{FASB A&A Update}

November 18, 2016
Topics

NEW ACCOUNTING STANDARDS

• Financial Statement Presentation for Not-for-Profit Entities
• Leases
• Revenue Recognition
Financial Statement Presentation for Not-for-Profit Entities

Overview:

• Goal of the ASU was to improve the financial statement presentation for not-for-profit entities to provide better information to donors, creditors, and other users of the financial statements

• Results of 1st phase issued in August 2016 impacted the following areas:
  • Net asset classes
  • Liquidity and availability of resources
  • Expenses
  • Reporting of investment return
  • Presentation of operating cash flows

• Effective date – years beginning after December 15, 2017
Financial Statement Presentation for Not-for-Profit Entities- Changes to Net Assets Classification

<table>
<thead>
<tr>
<th>Current GAAP</th>
<th>Unrestricted</th>
<th>Temp. Restricted</th>
<th>Perm Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASU 2016-14</td>
<td>Without Donor Restrictions</td>
<td>With Donor Restrictions</td>
<td></td>
</tr>
<tr>
<td>Disclosures</td>
<td>Amount and purpose of board designations</td>
<td>Nature and amount of donor restrictions</td>
<td></td>
</tr>
</tbody>
</table>
### Financial Statement Presentation for Not-for-Profit Entities - New Statement of Financial Position –

<table>
<thead>
<tr>
<th>Assets:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
</tr>
<tr>
<td>Contribution receivables</td>
</tr>
<tr>
<td>Noncurrent assets</td>
</tr>
<tr>
<td>Contribution receivables</td>
</tr>
<tr>
<td>Long-term investments</td>
</tr>
<tr>
<td>Total assets</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and net assets:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
</tr>
<tr>
<td>Accounts payable</td>
</tr>
<tr>
<td>Grants payable</td>
</tr>
<tr>
<td>Noncurrent liabilities:</td>
</tr>
<tr>
<td>Notes payable</td>
</tr>
<tr>
<td>Net assets:</td>
</tr>
<tr>
<td>Without donor restrictions</td>
</tr>
<tr>
<td>With donor restrictions</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
</tr>
</tbody>
</table>

Financial Statement Presentation for Not-for-Profit Entities - Increased Disclosures surrounding Liquidity and Availability

• **Quantitative** information about the availability of a NFP’s financial assets at the balance sheet date to meet the cash needs for general expenditures within one year of the balance sheet date.

• Examples include disclosing:
  • The total amount of financial assets
  • Amounts that are not available to meet cash needs within the time horizon because of (1) external limits and (2) internal actions of a governing board
  • The total amount of financial liabilities that are due within that time horizon

• Can be accomplished through either:
  • Classified balance sheet
  • Segregation and disclosure of assets whose use is limited
  • Additional disclosures in the footnotes
Financial Statement Presentation for Not-for-Profit Entities - Increased Disclosures surrounding Liquidity and Availability

- **Qualitative** information about how the entity manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date

- Examples of relevant qualitative information
  - Minimum cash balance goals
  - Use of a line of credit
  - Policy for managing excess cash
Financial Statement Presentation for Not-for-Profit Entities- Information about expenses

- Expenses to be shown by both their function (required by current GAAP) and their nature, as well as analysis of expense by both function and nature
  - Face of the Statement of Activities
  - Separate statement,
  - Notes to Financial Statements
- Enhanced disclosures about the methods used to allocate costs between functions
- Management and general activities are now more clearly defined as items not identifiable with one or more programs, fundraising or membership development activities.
Financial Statement Presentation for Not-for-Profit Entities - Expense by nature and function one place in the F/S (statements of activities, separate statement, or schedule in notes)

<table>
<thead>
<tr>
<th></th>
<th>Program Activities</th>
<th>Supporting Activities</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program A</td>
<td>Program B</td>
<td>M&amp;G</td>
</tr>
<tr>
<td>Salaries &amp; Benefits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants to Others</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment Rental &amp; Maintenance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupancy Cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Technology</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional Service Fees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing and Publication</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*By function is across the columns and by nature is down the left rows*
Financial Statement Presentation for Not-for-Profit Entities - Other Changes

