

September 19, 2016

# Preparing your cash flow statement? Well, the FASB just changed some things.

AUDIT, NOT-FOR-PROFIT  
BY PATRICK KERNS

The Financial Accounting Standards Board (FASB) just released guidance as part of Accounting Standards Update 2016-15—Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force). The FASB has been focused on the overall utility and presentation of the cash flow statement and continues to provide changes to enhance its usefulness.

The FASB has identified diversity in practice on the classification of several items and has provided specific guidance on how to handle certain transactions to ensure continued comparability and uniformity in the cash flow statement.

- Debt Prepayment or Debt Extinguishment Costs
- Settlement of Zero-Coupon Debt Instruments or Other Debt Instruments with Coupon Interest Rates That Are Insignificant in Relation to the Effective Interest Rate of the Borrowing
- Contingent Consideration Payments Made after a Business Combination
- Proceeds from the Settlement of Insurance Claims
- Proceeds from the Settlement of Corporate-Owned Life Insurance Policies, including Bank-Owned Life Insurance Policies
- Distributions Received from Equity Method Investees
- Beneficial Interests in Securitization Transactions and Separately Identifiable Cash Flows
- Application of the Predominance Principle

While most entities will have some time to adopt these changes, once again the FASB is permitting early adoption before periods beginning after December 15, 2017 for public entities or December 31, 2018 for non-public entities. In the period of adoption, the entity will be required to restate its financial statements for all periods presented to conform to the new guidance.

The full text of the changed standard can be found [here](#). Please contact us with questions regarding the new guidance and visit the [Our Thoughts On](#) blog for related articles.

You've heard our thoughts... We'd like to hear yours

The Schneider Downs Our Thoughts On blog exists to create a dialogue on issues that are important to organizations and individuals. While we enjoy sharing our ideas and insights, we're especially interested in what you may have to say. If you have a question or a comment about this article – or any article from the Our Thoughts On blog – we hope you'll share it with us. After all, a dialogue is an exchange of ideas, and we'd like to hear from you. Email us at [contactSD@schneiderdowns.com](mailto:contactSD@schneiderdowns.com).

Material discussed is meant for informational purposes only, and it is not to be construed as investment, tax, or legal advice. Please note that individual situations can vary. Therefore, this information should be relied upon when coordinated with individual professional advice.

© 2024 Schneider Downs. All rights-reserved. All content on this site is property of Schneider Downs unless otherwise noted and should not be used without [written permission](#).