

Consolidating Data Sources in FINPACK+

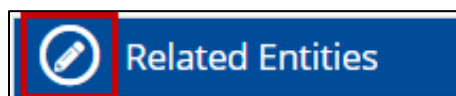
February 2024

FINPACK Credit Analysis allows users to consolidate the balance sheets or tax forms from several different data files into a consolidated file. For example, a farm or business may have multiple entities for tax reasons, but these entities are controlled by the same owner(s). For analysis purposes, the user would prefer to consolidate the information for these different entities. (Ex: A farm has an entity that owns the assets, another entity that operates the farm and leases the assets from the first entity, and finally a personal balance sheet). Both are owned by the same person, so consolidating the financial information for both entities provides the best complete financial information for the owner.

A best practice is to consolidate Detailed Balance Sheets or Tax Forms from the different entities into a new Credit Analysis data file, in its own customer profile in FINPACK+. It is recommended to include 'consolidated' in the customer profile and related Credit Analysis file name to indicate it is a consolidated file. This consolidated file will be used to underwrite and analyze the global borrower in FINPACK+.

Identifying Related Entities

The consolidation process in FINPACK+ begins by identifying the related entities of the global borrower. In this example, our global analysis includes a farming entity, a trucking entity, and three individuals that are owners/guarantors. The related entities are added to the consolidated customer profile by utilizing the pencil icon in the Related Entities dialogue box. Related entities can be edited at any time as changes are warranted for the global borrowing relationship.



Creating the Credit Analysis File

Next, the Credit Analysis file for the consolidated borrower needs to be created. This is the same process as adding a Credit Analysis File to a customer profile.

When adding the Credit Analysis File, select the ‘Create New’ radio dial, ensure the file name is correct, and select the file type. Then click ‘Continue.’ (An existing Credit Analysis file can be uploaded if your institution is moving to FINPACK+ from FINPACK installed and there is an existing consolidated credit analysis file for the global borrower.)

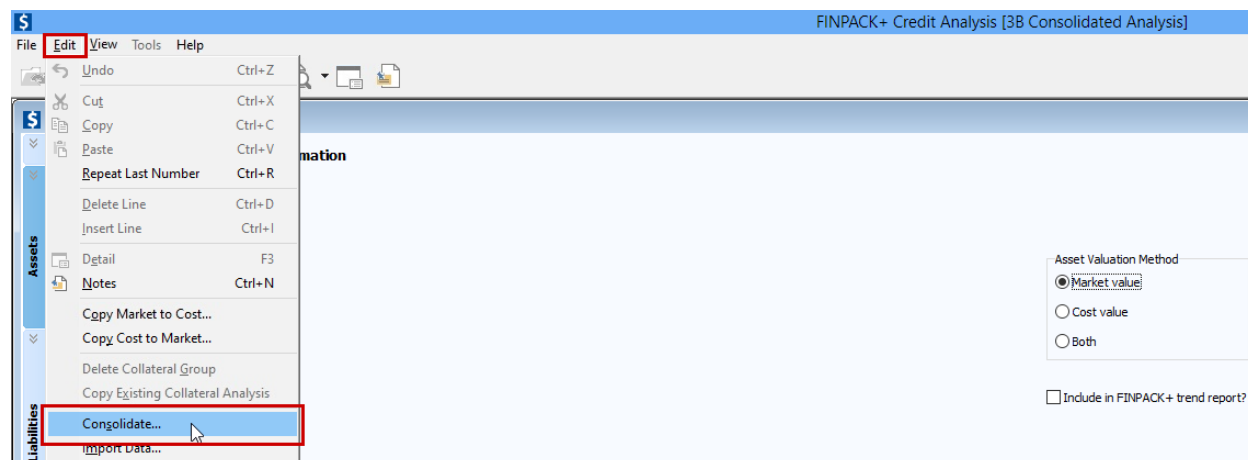
This creates and launches the new consolidated Credit Analysis file in a browser tab. The data sources will be consolidated into this global borrower file.

Consolidating Information

First, a fiscal year-end or period-end Detailed Balance Sheet or a fiscal year-end Tax Form is needed for each entity. (These Detailed Balance Sheets or Tax Forms are contained in the respective entity or individual data files.) In the newly created consolidated file, a Detailed Balance Sheet or Tax Form is created with the same date. The Detailed Balance Sheets or Tax Forms from the entities and individuals will be consolidated into this new consolidated FINPACK Credit Analysis file.

NOTE: The example outlined below steps the user through consolidating a Detailed Balance Sheet. The procedure for consolidating Tax Forms is the same.

Start by creating a new Detailed Balance Sheet that matches the date of the other balance sheets to be used in the consolidation. In this blank detailed balance sheet, select *Edit + Consolidate*.



