

- courses
- DVDs
- self-study books



December 2011 Edition

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This statement has been adapted from a Declaration of Principles which was jointly adopted by a committee of the American Bar Association and a committee of publishers.

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John W. Reik is the founder and president of *John Reik & Associates LLC, Business Training and Consulting*. This Minnesota-based firm, founded in 1980, works with both manufacturing and service companies in various business areas. John is also a founder and principal of Jomar Productions L.L.P., a Minnesota-based video production company dedicated to creating high-quality videotape training programs for the banking industry.

In addition, John has been a lecturer and Assistant Professor of Finance at the University of Minnesota for over 34 years and spent eight years as the senior credit trainer and manager of Credit and Finance Education for First Bank System [now U.S. Bank.] Previous to his position at the University of Minnesota, John worked as a financial analyst in the Automotive Assembly Division of Ford Motor Company.

John is an honors graduate of Purdue University and the University of Minnesota and holds degrees in management, accounting, finance, and law. He is past chairman of Robert Morris Associates' Minnesota Chapter Education Committee, a licensed attorney, and a member of the Better Business Bureau's Senior Council of Arbitrators.

John's published articles include: *Acquisition Financing: The EBIT Multiple Trap, Cash Flow and Intercompany Investments Parts I and II, Improving Capital Expenditure Cash Flow Calculations*, and *How to Calculate the "Boil Over" Point of an Acquisition*.

A WORD ABOUT US

We try to be the best training company that our clients have ever worked with. We want our clients to think of us as a valuable part of their internal management team rather than as just an outside vendor.

Therefore:

- We will give our clients our best effort—even if that means referring them to another training company if that's what our clients really need.
- We will work to create long-term relationships with our clients.
- We will accept a business engagement only if we are sure that we can give the client exactly what it needs.
- We will treat our clients' confidential information as carefully as we treat our own.
- We will provide detailed billing information so that our clients always know exactly what they are paying for.
- We will use our own training materials so that we can help our clients contain their expenses and more easily provide the customization that our clients often need.
- We will appreciate our clients and never take them for granted.

If we can be of any assistance, we'd enjoy talking to you. Please feel free to call us at (651) 646-0182.

A WORD ABOUT OUR PRODUCTS

We use and develop our own training materials in our seminars, rather than relying on third-party materials. We do this for a number of reasons:

- We are able to emphasize the most important ideas and concepts.
- We are able to avoid extra expenses for our clients by eliminating the necessity of purchasing separate, third-party training materials.
- We are able to easily modify our own training products in order to provide customization when needed.
- We are able to sell our materials on a per-copy basis to clients who wish to use their own instructors.

As you examine the offerings that are described in this catalogue, please keep in mind that we can customize any of the described programs in order to meet your specific training needs. This means that we can combine or eliminate topics, increase or decrease material complexity, shorten or lengthen training times, or almost anything else that you might need.

Please also keep in mind that we can design a training program for you from the "ground up"—or even design training materials that you can purchase on a per-copy basis for use by your own internal instructors. Our aim is to be as flexible as possible in meeting your overall training needs.

Finally, where prerequisites are mentioned, they should be considered strong suggestions as to which training programs should either precede or follow others.

In some cases, prospective participants will already have the appropriate background to attend a given course even though they haven't taken its suggested prerequisites. In other cases, there may be some doubt as to whether prospective participants have the appropriate background.

When in doubt, check to see whether a screening test is available for a course. If it is, then it may be used to secure a quick assessment of a prospective participant's background. Contact us for more details.

If we can be of any assistance, we'd enjoy talking to you. Please feel free to call us at (651) 646-0182 or email us at reikx001@umn.edu.

A WORD ABOUT COURSE SEQUENCES

Cash flow analysis continues to occupy the core of most business lending decision-making. For this reason, we offer a number of cash flow oriented courses.

These cash flow oriented courses are designed to be offered in a sequence, should the client wish to do so. The natural order of these courses is as follows:

- 1) Accounting for Bankers
- 2) Cash Flow 1: Cash Flow Construction
- 3) Cash Flow 2: Cash Flow Analysis
- 4) Cash Flow 3: Advanced Cash Flow
- 5) Cash Flow 4: Selected Cash Flow Issues
- 6) Cash Flow 5: Cash Flow Projection

Similarly, financial statement analysis continues to play a major supporting role in most business lending decision-making. For this reason, we offer a number of financial statement analysis courses.

These financial statement analysis courses are designed to be offered in a sequence, should the client wish to do so. The natural order of these courses is as follows:

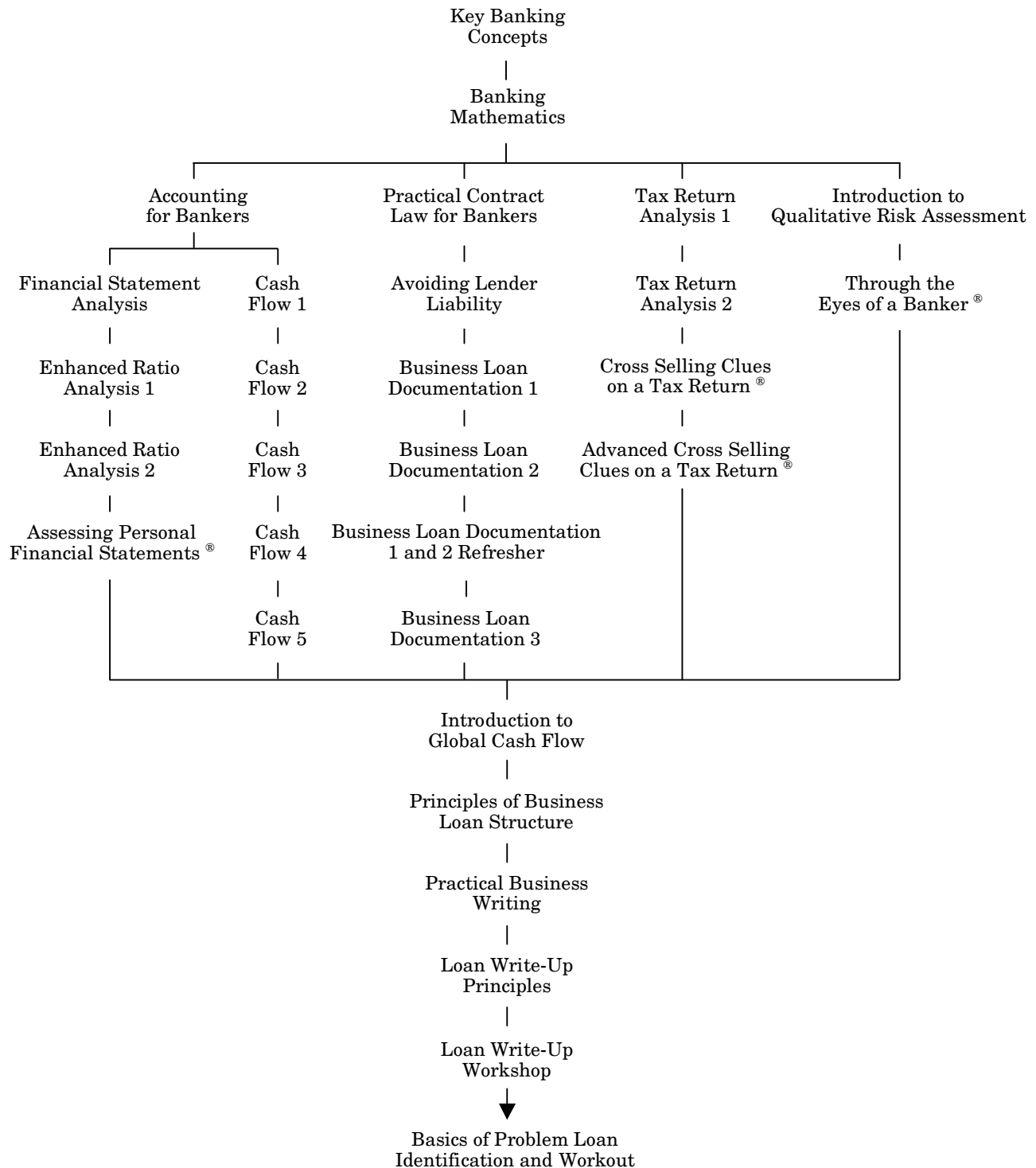
- 1) Accounting for Bankers
- 2) Financial Statement Analysis
- 3) Enhanced Ratio Analysis 1 and Enhanced Ratio Analysis 2 (for small business and middle market lenders) or Advanced Lending Tools and Improved Ratio Analysis (for national accounts lenders.)
- 4) Assessing Personal Financial Statements

In addition, bankers often receive tax returns either as support for a personal guaranty or in lieu of business financial statements for small business loans. As such it is important that the banker understand both the information that is contained in these tax statements and how to derive important credit-related conclusions from them.

