Accounting and financial reporting update

HFMA Annual Meeting

October 19, 2018

Topics for discussion

Key pronouncements

- Revenue from contracts with customers (ASC 606)
- Not-for-profit entities (ASU 2018-08)
- Leases (ASC 842)
- Implementation considerations – NFP financial reporting standard (ASU 2016-14)

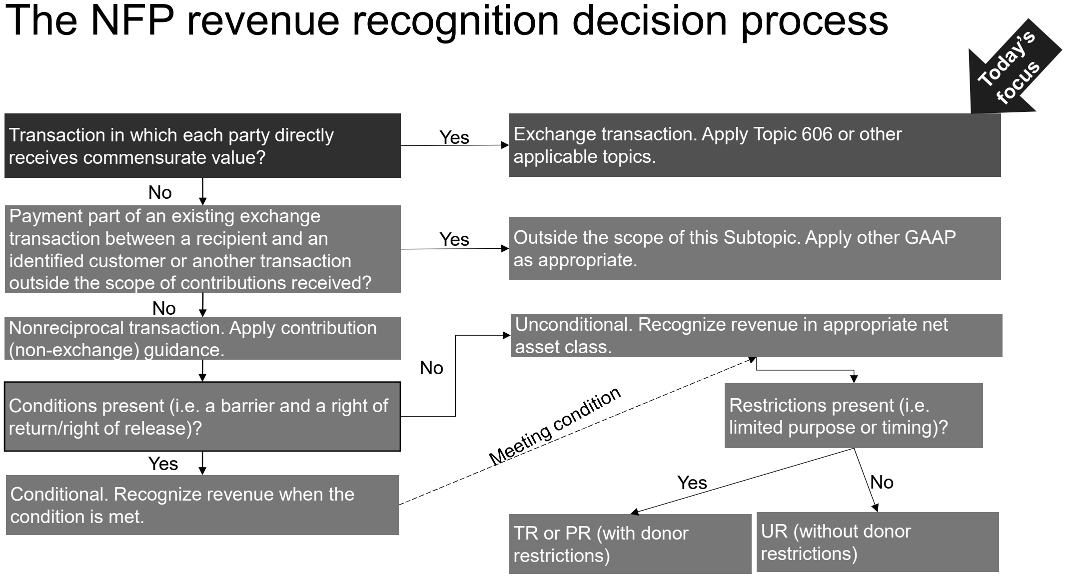
Other relevant pronouncements

- Recognition and measurement of financial assets and financial liabilities (ASU 2016-01)
- Improving the presentation of net periodic pension cost and net periodic postretirement benefit cost (ASU 2017-07)
- Restricted cash (ASU 2016-08)

Revenue from Contracts with Customers (ASC 606)

But first things first!

The NFP revenue recognition decision process



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Refresher – The five step model

Core principle	**An entity recognizes 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.**

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

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AICPA healthcare revenue recognition task force

Accounting considerations for healthcare entities under the new standard

8-1	Application of Step 1 and Step 3 for services to self-pay patients*	8-8	Third-party settlements**
8-2	Application of the portfolio approach*	8-9	Risk-sharing arrangements**
8-3	Application to CCRC contracts**	8-9a	Capitation***
8-6	Presentation and disclosure requirements*	8-10	Step 2 and Step 5 considerations for health care entities*
8-7	Accounting for contract costs**	8-11	Provider tax***

* – Paper has been finalized and is in Chapter 7 of the AICPA Rev Rec Guide or expected to be in the next couple of months

** – Paper is on AICPA HC Rev Rec Taskforce website in draft form

*** – Topics to be addressed through other publications (HFMA)

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Collectability, price concessions, and transaction price

1/3

Collectibility criterion*:** A contract exists only if it is ***probable that the entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

When evaluating the collectibility criterion, an entity must ***first consider any explicit or implicit price concessions*** that will be provided to the customer to determine the amount to which it will be entitled.

— A health care entity may consider the following factors to determine whether it has **implicitly** provided a price concession:
  - Customary business practice of **not performing a credit assessment prior to providing services.**
  - Continues to provide services to a patient (or patient class) even when historical experience indicates that it is not probable that the entity will collect substantially all of the discounted charges (gross or standard charges less any contractual adjustments or discounts) in the contract.