A dialog box opens to assist with the consolidation process. The related entities for the global borrower are shown. Highlight the first individual or entity to be consolidated into the detailed balance sheet. Then click 'Download Highlighted File' below. Notice only those customers identified as related entities are accessible here. There is not an option to add an additional related entity here. If an additional related entity is needed, this will need to be linked in the consolidated customer information. Then the consolidation process in the Detailed Balance Sheet can be continued.

Select File and Balance Sheet ✕

Select another file and click <Download Highlighted File> OR click <Use Current File>

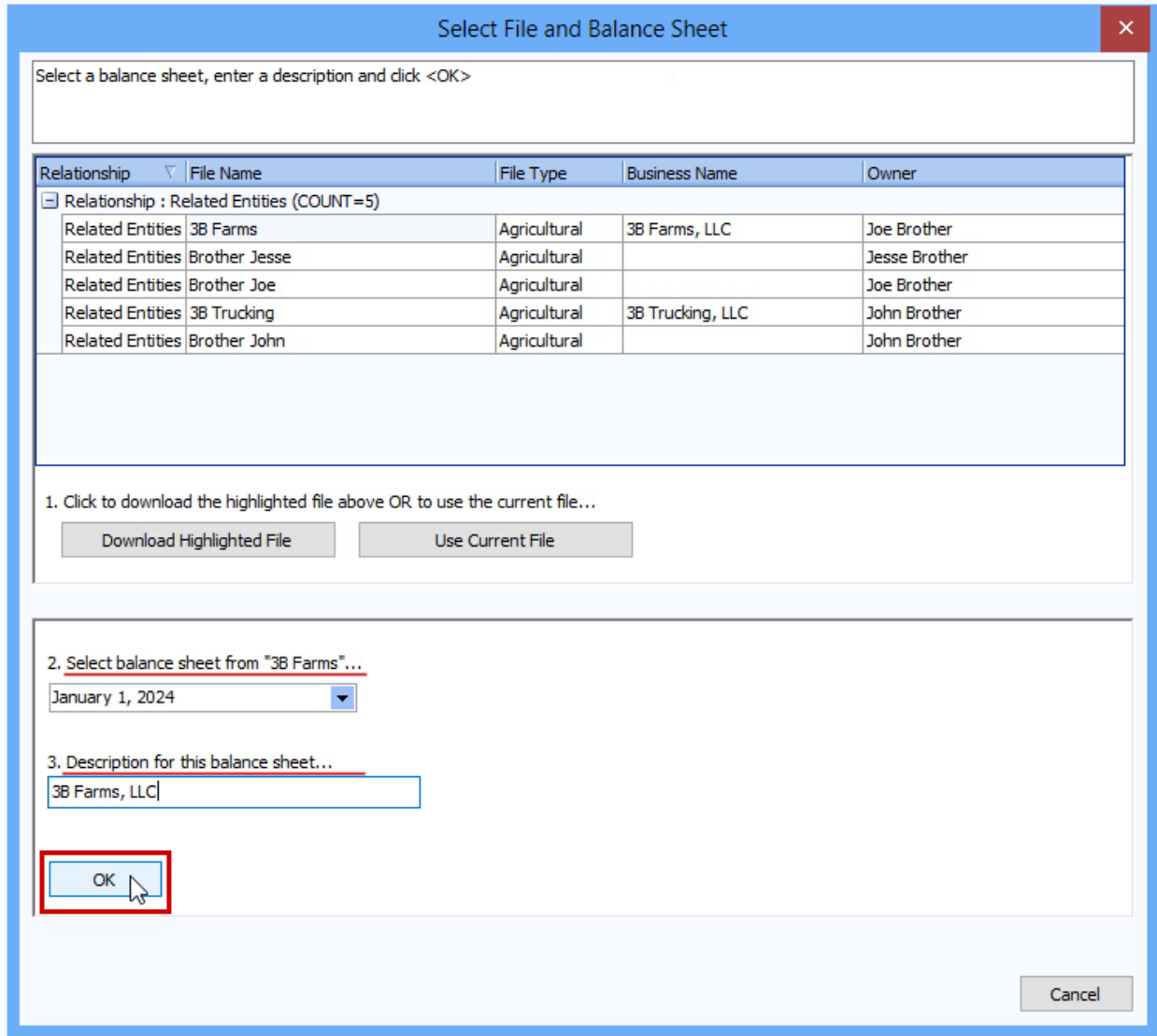
Relationship	File Name	File Type	Business Name	Owner
[-] Relationship : Related Entities (COUNT=5)				
Related Entities	3B Farms	Agricultural	3B Farms, LLC	Joe Brother
Related Entities	Brother Jesse	Agricultural		Jesse Brother
Related Entities	Brother Joe	Agricultural		Joe Brother
Related Entities	3B Trucking	Agricultural	3B Trucking, LLC	John Brother
Related Entities	Brother John	Agricultural		John Brother