Tax return-related courses are designed to be offered in a sequence, should the client wish to do so. The natural order of these courses is as follows:

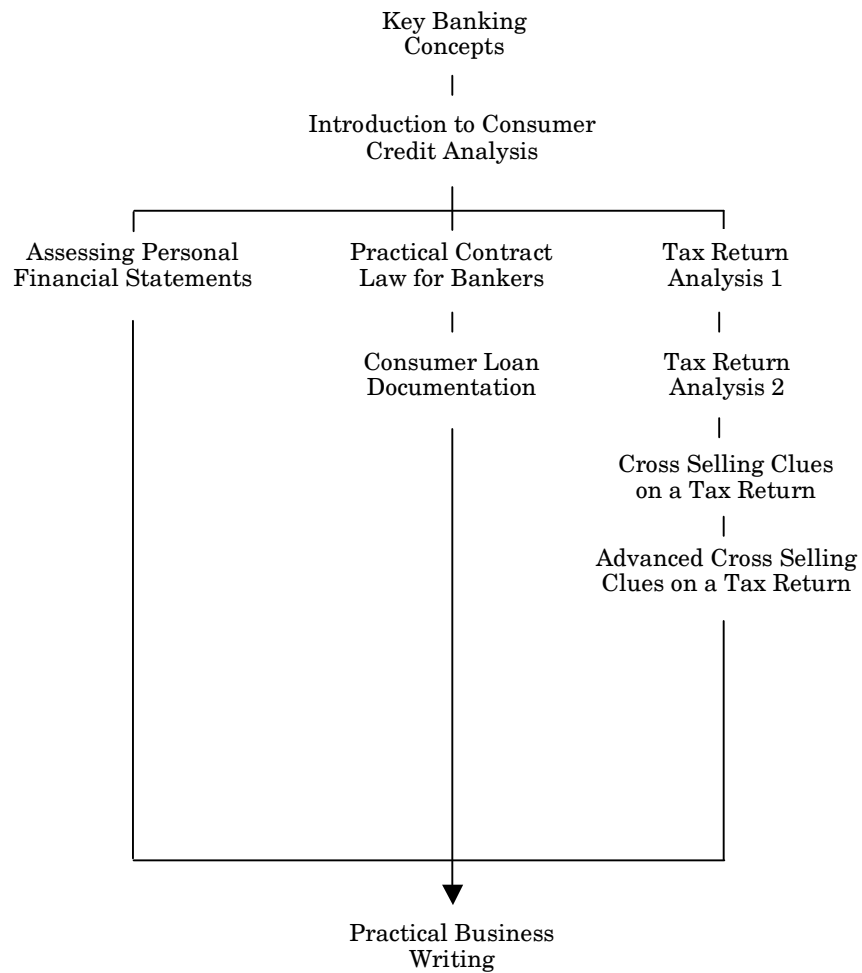
- 1) Tax Return Analysis 1: Structure of Form 1040
- 2) Tax Return Analysis 2: Analysis of Form 1040

SUGGESTED BUSINESS CREDIT CURRICULUM



Note: National accounts lenders might wish to consider taking either Improved Ratio Analysis or Advanced Lending Tools in place of Enhanced Ratio Analysis 1 and 2.

SUGGESTED CONSUMER CREDIT CURRICULUM



SUGGESTED CORPORATE FINANCE CURRICULUM

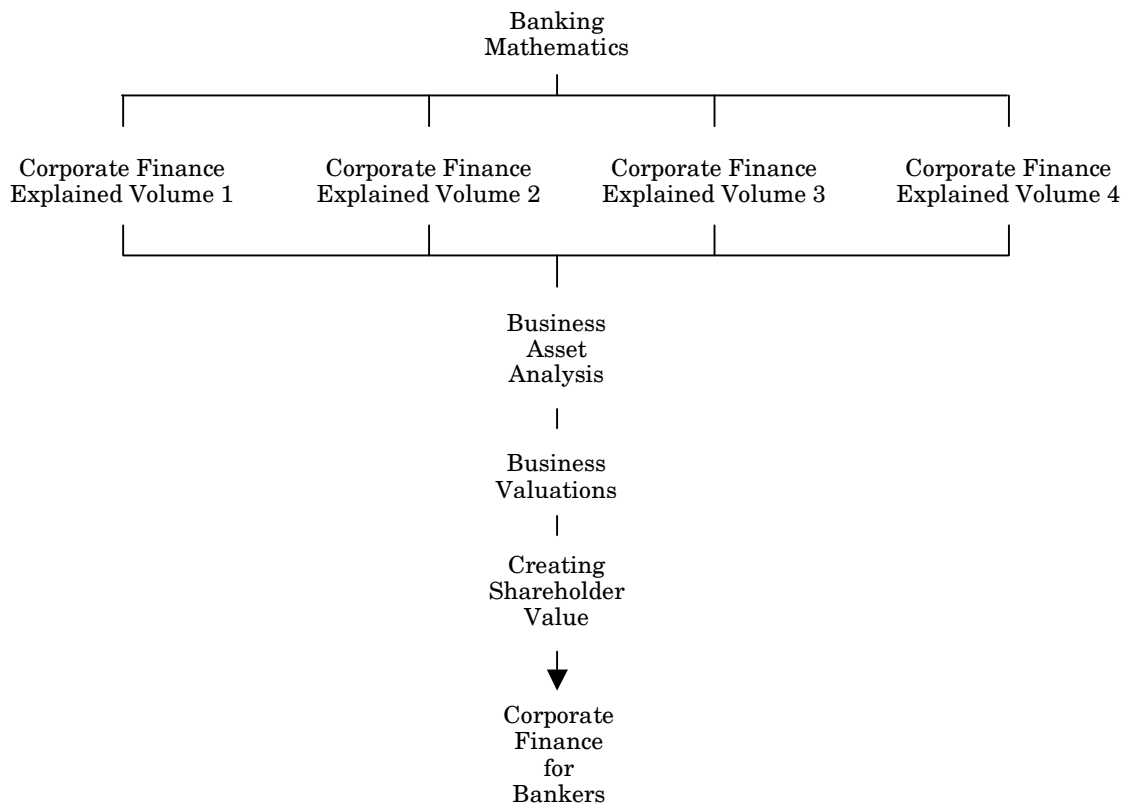


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ACCOUNTING FOR BANKERS

Purpose: To review the language, structure, and purpose of financial accounting with an emphasis on what *bankers* need to know.

This course has NO PREREQUISITES.

This course is a suggested PREREQUISITE for the courses Cash Flow 1: Cash Flow Construction, Loan Write-Up Workshop, and Financial Statement Analysis.

Participants: Anyone wishing to receive a *brief overview* of basic financial accounting terminology and mechanics.

Length: 1 day through 5 day versions available

Content: The course uses lecture and small group exercises to cover the language, purpose, and basic mechanics of financial accounting. This course is specifically designed for bankers rather than accountants. As such, this course avoids discussions of T-accounts and journal entries, which are topics that are more properly discussed in courses designed for accountants.

Moreover, participants do not learn the intricate rules and conventions that are used by accountants in their day-to-day duties. Rather, participants receive vocabulary and a common-sense understanding of the mechanics of accounting in order to: 1) develop an understanding of the accounting fundamentals underlying financial analysis, and 2) lay a foundation for the study of more advanced accounting issues that are of concern in more advanced financial analyses. Topics covered include:

The purpose and elements of accounting

- Income statements
- Balance sheets

Accounting principles

- Consistency
- Measurement
- Periodicity
- Revenue recognition
- Unit of measure
- Substance over form
- Conservatism
- Materiality
- Accounting entity
- Going concern
- Matching
- Historical cost

Accounting procedures

- Cash basis accounting
- Accrual basis accounting

Accounting for costs: general principles

- When should a cost be expensed versus capitalized?
- If a cost should be capitalized, how should it be spread out over time?

Accounting for long-term asset and inventory costs

Accounting for manufacturing (cost of goods sold) costs

Accounting for revenues

- How much should be recognized?
- When should revenues be recognized?
- The direct write-off (or direct charge-off) and allowance methods

The audit opinion

ADVANCED CROSS SELLING CLUES ON A TAX RETURN

Purpose: To provide an *in-depth* opportunity to identify cross selling opportunities using a loan applicant's tax return.

This course has NO PREREQUISITES, although it is suggested that the course Cross Selling Clues on a Tax Return be taken before taking this course.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents.

Length: **Course on DVD with workbook.** Between 45 and 75 minutes is suggested for viewing and discussing the videotape's content if done in a group setting.

Content: Both consumer and business lenders often request personal tax returns for credit purposes in order to assess the repayment capacity of prospective borrowers and guarantors. But too often, the use of these tax returns stops there.

Why not use these same tax returns in order to improve your cross-selling effectiveness? Why not use them to target—and meet—specific customer needs? In other words, why not use them twice—*once to assess creditworthiness and once to dramatically improve your chances of making a sale?*

The more basic course, entitled Cross Selling Clues On a Tax Return, covers the *principles* of how to extend the use of tax returns in order to improve a banker's business development results.

In this course, participants follow along with a lender as he examines a loan applicant's complicated personal tax return, which includes a schedule C. Then, through a series of questions and answers exchanged between the lender and his manager, participants discover that there are literally over 100 subtle cross-selling clues that are obtainable from that same tax return, and that the return therefore represents a veritable gold mine of cross selling opportunities.

This detailed program gives participants a creative opportunity to identify numerous and valuable cross selling opportunities. Participants will finish the program with a greatly enhanced ability to improve their cross selling performance and to meet otherwise-hidden customer needs.

This program is educational, sales-oriented, fundamental, and timeless in its approach.

ADVANCED LENDING TOOLS **(for national accounts lenders)**

Purpose: To provide an in-depth explanation of advanced non-cash-flow-oriented analytical techniques to participants dealing with business loans.

The course Financial Statement Analysis is a suggested PREREQUISITE for this course.

This course is a suggested PREREQUISITE for the course Cash Flow 5: Cash Flow Projection.

Participants: Any business lender, credit analyst, loan reviewer, lending manager, or bank president who regularly deals with business loans with more complex credit issues.

Length: ½, 1, and 2 day versions available

Content: Building upon the basic financial statement analysis concepts covered in Financial Statement Analysis, this course uses lecture and small group exercises to cover the following advanced analytical techniques and topics:

- The basic sustainable growth rate model
- Environmental sustainable growth
- Non-sustainable growth rates
- Advanced Dupont ratio analysis
 - Investment
 - Return on investment, leverage, cost of debt, tax rate
 - Dupont equation for return on equity
 - Return on investment analysis
 - Income statement component analysis
 - Balance sheet component analysis
 - Leverage analysis
- Risk classifications [2-day version only]
 - Business risk
 - Operating leverage
- Breakeven analysis
 - Accrual breakeven estimation and analysis
 - Cash breakeven analysis
 - Cash safety margin analysis
 - Crisis breakeven analysis
 - Fully-loaded breakeven analysis

ASSESSING PERSONAL FINANCIAL STATEMENTS

Purpose: To provide an opportunity to assess an individual's true personal financial condition by examining, line-by-line, the individual's personal financial statement.