Transaction price = The amount of consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer (excluding amounts collected on behalf of third parties)

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Example

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Scenario

— Hospital D is required to provide medically necessary services under the Social Security Act and treats a patient with an emergency condition.

— Hospital D determines that the patient qualifies for its uninsured discount policy and grants a 75% discount (explicit price concession).

— Standard charges for services are $40,000 and amount billed is $10,000.

— Hospital D intends to pursue collection of $10,000 amount billed; however, based on experience only expects to collect $1,000.

— Hospital D has a history of providing services to uninsured patients and collecting amounts substantially less than its discounted charges.

Evaluation

— Because Hospital D continues to provide services to uninsured patients even when its collection experience indicates that it is not probable it will collect substantially all of the discounted charges, it determines that it has implicitly provided a price concession.

— After consideration of the constraint, Hospital D determines that $1,000 is the transaction price.

— Hospital D concludes it is probable it will collect the $1,000 and that the other criteria in ASC 606-10-25-1 are met.

— Hospital D records patient revenue and accounts receivable of $1,000.

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Subsequent changes in the estimate of the transaction price

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Entities must reassess its estimates of variable consideration at each reporting date

— Subsequent changes to the estimate of variable consideration (such as a change in the estimated amount of an implicit price concession) should generally be recorded in revenue as a change in the transaction price.

— Providers should re-assess whether its estimation process, including the constraint, is appropriate if they experience subsequent adjustments that result in decreases to patient revenue.

When would there be bad debt expense?

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— When a health care entity performs a credit assessment prior to providing services to a patient and expects to collect substantially all of the discounted charges.

- For example, an elective procedure in which historical experience supports collection of substantially all of the discounted charges.

— When an event causes a change to the credit risk of a customer or a portfolio of customers that was not contemplated when the transaction price was initially estimated.

- For example, when a customer experiences a loss of employment or a large employer in the region goes bankrupt.
- Another example could be when an insurance company has liquidity issues.

> Many healthcare providers will see a **significant decrease** in the provision for bad debts for services provided to uninsured and insured patients with co-payments and deductibles, in comparison to what is currently recorded under US GAAP.

Identifying the performance obligation (PO) (step 2) including recognizing revenue (step 5)

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Entities need to identify the promised goods and services in the contract to determine which represent separate performance obligations in order to determine the unit(s) of account to apply the revenue recognition guidance

— Inpatient heath care services
  - Contracts for inpatient health care services may include numerous goods or services including room, meals, nursing, physician/surgeon, drugs, supplies
  - Generally, inpatient health care services represent a bundle of goods or services that are distinct and accounted for as a single performance obligation
  - Account for all the goods and services as a single performance obligation because the nature of the promise is to transfer a combined item (inpatient health care services) where the promised goods and services (room, meals, supplies) are inputs
  - STEP 5: Recognize revenue over time because the patient simultaneously receives and consumes the benefits provided by entity as entity performs them.

Recognizing health care revenue

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Over time

— A health care provider likely transfers control of inpatient health care services over time (i.e., over the inpatient stay)

— This is due to the patient simultaneously receiving and consuming the benefits provided by the health care provider's performance as it performs

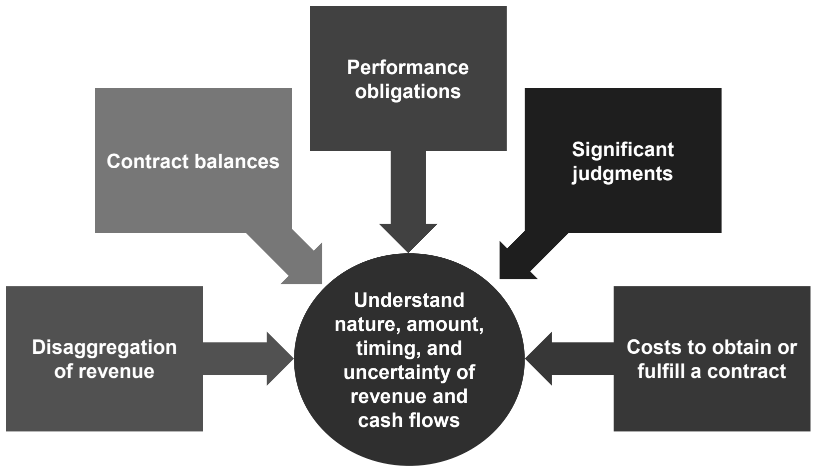
— A health care provider may consider an input method like actual charges incurred in relation to total expected (or actual) charges as a measure of progress to recognize revenue

Note: Consider for an in-house patient if at the balance sheet date there is a receivable or a contract asset

Point in time

— Pharmacy sales

Disclosure requirements



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Healthcare ASC 606 adoption highlights

Background: We reviewed the most recently filed audited financial statement of 21 Healthcare Companies (Hospitals, Health Insurance and Other Healthcare Providers) to identify trends.

