# Delta Agricultural Credit Association

**Quarterly Report**
**September 30, 2016**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial condition and consolidated results of operations of Delta Agricultural Credit Association (the parent) and Delta Agricultural Credit Association, FLCA and Delta Agricultural Credit Association, PCA (the subsidiaries). This discussion should be read in conjunction with both the unaudited consolidated financial information and related notes included in this Quarterly Report as well as Management's Discussion and Analysis included in our Annual Report for the year ended December 31, 2015 (2015 Annual Report).

AgriBank, FCB's (AgriBank) financial condition and results of operations materially impact members' investment in Delta Agricultural Credit Association. To request free copies of the AgriBank and combined AgriBank and affiliated Associations' financial reports or additional copies of our report, contact us at:

Delta Agricultural Credit Association
P.O. Box 750
Dermott, AR 71638
(870) 538-3258
www.deltaaca.com

AgriBank, FCB
30 East 7th Street, Suite 1600
St. Paul, MN 55101
(651) 282-8800
www.agribank.com
financialreporting@agribank.com

### FORWARD-LOOKING INFORMATION

Any forward-looking statements in this Quarterly Report are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties. More information about these risks and uncertainties is contained in our 2015 Annual Report. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

### AGRICULTURAL AND ECONOMIC CONDITIONS

Our territory is located in rural southeast Arkansas. Crop, timber, and poultry production are the primary agricultural enterprises that influence our portfolio. Governmental, economic, environmental, and social forces continue to express volatile traits. Globalization, low interest rates, and volatility continue to be major forces that have attracted buyers to this area seeking ownership of farm and timberland for economic stability.

Climate change continues to provide challenges to the local farming community. Our field crop economy is also experiencing some stress from the unbalanced income and expense situation that developed in 2015. The farm bill safety net will help provide a cushion for the 2016 repayment margins.

The poultry expansion present in the western portion of our territory the last couple of years has stopped. Our real estate mortgage portfolio expanded when we began to provide financing to support this poultry expansion. Livestock and poultry production continue to show profitable margins. Cropland and timberland are at historical high market values. Currently, investors continue to support this real estate market. The livestock, poultry, timber, and agricultural enterprises which we are financing are economically sustainable.

### LOAN PORTFOLIO

#### Loan Portfolio

Total loans were $59.8 million at September 30, 2016, an increase of $10.3 million from December 31, 2015. The increase was primarily due to poultry enterprise financing in our real estate mortgage portfolio along with seasonal credit needs of our commercial loan borrowers.

#### Portfolio Credit Quality

The credit quality of our portfolio remained stable from December 31, 2015. There were no adversely classified loans at September 30, 2016, while adversely classified loans at December 31, 2015 were negligible. Adversely classified loans are loans we have identified as showing some credit weakness outside our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for loan losses.

In certain circumstances, government guarantee programs are used to reduce the risk of loss. At September 30, 2016, $28.5 million of our loans were, to some level, guaranteed under these government programs.

## Risk Assets

Risk assets are comprised of nonaccrual loans, accruing restructured loans, accruing loans 90 days or more past due, and other property owned.

**Components of Risk Assets**

| (dollars in thousands)<br>As of: | **September 30<br>2016** | December 31<br>2015 |
|---|---|---|
| Loans: | | |
| Nonaccrual | **$ --** | $ 253 |
| Accruing restructured | **--** | -- |
| Accruing loans 90 days or more past due | **--** | -- |
| Total risk loans | **--** | 253 |
| Other property owned | **--** | -- |
| Total risk assets | **$ --** | $ 253 |
| Total risk loans as a percentage of total loans | **0.0%** | 0.5% |
| Nonaccrual loans as a percentage of total loans | **0.0%** | 0.5% |
| Current nonaccrual loans as a percentage of total nonaccrual loans | **0.0%** | 100.0% |
| Total delinquencies as a percentage of total loans | **0.0%** | 0.0% |

Note: Accruing loans include accrued interest receivable.

