



Fleur de Lis

Sentinel

NOVEMBER 2021

FOR OUR COMMUNITY

Measuring Financial Health

Written by: **Steve Kluemper**, *President AgriStrategies LLC*

Analyzing the many factors contributing to a business' financial health is much like analyzing the many factors contributing to a person's overall health.

A doctor may look at a patient's temperature, weight, blood pressure, heart rate, blood tests, genetics, history, lifestyle, etc. to determine the individual's overall health condition and the likelihood they may or may not have health issues in the future. Using just one of these items may be an indicator, but it won't paint the whole picture.

Analyzing the "health" and future prognosis of a business is done much the same way. While some individual factors, like cash flow, may bear more immediate impact, to fully understand the financial health of the business, we need to look at many different factors. This is why we encourage managers to use historical and projected ratios to better assess their historical trends, current financial health and long-term outlook for their business. Understanding the trajectory of a particular ratio and the rate of change is important in determining the impact.

For businesses that are asset-intensive, it's important to get the most out of those assets, with return on assets (ROA) being a crucial overall ratio to monitor. ROA is a ratio that measures the profits of the business relative to the assets of the business. However, there are many factors that go into both the numerator and denominator of the ROA ratio.

Using other ratios to analyze the performance of a business can help managers determine where they can maximize profitability and minimize the amount of ineffective assets

to generate a higher ROA. The other ratios can help identify areas where the business operates well and can be expanded and also areas that may be costing more than is realized in revenue. The following list of ratios are a good start towards understanding some of those factors.

- **Total Assets per Unit of Production**
- **Debt to Asset Ratio**
- **Current Assets to Current Debts Ratio**
- **Cash Flow to Debts Payments Ratio**
- **Profits per Unit of Production**
- **Profits to Total Revenues Ratio**
- **Total Revenues to Total Assets Ratio**
- **Profits to Total Assets Ratio**

Managers can evaluate their business practices by using these ratios to take some of the emotion out of the decision making. This is especially true in cases where "we've always done it that way". Identifying highly productive assets can help managers look for ways to maximize an area where they are doing well. With this information they can improve or capture more profit on productive assets by pinpointing an area the business can use to break away from relying solely on low margin business.

Depending on the type of operation, areas that may have a low asset turnover ratio and low operating profit margin may involve machinery or equipment or buildings that are not as productive. For instance, if managers need to improve their return on assets on machinery, they may look at doing custom work or other services that better utilize the availability of their assets and talents. Or they may sell those assets, hire someone

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else do that work for them and redeploy that capital into a more productive asset.

Often times many business practices are done based on tradition or routine, rather than financial efficiency. However, we are seeing more businesses taking a closer look at what they do really well and finding ways to create a niche for their business that solves a problem for another business or consumer. Because these types of decisions can have a large impact on the business, it is critical that careful financial analysis is done on each asset prior to making major decisions. The answer to the best asset to invest in will be different for each business based on their own unique set of circumstances. Uncovering the next layer of profitability based on financial

ratios may require the use of a consultant who has the expertise to calculate and evaluate the ratios and help managers make decisions based on the outcomes of the analysis.

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HR & Marketing Intern
aburger@svbt.com

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**Welcome
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Ethan Beckman

HR & Marketing Intern
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We're pleased to announce the newest member of our Springs Valley team.

Welcome to the team Ethan!



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Kayli Crall

Personal Banker
kcrall@svbt.com

We're pleased to announce the newest member of our Springs Valley team.

Welcome to the team Kayli!



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Springs Valley Named IBA Five Star Member

Springs Valley Bank & Trust Company has been honored as a Five Star Member of the Indiana Bankers Association (IBA). The award was presented on Tuesday, September 30, 2021, by Amber Van Til, IBA President & CEO, in recognition of Springs Valley's Association involvement throughout 2020.

The Five Star Member designation recognizes those IBA-member banks which demonstrate outstanding commitment to the Association in five areas: political awareness, issues advocacy, life-long learning, IBA volunteerism, and Preferred Service Provider utilization.

The Indiana Bankers Association supports Indiana banking through issues analysis, professional education, and products and services that enhance member banks' ability to serve their communities.



(Pictured from left): Dianna B. Land (Springs Valley), SEVP & HR & Marketing Manager, Marty Kaiser (Springs Valley), SEVP & Financial Advisory Group Manager, Craig Buse (Springs Valley), SEVP & CLO, Amber Van Til (IBA), President & CEO, and Ryan Heim (Springs Valley), SEVP & CFO. Not pictured: Jamie R. Shinabarger (Springs Valley), President & CEO.

Michelle Cave Named As Financial Advisory Group Account Administrator

Springs Valley Bank & Trust Company names Michelle Cave to Financial Advisory Group Account Administrator.

Michelle joined Springs Valley Bank in 2020 as an Administrative Assistant for the Financial Advisory Group. In September of 2021, she was promoted to an Account Administrator. She is currently working to attain her Certified Trust and Financial Advisor (CTFA) designation.

"My goal is to help clients, whether it be building a financial planning strategy or answering a simple question. I am blessed to be part of a team that works hard to help clients achieve their financial goals," said Michelle.

Michelle is a graduate of Northeast Dubois High School Class of 1993. She received a Bachelor of Science degree in Accounting from the University of Southern Indiana in 1997.