- — Transition overall
  - Modified – 15
  - Full retrospective – 6
- — Transition by entity type
  - Hospitals (7)
    - — Modified – 5
    - — Full retrospective – 2
  - Health insurance (5)
    - — Modified – 4
    - — Full retrospective – 1
  - Other (9)
    - — Modified – 6
    - — Full retrospective – 3
    - — 17 out of 21 entities indicate no significant/material impact
    - — Two entities recorded changes in estimates ($600M and $73M in the 4th quarter of 2017)
    - — Approximately 50% of the entities that disclosed information explicitly state that disclosures will be expanded
    - — Approximately 90% of the entities that disclosed information explicitly state all/substantially all expect the provision to be recorded as a reduction to revenues
    - — One entity disclosed that it expected to record a cumulative effect adjustment

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ASU 2018-08
Not-for-Profit Entities

Clarifying the scope and the accounting guidance for contributions received and contributions made

Background

Project objective

— Improve and clarify existing guidance on revenue recognition of grants and contracts by not-for-profit entities

Issues identified

— Nonreciprocal transactions (contributions) versus reciprocal transactions (exchange)

— Conditional versus unconditional contributions

Long-standing diversity in practice relating to treatment of grants and contracts as contributions or exchange transactions.

ASC Topic 606 heightened attention on the issue by eliminating the exchange transaction guidance in ASC Subtopic 958-605.

Guidance applies to both recipients and resource providers.

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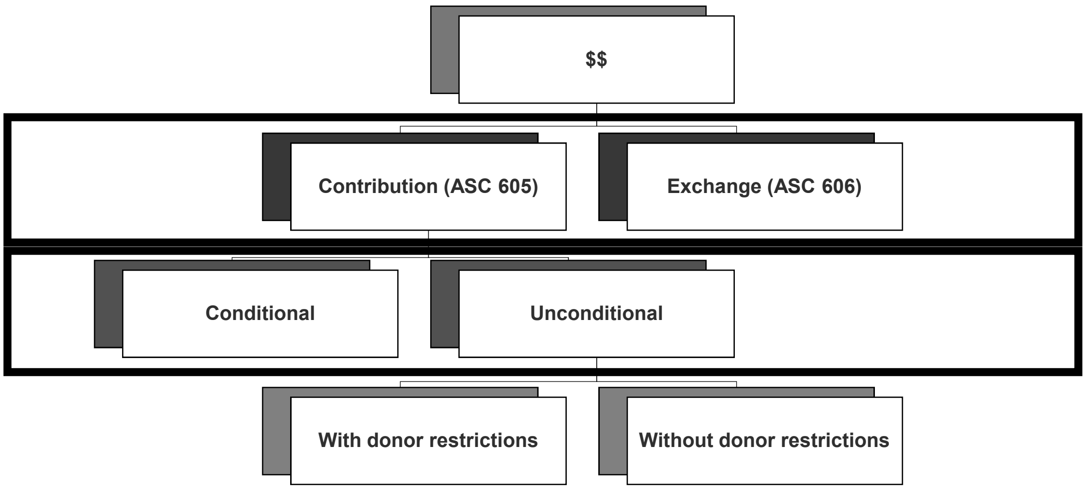
NFP revenue decision tree



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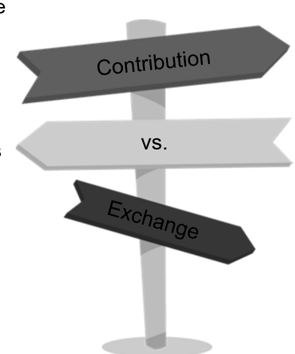
Contribution vs. exchange clarifications

Refines existing guidance in Subtopic 958-605 to clarify the scope of contribution accounting and expands the illustrative examples:

— Emphasis on **commensurate value** to the grantor for reciprocal (exchange) transactions:
  - Benefit to general public or specified third parties does **NOT** equal commensurate benefit to grantor.
  - Furthering the grantor's mission does **NOT** equal commensurate value to the grantor.

