



**Earn up to 14.5 CPE Credits**

# Cash Flow Analysis

## Course Overview

**Program Level:** Basic

**Delivery Method:** Group-Live

**Prerequisite:** Analyzing Business Loans course or previous experience in business lending

**Advanced Preparation:** Review your credit union's business loan policy

This two day curriculum will delve further into the analytical techniques required to determine the most fundamental skill in business lending – whether sufficient cash flow exists to repay the proposed debt. While this sounds simple on the surface, cash flow analysis is a skill that often takes years to perfect, this **Cash Flow Analysis** course lays the foundation for credit union staff and management. After this session you will:

- Have a better understanding of all the details behind the debt service ratio
- Be able to calculate cash flow ratios from business tax returns and financial statements
- Understand book-tax differences and cash flow timing issues
- Learn various types of unusual tax items and how to address them in your analysis
- Save the credit union money through better screening of business lending opportunities
- Be able to defend your loan analysis and decisions with confidence to examiners

**To register, complete the registration form and fax to (503) 230-8857.  
Call 866-484-2876 for questions.**



Dan Hutchison and Mike Mucilli , CUBG instructors and cash flow experts.

### **2010 Course Dates and Locations**

**December 7 – 8 – Portland, OR**

**Course Fee:** \$595 for CUBG Members  
\$695 for all others

*12 person minimum  
25 person maximum class size*

Cancellations within 30 days of the session will be charged a 15% administrative fee. Cancellations within 7 days of the session will be charged 50% of the normal fee. Educational materials are proprietary and will only be provided to conference attendees.

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## Cash Flow Analysis

### Recent Course Ratings

<b>The value of the course to your credit union</b>	<b>4.67</b>
<b>Instructors knowledge of business lending</b>	<b>4.97</b>
(Rated on a 1-5 scale, with 5 being the highest rating)	

*"This was my first formal exposure to business lending analysis and I found it to be very valuable."*

**- Robb Moore, OnPoint Community Credit Union**

*"Mike and Dan are very hands on and do a great job training!"*

**- Linda Gudjonson, TwinStar Credit Union**

*"I will submit a recommendation to send additional employees of my Credit Union to this course."*

**- Julie Coakley, Holy Rosary Credit Union**



*"Training was awesome, and the hospitality was wonderful."*

**-Jessica Snyder, Lacamas Community Credit Union**

*"I was able to get some understanding of some concepts that I hadn't before. This is what I was hoping for."*

**- Danette Johnson, TwinStar Credit Union**

*"The instructors were great and the material was put together and presented very well!"*

**-Jeff Schwartz, St. Helen Community Federal Credit Union**

*"Instructors were very knowledgeable and personable. They were able to make more challenging topics easier to tackle."*

**- Aubrey Magyar, American Airlines CU**

*"Very valuable to our business loan committee –Much needed info!"*

**- Rebecca LaRose, Sidney FCU**





# Cash Flow Analysis

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## CURRICULUM – DAY ONE

### Balance Sheet Analysis

Components  
Classes of assets  
Effects of alternative Classifications  
*Handout/Manual: Sample Balance Sheet*

### Income Statement Analysis

Components  
*Handout/Manual: Sample Income Statement & computer spreads*

### The Asset Conversion Cycle

Why it is so important  
Understanding the components  
*Handouts/Manual: Asset Conversion Cycle*

### Financial Ratios

Liquidity, leverage, and asset conversion ratios  
Understanding relationships  
Industry peer groups  
Class exercise  
*Handout/Manual: Formulas and definitions; worksheet*

### Debt Service Coverage Ratio Calculations

Principals & goals of underwriters  
Sample formulas  
*Handout/Manual: Formulas for DSCR calculation and Income Property calculation*

### Cash Flow Adjustment

Treatment of dividends & capital gains  
Other non-recurring income and expenses  
Prepays, intangibles, the 50% meal exclusion, net operating losses & carryovers

### Active & Passive Gains and Losses

### Valuation and Reporting Methods

Inventory Valuation  
Depreciation methods  
How these choices affect cash flow and the bottom line  
*Handouts/manual: Valuation methods*



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## CURRICULUM – DAY TWO

### Corporate Tax Rates

- Federal
- State
- Implications for business structures

*Handouts/Manual: Federal & State Tax rate schedules*

### Estimating Financial Needs

- Financing structures
- Formulas
- Internal & external financing sources
- Class Exercise

*Handout/Manual: Formulas & Worksheet*

### Sole Proprietors & the 1040

- Case Study
- Conclusion & discussion on analysis

*Handout/Manual: Worksheet & sample tax returns*

### LLCs & Rental Properties

- Residential 5+
- Commercial
- Case Study
- Conclusion & discussion on the analysis