• Presentation of operating cash flows
  • Option to present operating cash flows using either direct method or indirect method
  • Removes requirement to present or disclose the indirect method reconciliation when using the direct method of reporting cash flows

• Investment income
  • Requires reporting of investment return net of external and direct internal investment expenses
  • No longer requires disclosures of netted expenses

• Long-lived assets
  • Requirement to release donor restrictions that are for the acquisition or construction of long-lived assets when the asset is placed-in-service
  • Eliminates the option to release the restriction over time as the asset is depreciated
Not-for-Profit Financial Statement Project

Phase II:

• Timing of Phase II is to be determined

• Statement of Activities
  • Require intermediate measure(s) of operations
  • Whether and how to define such measure(s)
  • What items should/should not be included in such measure(s) (e.g., capital gifts, transfers, interest and expense)
  • Other alternatives proposed by stakeholders

• Statement of Cash Flows
  • Potential realignment of certain items
Financial Statement Presentation for Not-for-Profit Entities

What you might be thinking about….

• In light of other forthcoming standards, should you early adopt?
• Would direct method cash flow provide better information for our board and external users?
• What is the most meaningful way to disclose limitations on board designated net assets?
• Will improvements require any changes to accounting policies or processes?
Lease Accounting

Overview:

• Objective of the lease accounting standard was to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet.

• Operating lease vs. financing lease

• Accounting applied by a lessor will largely be unchanged from current GAAP.

• Effective date - year beginning after December 15, 2018 for public business entities, year beginning after December 15, 2019 for all others

• Standard to be applied using a modified retrospective approach
Lease Accounting - New Model

START

Is the arrangement a lease?

No → Apply other accounting guidance

Yes → Does it qualify as a short-term lease?

No → All lease assets and liabilities are recognized on balance sheet

Yes → Apply existing operating lease accounting model

Operating Lease

Financing in nature?

No → Operating Lease

Yes → Financing Lease
Lease Accounting

If a lease meets any of the following 5 conditions, it is a financing lease:

- Transfer of ownership
- Option to purchase is reasonably certain
- Lease term is a “major part” of the economic life
- Present value of lease payments is “substantially all” of the fair value
- Specialized nature
Lessee Accounting Overview

**Balance Sheet**
- Right-of-use asset
- Lease liability

**Income Statement**
- Amortization expense
- Interest expense

**Cash Flow Statement**
- Cash paid for principal and interest payments

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**Financing Lease**
- Right-of-use asset
- Lease liability

**Operating Lease**
- Right-of-use asset
- Lease liability

- Single lease expense on a straight-line basis
- Cash paid for lease payments
## Lease Accounting

### Capitalization of operating leases:

<table>
<thead>
<tr>
<th>F/S impact</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalize operating lease payments</td>
<td>Calculation similar to capital lease liability; HOWEVER, is a long-term operating liability (not LT debt)</td>
</tr>
<tr>
<td>Establish ROU asset</td>
<td>Intangible asset initial amount corresponds to operating lease liability Unique amortization pattern</td>
</tr>
<tr>
<td>Income statement</td>
<td>Continue to recognize SL lease expense (like rent expense)</td>
</tr>
<tr>
<td>Cash flow statement</td>
<td>Continue to recognize operating outflows for operating lease payments</td>
</tr>
</tbody>
</table>
# Lease Accounting - Transition

<table>
<thead>
<tr>
<th>Operating under legacy GAAP - operating under new GAAP</th>
<th>Operating under legacy GAAP - finance under new GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initially and subsequently measured:</td>
<td>Initially and subsequently measured:</td>
</tr>
<tr>
<td>The lease liability based on remaining minimum</td>
<td>The lease liability based on remaining minimum</td>
</tr>
<tr>
<td>rental payments under legacy GAAP and any amount that</td>
<td>rental payments under legacy GAAP and any amount</td>
</tr>
<tr>
<td>a lessee is probable of owing under a residual value</td>
<td>a lessee is probable of owing under a residual value</td>
</tr>
<tr>
<td>guarantee</td>
<td>guarantee</td>
</tr>
<tr>
<td>The ROU asset at the amount equal to the lease</td>
<td>The ROU asset as the applicable portion of the</td>
</tr>
<tr>
<td>liability, with certain adjustments</td>
<td>lease liability, with certain adjustments</td>
</tr>
</tbody>
</table>
# Lease Accounting - Transition