— The type of grantor should not override the substance of the transaction.

— Contribution revenue may be presented in the financial statements using other terms (e.g. gift, grant, donation, etc.).



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Conditional vs. unconditional clarifications

Clarifies existing guidance in Subtopic 958-605 by indicating that a donor-imposed condition includes:

1. A **right of return** to the contributor for the resources transferred or a **right of release** of the promisor from its obligation to transfer resources

AND

2. One or more **barriers that must be overcome** before the recipient is entitled to the resources transferred or promised

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Indicators of a barrier

Measurable performance-related or other measurable barrier

Limited discretion by the recipient on the conduct of the activity (e.g. qualifying expenses)

Stipulations related to the purpose of the agreement

In cases of ambiguous donor stipulations, a contribution containing stipulations that are not clearly unconditional shall be presumed to be a conditional contribution.

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No probability assessment for conditions

- 'Remote' notion was eliminated.
- FASB considered but rejected an alternative that would have required a probability assessment by a recipient about the likelihood of fulfilling the stipulations and/or by a resource provider about the likelihood of enforcing its right of return/release.
- FASB concluded that a probability assessment would:

Not always produce financial reporting outcomes that represent the substance of the transaction

Not reduce diversity in practice

Be inconsistent with the Board's original intent

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Simultaneous release option

Current US GAAP	ASU
— Donor-restricted contributions whose restrictions are met in the same reporting period as the revenue is recognized may be reported in URNA (net assets without donor restrictions) if the NFP: - Has a similar policy for reporting investment return, - Reports consistently from period to period and - Discloses its accounting policy.	— An NFP may elect the simultaneous release policy for donor-restricted contributions that were initially conditional without electing it for other donor-restricted contributions and investment return provided that the NFP: - Reports consistently from period to period and - Discloses its accounting policy.

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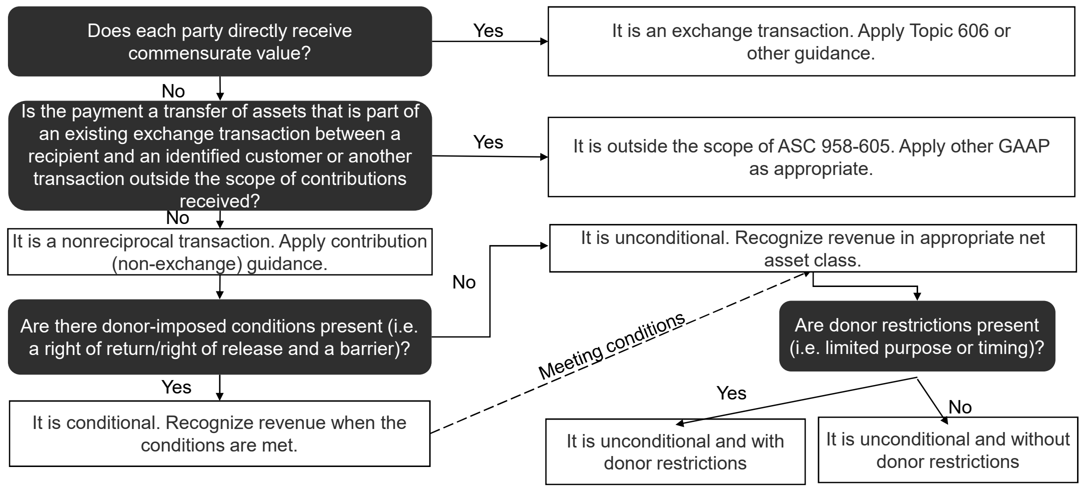
NFP revenue recognition decision process



Implementation issues

1. **Promises vs. intentions to give**
2. **Multiple requirements (barriers)**
3. **Matching or cost share requirements**
4. **Best effort metrics/guidelines**
5. **Unclear stipulations**
6. **Grant reports**
7. **Subrecipient transactions**

Effective dates

Early adoption permitted			
Recipient transactions (revenue)		Resource provider transactions (expense)	
Public* NFPs and public business entities Annual periods, and interim periods within those annual periods, **beginning after June 15, 2018**	**All other entities** Annual periods **beginning after December 15, 2018,** and interim periods within annual periods beginning after December 15, 2019	**Public* NFPs and public business entities** Annual periods, and interim periods within those annual periods, **beginning after December 15, 2018**	**All other entities** Annual periods **beginning after December 15, 2019,** and interim periods within annual periods beginning after December 15, 2020

* NFPs that have issued, or are conduit bond obligors for securities that are traded, listed or quoted on an exchange or an over-the-counter market.