Our risk assets have decreased from December 31, 2015 and we no longer have any risk assets at September 30, 2016. The decrease in nonaccrual loans was due to repayments and charge-offs during the second quarter of 2016.

## Allowance for Loan Losses

The allowance for loan losses is an estimate of losses on loans in our portfolio as of the financial statement date. We determine the appropriate level of allowance for loan losses based on periodic evaluation of factors such as loan loss history, estimated probability of default, estimated loss severity, portfolio quality, and current economic and environmental conditions.

**Allowance Coverage Ratios**

| As of: | **September 30<br>2016** | December 31<br>2015 |
|---|---|---|
| Allowance as a percentage of: | | |
| Loans | **0.2%** | 0.2% |
| Nonaccrual loans | **0.0%** | 47.8% |
| Total risk loans | **0.0%** | 47.8% |

In our opinion, the allowance for loan losses was reasonable in relation to the risk in our loan portfolio at September 30, 2016.

## RESULTS OF OPERATIONS

**Profitability Information**

| (dollars in thousands)<br>For the nine months ended September 30 | **2016** | 2015 |
|---|---|---|
| Net income | **$ 685** | $ 552 |
| Return on average assets | **1.6%** | 1.5% |
| Return on average members' equity | **9.6%** | 8.4% |

Changes in the chart above are directly related to the changes in income discussed in this section, changes in assets discussed in the Loan Portfolio section, and changes in capital discussed in the Funding, Liquidity, and Capital section.

**Changes in Significant Components of Net Income**

| (in thousands)<br>For the nine months ended September 30 | | 2016 | | 2015 | | Increase (decrease) in net income |
|---|---|---|---|---|---|---|
| Net interest income | $ | **1,439** | $ | 1,419 | $ | **20** |
| Provision for loan losses | | **--** | | 30 | | **30** |
| Patronage income | | **143** | | 77 | | **66** |
| Other income, net | | **3** | | (46) | | **49** |
| Operating expenses | | **899** | | 868 | | **(31)** |
| Provision for income taxes | | **1** | | -- | | **(1)** |
| Net income | $ | **685** | $ | 552 | $ | **133** |

**Changes in Net Interest Income**

| (in thousands)<br>For the nine months ended September 30 | | 2016 vs 2015 |
|---|---|---|
| Changes in volume | $ | **115** |
| Changes in interest rates | | **(95)** |
| Net change | $ | **20** |

The change in the provision for loan losses was related to provisions made during 2015 based upon the estimated risk at that time.

The change in patronage income was primarily related to the additional patronage accrued related to an increase in the wholesale spread on our note payable.

The change in other income was primarily related to the decrease in wholesale lending fees on poultry construction escrow account balances.

The change in operating expenses was primarily related to an increase in FCS purchased services fees, communication charges, and abstract and filing fees. In addition, Farm Credit System Insurance Corporation (FCSIC) expense increased in 2016 primarily due to an increase in the premium rate charged on accrual loans by FCSIC from 13 basis points in 2015 to 16 basis points for the first half and 18 basis points for the second half of 2016.The FCSIC Board meets periodically throughout the year to review premium rates and has the ability to change these rates at any time.

## FUNDING, LIQUIDITY, AND CAPITAL

We borrow from AgriBank, under a note payable, in the form of a line of credit. Our note payable matured on March 31, 2016 and was renewed for $60.0 million with a maturity date of March 31, 2017. The note payable will be renegotiated at that time. The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio which significantly reduces our market interest rate risk. Due to the cooperative structure of the Farm Credit System and as we are a stockholder of AgriBank, we expect this borrowing relationship to continue into the foreseeable future.

The components of cost of funds associated with our note payable include:

- A marginal cost of debt component
- A spread component, which includes cost of servicing, cost of liquidity, and bank profit
- A risk premium component, if applicable

We were not subject to a risk premium at September 30, 2016 or December 31, 2015.