This course has NO PREREQUISITES and it is NOT A PREREQUISITE for other courses.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents.

Length: **Course on DVD with workbook.** Between 45 and 60 minutes is suggested for viewing and discussing the videotape's content if done in a group setting.

Content: Both consumer and business lenders often request personal financial statements in order to assess the backup repayment capacity of prospective borrowers and loan guarantors. In fact, Reg. B might even *require* that a lender receive such a statement. But too often, the analyses of these statements is cursory, simplistic, and misleading. In short, the required level of due diligence often goes unmet.

What, then, *should* lenders look for? What are the danger signals? What should they double-check? In other words, *what should they do when they get a personal financial statement in order to meet their due diligence requirement?*

There hasn't been a good way to explain this—until now. In *Assessing a Personal Financial Statement*, participants follow along with a lender as he examines an impressive personal financial statement with a net worth figure of over \$800,000. Then, through a series of questions and answers exchanged between the lender and his manager, participants discover that the applicant's actual net worth is really much closer to zero, and that a long list of issues will need to be addressed with the applicant before any credit decision can be made.

Drawing upon years of experience from countless business and consumer lenders, this program gives participants an opportunity to identify both the subtle and the not-so-subtle credit risks that are inherent in personal financial statements.

This program is educational, credit-oriented, fundamental, and timeless in its approach.

AVOIDING LENDER LIABILITY

Purpose: To provide an overview of basic business lender liability issues.

Participants: All individuals who have contact with business borrowers.

This course has NO PREREQUISITES and is NOT A PREREQUISITE for other courses.

Length: 1 day

Content: It is possible for a lender to lose a great deal of money because of poor loan analysis, structuring, administration, monitoring, or collection. It is possible for a lender to lose much *more* money because of a poor understanding of the lender liability issues that surround loan analysis, structuring, administration, monitoring, or collection. Unfortunately, it is rare that lenders have a good understanding of these issues, and this course is designed to give you a basic understanding of them.

Recognizing that most dealings between borrower and banker touch upon lender liability issues, this course uses lecture and case studies to explore the practical issues that arise for participants in the area of lender liability law.

The course uses lecture and small group discussion to explore areas of non-contractual banker liability to either borrowers or third parties. Recent case decisions are discussed in order to provide an overview of current judicial and statutory requirements for business lenders. Topics covered include:

- Control and Interference
- Good Faith and Fair Dealing
- Course of Dealing and Course of Performance
- Credit Reporting and Breach of Duty of Confidentiality
- Slander
- Duress
- Fraud and Misrepresentation
- Prima Facie Tort
- Fiduciary Duty
- Environmental Liability
- Payroll Taxes
- Duty to Insure
- Hot Goods
- Disposition of UCC Collateral
- Antitrust
- RICO
- Construction Lending
- Bankruptcy Issues
- Discovery and e-Discovery Issues
- The Future of Lender Liability
- The Twelve Commandments of Lending

BANKING FOR BUSINESS BORROWERS

Purpose: Have you ever wished that your business borrowers understood more of what you were trying to say? Have you ever wished that they could see your point of view? If so, then you *really* need to think about sponsoring this course *for your business borrowers*.

This course teaches your business borrowers how to think more like a banker, which they probably aren't very good at now because they haven't had the training that you have. This course focuses on the key analytical tools that bankers use in order to assess the risks of lending to their business borrowers, and attempts to take the mystery out of the credit side of banking for your borrowers.

This course is designed for your business borrowers so that they can run their businesses better, but its purpose is to make your life as a business banker much, much easier!

This course has NO PREREQUISITES, but attendees are expected to understand very basic accounting concepts such as revenues, expenses, assets, and liabilities.

Participants: All business borrowers who wish to understand the process that their bankers follow when analyzing business loan requests.

Length: ½, 1, 1½, and 2 day versions available

Content: The course attempts to both demystify the business loan decision-making process and to improve communications between business borrowers and their bankers.

Participants receive an overview of: cash flow concepts, cash flow analysis techniques, ratio concepts, ratio analysis techniques, financial forecasting techniques, and cash budgeting techniques. Topics covered include:

Ratios:	What are the most important ones, and how are they used by business bankers?
Cash Flow Versus Profits:	How are they related, and why might one be better than the other?
Cash Flow Analysis:	How can good cash flow be bad, and how can bad cash flow be good?
Sales Growth:	You think more sales are better, but why might your business banker disagree?
Financial Forecasting:	How can you take an understanding of this year and use it to learn something useful about next year?
Cash Budgeting:	How does my business banker know how much cash I will have a year from now in order to repay my loan?

BANKING MATHEMATICS

Purpose: To enhance participants' understanding of the mathematics underlying commonplace banking calculations and to explain typical banking terminology in a non-technical way.

This course has NO PREREQUISITES.

This course is a suggested PREREQUISITE for the courses Business Asset Analysis, Business Valuations and Appraisals, Corporate Finance for Bankers, and Creating Shareholder Value.

Participants: All lenders, credit analysts, loan reviewers, lending managers, bank presidents, loan assistants, and bank secretaries.

Length: 1 day

Content: The course examines various financial calculations in order to understand the terminology involved (e.g. annuity, annuity due) and the different calculations' underlying mathematics.

Participants receive an overview of: present and future value calculations of annuities and lump sums, loan payment and sinking fund calculations, loan amortization calculations for simple and complex loan accommodations, effective interest rate calculations for simple and complex loan and trade credit accommodations using simple and compound interest calculations, and the calculation of bond prices and corresponding yields to call and maturity. Topics covered include:

Common vocabulary terms

The four universal cases of financial mathematics

Basic financial mathematics issues

Special applications

- Installment contracts
- Prepayments and prepayment penalties
- Sinking fund calculations
- Comparisons of trade and bank credit costs
- Term loan calculations
- Equivalent annuities
- Effective interest rate and True Interest Cost calculations

Bond and stock valuation

Yield calculations

- Yield to maturity
 - Yield to call
 - Current yield
-

THE BASICS OF ALGEBRA VOLUME 1

Purpose: To provide an understandable introduction to the basic rules and principles of entry-level college algebra.

It is suggested, though not required, that Volume 1 be completed before beginning Volume 2.

Participants: Anyone desiring a relatively painless review of entry-level college algebraic rules and principles.

Length: **Self-study book** with over 200 pages and over 400 problems and examples.

Content: In today's technological age it is becoming increasingly more difficult to “get by” without a firm grasp of entry-level algebraic rules and principles, yet many individuals have never studied these rules and principles in a systematic *and understandable* way.

The purpose of this self-study book is to introduce these rules and principles in a compact *and understandable* way and then to provide lots and lots of practice. It is useful both for those who desire a relatively painless review of these rules and principles, as well as for those who have never had an opportunity to study them at all.

Symbols and Notation Rules
General Rules for How Numbers Behave
Technical Rules for How Numbers Behave
Introduction to Equations
Introduction to Multiple Variables
Multiplication as Short-Hand Addition
The Marvelous Zero
The Behind-the-Scenes One
Negative Numbers
Fractions
The Distributive Property
Rational and Irrational Numbers
Introduction to Exponents
Exponents in Multiplication Problems
Exponents in Division Problems
Square Roots
Higher-Order Roots
Real Numbers
Introduction to Proofs
Complicated Equations

THE BASICS OF ALGEBRA VOLUME 2

Purpose: To provide an understandable introduction to the basic rules and principles of entry-level college algebra.

It is suggested, though not required, that Volume 1 be completed before beginning Volume 2.

Participants: Anyone desiring a relatively painless review of entry-level college algebraic rules and principles.

Length: **Self-study book** with over 160 pages and over 200 problems and examples.

Content: In today's technological age it is becoming increasingly more difficult to “get by” without a firm grasp of entry-level algebraic rules and principles, yet many individuals have never studied these rules and principles in a systematic *and understandable* way.

The purpose of this self-study book is to introduce these rules and principles in a compact *and understandable* way and then to provide lots and lots of practice. It is useful both for those who desire a relatively painless review of these rules and principles, as well as for those who have never had an opportunity to study them at all.

Functions and Inverse Functions
Triangles
Introduction to Graphing: Graphing a Line
Substitution Method for Simultaneous Linear Equations
Elimination Method for Simultaneous Linear Equations
Solving Multiple Simultaneous Equations
Quadratic Equations
Higher-Order Polynomials
Synthetic Division
Matrices

BASICS OF PROBLEM LOAN IDENTIFICATION AND WORKOUT

Purpose: To enhance participants' understanding of both the methods that can be used to identify deteriorating credits at the earliest possible moment and the methods that can be employed in order to minimize or avoid losses on these credits. *The best bankers in a workout setting are the ones who best understand how they got there and how they can get out.*

The course Principles of Business Loan Structure is a suggested PREREQUISITE for this course.

Participants: All lenders, credit analysts, loan reviewers, lending managers, bank presidents, and loan assistants.

Length: 1 day

Content: The first part of this course starts with the most basic question possible: Before you make any loan, what is the single most important question that needs to be asked and answered? It then proceeds to define a “problem loan” and discuss the general principles for problem loan avoidance and the Three-Legged Credit Stool, the methods for identifying problem loans, the six-step process that should be used to assess problem loans, and the five possible choices for handling a problem loan.