<table>
<thead>
<tr>
<th>Capital under legacy GAAP - finance under new GAAP</th>
<th>Capital under legacy GAAP - operating under new GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initially and subsequently measured:</td>
<td>Initially and subsequently measured:</td>
</tr>
<tr>
<td>Generally apply legacy GAAP in the comparative periods presented</td>
<td>Derecognized carrying amount of the capital lease assets and liabilities in the comparative periods presented</td>
</tr>
<tr>
<td>Generally apply the subsequent measurement guidance in the new standard beginning on the effective date</td>
<td>Apply the initial and subsequent recognition and measurement guidance in the new standard in all periods presented</td>
</tr>
</tbody>
</table>
Lease Accounting

What you might be thinking about….

• How do you start creating an inventory of leases?
• What would be considered an appropriate capitalization threshold for leases?
• How granular do you need to get on identifying embedded leases?
• Will you opt to elect some of the practical expedients available to you under the standard?
• Will your debt covenants be impacted?
• Will you need a new lease accounting system?
• How will this standard interact with the new revenue recognition standard?
Revenue Recognition

Overview:

• FASB and IASB have issued a new global revenue recognition standard.

• The standard replaces virtually all existing US GAAP and IFRS guidance on revenue recognition.

• The revenue recognition standard is principles based.

• FASB-IASB transition resource group and other implementation resource groups have been created.

• Effective date - year beginning after December 15, 2017 for public business entities and December 15, 2018 for all other entities
Revenue Recognition

Core principle: 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.

Step 1: Identify the contract with a customer

Step 2: Identify the separate performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the separate performance obligations

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation
# Health Care Issues Identified

The AICPA Healthcare Revenue Recognition Task Force has been drafting several implementation issue whitepapers. The current issues being addressed in whitepapers include:

<table>
<thead>
<tr>
<th>Implementation Issue</th>
<th>Whitepaper Focus</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application of step 1 (determine if there is a contract) and step 3 (determine the transaction price) for healthcare services provided to self-pay patients, including uninsured patient balances and self-pay patient balances arising from co-payments and deductibles.</td>
<td>This implementation issue will discuss evaluating whether a contract exists and what the transaction price is to arrangements for health care services provided to self-pay patients and balances arising from co-payments and deductibles.</td>
<td>Out for exposure until September 1, 2016</td>
</tr>
<tr>
<td>Implicit price concessions related to self-pay balances.</td>
<td>This implementation issue provides two views over the initial accounting for implicit price concessions for services provided to uninsured patients and two views for the subsequent accounting for these types of contracts and whether changes in the estimates of variable consideration represent changes in price concessions or impairments.</td>
<td>Submitted to FASB TRG</td>
</tr>
</tbody>
</table>
# Health Care Issues Identified

<table>
<thead>
<tr>
<th>Implementation Issue</th>
<th>Whitepaper Focus</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application of the portfolio approach to contracts with patients.</td>
<td>This implementation issue will discuss how to apply the portfolio approach to revenue from self-pay patients and third party payors.</td>
<td>Out for exposure until September 1, 2016</td>
</tr>
<tr>
<td>CCRC: Identifying and satisfying the performance obligation(s) and recognizing the monthly/periodic fees and nonrefundable entrance fees under Type A or “life care” contracts for CCRCs</td>
<td>This implementation issue will discuss the performance obligations under a typical Type A (life care) CCRC resident agreement and, given these performance obligations, how a Type A CCRC will estimate a transaction price and recognize nonrefundable entrance fees and monthly/periodic fees received from residents under the new model.</td>
<td>Resubmitted to AICPA Revenue Recognition Working Group (RRWG)</td>
</tr>
<tr>
<td>CCRC: Identifying the performance obligation(s) and recognizing the performance obligation(s) to provide future services and use of facilities</td>
<td>This implementation issue will describe the changes to a continuing care retirement community’s calculation of the obligation to provide future services and use of facilities as a result of the new model.</td>
<td>Submitted to AICPA RRWG</td>
</tr>
</tbody>
</table>
# Health Care Issues Identified