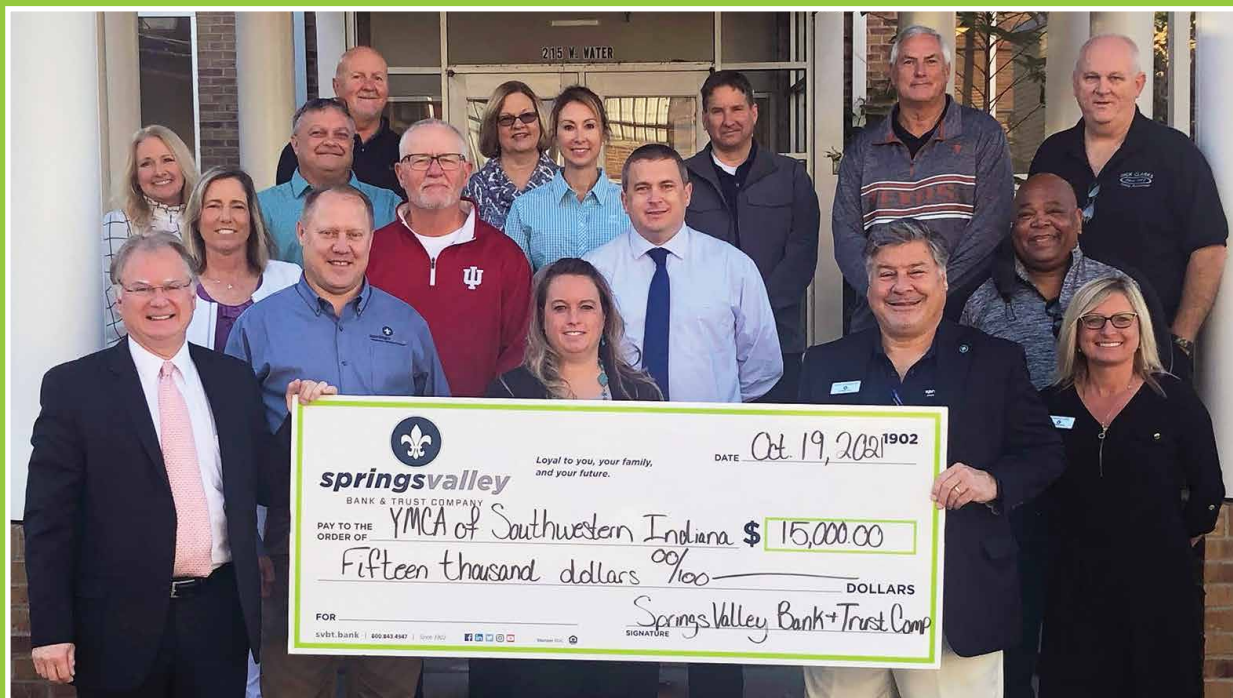
Michelle previously worked for Kimball International in various accounting and tax roles.

She later went on to work with her husband on the family farm and care for their children.

Michelle resides in Dubois with her husband, Dustin, and their two children, Madison and Andrew. She enjoys spending time with family and friends, going on Jeep rides and gardening.

Mrs. Cave can be reached at **812.634.4852** or mcave@svbt.com.





(Pictured Left to Right): **Front row:** Jim McDonald (*Toyota Indiana YMCA Board President*), Marty Kaiser (*Springs Valley Bank & Trust Company*), Rachel Adamson (*Springs Valley Bank & Trust Company*), Jamie Shinabarger (*Springs Valley Bank & Trust Company*), and Dianna Land (*Springs Valley Bank & Trust Company*) **Middle row:** Tami Muckerheide, Dr. Stacy Humbaugh, Rick Reed, Dr. Brewster, Jenny Bartley, Eric Goggins, Jan Ballard **Back row:** Mayor Greg Wright, Ann Hyneman, Kurt Phegley, Buddy Rogers, and Jeff Clark

Springs Valley Donates to YMCA Project in Gibson County

Princeton, IN – Springs Valley Bank & Trust donated \$15,000 to the YMCA of Southwestern Indiana with a special check presentation to Toyota Indiana YMCA board members at this week's board meeting.

The donation will benefit the future Toyota Indiana YMCA in Gibson County by supporting future programs and operations.

"Enhancing the quality of life in our communities is at the core of Springs Valley's giving wisely philosophy," said Dianna Land,

SEVP & HR & Marketing Manager. "We recognize our financial contribution to the YMCA strengthens the communities through services such as, health and wellness activities, education and camps, sports leagues and swim lessons, and childcare services."

The new YMCA will be located at 215 W Water Street, renovating the former Lowell Elementary School building. The Toyota Indiana YMCA is slated to open in summer 2023.

Our Roots Are Firmly Planted Here.

Contact Ross or Josh today!



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Join Us

WEDNESDAY
DECEMBER 1, 2021

Dick Clark's Family Restaurant
702 N Prince St • Princeton, IN 47670

Wednesday, December 1, 2021
9 am CST ~ 3 pm CST

Registration begins at 8:30 am
Light breakfast and lunch will be served



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Entrants for drawing must be 18 years of age or older. Drawing will be held at the the Ag Event on Wednesday, December 1, 2021. No cash equivalent, substitution, or transfer of prize permitted. Must be present to win. Springs Valley Bank & Trust is not affiliated with, endorsed by or sponsored by Remington®. Remington® has not participated in or sponsored the Remington® RM23 Sequoia™ Log Splitter giveaway conducted by Springs Valley Bank & Trust. The prize to be awarded has been purchased by Springs Valley Bank & Trust at retail from an authorized seller. No purchase necessary.