The second part of this course deals with the non-legal and legal issues surrounding workout agreements, collateral liquidations, foreclosure methods, real estate liens, executions, garnishments, receiverships, liquidation and reorganization bankruptcy issues, collateral abandonments, and automatic stays. Topics covered include:

- General principles for problem loan avoidance
- The Three-Legged Credit Stool
- The “Big Two” external, causes, “Big Two” borrower causes, and “Big Two” lender causes of problem loans
- Cash flow and non-cash-flow methods of identifying problem loans after they have been made
- The six-step process for assessing problem loans after they have been identified
- The five possible choices for handling a problem loan
- General issues surrounding collateral foreclosure
- Special issues surrounding real estate foreclosure
 - Foreclosure by action
 - Foreclosure by advertisement
 - Voluntary foreclosure agreements
- Real estate judgment liens
- General issues surrounding pursuit of a judgment
- Pre-judgment attachment and garnishment
- Confessions of judgment
- General issues surrounding bankruptcy proceedings
- Special issues surrounding bankruptcy liquidations
- Special issues surrounding bankruptcy reorganizations

BUSINESS ASSET ANALYSIS

Purpose: To enhance participants' skills in analyzing their borrowers' working capital and fixed asset management practices.

The course Banking Mathematics is a suggested PREREQUISITE for this course.

This course is NOT A PREREQUISITE for other courses.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents.

Length: 1 day

Content: The *basic* course examines various financial management issues that present themselves to business borrowers from time to time. The course uses small and large group activities and lecture to explore: financial issues in fixed asset acquisitions, lease/purchase analysis techniques, inventory control models, and analyzing proposed changes in receivables policies. Upon completion, participants will have a better understanding both of how their borrowers should approach these financial issues and of how their borrowers' performance should therefore be evaluated. Topics covered include:

Discussion of accounts receivable management issues and techniques

Analyzing the impact of changes in a borrower's credit policy on profitability

Discussion of the interaction of Days Receivables and aging schedules

Discussion of cash management issues

Comparing the true costs of asset leasing versus purchasing

Analyzing the value of fixed assets using:

- Net Present Value
- Internal Rate of Return
- Adjusted Internal Rate of Return
- Payback

BUSINESS LOAN DOCUMENTATION 1: NON-COLLATERAL ISSUES

Purpose: To provide an overview of basic business loan documentation issues.

The course Practical Contract Law for Bankers is a suggested PREREQUISITE for this course.

This course is a PREREQUISITE for the courses Business Loan Documentation 2: Collateral Issues, Business Loan Documentation 3: Intermediate Collateral Issues, and Principles of Business Loan Structure.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, bank presidents, loan assistants, and loan secretaries.

Length: ½ and 1 day versions available

Content: The course uses lecture and small group activities to cover the *reasons for*, and *terminology of*, loan documentation in order to make the participant more comfortable with the loan documentation process. The participant will achieve a greater *understanding* of his or her loan documentation responsibilities and a greater sense of *self-confidence* regarding his or her ability to adequately perform loan documentation activities.

Many individuals think of *collateral* when they hear the word *documentation*. However, while collateral is certainly an important *part* of documentation, it is not the *only* important part. The focus of the course is on the *non-collateral* part of documentation, and emphasis is therefore placed on understanding the *logic behind* general documentation requirements rather than highly-technical legal reasoning or unusual documentation situations. Topics covered include:

The Three Golden Rules of loan documentation

The most important loan documentation question

Loan documentation as a part of the credit decision-making process

Determining loan purpose

Borrowing, identification, and signature requirements for:

- Sole proprietorships
- Partnerships
- Corporations

Guarantor issues

A generalized guaranty framework

Corporate guaranty issues

General third party liability issues

Components of a typical loan agreement

Advantages and disadvantages of loan agreements

How borrowers can borrow and lenders can lend

Subordination issues

BUSINESS LOAN DOCUMENTATION 2: COLLATERAL ISSUES

Purpose: To provide an overview of basic business loan documentation issues.

The courses Practical Contract Law for Bankers and Business Loan Documentation 1: Non-Collateral Issues are both suggested PREREQUISITES for this course.

This course is a PREREQUISITE for the courses Business Loan Documentation 3: Intermediate Collateral Issues and Principles of Business Loan Structure.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, bank presidents, loan assistants, and loan secretaries.

Length: 1 day

Content: The course uses lecture and small group activities to cover basic collateral-related UCC issues that fall within the loan documentation process. The participant will achieve a greater *understanding* of his or her loan documentation responsibilities and a greater sense of *self-confidence* regarding his or her ability to adequately perform loan documentation activities.

The emphasis of the course is on understanding the *logic behind* general documentation requirements rather than actual forms, highly-technical legal reasoning, or unusual documentation situations. Topics covered include:

The nature of collateral
Generalized Article 9 asset classifications
The Article 9 framework
Perfection through control
How to describe collateral when filing
How to describe debtor when filing
Effects of changes and errors in financing statements
When to file
Whether to file
Where to file
What to file
Floating security interests
 • Future advances • After-acquired property
Challenges to priority
 • Federal tax liens • Purchase money security interests
Proceeds
Temporary perfection
UCC insurance

NOTE: This course *does not* cover either real estate or agricultural loan documentation issues. These are specialized topics that require specialized training sessions.

BUSINESS LOAN DOCUMENTATION 1 AND 2 REFRESHER: COLLATERAL AND NON-COLLATERAL ISSUES

Purpose: To provide a fast-paced, discussion-oriented overview of basic business loan documentation issues (both collateral and non-collateral) to those who have previously studied the topic.

The courses Business Loan Documentation 1: Non-Collateral Issues and Business Loan Documentation 2: Collateral Issues are both PREREQUISITES for this course.

This course is NOT A PREREQUISITE for other courses.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, bank presidents, loan assistants, and loan secretaries.

Length: 1 day

Content: The course uses intensive and numerous small group activities to reinforce previously-learned *collateral-related* and *non-collateral-related* documentation issues. The participant will achieve a deeper *understanding* of his or her loan documentation responsibilities and a greater sense of *self-confidence* regarding his or her ability to adequately perform loan documentation activities.

The emphasis of the course is on understanding the *logic behind* general documentation requirements rather than actual forms, highly-technical legal reasoning, or unusual documentation situations. Topics covered include:

- Why lenders document business loans
- Determining loan purpose
- Borrowing and identification requirements
- Guaranties
- Third party liability
- Loan agreements
- Subordination
- The nature of collateral
- General attachment and perfection requirements
- Perfection through control
- Collateral and debtor description requirements when filing
- When and where to file a financing statement
- Perfection methods
- Effects of errors on filing requirements
- Effects of changes on filing requirements
- Challenges to priority
- Proceeds

NOTE: This course *does not* cover either real estate or agricultural loan documentation issues. These are specialized topics that require specialized training sessions.

BUSINESS LOAN DOCUMENTATION 3: INTERMEDIATE COLLATERAL ISSUES

Purpose: To provide in-depth discussion of intermediate level collateral topics to those who have previously studied the topic.

The courses Business Loan Documentation 1: Non-Collateral Issues and Business Loan Documentation 2: Collateral Issues are both PREREQUISITES for this course.

This course is NOT A PREREQUISITE for other courses.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, bank presidents, loan assistants, and loan secretaries.

Length: 1 day

Content: The course uses intensive and numerous small group activities and over 60 short case studies to cover *intermediate-level collateral-related* UCC issues. The participant will achieve a greater *understanding* of his or her loan documentation responsibilities and a greater sense of *self-confidence* regarding his or her ability to adequately perform loan documentation activities.

The emphasis of the course is on understanding the *application* of general documentation requirements rather than actual forms or highly-technical legal reasoning. Topics covered include:

Common—and uncommon—UCC filings

The four most common reasons for Secretary of State rejection when filing a UCC-1 initial financing statement

The four most common reasons for Secretary of State rejection when filing a UCC-3 amendment financing statement

The six most common mistakes that are made by filers when the Secretary of State accepts a financing statement

The standards that are used by the Secretary of State's Office for name search purposes

More-complex attachment issues

More-complex perfection issues

The effects of errors and changes in financing statements

Selected major issues regarding floating security interests

Selected major issues regarding proceeds

The issues arising in selected unusual lending situations

NOTE: This course *does not* cover either real estate or agricultural loan documentation issues. These are specialized topics that require specialized training sessions.

BUSINESS VALUATIONS

Purpose: To expose participants to the technology, terminology, and limitations of corporate valuations.

The course Banking Mathematics is a suggested PREREQUISITE for this course.

This course is NOT A PREREQUISITE for other courses.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents who deal with valuations of businesses.

Length: 2-hour, ½ day, and 1 day versions available

Content: The course uses lecture and large group discussion and exercises. Participants learn about the current practice of valuing closely-held businesses. In addition, participants in the one-day version of the class also learn about the standard sections of a business valuator's written report and the limitations of common valuation methods. The focus of the course is on the understanding and use of business valuations by banking professionals rather than on the actual creation of business valuation reports.

CASH FLOW 1: CASH FLOW CONSTRUCTION

Purpose: To provide a brief overview of the cash flow statement's construction and underlying logic to participants who currently have little or no knowledge of the structure or mechanics of cash flow.

This course is a suggested PREREQUISITE for the course Cash Flow 2: Cash Flow Analysis.

The course Accounting for Bankers is a suggested PREREQUISITE for this course.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents.

Length: 1 day

Content: This course uses lecture and small group activities to help participants understand, both intuitively and practically, the construction of business cash flow statements. Topics covered include:

The importance of cash flow
Traditional cash flow limitations and adjustments
A cash flow primer
Cash flow in detail
General cash flow lessons
Key cash flow statement questions

- When is a cash flow statement constructed correctly?
- When is a cash flow statement constructed conservatively?

A cash flow practice exercise
The cash flow statement format
Standardized cash flow vocabulary
Practice proficiency examination

CASH FLOW 2: CASH FLOW ANALYSIS

Purpose: Once the construction and logic of a cash flow statement is understood, the banker must then be able to *use* the cash flow statement in order to assess the borrower's ability to repay its loans. The purpose of this course is to give participants an opportunity to explore the *analysis* of a cash flow statement.