Total members' equity increased $839 thousand from December 31, 2015 primarily due to net income for the period and an increase in capital stock and participation certificates.

Farm Credit Administration regulations require us to maintain a certain level for our permanent capital ratio, total surplus ratio, and core surplus ratio. Refer to Note 6 in our 2015 Annual Report for a more complete description of these ratios.

**Select Capital Ratios**

| As of | Regulatory Minimums | September 30 2016 | December 31 2015 |
|---|---|---|---|
| Permanent capital ratio | 7.0% | **20.4%** | 21.0% |
| Total surplus ratio | 7.0% | **16.0%** | 16.5% |
| Core surplus ratio | 3.5% | **15.7%** | 16.3% |

The capital adequacy ratios are directly impacted by the changes in capital as more fully explained in this section and the changes in assets as discussed in the Loan Portfolio section. As discussed in Note 3 of the accompanying Consolidated Financial Statements we will be subject to new regulations and capital requirements effective January 1, 2017.

## REGULATORY MATTERS

### Regulatory Capital Requirements

On March 10, 2016, the FCA Board approved a final rule to modify the regulatory capital requirements for System Banks and Associations. The stated objectives of the rule are to:

- Modernize capital requirements while ensuring that institutions continue to hold sufficient regulatory capital to fulfill their mission as a government-sponsored enterprise
- Ensure that the System's capital requirements are comparable to the Basel III framework and the standardized approach that the federal banking regulatory agencies have adopted, but also to ensure that the rules recognize the cooperative structure and the organization of the System
- Make System regulatory capital requirements more transparent
- Meet the requirements of section 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act

The final rule replaces existing core surplus and total surplus ratios with common equity tier 1, tier 1, and total capital risk-based capital ratios. The final rule also adds a tier 1 leverage ratio. The permanent capital ratio continues to remain in effect with the final rule. Refer to Note 3 of the accompanying Consolidated Financial Statements for additional information regarding these ratios.

The effective date of the new capital requirements is January 1, 2017. We are currently evaluating the impact of the recently announced changes.

## CERTIFICATION

The undersigned have reviewed the September 30, 2016 Quarterly Report of Delta Agricultural Credit Association, which has been prepared under the oversight of the Audit Committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief.

Mike Norris
Chairperson of the Board
Delta Agricultural Credit Association

Mark W. Kaufman
Chief Executive Officer
Delta Agricultural Credit Association

Mary Ann Johnson
Chief Financial Officer
Delta Agricultural Credit Association

November 7, 2016

# CONSOLIDATED STATEMENTS OF CONDITION

*Delta Agricultural Credit Association*
*(in thousands)*
*(Unaudited)*

| As of: | | September 30 2016 | | December 31 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Loans | **$** | **59,820** | $ | 49,506 |
| Allowance for loan losses | | **99** | | 121 |
| Net loans | | **59,721** | | 49,385 |
| Investment in AgriBank, FCB | | **1,313** | | 1,196 |
| Accrued interest receivable | | **1,127** | | 1,414 |
| Other assets | | **266** | | 273 |
| Total assets | **$** | **62,427** | $ | 52,268 |
| **LIABILITIES** | | | | |
| Note payable to AgriBank, FCB | **$** | **51,855** | $ | 41,109 |
| Accrued interest payable | | **283** | | 212 |
| Patronage distribution payable | | **--** | | 110 |
| Other liabilities | | **339** | | 1,726 |
| Total liabilities | | **52,477** | | 43,157 |
| Contingencies and commitments (Note 4) | | | | |
| **MEMBERS' EQUITY** | | | | |
| Protected members' equity | | **12** | | 12 |
| Capital stock and participation certificates | | **1,866** | | 1,712 |
| Unallocated surplus | | **8,072** | | 7,387 |
| Total members' equity | | **9,950** | | 9,111 |
| Total liabilities and members' equity | **$** | **62,427** | $ | 52,268 |