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Transition approach

Modified prospective

— Apply in the first set of financial statements after the effective date to all agreements that are either:
  - Not completed* at the effective date OR
  - Entered into after the effective date.

— Apply only to the portion of revenue of a recipient (or expense of a provider) that has not yet been recognized at the effective date.

— No restatement of prior period results or cumulative effect adjustment to opening net assets.

Retrospective

— Apply to each period presented in the financial statements:
  - Reflect the cumulative effect in the carrying amounts of assets and liabilities as of the beginning of the first period presented.
  - Adjust opening net assets for cumulative effect for that period.
  - Restate prior period results.

* Completed agreement: all revenue (for recipients) or expense (for resource providers) has been recognized before the effective date.

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Transition disclosures

Modified prospective

- In the first interim and annual period of adoption, disclose:
  - Nature of, and reason for, the change in accounting principle.
  - Reasons for significant changes in each financial statement line item in the current reporting period resulting from applying the ASU.

Retrospective

- In the first interim and annual period of adoption, disclose:
  - Nature of and reason for the change in accounting principle.
  - The method of applying the change, including:
    - Description of the prior-period information that has been retrospectively adjusted, if any
    - Effect of the change on relevant financial statement line items, including opening net assets.

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New Lease Standard (ASC 842)

Refresher – New lease standard

— Operating leases with terms greater than one year will be on the balance sheet
— Recognize lease liability and right of use asset
— No significant changes to lessee accounting for capital (finance) leases

Lease liability = **PV of *unpaid* lease payments**

ROU asset = **Initial measurement of the lease liability** + **Initial direct costs** + **Prepaid lease payments** − **Lease incentives received**

Now is the time

Effective date
— For public business entities and not-for-profit entities that are conduit bond obligors, the new leases standard is effective for fiscal years and interim periods within those years, beginning after December 15, 2018. — For all other entities, the effective date is for fiscal years, and interim periods within those years, beginning after December 15, 2019.
Time-intensive implementation effort
— The new leases standard will require significant effort and time to implement. — The leases standard requires data to be gathered and estimates to be made for every lease on a lease-by-lease basis. — Additionally, many companies in the implementation phase have found that their existing lease populations were incomplete requiring additional effort and time. — If required, new system design and implementation is time consuming and involves many organizational stakeholders.

Beginning work now is key

Key implementation challenges

- — Identifying the complete population of leases
- — Abstracting key terms to ensure accurate transition accounting
- — New reassessment and modification provisions will require new processes and controls
- — Enhanced _lessee and lessor_ disclosure requirements

Beginning work now is key

Why is it important to start now?

Balance sheet impact

- — Significant increase to total assets
- — Significant increase to *current* and *total* liabilities

Embedded leases?

Resources/systems impact

~3 hours per lease*

If entity has **2,000 leases**

=

~6,000 hours

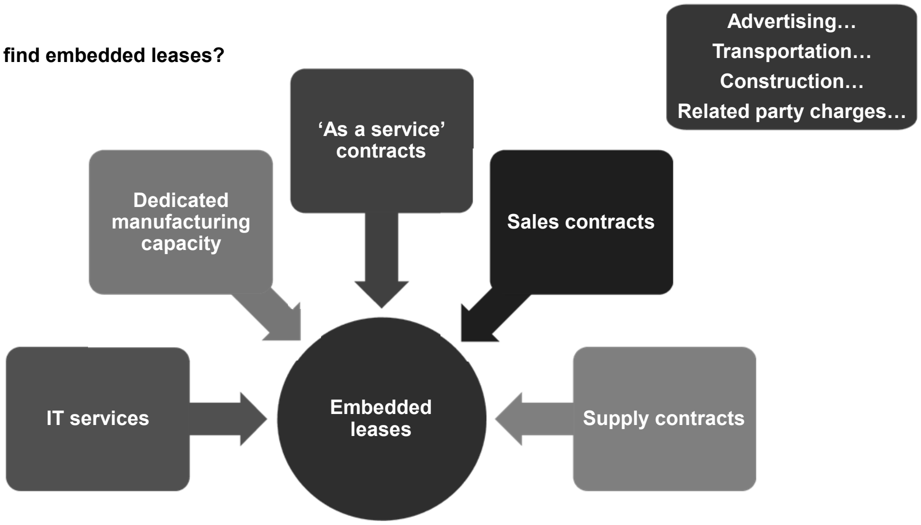
or

~3 dedicated people for **1** year

* Rough average; experience shows can range from 1-8 hours per lease.