The course Cash Flow 1: Cash Flow Construction is a suggested PREREQUISITE for this course.

Participants: All lenders, credit analysts, loan reviewers, lending managers, and bank presidents.

Length: 1 and 2 day versions available

Content: The course extends the concepts that were learned in the course Cash Flow 1: Cash Flow Construction. This course focuses not only on the *construction* of a cash flow statement but also on the ways that a lender can *analyze* the borrower's cash flows in order to assess the borrower's repayment ability. Topics covered include:

The history of cash flow

- The origins of cash flow analysis
- The link between cash needs and repayment sources

Cash flow review

- The operating cycle
- The capital investment cycle
- Leakages

Key cash flow question review

Basic cash flow analyses

- Cash margin
- Cash solvency
- Cash adequacy
- Cash growth

More-advanced analyses

- Deficit analysis
- Sensitivity analysis
- Coverage analysis
- Balance analysis

Standardized cash flow vocabulary

CASH FLOW 3: ADVANCED CASH FLOW

Purpose: To provide an in-depth explanation of advanced cash flow issues to participants dealing with business loans.

The course Cash Flow 2: Cash Flow Analysis is a suggested PREREQUISITE for this course.

This course is a suggested PREREQUISITE for the course Cash Flow 5: Cash Flow Projection.

Participants: Any business lender, credit analyst, loan reviewer, lending manager, or bank president who regularly deals with business loans containing more complex business accounting and cash flow issues.

Length: 1 and 2 day versions available

Content: The course uses lecture and small group exercises to cover the cash flow issues arising from more advanced business accounting choices. Topics covered include the cash flow effects of: inventory accounting, bad debt accounting, lease accounting, and fixed asset accounting. Topics covered include:

The critical role of accounting in cash flow analysis
An in-depth cash flow review
Bad debt expense accounting and its effects on cash flow
Lease accounting and its effects on cash flow
Capital expenditures and their effects on cash flow
Inventory accounting and its effects on cash flow

CASH FLOW 4: SELECTED CASH FLOW ISSUES

Purpose: To provide an in-depth explanation of selected advanced cash flow topics to participants dealing with very specific issues related to business loans.

The course Cash Flow 3: Advanced Cash Flow is a strongly-suggested PREREQUISITE for this course.

Participants: Any business lender, credit analyst, loan reviewer, lending manager, or bank president who regularly deals with business loans containing more complex business accounting and cash flow issues.

Length: 1 and 2 day versions available

Content: The course uses lecture and small group exercises to cover the cash flow issues arising from more advanced business accounting choices. *Note: This course is very heavily oriented toward intercompany investment accounting methods.* Topics covered include:

The critical role of accounting in cash flow analysis

An in-depth cash flow review

Intercompany investment accounting

- Short-term lower of cost or market accounting method
- Long-term lower of cost or market accounting method
- Equity accounting method
- Consolidation method

Intercompany investments and their effects on cash flow

Equity working capital calculations and their effects on cash flow

Equity capital expenditures calculations and their effects on cash flow

CASH FLOW 5: CASH FLOW PROJECTION

Purpose: To provide in-depth exposure to the preparation and interpretation of short- and long-term financial projections.

This course is a suggested PREREQUISITE for the course Principles of Business Loan Structure.

The courses Cash Flow 3: Advanced Cash Flow and Advanced Lending Tools are suggested PREREQUISITES for this course.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents.

Length: ½ and 1 day versions available

Content: The course uses small and large group activities, extended case studies, and lecture to explore the issues surrounding: the identification and justification of forecast assumptions, the mechanics of performing short- and long-term projections, the difficulty of creating internally-consistent projections, and the connection between forecast assumptions and a borrower's projected external financing needs.

The course also covers issues surrounding the need for, and mechanics of, performing "what if" sensitivity analyses and the techniques for analyzing their results. Topics covered include:

- Income statement forecasting mechanics and interpretations
- Balance sheet forecasting mechanics and interpretations
- Cash budgeting basics
- Creating advanced cash budgets
- Combined statement forecasting [balance sheet, income statement, cash budget]
- Developing reasonable forecast assumptions

CASH FLOW REFRESHER FOR BUSINESS BANKERS

Purpose: To provide a fast-paced *review* of both cash flow construction and cash flow analysis concepts to *previously-trained* bankers. This course is designed to be a fast-paced *review* of the major points that are covered in both Cash Flow 1: Cash Flow Construction and Cash Flow 2: Cash Flow Analysis.

The courses Cash Flow 1: Cash Flow Construction and Cash Flow 2: Cash Flow Analysis are suggested PREREQUISITES for this course.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents who either want to quickly “brush up” on previously-learned UCA[®] cash flow concepts or receive a quick, one-day overview of UCA[®] cash flow concepts.

Length: 1 day

Content: This course uses lecture and small group activities to help participants understand, both intuitively and practically, the construction of business cash flow statements. Topics covered include:

The importance of cash
The importance of cash flow
Traditional cash flow limitations and adjustments
A cash flow primer
Cash flow in detail
General Cash Flow Lessons
Key cash flow statement questions

- When is a cash flow statement constructed correctly?
- When is a cash flow statement constructed conservatively?

A cash flow practice exercise
The cash flow statement format
Basic cash flow analyses

- Cash margin
- Cash solvency
- Cash adequacy
- Cash growth

More-advanced analyses

- Deficit analysis
- Sensitivity analysis
- Coverage analysis
- Balance analysis

Term Lending Issues
Standardized cash flow vocabulary
Practice proficiency examination

CONSUMER LOAN DOCUMENTATION

Purpose: To provide an overview of basic consumer loan documentation issues.

The course Practical Contract Law for Bankers is a suggested PREREQUISITE for this course.

Participants: All consumer lenders, credit analysts, loan reviewers, lending managers, bank presidents, loan assistants, and loan secretaries.

Length: ½ day

Content: The course uses lecture and small group activities to cover the *reasons for*, and *terminology of*, loan documentation in order to make the participant more comfortable with the loan documentation process. The participant will achieve a greater *understanding* of his or her loan documentation responsibilities and a greater sense of *self-confidence* regarding his or her ability to adequately perform loan documentation activities.

Many individuals think of *collateral* when they hear the word *documentation*. However, while collateral is certainly an important *part* of documentation, it is not the *only* important part. The focus of the course is therefore on *both* the *non-collateral* part and the collateral part of documentation, and emphasis is therefore placed on understanding the *logic behind* general documentation requirements rather than highly-technical legal reasoning or unusual documentation situations. Topics covered include:

- The Three Golden Rules of loan documentation
- The most important loan documentation question
- Loan documentation as a part of the credit decision-making process
- Determining loan purpose
- Borrowing, identification, and signature requirements
- General third party liability issues
- The nature of collateral
- Generalized Article 9 asset classifications
- The Article 9 framework
- Perfection of titled vehicles
- Perfection of security interest in money
- Purpose of filing
- How to describe collateral and debtor when filing
- When, whether, where, and what to file
- Perfection of security interest in consumer goods
- Perfection of security interest in investment property
- Effects of changes and errors in financing statements
- Temporary perfection

NOTE: This course *does not* cover either real estate or agricultural loan documentation issues. These are specialized topics that require specialized training sessions.

CORPORATE FINANCE EXPLAINED VOLUME 1

Purpose: To provide an in-depth explanation of selected corporate finance issues that business borrowers must deal with on a daily basis.

It is suggested, though not required, that Volume 1 be completed before beginning Volume 2.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents who desire an in-depth understanding of the corporate finance issues that are faced by their business customers.

Length: Self-study book with over 280 pages and over 200 completely illustrated examples.

Content: Topics include:

Introduction to corporate finance

- The definition of corporate finance
- The difference between accounting and corporate finance
- The ultimate goal of corporate finance

Corporate taxation

- Important ordinary income concepts and issues
- Accounting and tax depreciation concepts and issues
- Recapture of depreciation
- Profits from the sale of capital assets and section 1231 business assets

Time value of money

- Important terminology explained
- The concept and application of compound interest
- The importance and interpretation of time value timelines
- Making things simple: the four cases of financial mathematics
- Term loan applications
- Equivalent annuity applications
- Special considerations involving present and future value of annuities due
- The definition of, and application of, the Rule of 72
- Over 50 different practice problems and complete solutions included

Continuous compounding

- The concept and the derivation of the formula
- The application and interpretation of the formula

Valuation of stocks and bonds

- Relationship between required return, value, and risk
- Bond valuation concepts and procedures
- Bond value versus market price
- Yield to maturity, yield to call, and current yield
- Interest rate risk
- Stock valuation concepts and procedures
- No-growth, constant-growth, and supernormal-growth stocks
- The interesting case of zero-growth stocks
- Present value of growth opportunities
- Calculating investors' required rates of return
- Calculating the growth rate for a constant-growth stock

CORPORATE FINANCE EXPLAINED VOLUME 2

Purpose: To provide an in-depth explanation of selected corporate finance issues that business borrowers must deal with on a daily basis.

It is suggested, though not required, that that Volume 1 be completed before beginning Volume 2.

It is also suggested, though not required, that Volumes 1 and 2 be completed before beginning Volume 3.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents who desire an in-depth understanding of the corporate finance issues that are faced by their business customers.

Length: Self-study book with over 290 pages and over 220 completely illustrated examples.

Content: Topics include:

Current asset management

- Accounts receivable overview
- Accounts receivable management
- Accounts receivable analysis
- Construction of cash budgets
- Construction of pro forma statements

Current liability management

- Distinguishing short-term from long-term financing needs
- Introduction to short-term financing sources
- Analysis of accruals
- Analysis of accounts payable (trade credit)
- Analysis of short-term bank loans (notes payable)
- Introduction to commercial paper

Financial analysis

- The sources and uses statement
- Ratio analysis
- Cash cycle analysis

Balance sheet forecasting

- The percent of sales forecasting method for balance sheets
 - The external financing requirement formula
 - The ratio forecasting method for balance sheets
-

CORPORATE FINANCE EXPLAINED VOLUME 3

Purpose: To provide an in-depth explanation of selected corporate finance issues that business borrowers must deal with on a daily basis.

