

Accounting and Audit Updates



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com

CRI Firm Facts



FOUNDED IN 1997 • **10 STATES**  • **30+ MARKETS**



2,000+
PROFESSIONALS



350+
PARTNERS



TOP 25 CPA FIRM

(as ranked by Accounting Today)



100,000+
CLIENTS



25+ YEARS
OF CONSISTENT GROWTH
SINCE FORMATION

SERVICES

- Accounting & Auditing
- Advisory
- Business Support & Transactions
- Business Tax
- Employee Benefit Plans
- Governance, Risk & Assurance
- Individual Tax & Planning
- IT Audits & Assurance

INDUSTRY EXPERTISE

- Captive Insurance
- Commercial Real Estate
- Construction
- Financial Institutions
- Governments
- Healthcare
- Insurance
- Manufacturing & Distribution
- Nonprofit

CRI FAMILY OF COMPANIES

-  **Auditwerx**
-  **CRI Advanced Analytics**
-  **CRI Capital Advisors**
-  **CRI TPA Services**
-  **Level Four Advisory Services**
-  **Paywerx**
-  **Preferred Legacy Trust**

CRI Healthcare Practice Overview

~ 2,000 healthcare provider clients

~ 400 skilled nursing facilities (nursing home)

~ 200 hospital clients

> 2,000 physician clients

Combined healthcare provider client revenues approximating
\$50,000,000,000

Auditing and Consulting Services

Agenda



Application of Accounting Standards

FASB UPDATES

CECL Update

Amendment to Leases

Business Combinations and Joint Venture Formation

Lagniappe! Provider Relief Funds Update and MAC

Audit Activity

GASB UPDATES

Accrued Compensated Absences

Financial Reporting Model updates

Application of Accounting Standards



ASU 2016-13: Current Expected Credit Losses (CECL)

- What is CECL?
 - Current expected credit losses
 - Applicable to Financial Instruments
 - Most significant impact to Patient A/R in Healthcare
 - Forward looking allowance model
 - Most significant impact of CECL: Unpaid amounts related to self pay/private pay!!!
- When is it effective?
 - Fiscal years beginning after December 15, 2022

ASU 2016-13: CECL

- No longer allowance for doubtful accounts, now called allowance for credit losses; and bad debt expense is now called credit loss expense
- Significant changes from old allowance model:
 - Previous models considered historical and current experiences as the main drivers of estimate of future losses.
 - This model requires the analysis of historical and current data, along with a reasonable and supportable forecast of the future.
 - CECL requires an entity to estimate and recognize an allowance for credit losses for a financial instrument, even when the expected risk of credit loss is remote.

ASU 2016-13: CECL

- Distinction between an implicit price concession and a credit loss:
 - Under ASC 606, implicit price concessions, especially for self pay balances, are a significant piece of revenue recognition.
 - When subsequent adjustments are made, it is important to determine whether that subsequent adjustment is a result of a change in estimate of the implicit price concessions under 606 (change in the amount a provider is willing to accept for services provided) or if it is a credit loss (provider believed they were entitled to collection but were unable to collect due to a credit loss).

ASU 2016-13: CECL

- Jose's editorial (NOT AUTHORITATIVE):
 - Most (but certainly not all) **hospitals** will no longer have allowance for bad debts (or credit losses). Consider:
 - There is minimal, if any, true credit risk related to commercial payers, and virtually none with governmental payers
 - Hospitals typically do not assess creditworthiness of patients before time of service. Thus, accepting lower cash than standard rates would be considered an implicit or explicit price concession

ASU 2016-13: CECL

- Jose's editorial (NOT AUTHORITATIVE):
 - Some entities consider their up-front discounts to be contractual allowances, even for uninsured individuals.
 - The thought process is that they are entering into contracts with the uninsured individual