Embedded leases

Where could we find embedded leases?



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Examples – Embedded leases

The following examples illustrate embedded leases we have seen identified by companies in implementation.

Shuttle service:	Supply agreement:
— Hospital A's headquarters is a large campus. Employees frequently have to travel between buildings and to employee parking lots that are far apart from each other. — Hospital A engages Shuttle Service to provide shuttle bus service around its campus to its employees and visitors. The buses used by Shuttle Service are dedicated to the Hospital A contract and Hospital A dictates the routes, frequency, and hours of operation for the shuttle service.	— Hospital A sells a specialized product manufactured by a supplier using customized, supplier-owned equipment. The customized equipment, without significant modification, can only produce Hospital A's product. Hospital A issues regular POs instructing Supplier X how much to produce. The terms of the contract include a minimum payment to Supplier X.

These arrangements would frequently be leases <u>under Topic 840 and Topic 842.</u>

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Abstracting lease data

Management must consider what data is needed to prepare the transition adjustment, how captured, and what additional data may be required post-implementation

Lease liability

- Remaining minimum rental payments under ASC 840
- Amount probable of being paid under any residual value guarantee
- Discount rate at the transition date

Right of use asset

- Prepaid or accrued rent
- Balance of lease incentives/ Straight-line rent deferral
- Unamortized IDCs
- ASC 420 liabilities

Existing capital leases

- Carrying amount of capital lease liability and asset
- Unamortized IDCs

Data is needed for every lease! Don't forget about data for disclosures!

Day two accounting

- Implement new processes to identify and assess new leases
- Need to identify events that trigger re-assessment and modification accounting
- Calculating changes in lease liability and related assets
- Testing leased assets for impairment consistent with ASC 360

ASU 2016-14 Presentation of financial statements of not-for profit entities

ASU 2016-14 Objectives

- Focus on improving:
  - Net asset classification requirements and
  - Information provided in financial statements and notes about:
    - Liquidity,
    - Financial performance, and
    - Cash flows

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Net asset classes

Current U.S. GAAP

- **Unrestricted**
- **Temporarily restricted**
- **Permanently restricted**

ASU

- **Net assets without donor restrictions**
- **Net assets with donor restrictions**

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Underwater endowments

Current accounting	Accounting under the ASU
Underwater amounts reported within unrestricted net assets	Underwater amounts reported within net assets with donor restrictions

Current disclosures	Disclosures under the ASU
Amount by which endowment funds are underwater (in the aggregate)	Amount by which endowment funds are underwater (in the aggregate)
	Original gift amount (or level required by donor stipulations or law) of underwater endowment funds (in
	Fair value of underwater endowment funds (in the aggregate)
	NFP's interpretation of its ability to spend and its policy, and actions taken during the period, concerning appropriation from underwater endowment funds

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Reporting of expenses

— Report all expenses (other than netted investment expenses) by both functional *and* natural classification
— Provide an analysis of expenses in one location (statement of activities, a schedule in the notes, or a separate financial statement)
— Show the relationship between functional and natural classification by disaggregating functional categories by their natural classification (typically using a matrix presentation)
— Exclude items typically excluded from net income of for-profit entities from the expense analysis

Voluntary health and welfare entities allowed the same flexibility in presentation discussed above

FASB staff to explore segment reporting as an alternative for business-oriented HC NFPs in the future

Expense allocations

Additional disclosures
— Qualitative disclosure about the method(s) used to allocate costs among program and support functions

Disclosures about the methods used go beyond the disclosures currently required for joint costs and apply to all allocated costs

Management and general (M&G) clarified
— Additional examples of the types of activities included in M&G
— Additional implementation guidance to better depict which activities represent *direct conduct* and *direct supervision* of program or support activities and would be allocated to the program and support functions that benefit