It is suggested, though not required, that that Volumes 1 and 2 be completed before beginning Volume 3.

It is also suggested, though not required, that Volume 3 be completed before beginning Volume 4.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents who desire an in-depth understanding of the corporate finance issues that are faced by their business customers.

Length: Self-study book with over 330 pages and over 230 completely illustrated examples.

Content: Topics include:

Risk and return

- Introduction
- Risk versus uncertainty
- Statistics for individual assets
- Statistics for portfolios
- The capital asset pricing model (CAPM)
- Recap of the capital asset pricing model (CAPM)

Basic capital budgeting

- Introduction
- Net present value (NPV)
- Effect of discount rates on net present value calculations
- Internal rate of return (IRR)
- Consistency of NPV and IRR analyses
- Payback
- Comparison of capital budgeting methods

Advanced capital budgeting

- Introduction
- Adjusting for unequal replacement asset lives
- Adjusting for the effects of inflation
- Systematic risk analysis in capital budgeting
- Combining the cost of capital and security market line methods
- Probability in capital budgeting
- Capital budgeting and capital rationing
- Other relevant risks in capital budgeting
- Introduction to real options in capital budgeting

Cost of capital

- Problem #1: There are so many potential sources of capital
- Problem #2: The cost of each source changes
- Use of the MCC in internal rate of return analyses
- Use of the MCC in net present value analyses

CORPORATE FINANCE EXPLAINED VOLUME 4

Purpose: To provide an in-depth explanation of selected corporate finance issues that business borrowers must deal with on a daily basis.

It is suggested, though not required, that Volumes 1 through 3 be completed before beginning Volume 4.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents who desire an in-depth understanding of the corporate finance issues that are faced by their business customers.

Length: Self-study book with over 290 pages and over 120 completely illustrated examples.

Content: Topics include:

Business risk, financial risk, and total risk

- Risks associated with securities and fixed asset investments
- Risks associated with operating and financing decisions
- Business risk, financial risk, and total risk
- Operating, financial, and combined leverage
- Implications of business risk for investors
- Breakeven analysis

Introduction to capital structure theory

- The effect of capital structure on beta, stock price, and cost of capital
- The effect of recapitalizations on earnings per share
- A comparison of earnings per share and stock price effects

Capital structure theories

- Equations for the total market value of a firm's stock (S)
- Equations for a firm's weighted average cost of capital (kA)
- Equations for the total market value of an entire firm (V)
- Net Income, Net Operating Income, and M&M Theories
- A comprehensive comparison of theories

Leveraged beta

- Firm value formulas
- A comparison of firm value formulas
- Leveraged beta formula with a constant ratio of debt to firm value
- Leveraged beta formula with a constant debt amount

Capital budgeting and adjusted present value

- Net present value difficulties
- Adjusted present value overview

Firm valuation and adjusted present value

- Using adjusted present value for firm valuation

Refunding analysis

- The mechanics of refunding analysis

Lease analysis

- Tax, accounting, and financial aspects of leases
- The lessee's perspective: The lease purchase analysis
- The lessor's perspective: The investment analysis

CORPORATE FINANCE FOR BANKERS

Purpose: To provide an overview of corporate finance issues from the business customer's perspective.

The course Banking Mathematics is a suggested PREREQUISITE for this course.

This course is NOT A PREREQUISITE for other courses.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents who wish to examine the corporate finance issues facing their business customers.

Length: ½, 1, and 2 day versions available
Case and lecture formats available

Content: The course uses small and large case studies and lecture to explore the corporate finance issues surrounding the operation and financing of businesses. Potential topics include:

Mathematics of finance
Financial analysis and forecasting issues
Cost of capital and EBITD valuation models
Asset acquisition issues
Capital structure issues
Stock valuation issues
Strategy value and value creation issues
Entity value and value creation issues
Buyouts and dilution effects

CREATING SHAREHOLDER VALUE

Purpose: To expose participants to the relatively new corporate finance topic of measuring borrowers' shareholder value creation under various operating and financial strategies.

The course Banking Mathematics is a suggested PREREQUISITE for this course.

This course is NOT A PREREQUISITE for other courses.

Participants: All lenders, credit analysts, loan reviewers, lending managers, and bank presidents who deal with larger and more financially-sophisticated publicly-traded borrowers.

Length: ½, 1, and 2 day versions available
Case and lecture formats available

Content: This seminar will look at the most current methods of analyzing business strategies through an examination of their impact on shareholder wealth. It examines: the link between cash-flow-based analyses and Shareholder Value Analysis, the limitations of accounting-based analyses for measuring shareholder value, the distinction between "corporate" and "shareholder" value, the effects of operating cash flow and capital investments on shareholder value, the effects of cost of capital on shareholder value, minimum operating margins required in order to maintain shareholder value, and examples of shareholder value calculations that publicly-traded borrowers sometime perform. Topics covered include:

The emergence of cash-flow based analyses

The growth of cash-flow based analyses

The rationale for limitations of accounting-based performance measurements

Examples of accounting-based performance measurements and limitations

Overview of shareholder value analysis (SVA)

Discussion of seven basic SVA valuation variables

"Corporate" versus "shareholder" value

Corporate value components

- Cash flows during the forecast period
- Non-operating assets
- Cash flows after the forecast period

The value of operating cash flows during the forecast period

An example of operating cash flow value calculation

Overview of the cost of capital

- The cost of debt
- The cost of equity

Residual value overview

- Residual value as a perpetuity
- Calculating residual value

Shareholder value creation

Discussion of threshold margin cash flows

Present value of threshold margin cash flows

Calculation of shareholder value creation

Rationale for the shareholder value creation calculation

CROSS SELLING CLUES ON A TAX RETURN

Purpose: To provide an opportunity to identify cross selling opportunities using a loan applicant's tax return.

This course has NO PREREQUISITES and is NOT A PREREQUISITE for other courses, although it is suggested that this course be taken before taking Advanced Cross Selling Clues on a Tax Return.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents.

Length: **Course on DVD with workbook.** Between 30 and 60 minutes is suggested for viewing and discussing the videotape's content if done in a group setting.

Content: Both consumer and business lenders often request personal tax returns for credit purposes in order to assess the repayment capacity of prospective borrowers and guarantors. But too often, the use of these tax returns stops there.

Why not use these same tax returns in order to improve your cross-selling effectiveness? Why not use them to target—and meet—specific customer needs? In other words, why not use them twice—once to assess creditworthiness and once to dramatically improve your chances of making a sale?

There hasn't been a good way to explain how to do this—until now. In this program, participants follow along with a lender as he examines a loan applicant's personal tax return. Then, through a series of questions and answers exchanged between the lender and his manager, participants discover that there are literally dozens of subtle cross-selling clues that are obtainable from that same tax return, and that the return therefore represents a veritable *gold mine* of cross selling opportunities.

This program gives participants an absolutely unique opportunity to creatively use a well-accepted credit analysis tool in order to identify valuable cross selling opportunities. Participants will finish the program with an enhanced ability to improve their cross selling performance and to meet otherwise-hidden customer needs.

This program is educational, sales-oriented, fundamental, and timeless in its approach.

ENHANCED RATIO ANALYSIS 1 (for small business and middle market lenders)

Purpose: To discuss (1) what the *real* purpose of ratio analysis is, and (2) to *connect* cash flow analysis to ratio analysis.

The course Financial Statement Analysis is a suggested PREREQUISITE for this course.

This course is a suggested PREREQUISITE for the courses Enhanced Ratio Analysis 2 and Cash Flow 5: Cash Flow Projection.

Participants: Any business lender, credit analyst, loan reviewer, lending manager, or bank president who regularly deals with business loans with more complex credit issues.

Length: 1 day

Content: Building upon the basic financial statement analysis concepts covered in Financial Statement Analysis, this course uses lecture and small group exercises to cover the following advanced analytical techniques and topics:

Traditional ratio analysis

- Review of traditional ratio formulas
- Review of traditional ratio limitations
- Review of traditional ratio interpretations
- Comparison of inventory turnover and COGS inventory turnover

Basic Dupont ratio analysis

- Profitability analysis
- Asset management analysis
- Income statement component analysis
- Balance sheet component analysis
- Leverage analysis

Cash Flow Sensitivity Analysis

- Income statement components
 - Balance sheet components
-

ENHANCED RATIO ANALYSIS 2

(for small business and middle market lenders)

Purpose: To discuss (1) what the *real* purpose of ratio analysis is, and (2) to *connect* traditional and Basic Dupont ratio analysis to other useful analytical techniques.

The course Enhanced Ratio Analysis 1 is a suggested PREREQUISITE for this course.

This course is a suggested PREREQUISITE for the course Cash Flow 5: Cash Flow Projection.

Participants: Any business lender, credit analyst, loan reviewer, lending manager, or bank president who regularly deals with business loans with more complex credit issues.

Length: 1 day

Content: Building upon the concepts covered in *Enhanced Ratio Analysis*, this course uses lecture and small group exercises to cover the following advanced analytical techniques and topics:

Sustainable Growth Analysis

Advanced Dupont ratio analysis

- Return On Investment
- Cost of Debt
- Leverage
- Tax Rate

Breakeven Analysis

- Accrual Breakeven
 - Cash Breakeven
 - Crisis Breakeven
 - Cash Safety Margin
 - Fully Loaded Cash Breakeven
 - Breakeven Variations
-

FINANCE FOR THE NON-FINANCIAL MANAGER

Purpose: To give participants an understanding of the tools, techniques, and issues that face today's financial executives.