<table>
<thead>
<tr>
<th>Implementation Issue</th>
<th>Whitepaper Focus</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure requirements as compared to ASU No. 2011-07</td>
<td>This implementation issue will address additional information that will need to disclosed within the financial statements</td>
<td></td>
</tr>
<tr>
<td>Determination (estimation) of transaction price (expected value vs. most likely) as it relates to third party estimates</td>
<td>This implementation will discuss how third party settlements will be consider when determining transaction price</td>
<td></td>
</tr>
<tr>
<td>Accounting for contract costs.</td>
<td>This implementation issue will discuss how health care organizations will account for certain costs of acquiring and fulfilling contracts under the new model.</td>
<td>Submitted for FinREC September 2015</td>
</tr>
</tbody>
</table>
Revenue Recognition

Issue #8-2: Portfolio Approach:

• Entities can apply the standard or aspects of it to a portfolio of contracts or performance obligations with similar characteristics.

• May segregate by payor class, type of service or other categories
  • System-wide or tailored
  • By facility
  • Whether patients are denied service based on ability to pay
  • Large balance accounts

• A provider may apply the portfolio approach to one class of patients but not to another.

• A contract should be removed from a portfolio if the provider later determines that the contract does not have similar characteristics with others in the portfolio.

• Entities must reasonably expect that the financial statement impact from using the portfolio approach would not differ materially from applying the standard on a contract by contract basis.
Revenue Recognition

Issue #8-1: Self-Pay Revenue Stream

• Identify the Contract (Step 1):
  • Does an enforceable contract exist?
  • Is the patient committed to performing obligations?
  • Is it probable that the entity will collect the consideration to which it expects to be entitled?

• Determining the Transaction Price (Step 3):
  • Does an implicit price concession exist?
  • How are subsequent changes accounted for?
  • What constitutes bad debt?
Price concessions

- Explicit concessions are reflected on the bill and specific to an individual contract.
- Implicit are estimated at the portfolio level (i.e. how much do we usually not get paid)
- These are recorded in a similar way to how contractual adjustments are treated under current GAAP

**Example:**
- Hospital offers 50% discount to uninsured patients
- Hospital expects to collect 20 cents on the dollar of the discounted charges
- Gross charges for the period of $200,000

<table>
<thead>
<tr>
<th>Gross charges</th>
<th>$200,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assistance discount (explicit price concession)</td>
<td>50%</td>
</tr>
<tr>
<td>Discounted charges (amount billable to patient)</td>
<td>$100,000</td>
</tr>
<tr>
<td>Historical collection rate</td>
<td>20%</td>
</tr>
<tr>
<td>Recognizable revenue (expected collections)</td>
<td>$20,000</td>
</tr>
</tbody>
</table>
Revenue Recognition

Subsequent Changes in Transaction Price

• If an implicit price concession is provided the entity must:
  • Determine how to account for subsequent changes
  • Update the estimated price at the end of each reporting period

• In general, subsequent changes to estimated variable consideration should be accounted for as increases or decreases in the implicit price concession - adjustments to net patient service revenue.