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

# CONSOLIDATED STATEMENTS OF INCOME

*Delta Agricultural Credit Association*
*(in thousands)*
*(Unaudited)*

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| *For the period ended September 30* | **2016** | 2015 | **2016** | 2015 |
| **Interest income** | **$ 846** | $ 774 | **$ 2,221** | $ 1,944 |
| **Interest expense** | **283** | 213 | **782** | 525 |
| Net interest income | **563** | 561 | **1,439** | 1,419 |
| **Provision for loan losses** | **--** | -- | **--** | 30 |
| Net interest income after provision for loan losses | **563** | 561 | **1,439** | 1,389 |
| **Other income** | | | | |
| Patronage income | **54** | 32 | **143** | 77 |
| Financially related services income | **--** | -- | **3** | 4 |
| Fee income (loss), net | **5** | (10) | **(3)** | (53) |
| Miscellaneous income, net | **--** | -- | **3** | 3 |
| Total other income | **59** | 22 | **146** | 31 |
| **Operating expenses** | | | | |
| Salaries and employee benefits | **193** | 197 | **572** | 593 |
| Other operating expenses | **96** | 79 | **327** | 275 |
| Total operating expenses | **289** | 276 | **899** | 868 |
| Income before income taxes | **333** | 307 | **686** | 552 |
| **Provision for income taxes** | **--** | -- | **1** | -- |
| Net income | **$ 333** | $ 307 | **$ 685** | $ 552 |

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

# CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

*Delta Agricultural Credit Association*
*(in thousands)*
*(Unaudited)*

| | | Protected Members' Equity | | Capital Stock and Participation Certificates | | Unallocated Surplus | | Total Members' Equity |
|---|---|---|---|---|---|---|---|---|
| Balance at December 31, 2014 | $ | 13 | $ | 1,827 | $ | 6,735 | $ | 8,575 |
| Net income | | -- | | -- | | 552 | | 552 |
| Capital stock and participation certificates issued | | -- | | 252 | | -- | | 252 |
| Capital stock and participation certificates retired | | (1) | | (311) | | -- | | (312) |
| Balance at September 30, 2015 | $ | 12 | $ | 1,768 | $ | 7,287 | $ | 9,067 |
| Balance at December 31, 2015 | $ | 12 | $ | 1,712 | $ | 7,387 | $ | 9,111 |
| Net income | | **--** | | **--** | | **685** | | **685** |
| Capital stock and participation certificates issued | | **--** | | **325** | | **--** | | **325** |
| Capital stock and participation certificates retired | | **--** | | **(171)** | | **--** | | **(171)** |
| **Balance at September 30, 2016** | **$** | **12** | **$** | **1,866** | **$** | **8,072** | **$** | **9,950** |

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements contain all adjustments necessary for a fair presentation of the interim consolidated financial condition and consolidated results of operations. While our accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and the prevailing practices within the financial services industry, this interim Quarterly Report is prepared based upon statutory and regulatory requirements and, accordingly, does not include all disclosures required by U.S. GAAP. The results of the nine months ended September 30, 2016 are not necessarily indicative of the results to be expected for the year ending December 31, 2016. The interim financial statements and the related notes in this Quarterly Report should be read in conjunction with the Consolidated Financial Statements and related notes included in our Annual Report for the year ended December 31, 2015 (2015 Annual Report).

The Consolidated Financial Statements present the consolidated financial results of Delta Agricultural Credit Association (the parent) and Delta Agricultural Credit Association, FLCA and Delta Agricultural Credit Association, PCA (the subsidiaries). All material intercompany transactions and balances have been eliminated in consolidation.

**Recently Issued or Adopted Accounting Pronouncements**

The following accounting standards have been issued since the issuance of our 2015 Annual Report, but are not yet effective.