This course has NO PREREQUISITES and is NOT A PREREQUISITE for other courses.

Participants: Anyone wishing to receive a basic understanding of financial management principles as they are applied to businesses.

Length: 1, 2, and 3 day versions available

Content: The course uses lecture and small group exercises to examine the issues surrounding the financial management of today's businesses.

The focus of this course is on general understanding of basic financial management principles and methods of analysis rather than on detailed corporate finance theory. Topics covered include:

- The disciplines of finance and accounting
- Essential accounting questions
- The balance sheet, income statement, cash flow statement, and footnotes
- The various branches of accounting
- The rules and principles of accounting
- Basic accounting principles in action: principles and economic reality
- The creation of generally accepted accounting principles
- Assessing financial statement reliability
- The accountant's report and the relative value of accounting work products
- Audit opinion standards and forms
- The importance of an unqualified opinion
- A corporate tax overview
- Financial mathematics
- The effects of compounding
- The sources and uses statement
- Ratio analysis formulas, interpretations, and limitations
- Dupont ratio analysis
- Common size analysis
- Cash cycle analysis
- Capital investment analysis
- Payback analysis
- Return on investment analysis

FINANCIAL STATEMENT ANALYSIS

Purpose: To provide a review of financial statement analysis techniques.

The course Accounting for Bankers is a suggested PREREQUISITE for this course.

This course is a suggested PREREQUISITE for the courses Enhanced Ratio Analysis, Improved Ratio Analysis, and Advanced Lending Tools.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents

Length: 1 and 2 day versions available

Content: The emphasis of this course is on various non-cash-flow analytical techniques. The first portion of the course covers the definition, calculation, and interpretation of standard financial ratios. The second portion of the course explains such analytical techniques as trend analysis, common size statements, and pro forma statements. Topics covered include:

The four elements of financial statement analysis

Determining what items are included in each line of a firm's financial statements

- Income statement rules
- Balance sheet rules

Determining the quality of each line of a firm's financial statements

- Informative income statement questions
- Informative balance sheet questions

Determining the preparation quality of a firm's financial statements

- Audit standards and issues
- Review standards and issues
- Compilation standards and issues

Determining the relationships within a firm's financial statements

- Traditional ratio analysis
 - Common size analysis
-

IMPROVED RATIO ANALYSIS (for national accounts lenders)

Purpose: To discuss (1) what the *real* purpose of ratio analysis is, and (2) to *connect* cash flow analysis to ratio analysis.

The course Financial Statement Analysis is a suggested PREREQUISITE for this course.

This course is a suggested PREREQUISITE for the course Cash Flow 5: Cash Flow Projection.

Participants: Any business lender, credit analyst, loan reviewer, lending manager, or bank president who regularly deals with business loans with more complex credit issues.

Length: ½ and 1 day versions available

Content: Building upon the basic financial statement analysis concepts covered in Financial Statement Analysis, this course uses lecture and small group exercises to cover the following advanced analytical techniques and topics:

Traditional ratio analysis

- Review of formulas
- Review of interpretations
- Review of limitations

Basic Dupont ratio analysis

- Profitability analysis
- Asset management analysis
- Leverage analysis

Advanced Dupont ratio analysis

- Investment
- Return on investment, leverage, cost of debt, tax rate
- Dupont equation for return on equity
- Return on investment analysis
- Income statement component analysis
- Balance sheet component analysis
- Leverage analysis

Cash Flow Sensitivity Analysis

- Income statement components
 - Balance sheet components
-

INTRODUCTION TO CONSUMER CREDIT ANALYSIS

Purpose: To review the principles underlying Handshake/Personal Knowledge Systems, Consumer Credit Scoring Systems, and Judgmental Systems for analyzing consumer credit.

This course has NO PREREQUISITES and is NOT A PREREQUISITE for other courses.

Participants: Anyone wishing to receive a brief overview of basic consumer credit analysis techniques. This course was designed for lenders dealing with consumer borrowers who desire an *understandable introduction* to the topic of risk assessment. It is also appropriate for more experienced individuals who wish to review the basics of this important subject in a structured setting. This course was NOT designed for experienced individuals who wish either intermediate or advanced training in consumer credit analysis.

Length: ½, 1, and 2 day versions available

Content: This course is an *introduction* to the *risk issues* that affect consumer credit underwriting decisions. It is designed to give participants greater familiarity with effective techniques for identifying and assessing these risk factors.

The emphasis of the course is on *identifying* the risks that are inherent in consumer lending, and *assessing* the risks that are inherent in consumer lending.

As such, participants should leave this course with a greater understanding of the issues surrounding effective risk assessment and a greater sense of self-confidence regarding their ability to successfully analyze the effects of risks that exist in consumer loan underwriting.

Topics covered include:

Introduction to Consumer Credit
A Definition of "Consumer" and "Consumer Credit"
A Historical Review of Consumer Credit
Effective Consumer Credit Policy
Handshake/Personal Knowledge Systems
Consumer Credit Scoring Systems
Judgmental Systems: The 5 Cs of Credit

- Preliminary Credit Evaluation Issues
- Assessing Character
- Assessing Capacity
- Assessing Capital
- Assessing Collateral
- Assessing Conditions

Making Judgmental Credit Decisions

INTRODUCTION TO GLOBAL CASH FLOW

Purpose: To provide a basic understanding, both intuitively and practically, of what global cash flow actually is, what it measures, and how it can be used in a standard business credit analysis.

The course Accounting for Bankers is a suggested PREREQUISITE for this course.

This course is a suggested PREREQUISITE for the course Principles of Business Loan Structure.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents

Length: 1 day

Content: The term “global cash flow” has recently gained great importance for lenders to small businesses, in part because of the effect of the economy on small business borrowers, and in part because of heightened regulatory attention. In fact, it is a rare regulatory exit interview today that does not mention perceived global cash flow analysis deficiencies.

Through discussion and extensive small group work, participants will have an opportunity to explore the following topics:

- The importance and definition of global cash flow
 - How to calculate global cash flow and a global debt service coverage ratio
 - How to use global cash flow in a cash flow analysis
 - How to use global cash flow in order to assess the value of a business owner’s personal guaranty
 - How to use global cash flow in order to assess a business owner’s personal net worth
 - The definition, use, and calculation of unleveraged global cash flow and the unleveraged global debt service coverage ratio
 - The special global cash flow considerations involving the existence of interlocking entities
 - The special issues surrounding global cash flow and non-closely-held businesses
 - How to calculate global cash flow using a business’s income statements and balance sheets
 - How to estimate reasonable personal living expenses for a global cash flow analysis
 - How to calculate global cash flow using business and personal tax returns
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INTRODUCTION TO QUALITATIVE RISK ASSESSMENT

Purpose: To provide an opportunity to practice in-depth identification and assessment of non-numerical credit risks in business loans and to provide an understanding of various financial calculations.

This course has NO PREREQUISITES and is NOT A PREREQUISITE for other courses.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents.

Length: ½, 1, and 2 day versions available

Content: The course uses small and large group activities, extended case studies, and lecture to discuss the importance of assessing non-quantitative risks during a thorough credit analysis.

The culmination of the 2-day version is a group presentation and analysis of a case's qualitative issues to a mock credit committee. Topics covered include:

- Qualitative identification of borrower's credit risk
- Borrower's strategic planning skills analysis
- Borrower's industry analysis
- Borrower's competitive analysis
- Borrower's economic analysis
- Borrower's management analysis
- External research sources

KEY BANKING CONCEPTS

Purpose: To provide a brief overview of banking to participants who currently have little or no knowledge of the structure or mechanics of the industry.

This course has NO PREREQUISITES and is NOT A PREREQUISITE for other courses.

Participants: Anyone wishing to receive a brief overview of banking and the banking industry.

Length: 1, 1½, and 2 day versions available

Content: The course uses a lecture and slide show format to quickly cover the history of banking, banking economics, the regulatory environment, and the rudimentary analysis of bank income statements and balance sheets. It is designed to make you more familiar with your industry and your company. Topics covered include:

Discussion of the history of banking & the current regulatory environment

Discussion of the economics of banking

The accounting of banking: The balance sheet

- Sources & uses of capital
- Examination of typical bank assets and liabilities
- Examination of typical bank overhead
- Examination of typical bank equity and leverage
- Discussion of capital adequacy
- Discussion of core (tier 1) capital and supplemental (tier 2) capital
- Questions to ask to determine a bank's strategies, markets, and strengths

The accounting of banking: The income statement

- Sources & uses of profit
- Examination of typical bank interest and non-interest revenues
- Discussion of income before taxes, net income, and bank spread
- Discussion of the impact of credit losses on profits
- Discussion of provision for credit losses and its estimation
- Discussion of allowance for doubtful accounts
- Discussion of chargeoffs
- Discussion of the impact of overhead on profits
- Discussion of the efficiency ratio

The future of banking

- Discussion of current banking competitive and regulatory issues.
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LOAN WRITE-UP PRINCIPLES

Purpose: To enhance participants' skills in preparing written loan presentations.

The courses Practical Business Writing and Accounting for Bankers are suggested PREREQUISITES for this course.

This course is a suggested PREREQUISITE for the course Loan Write-Up Workshop.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, bank presidents, loan assistants, and others who either prepare or review written loan presentations.

Length: 1 day
Agricultural and commercial versions available.

Course must use current bank loan policy guidelines. Available only on an in-house basis. Course must be customized in order to conform to bank credit policy manual.

Content: Loan presentation write-ups serve a number of different purposes. As such, the task of constructing a persuasive write-up can be quite difficult.

In this seminar, participants will have an opportunity to discuss the purposes of several of the loan write-up form's sections, including management analysis, economic analysis, product analysis, and competitive analysis. Participants critique sample write-ups and analyze write-ups for selected case studies.

LOAN WRITE-UP WORKSHOP

Purpose: To enhance participants' skills in preparing written loan presentations.