1. Click to download the highlighted file above OR to use the current file...

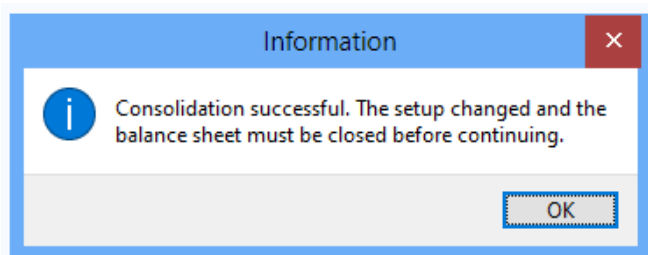
2. Select balance sheet...

3. Description for this balance sheet...

This takes a moment for FINPACK+ to access the selected file. In this example, the Credit Analysis file for 3B Farms, LLC was selected. Once accessed, the appropriate balance sheet is selected from the drop-down list in Step 2. and a description is added in Step 3. This short description will be added to indicate the source of assets and liabilities in the consolidated detailed balance sheet. Once these steps are completed, click ‘OK.’



Upon completing the consolidation, a message appears explaining the status of the consolidation. The user is informed of any errors needing attention. The balance sheet must be closed before continuing any additional consolidations or data entry.



Repeat this process as many times as necessary to complete the consolidation for all entities and individuals to be included in the detailed balance sheet for this global analysis. The entity and individual balance sheets to be consolidated here should be the same date.

Once all entities are consolidated, the Detailed Balance Sheet output will contain total information on the Summary page (page 1). The Schedules (page 2 and beyond) will have details for each entity and individual in the consolidation.

Reviewing the Consolidation

Here is a sample consolidated Detailed Balance Sheet for the 3B Consolidated file. This consolidated file includes two entities and three individuals: 3B Farms, LLC; 3B Trucking, LLC; and the personal assets of Joe, Jesse, and John Brother.

Highlighted below is the Source of information for Schedule A: Cash and checking.

3B Consolidated : 1/1/2024 Balance Sheet		Page 2	2/21/2024 1:14 PM (GMT-06)		
Schedule A: Cash and checking		Value	Schedule D: Accounts receivable		
Source: 3B Farms, LLC				Value Per	
Farm Sav	161		Quantity	Unit	Value
Farm DDA	137,053	Source: 3B Farms, LLC			
		Crop Insur. - Corn	-	-	330,000
		Crop Insur. - Beans	-	-	15,000
Source: 3B Trucking, LLC					
Trucking DDA	1,830	Source: 3B Trucking, LLC			
Shipping DDA	6,765	Shipping A/R	-	-	121,672
Total cash and checking	145,809	Trucking A/R	-	-	74,820
		Due from Farm	-	-	30,000
Schedule B: Prepaid expenses and supplies					
		Total accounts receivable			571,492

Finally, make any necessary edits or eliminations on the consolidated data. A common item to address is equity entries included on the Detailed Balance Sheets of individuals that are then also contained in the consolidation.

In this example, the individual owners all list one-third of the equity of the farm and trucking operations on their personal balance sheet. Therefore, this needs to be edited, or total equity on a consolidated basis will be overstated. In this example, the equity line entries under Personal Business Investment can be deleted. Or a better practice may be to include negative, offsetting entries in the schedule. The example below uses this offsetting approach. The input entry is shown as well as the corresponding detailed balance sheet output.

Input entry:

Description	Quantity	Year Purchased	Total Purchase Price	Mkt Value Per Unit	Total Market Value
Source : 3B Consolidated					
Elimin. duplicate equity					-1,430,286
Total					-1,430,286
Source : 3B Farms, LLC					
Total					
Source : 3B Trucking, LLC					
Total					
Source : Brother, Jesse					
1/3 - 3B Farm Equity					287,440
1/3 - 3B Trucking Equity					189,322
Total					476,762
Source : Brother, Joe					
Total					

Corresponding output:

<i>Schedule P: Personal assets</i>					
	Quantity	Year Purchased	Purchase Price	Mkt Value Per Unit	Market Value
Savings and checking					-
Stocks and bonds					-
Other personal current assets					-
Furnishings and appliances					-
Schedule Q: Personal vehicles					116,539
Cash value of life insurance					-
Retirement accounts					-
Personal business investment					
1/3 - 3B Farm Equity	-	-	-	-	287,440
Elimin. duplicate equity	-	-	-	-	-1,430,286
1/3 - 3B Farm Equity	-	-	-	-	287,440
1/3 - 3B Farm Equity	-	-	-	-	287,440
1/3 - 3B Trucking Equity	-	-	-	-	189,322
1/3 - 3B Trucking Equity	-	-	-	-	189,322
1/3 - 3B Hauling Equity	-	-	-	-	189,322