

# Economic Development Credit Analysis

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## PRESESSION ASSIGNMENT

- **Read** the *Economic Development Credit Analysis Textbook*.

## DAY 1

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**8:30 a.m.**

**REGISTRATION**

**9:00**

**WELCOME AND INTRODUCTIONS**

**ECONOMIC DEVELOPMENT FINANCE CONCEPTS**

- The Importance of Small and Medium-Sized Businesses
- The Long-term Financing Gap
- Financing Healthy, Expanding Businesses

**CASE STUDY**

**CASE STUDY**

**12:30 p.m.**

**LUNCH**

**1:30**

**INTRODUCTION TO BUSINESS CREDIT ANALYSIS**

- Credit Is Easy But Backwards
- The Credit Question: Is  $CF > D/S$ ?
- The Credit Analysis Process
- Digesting Growth?

- 2:30**                    **THE BALANCE SHEET**
- Source and Use of Cash Statement
  - Assets: Use of Cash Threatening Survival
  - Liabilities: Future Sources of Cash Ensuring Survival

- 4:00**                    **IN-CLASS TEAM ASSIGNMENT**
- Spread through Line 61

**CASE STUDY**

**CASE STUDY**

- 5:30**                    **ADJOURNMENT**

**DAY 2**

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- 8:30 a.m.**            **REVIEW OF IN-CLASS ASSIGNMENT**

- 9:00**                    **THE PROFIT AND LOSS STATEMENT**
- How Well Does the Company Buy and Sell Inventory to Make a Profit?
  - Managing Profits and Impacted Expenses
  - Discretionary and Impacted Expenses
  - Quality Indicators

- 9:30**                    **QUALITY INDICATORS**
- Does the Company Collect?
  - Does the Company Pay?
  - Does the Company Control Inventory?
  - Are the Owners Committed?
  - Does the Company Have a Profitable Operating History?
  - Is the Company Growing?
  - Does the Company Maintain Margins?
  - Does the Company Control Overhead?
  - Is the Company Profitable?
  - Is there any Hidden Cash Flow?

- 10:30**                    **CASE STUDY**
- CASE STUDY**
- 12:30 p.m.**            **LUNCH**
- 1:30**                    **ECONOMIC DEVELOPMENT FINANCING PROGRAMS**
- U.S. Small Business Administration Programs
- 2:30**                    **STRUCTURING THE LOAN**
- Is  $CF > D/S$ ?
  - Adjusted Cash Flow
- CASE STUDY**
- 4:00**                    **IN-CLASS TEAM ASSIGNMENT**
- CASE STUDY**
- Spread and Analyze Financial Statements
  - Structure Deal
- 5:30**                    **ADJOURNMENT**

## **DAY 3**

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- 8:30 a.m.**            **REVIEW OF IN-CLASS ASSIGNMENT**
- 9:30**                    **DEVELOPER REAL ESTATE FINANCING**
- Public Sector and Real Estate Development
  - Real Estate Concepts
  - Three Benefits of Owning Real Estate
  - The Development Process
  - Pro Forma Income and Expense Statement
  - Lender Ratio

**CASE STUDY**

**12:00 p.m. LUNCH**

**1:00 ECONOMIC DEVELOPMENT FINANCING PROGRAMS**  
• U.S. Department of Housing and Urban Development

**CASE STUDY**

**4:00 ADJOURNMENT**