The courses Practical Business Writing, Accounting for Bankers, and Loan Write-Up Principles are suggested PREREQUISITES for this course.

This course is NOT A PREREQUISITE for other courses.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, bank presidents, loan assistants, and others who either prepare or review written loan presentations.

Length: ½ and 1 day versions available

Commercial version only. Course must include presentations from bank credit personnel and must use conform to current bank loan policy guidelines. Available only on an in-house basis. Course must be customized in order to conform to current bank credit policy manual requirements.

Content: Loan presentation write-ups serve a number of different purposes. As such the task of constructing a concise, complete, and focused written analysis can be quite difficult.

In this seminar, participants will have an opportunity to build upon the *general* skills that are covered in Practical Business Writing and Loan Write-Up Principles and the *technical* skills that are covered in Accounting for Bankers and other courses while constructing loan write-ups. Participants critique sample write-ups and construct write-ups for selected case studies.

PRACTICAL BUSINESS WRITING

Purpose: To enhance participants' skills in preparing written documents.

This course has NO PREREQUISITES.

This course is a suggested PREREQUISITE for the course Loan Write-Up Workshop.

Participants: All business lenders, lending managers, and others who make written business presentations.

Length: 1 day

Content: The course uses small and large group activities and extensive in-class exercises.

Participants first review basic principles of composition, organization, tone, presentation and persuasion. Participants then review basic rules of grammar, usage, and punctuation. The emphasis is on creating a positive environment in which the participant can focus on the essentials of written business communication. Topics covered include:

Composition principles

- Staying active
- Using plain language
- Using direct language
- Using parallel construction
- Using short sentences
- Using short paragraphs
- Using conversational language

Organization principles

- Finishing big
- Applying an underlying logic
- Addressing the reader's interest first
- Using headings
- Getting to your point quickly

Tone principles

- Being positive
- Being balanced

Presentation principles

- Discussing benefits
- Telling the reader what to do and providing an incentive to do it
- Avoiding excessive detail

Punctuation principles

- Using commas
- Using colons
- Using hyphens
- Using semicolons
- Using apostrophes

Grammar principles

- Capitalizing
- Making subject and verb agree
- Using complete sentences
- Avoiding misplacement of modifiers

Usage principles

PRACTICAL CONTRACT LAW FOR BANKERS

Purpose: To provide an overview of basic contract law as a foundation for lending and negotiating activities.

This course has NO PREREQUISITES.

This course is a suggested PREREQUISITE for the courses Consumer Loan Documentation, Business Loan Documentation 1: Non-Collateral Issues and Business Loan Documentation 2: Collateral Issues.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents.

Length: ½ and 1 day versions available

Content: Recognizing that most dealings between borrower and banker touch upon contract law issues, this course uses lecture and case studies to explore the practical issues that arise for participants in the area of contract law.

Participants are exposed to basic legal issues such as: How and when is a contract formed? When does Article 2 of the Uniform Commercial Code apply? What defenses are available to prevent enforcement? Where do contract terms come from? What constitutes excusable non-performance? What remedies are available to both lender and borrower? and What issues arise when a third party is introduced into a deal?

The focus of this course is on the practical use of common contract law principles rather than on a detailed examination of existing law. Topics covered include:

- Contract types [express, implied-in-fact, implied-in-law]
- Contract formation requirements [offer, acceptance, consideration]
- Contract defenses
- Sources of contract terms
- Warranties [express and implied]
- Explaining contract terms
- Unconditional and conditional contract performance standards
- Excuses for non-performance
- Remedies for breach

PRINCIPLES OF BUSINESS LOAN STRUCTURE

Purpose: To provide in-depth exposure to the use of financial projections in the construction of appropriate loan accommodations and to assess the impact of credit risk on appropriate loan pricing.

The course Cash Flow 5: Cash Flow Projection is a suggested PREREQUISITE for this course.

This course is NOT A PREREQUISITE for other courses.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents.

Length: ½ and 1 day versions available

Content: This course builds upon the course Cash Flow 5: Cash Flow Projection and uses small- and large-group activities and case studies to explore the relationship between borrowers' "best fit" loan accommodations and lenders' issues of profitability, availability, and risk. The focus of this course is on the practical use by participants of loan structuring techniques.

Participants will discuss: use of cash budgets and cash flow statements in loan structuring, advanced loan guarantee and subordination issues, selecting appropriate covenants, advantages and disadvantages of loan agreements, and issues in collateralized lending. Topics covered include:

- Loan structuring overview
- Financial forecasting: a review
- Determining the financing need: a review
- Determining the reason for the financing need
 - What is being financed?
 - How has the item being financed created a financing need?
- Determining the amount that the bank will lend
- Determining the loan's logical repayment source
- Determining the repayment schedule that the bank will require
- Determining the facility that will be used by the bank to manage the loan
- Determining the support that will be required by the bank for the loan
- Determining the pricing that will be demanded by the bank on the loan
- The Loan Structure Speech

TAX RETURN ANALYSIS 1: STRUCTURE OF FORM 1040

Purpose: This course constitutes an *introduction* to the topic of the *structure* of the Form 1040 tax return. Its purpose is to function as a *springboard* to other tax return *analysis* classes that are based on Form 1040.

This book has NO PREREQUISITES.

This book is a suggested PREREQUISITE for the course Tax Return Analysis 2: Analysis of Form 1040.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents.

Length: Self-study book

Content: Because a banker cannot *analyze* something that he or she doesn't first *understand*, this course is intended for those who are unsure as to the purpose or structure of a 1040 tax return, or are unsure of the information that is contained in a 1040 tax return and its accompanying forms and schedules.

The emphasis of this course is on achieving a basic understanding of both the tax forms that borrowers are most likely to submit in support of a credit request, and the information that is contained on those forms.

Because tax returns are often submitted in support of personal guaranties or in lieu of financial statements when dealing with small business lending, it is necessary to understand *both the tax forms that are submitted and what they indicate about the submitter's tax situation*. As such, participants should finish this course with a basic understanding of the basic 1040 tax return and its accompanying forms and schedules.

This course is most appropriate for bankers *with little or no lending experience* who desire an *understandable introduction* to the topic of tax returns. Topics covered include:

- A 1040 Tax Return Overview
- Filing Status
- Exemptions
- Income
- Allowable Subtractions From Income
- Tax and Credits
- Other Taxes
- Payments
- Refunds and Liabilities
- Comprehensive Proficiency Test

TAX RETURN ANALYSIS 2: ANALYSIS OF FORM 1040

Purpose: This course constitutes an *introduction* to the topic of how to *analyze* the 1040 tax return. Its purpose is to show the banker how to convert information from the 1040 tax return and its accompanying forms and schedules into useful, credit-oriented information.

This course assumes that participants already understand the purpose and structure of a 1040 tax return and its accompanying forms and schedules, and understand the information that is contained in a 1040 tax return and its accompanying forms and schedules.

The course Tax Return Analysis 1: Structure of Form 1040 is a suggested PREREQUISITE for this course.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents.

Length: 1 and 2 day versions available

Content: The emphasis of this course is on how to *analyze* the tax forms that individuals are most likely to submit in support of a personal guaranty or as part of a small business credit request. The goal of the course is to understand *both the tax forms that are submitted and what they indicate about the submitter's tax situation*. As such, participants should finish this course with a basic understanding of how to analyze the basic 1040 tax return and its accompanying forms and schedules.

This course is most appropriate for bankers *with little or no lending experience* who desire an *understandable introduction* to the topic of tax return *analysis*. Topics covered include:

A 1040 Tax Return Overview	Business Income or Loss
An Overview of Tax Return Analysis	Capital Gains or Losses
The Goal of Tax Return Analysis	Other Gains or Losses
Verifying the Tax Return	IRA and Retirement Plan Contributions
Wages Salaries, Tips Etc.	Pensions and Annuities
Interest	Other Income
Dividends	Income Review
Self-Employment Tax	Farm Income or Loss
Early Withdrawal Penalties	Health Care Expenses
Self-Employed Health Insurance	Moving Expenses
Alimony Paid	Deductions
Alimony Received	Federal Taxes
Student Loan Interest Deduction	Taxable Refunds
Rental Real Estate, Royalties, Partnerships, S Corps, and Trusts	
Unemployment Compensation and Social Security Benefits	
Unreimbursed Employee Business Expenses	

THROUGH THE EYES OF A BANKER

Purpose: To provide an opportunity to assess a borrower's repayment ability by visiting the borrower's business and assessing the operations that actually generate the firm's collateral and cash flow.

This course has NO PREREQUISITES and is NOT A PREREQUISITE for other courses.

Participants: All business lenders, credit analysts, loan reviewers, lending managers, and bank presidents.

Length: **Course on DVD with workbook.** Between 2 and 4 hours is suggested for viewing and discussing the videotape's content if done in a group setting.

Content: In today's age of spreadsheets and computers, business lenders can generate hundreds of pages of ratios and cash flow statements but still misjudge a borrower's ability to repay a loan.

The best way to assess a borrower's repayment ability is to visit the business and *assess what actually generates the firm's collateral and cash flow.*

Bankers *must* be able to prepare for their visits. They *must* be able to ask key questions. They *must* be able to assess the *actual business*—not just the firm's financial statements.

In this program participants accompany a banker on a visit to an actual business. Participants meet the business owner and tour the manufacturing facility. They see what the banker sees and hear what he hears.

Their assignment is to identify and discuss the telltale signs of both good and poor management practices that the banker should have seen during his visit.

At the end of the visit, the banker explains what the participants should have noticed in order to fully assess the borrower's repayment ability.

Drawing upon years of experience from countless business lenders, the program gives participants an opportunity to identify and discuss the credit risks in such important business activities as: marketing, business planning, environmental protection, governmental regulatory compliance, competitive analysis, operations management, inventory controls, safety practices, employee relations, and sales management.