Reporting of investment return and expenses

Net presentation

— Investment expenses presented net against investment return on the face of the statement of activities
  - Option to present on gross basis eliminated

— Netted investment expenses limited to external investment expenses and direct internal investment expenses incurred during the period
  - Implementation guidance illustrates what activities constitute *direct internal investing activities*

Multiple lines

— Net investment return managed differently or derived from different sources may be presented in multiple line items within the statement of activities, if appropriately labeled

ASU includes implementation guidance on presentation of net investment return by NFPs that present a performance indicator (i.e., business-oriented HC NFPs)

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Some investment disclosures eliminated

— Total investment expenses
  - Board also decided NOT to require disclosure of the amount of internal salaries and benefits, if any, netted against investment return
  - Investment expenses no longer required to be (and are specifically precluded from being) included in expense analysis

— Components of gross investment return

— Portion of unrealized gains and losses for the period that relate to equity securities still held at the end of the reporting period

— Investment return of the “other investment portfolio,” separately from other components of net investment return (higher educational institutions)

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Statement of cash flows

Current accounting	Accounting under the ASU
Option to present operating cash flows using ***either*** the direct or indirect method	Option to present operating cash flows using ***either*** the direct or indirect method
If direct method used – present a reconciliation of the change in net assets to net cash flows from operating activities	

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Liquidity and availability disclosures

Liquidity	Availability
Qualitative information that communicates how an NFP manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date	**Quantitative** information and additional **qualitative** information as necessary, on the availability of an NFP's financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date **Availability of a financial asset may be affected by (a) its nature, (b) external limits imposed by donors, laws, and contracts with others, and (c) internal limits imposed by governing board**

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Example availability quantitative disclosure

Financial assets, at year-end	$234,410
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(11,940)
Subject to appropriation and satisfaction of donor restrictions	(174,700)
Investments held in annuity trust	(4,500)
Board designations:	
Quasi-endowment fund, primarily for long-term investing	(36,600)
Amounts set aside for liquidity reserve	(1,300)
Financial assets available to meet cash needs for general expenditures within one year	$5,370

Source: FASB ASC 958-205-55-21 Note G

ASU transition and effective date

Effective date

— Financial statements for fiscal years beginning after December 15, 2017 and for interim financial statements for periods after that date

— Early adoption permitted

Retrospective application

— Apply *all* provisions to current year

— For any comparative years presented, NFPs may opt to omit:

- Analysis of expenses by nature and function* (may omit the analysis but still need to present expenses by function and by nature) and/or
- Disclosures around liquidity and availability of resources

— Disclose nature of any reclassifications or restatements, and their effects, if any, on change in net assets for each year presented

*Unless already required to do so under current GAAP, i.e., VH&W

Other relevant pronouncement

ASU 2016-01 Recognition and measurement of financial assets and financial liabilities

Main changes

- **Available for Sale - equity investments**
- **Cost method vs. measurement alternative**
- **Financial liabilities (fair value option)**
- **Deferred taxes, presentation and other disclosures**

Available-for-sale – Equity investments

Current GAAP		ASU 2016-01
Available for sale – changes in fair value recorded in OCI	→	Fair value through Net Income

More volatility in Net Income

Financial instruments – ASU 2016-01, Recognition and measurement of financial assets and financial liabilities

Measurement alternative – +/- Fair value changes when there are observable prices

Fair value changes resulting from observable prices

From "orderly transactions"

For the identical or a "similar" instrument of the same issuer

Potential challenges:
- — **Is the transaction orderly?**
- — **What to do if transaction is not orderly?**
- — **Identifying observable prices**
- — **Determining if an investment is similar**
- — **Adjustments to observed transaction price of the identical or similar investment when measuring fair value**

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Effective date

Effective date

— Public business entities: Fiscal years beginning after December 15, 2017 (including interim periods within those fiscal years)

— For all other entities: Fiscal years beginning after December 15, 2018 and interim periods in fiscal years beginning after December 15, 2019

Early adoption

— Entities that are not public business entities: may adopt for fiscal years beginning after December 15, 2017 (including interim periods within those fiscal years)

— All entities: may early adopt the provisions related to the recognition of changes in fair value of financial liabilities

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ASU 2017-07
Improving the presentation of net periodic pension cost and net periodic postretirement benefit cost

Topic 715

Improving the presentation of net periodic pension cost and net periodic postretirement benefit cost

Objective

— To increase transparency for users by simplifying and improving the reporting of net benefit pension cost

What is Changing?