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance entitled “Measurement of Credit Losses on Financial Instruments.” The guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Credit losses relating to available-for-sale securities would also be recorded through an allowance for credit losses. The guidance is effective for nonpublic entities for annual reporting periods beginning after December 15, 2020 and interim periods within annual periods beginning after December 15, 2021. Early adoption is permitted as of annual reporting periods beginning after December 15, 2018, including interim periods within those annual periods. We are currently evaluating the impact of the guidance on our financial condition, results of operations, cash flows, and financial statement disclosures.

Refer to Note 2 in our 2015 Annual Report for additional information on other accounting standards that have been issued, but are not yet effective. We are currently evaluating the impact of the guidance on our Consolidated Financial Statements. No accounting pronouncements were adopted during the nine months ended September 30, 2016.

In May 2014, the FASB issued guidance entitled, “Revenue from Contracts with Customers.” The guidance governs revenue recognition from contracts with customers and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Financial instruments and other contractual rights within the scope of other guidance issued by the FASB are excluded from the scope of this new revenue recognition guidance. In this regard, a majority of our contracts would be excluded from the scope of this new guidance. The guidance is effective for nonpublic entities for annual reporting periods beginning after December 15, 2017 and interim periods within annual periods beginning after December 15, 2018. We are in the process of reviewing contracts to determine the effect, if any, on our financial condition or our results of operations.

### NOTE 2: LOANS AND ALLOWANCE FOR LOAN LOSSES

**Loans by Type**

(dollars in thousands)

| As of: | **September 30, 2016** | | December 31, 2015 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| Real estate mortgage | **$ 37,559** | **62.7%** | $ 35,749 | 72.2% |
| Production and intermediate term | **22,227** | **37.2%** | 13,715 | 27.7% |
| Rural residential real estate | **34** | **0.1%** | 42 | 0.1% |
| Total | **$ 59,820** | **100.0%** | $ 49,506 | 100.0% |

### Delinquency

**Aging Analysis of Loans**

| (in thousands)<br>**As of September 30, 2016** | | Not Past Due or Less than 30 Days Past Due | | Total |
|---|---|---|---|---|
| Real estate mortgage | **$** | **38,375** | **$** | **38,375** |
| Production and intermediate term | | **22,538** | | **22,538** |
| Rural residential real estate | | **34** | | **34** |
| Total | **$** | **60,947** | **$** | **60,947** |

| As of December 31, 2015 | | Not Past Due or Less than 30 Days Past Due | | Total |
|---|---|---|---|---|
| Real estate mortgage | $ | 36,977 | $ | 36,977 |
| Production and intermediate term | | 13,901 | | 13,901 |
| Rural residential real estate | | 42 | | 42 |
| Total | $ | 50,920 | $ | 50,920 |

Note: Accruing loans include accrued interest receivable.

There were no loans 90 days or more past due and still accruing interest at September 30, 2016 and December 31, 2015.

### Risk Loans

Risk loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms.

**Risk Loan Information**

| (in thousands)<br>As of: | | **September 30 2016** | | December 31 2015 |
|---|---|---|---|---|
| Volume with specific reserves | **$** | **--** | $ | 253 |
| Volume without specific reserves | | **--** | | -- |
| Total risk loans | **$** | **--** | $ | 253 |
| Total specific reserves | **$** | **--** | $ | 23 |
| For the nine months ended September 30 | | **2016** | | 2015 |
| Income on accrual risk loans | **$** | **--** | $ | 2 |
| Income on nonaccrual loans | | **--** | | -- |
| Total income on risk loans | **$** | **--** | $ | 2 |
| Average risk loans | **$** | **--** | $ | 101 |

Note: Accruing loans include accrued interest receivable.

The decrease in nonaccrual loans was due to repayments and charge-offs during the second quarter of 2016.