• If a healthcare entity does not grant price concessions:
  • It may conclude there is no contract (and no revenue, initially) OR
  • It may conclude there is a contract. Revenue would be recognized, and subsequent AR allowance/write off would be bad debt expense

• Bad debt expense may include:
  • Write off of a patient bill, when credit risk was evaluated and credit extended
  • Third party payor files bankruptcy
Revenue Recognition

Example: Impact of Contract and Price Conclusions:

- Background: Service is provided to an uninsured patient. Charges total $10,000. Uninsured patient class generally pays 10% of charges. This patient eventually pays $900, and the remaining balance is written off.
  - Scenario 1: Hospital determines that no contract exists.
  - Scenario 2: Hospital determines that contract does exist, and the hospital is entitled to receive full charges.
  - Scenario 3: Hospital determines that a contract exists, but that an implicit price concession for 90% of charges will be provided.
# Revenue Recognition

## Example: Impact of Contract and Price Conclusions:

<table>
<thead>
<tr>
<th></th>
<th>Scenario 1</th>
<th></th>
<th>Scenario 2</th>
<th></th>
<th>Scenario 3</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue</td>
<td>Bad Debt</td>
<td>Liability</td>
<td>Revenue</td>
<td>Bad Debt</td>
<td>Revenue</td>
</tr>
<tr>
<td>Service Provided</td>
<td></td>
<td></td>
<td></td>
<td>$10,000</td>
<td></td>
<td>$1,000</td>
</tr>
<tr>
<td>Cash Received</td>
<td></td>
<td>$900</td>
<td></td>
<td>$9,100</td>
<td></td>
<td>($100)</td>
</tr>
<tr>
<td>AR deemed uncollectible</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$9,100</td>
</tr>
<tr>
<td>Contract terminated</td>
<td>$900</td>
<td>($900)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$900</td>
<td>$0</td>
<td>$0</td>
<td>$10,000</td>
<td>$9,100</td>
<td>$900</td>
</tr>
</tbody>
</table>
Disclosures

- Disclosures to enable the users to understand the nature amount, timing and uncertainty of revenue and cash flows from customers
- An entity shall disaggregate revenue recognized from contracts with customers depending on the nature of that revenue
- Aggregated amount of the transaction price allocated to performance obligations that are unsatisfied, including methods, inputs, and assumptions
- Timing and satisfaction of performance obligations
- Entity to disclose both qualitative and quantitative information
Disclosures (cont.)

- Per ASC 606-10-50 entities to disclose:
  - Revenue from contracts with customers, including the disaggregation of revenue into appropriate categories
  - Contract balances, including the opening and closing balances of receivables, contract assets and contract liabilities
  - Revenue recognized in the reporting period that was included in the contract liability at the beginning of the period
  - Revenue recognized in the reporting period from performance obligations satisfied
  - Significant judgments and changes in judgments, made in applying the requirements to those contracts
Third Party Settlements

• Determination of the transaction price for third party settlements
  o Medicare/Medicaid cost report settlements
  o RAC accruals
  o Risk adjustments for Prepaid Health plans
  o Other

• Use method which entity expects to better predict the amount of consideration to which it will be entitles
  o Use of Expected Value (probability-weighted amount)
  o Use of Most Likely Amount (single most likely in a range of possible considerations)
Revenue Recognition

What you might be thinking about:

- Who should be part of your team to lead the implementation process?
- What various contracts does your organization have with its customers?
- What changes will be necessary to be made to your accounting policies?
- Are your accounting systems and models adequate to compile the necessary information?
- What levels of disaggregated information are available to form the portfolios of contracts?
## Classifying Certain Cash Receipts and Cash Payments

<table>
<thead>
<tr>
<th>Cash Flow Issue</th>
<th>Presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash payments for debt prepayment or debt extinguishment costs</td>
<td>Classify as cash outflows for financing activities.</td>
</tr>
<tr>
<td>Cash payments related to settlement of zero-coupon debt instruments</td>
<td>Classify the portion of the cash payment attributable to the accreted interest related to the debt discount as cash outflows for operating activities, and the portion of the cash payment attributable to the principal as cash outflows for financing activities.</td>
</tr>
<tr>
<td>Cash payments related to settlement of other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing</td>
<td></td>
</tr>
</tbody>
</table>
| Contingent consideration payments made after a business combination          | Cash payments not made soon after the acquisition date of a business combination by an acquirer to settle a contingent consideration liability:  
  • Classify cash payments up to the amount of the contingent consideration liability recognized at the acquisition date (including measurement-period adjustments) as financing activities.  
  • Any excess should be classified as operating activities.  
Cash payments made soon after the acquisition date of a business combination by an acquirer to settle a contingent consideration liability:  
  • Classify as cash outflows for investing activities. |
| Cash proceeds from the settlement of insurance claims                        | Classify on the basis of the related insurance coverage (that is, the nature of the loss). For insurance proceeds that are received in a lump sum settlement, an entity should determine the classification on the basis of the nature of each loss included in the settlement. |
Classifying Certain Cash Receipts and Cash Payments (cont.)