— Disaggregate service cost from other components of net benefit cost.

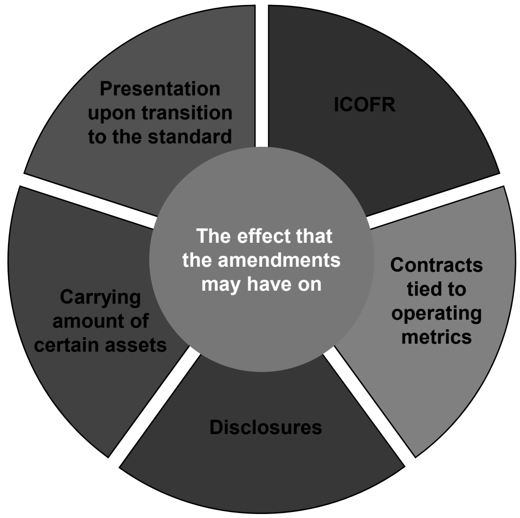
— Present service cost with other employee compensation costs.

— Present remaining components separately from service cost and outside operating income, if presented.

— Capitalize only service cost component.

ASU 2017-07, Improving the presentation of net periodic pension cost and net periodic postretirement benefit cost

Organizations may want to think about



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ASU 2017-07, Improving the presentation of net periodic pension cost and net periodic postretirement benefit cost

Effective dates and transition

	Public business entities	All other entities
Annual periods – Fiscal years beginning after	December 15, 2017	December 15, 2018
Interim periods – Fiscal years beginning after	December 15, 2017	December 15, 2019
Early adoption allowed?	Yes, for annual periods for which a company has not issued or made available to issue its interim or annual financial statements. A calendar-year **public business entity** is permitted to adopt as of January 1, 2017 in its Form 10-Q for the first quarter of 2017. A calendar-year **nonpublic entity** could adopt as of January 1, 2016 if it does not issue interim financial statements and has not yet issued (or made available to issue) its 2016 annual financial statements.	

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ASU 2016-18
Statement of cash flows

Restricted cash

ASU 2016-18, Statement of cash flows

Background: Why is the FASB amending topic 230?

Diversity exists in the classification and presentation of changes in restricted cash on the statement of cash flows

— Entities classify transfers between cash and restricted cash as either:
  - **Operating** activities
  - **Investing** activities
  - **Financing** activities, or
  - A combination of the above

— Entities present direct cash receipts into, and direct cash payments made from, a bank account that holds restricted cash as either:
  - Cash inflows and cash outflows, or
  - Disclose as noncash **investing** or **financing** activities

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ASU 2016-18, Statement of cash flows

Statement of cash flows

For the statement of cash flows, the ASU requires:

The statement of cash flows should explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents.

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ASU 2016-18, Statement of cash flows

Disclosures of restricted cash: Line items and amounts

In many cases, the end-of-period total per the statement of cash flows may no longer agree to the cash and cash equivalents line item on the face of the statement of financial position

The ASU requires disclosure of:

The amounts and line items in which cash and cash equivalents and amounts generally described as restricted cash and restricted cash equivalents are included in the statement of financial position, when such amounts are presented in more than one line item.

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ASU 2016-18, Statement of cash flows

Disclosures of restricted cash: Nature of restrictions

The ASU requires disclosure of:

Information about the nature of restrictions on cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents.

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ASU 2016-18, Statement of cash flows

Restricted cash – Other observations

— The presentation or classification of restricted cash on the statement of financial position is not affected by this ASU.

— The ASU does not include a definition of restricted cash or restricted cash equivalents.

- A change to a company's accounting policies related to defining which of its accounts and balances are restricted cash would represent a change in accounting policy.
- This change would be accounted for under U.S. GAAP for accounting changes, including preferability considerations, i.e., separate from the adoption of the guidance in ASU 2016-18.

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ASU 2016-18, Statement of cash flows

Transition and effective dates

Effective dates

- The ASU is effective for:
  - Public business entities in interim and annual periods beginning after December 15, 2017.
  - All other entities in annual periods beginning after December 15, 2018, and interim periods in the year following adoption.

Transition

- The ASU requires retrospective application, with early adoption permitted.
- Transition disclosures are required in the interim and annual period adopted.

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Thank you