*Handout/Manual: Worksheet & sample tax returns*

### Sources & Uses of Cash

- Concepts
- Preliminary exercise

*Handout/Manual: Group exercise worksheet*

### UCA Cash Flow

- Indirect cash flow method
  - Cash flow from operations
  - Cash flow from investing
  - Cash flow from financing
- Direct cash flow method

*Handout/Manual: Worksheet and financial spreads*

### S-Corporations

- Global vs. separate cash flows
- Averaging
- Ramifications of financial covenants
- K-1's
- Issues and differences between C-Corps and S-Corps
- Case Study Analysis
- Conclusion/discussion on analysis

*Handout/Manual: Sample UCA worksheet & case study financials*

### Wrap-up & Questions



## **Cash Flow Analysis**

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### **MEET THE CUBG INSTRUCTORS**

#### **Michael Mucilli, Senior VP/Senior Business Services Officer**

***32 Years Experience***



Michael brings over 32 years of banking, commercial lending and sales experience to CUBG. He has underwritten all types of business loans, including commercial real estate, lines of credit, term loans, letters of credit, and asset-based lines. Michael also has extensive experience with SBA lending, 12 years experience as a branch manager, and served as Director of Consumer and Home Equity Lending. He is a former instructor for the American Institute of Banking and has taught extensively throughout his banking and credit union career. Michael consults with credit unions in the Eastern U.S. on all aspects of business services planning, program development, account pricing, and education.

#### **Dan Hutchison, VP/Senior Business Services Officer**

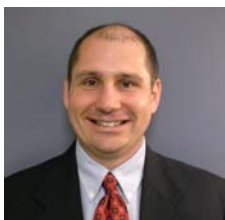
***39 Years Experience***



Dan brings a wealth of experience to CU Business Group. Prior to joining CUBG he spent 1½ years at Redwood Credit Union, a \$1.3 billion institution in Northern California, where he managed the business lending, deposits and sales to Redwood's 100,000+ members. Prior to entering the credit union industry, Dan spent 30+ years at large national banks and smaller community banks. As a senior banking officer, credit administrator, and special assets manager, Dan gained extensive experience in all types of term loans, lines of credit, equipment loans, commercial real estate, letters of credit and SBA loans. Dan has taught a variety of courses in both banks and credit unions and specializes in consulting with credit unions in the Midwest on all aspects of business services.

#### **Mike Smith, AVP/Business Services Officer**

***17 Years Experience***



Mike has over 17 years experience in commercial banking, business consulting and education. Most recently he served as a Commercial Loan Officer and Vice President of a Texas based community bank where he was responsible for business development and portfolio management with an emphasis on real estate and healthcare banking. Previously he was Director of an SBA Small Business Development Center in Houston. Mike is currently an adjunct business instructor at Lone Star Community College. Mike has significant experience in all facets of business banking including commercial real estate, agriculture, equipment and SBA lending, credit analysis, loan review and compliance. Mike consults with credit unions in the southern and southwestern regions of the United States on all aspects of business services.



# Cash Flow Analysis

## Registration Form

**December 7 – 8, 2010**

**CU Business Group**

8909 SW Barbur Blvd, Ste. 200

Portland, OR 97219

*Please complete a separate registration forms for each attendee.*

### Attendee Information:

Name  Mr.  Mrs.  Ms. \_\_\_\_\_

Title (as it should appear on your badge) \_\_\_\_\_

Organization \_\_\_\_\_

Address \_\_\_\_\_

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

Office Phone (\_\_\_\_\_) \_\_\_\_\_ Office Fax (\_\_\_\_\_) \_\_\_\_\_

Cell Phone (\_\_\_\_\_) \_\_\_\_\_ Email \_\_\_\_\_

### Attendee Categories and Fees (Please check the appropriate box. Payment must accompany registration.)

CU Business Group Member Fee – \$595

All Others – \$695

### Attendee Payment Information

Credit Card – please choose one  Visa  Mastercard

Check Enclosed

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

Security Code (last 3 digits on back of card) \_\_\_\_\_ Billing Zip Code \_\_\_\_\_

**X** Signature \_\_\_\_\_ Date \_\_\_\_\_

Total Payment Enclosed / Authorized \$ \_\_\_\_\_

**Cancellations** – All cancellations must be made in writing or via email. Cancellations within 30 days of the program will be charged a 15% administrative fee. Cancellations within 7 days of the program will be charged 50% of the normal fee.

**E-mail form to:** [education@cubg.org](mailto:education@cubg.org)

**Fax form to:** 503-230-8857

**Mail form to:** CU Business Group

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