<table>
<thead>
<tr>
<th>Cash Flow Issue</th>
<th>Presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies</td>
<td>Classify as cash inflows from investing activities. The cash payments for premiums on corporate-owned policies may be classified as cash outflows for investing activities, operating activities, or a combination of investing and operating activities.</td>
</tr>
<tr>
<td>Distributions received from equity method investees</td>
<td>When a reporting entity applies the equity method, it should make an accounting policy election to classify distributions received from equity method investees using either of the following approaches:</td>
</tr>
<tr>
<td></td>
<td>1. <strong>Cumulative earnings approach</strong>: Distributions received are considered returns on investment and classified as cash inflows from operating activities, unless the investor’s cumulative distributions received less distributions received in prior periods that were determined to be returns of investment exceed cumulative equity in earnings recognized by the investor. When such an excess occurs, the current-period distribution up to this excess should be considered a return of investment and classified as cash inflows from investing activities.</td>
</tr>
<tr>
<td></td>
<td>2. <strong>Nature of the distribution approach</strong>: Distributions received should be classified on the basis of the nature of the activity or activities of the investee that generated the distribution as either a return on investment (classified as cash inflows from operating activities) or a return of investment (classified as cash inflows from investing activities) when such information is available to the investor.</td>
</tr>
</tbody>
</table>
Classifying Certain Cash Receipts and Cash Payments (cont.)

<table>
<thead>
<tr>
<th>Cash Flow Issue</th>
<th>Presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficial interests in securitization transactions</td>
<td>A transferor’s beneficial interest obtained in a securitization of financial assets should be disclosed as a noncash activity, and cash receipts from payments on a transferor’s beneficial interests in securitized trade receivables should be classified as cash inflows from investing activities.</td>
</tr>
<tr>
<td>Separately identifiable cash flows and application of the predominance principle</td>
<td>The classification of cash receipts and payments that have aspects of more than one class of cash flows should be determined first by applying specific guidance in U.S. generally accepted accounting principles (U.S. GAAP).</td>
</tr>
<tr>
<td></td>
<td>In the absence of specific guidance, an entity should determine each separately identifiable source or use within the cash receipts and cash payments on the basis of the nature of the underlying cash flows. An entity should then classify each separately identifiable source or use within the cash receipts and payments on the basis of their nature in financing, investing, or operating activities.</td>
</tr>
<tr>
<td></td>
<td>In situations in which cash receipts and payments have aspects of more than one class of cash flows and cannot be separated by source or use, the appropriate classification should depend on the activity that is likely to be the predominant source or use of cash flows for the item.</td>
</tr>
</tbody>
</table>

- Effective 2018/FY2019
- Retrospective application
Standards Effective 2016 and 2017

- Disclosure for Investments in Certain Entities that Calculate Net Assets per Share (2016/FY 2017)
- Presentation of Debt Issuance Costs (2016/FY 2017)
- Going Concern (2016/FY 2017)
- Extraordinary items (2016/FY 2017)
- Discontinued Operations (2015/FY 2016)
- Measurement period adjustments in Business Combinations (2016/FY17)
- Amendments to the consolidation analysis (2017/FY2018)
- Accounting for Investments – Equity Method and Joint Ventures (2017/FY18)
- Classification and Measurement of Financial Instruments (2018/FY19)
Thank you!!

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