### Troubled Debt Restructurings (TDRs)

There were no TDRs that were outstanding at September 30, 2016 or December 31, 2015. In addition, there were no TDRs that occurred during the nine months ended September 30, 2016 or 2015.

### Allowance for Loan Losses

**Changes for Allowance for Loan Losses**

| (in thousands)<br>Nine months ended September 30 | | **2016** | | 2015 |
|---|---|---|---|---|
| Balance at beginning of period | **$** | **121** | $ | 69 |
| Provision for loan losses | | **--** | | 30 |
| Loan charge-offs | | **(22)** | | (1) |
| Balance at end of period | **$** | **99** | $ | 98 |

## NOTE 3: MEMBERS' EQUITY

### Regulatory Capitalization Requirements

On March 10, 2016, the FCA Board approved a final rule to modify the regulatory capital requirements for System Banks and Associations. The final rule replaces existing core surplus and total surplus ratios with common equity tier 1, tier 1, and total capital risk-based capital ratios. The final rule also adds a tier 1 leverage ratio. The permanent capital ratio continues to remain in effect with the final rule. The effective date of the new capital requirements is January 1, 2017.

**FCA Revised Capital Requirements**

| | Regulatory Minimums | Capital Conservation Buffer | Total |
|---|---|---|---|
| Risk adjusted: | | | |
| Common equity Tier 1 ratio | 4.5% | 2.5% | 7.0% |
| Tier 1 capital ratio | 6.0% | 2.5% | 8.5% |
| Total capital ratio | 8.0% | 2.5% | 10.5% |
| Non-risk adjusted: | | | |
| Tier 1 leverage ratio | 4.0% | 1.0% | 5.0% |

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

## NOTE 4: CONTINGENCIES AND COMMITMENTS

In the normal course of business, we have various contingent liabilities and commitments outstanding, primarily commitments to extend credit, which may not be reflected in the Consolidated Financial Statements. We do not anticipate any material losses because of these contingencies or commitments.

We may be named as a defendant in certain lawsuits or legal actions in the normal course of business. At the date of these Consolidated Financial Statements, our management team was not aware of any material actions. However, management cannot ensure that such actions or other contingencies will not arise in the future.

## NOTE 5: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Accounting guidance also establishes a fair value hierarchy, with three levels of inputs that may be used to measure fair value. Refer to Note 2 in our 2015 Annual Report for a more complete description of the three input levels.

We did not have any assets or liabilities measured at fair value on a recurring basis at September 30, 2016 or December 31, 2015.

### Non-Recurring

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis.

**Assets Measured at Fair Value on a Non-recurring Basis**

(in thousands)

| | **As of September 30, 2016** | | | | **Nine months ended September 30, 2016** |
|---|---|---|---|---|---|
| | Fair Value Measurement Using | | | Total Fair | |
| | Level 1 | Level 2 | Level 3 | Value | Total Gains |
| Impaired loans | **$ --** | **$ --** | **$ --** | **$ --** | **$ 1** |

| | As of December 31, 2015 | | | | Nine months ended September 30, 2015 |
|---|---|---|---|---|---|
| | Fair Value Measurement Using | | | Total Fair | |
| | Level 1 | Level 2 | Level 3 | Value | Total Losses |
| Impaired loans | $ -- | $ 242 | $ -- | $ 242 | $ (1) |

### Valuation Techniques

**Impaired loans:** Represents the carrying amount and related write-downs of loans which were evaluated for individual impairment based on the appraised value of the underlying collateral. When the value of the collateral, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. If the process uses independent appraisals and other market-based information, they are classified as Level 2. If the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters, they are classified as Level 3.

## NOTE 6: SUBSEQUENT EVENTS

We have evaluated subsequent events through November 7, 2016, which is the date the Consolidated Financial Statements were available to be issued. There have been no material subsequent events that would require recognition in our Quarterly Report or disclosure in the Notes to Consolidated Financial Statements.