ASU 2016-13: CECL

- Post Implementation CECL adoption:
 - Bad debts no longer mentioned at all (don't use that terminology)
 - Allowances on A/R for hospitals is only contractuals and perhaps charity
 - “Old” reserve for bad debts is now considered implicit or explicit price concessions that reduce AR and Revenues at gross (i.e., not presented as a reserve and not distinctly presented on financials)

ASU 2016-13: CECL

- Post Implementation CECL adoption:
 - Most likely changes, after CECL, are:
 - Comprehensive new disclosures about the process and amounts will be needed. See publicly traded entities like Tenet and HCA for good examples
 - Clients will need to conduct more rigorous analysis of collections vs. charges, over time, and change their reserving models to reflect reality
 - The old, judgmental model of reserves MUST go away!

ASU 2016-13: CECL

- Post Implementation CECL adoption:
 - Some healthcare entities, perhaps skilled nursing, certain assisted living / long-term care facilities, O/P “elective” entities, DO routinely consider creditworthiness of patients before providing services
 - These entities are much more likely to have allowance for credit losses (B/S), or credit losses (P&L) to record and disclose

ASU 2025 – 05 CECL Model Private Company

- In December 2024, FASB introduced an exposure draft on a practical expedient and accounting policy election for **private companies**.
 - Could allow private companies to use historical models; while assuming that the current economic conditions will continue.
 - Still need to evaluate all readily available information at the time of issuance of financials.
- In July 2025 the FASB issues ASU 2025-05 as a result of this exposure draft.

ASU 2025 – 05 CECL Model Private Company

- Accounting Policy Election
 - If the practical expedient is elected, an accounting policy election would allow a private company to consider collection activity after the balance sheet date but before the financial statements are available to be issued to inform the credit loss allowance. **An entity could record a zero-credit loss allowance if all outstanding receivables have been collected before the financial statements are issued or a zero-credit loss allowance on any AR that was collected between year end and financial statement date.**

The ASU includes the following sequence to apply these accounting alternatives:

- (a) Step 1: Subsequent Collection Activity Accounting Policy Election. An entity should first consider subsequent collection of current accounts receivables and contract assets outstanding at the balance sheet date. No credit loss allowance would be recorded for balances collected in full before the date the financial statements are available to be issued.
- (b) Step 2: Practical Expedient for Remaining Uncollected Balances. An entity would then evaluate any remaining uncollected balances as of the date the financial statement is available to be issued. **Using the practical expedient, the company would assume current conditions as of the balance sheet date exist through the forecast period.**

ASU 2025 – 05 CECL Model Private Company

- ASU allows for simplification of the CECL model in 2 ways:
 - 1) Eliminate all AR collected from year end to financial statement date from CECL considerations/calculations.
 - 2) Allows the entity to assume that current conditions as of the balance sheet date are indicative of future conditions.
 - Under initial guidance, CECL required looking at and projecting qualitative economic factors such as unemployment rates, property values, commodity rates (such as oil and gas in South Louisiana), etc. which created a burdensome model that was likely less accurate.

ASU 2025 – 05 CECL Model Private Company

- Effective Date: Annual reporting periods beginning after December 15, 2025 (2026 Calendar year ends) and should be retrospectively applied.
- Early adoption is permitted.

ASU 2023-01 — Leases (Topic 842)

- The amendments are effective for fiscal years beginning after 15 December 2023
- **What you need to know:**
 - Allows eligible entities to elect to use the written terms and conditions of a common control leasing arrangement to determine whether such arrangement is or contains a lease. Not available to common control arrangements that do not have written terms and conditions.
 - Addresses the amortization of leasehold improvements associated with common control leasing arrangements.
- **Your next steps:**
 - Review existing leases within the company to identify any common control arrangements. Evaluate whether the amendments are applicable to those arrangements. Update lease accounting systems to incorporate the changes brought about by ASU 2023-01.
 - Train staff on how to apply the guidance going forward and any implications of the ASU 2023-01 specifically applicable to the company.

Leases – Modifications and Terminations

A modification to a lease contract is required to be accounted for as a separate contract with both of the following are present:

- The modification grants the lessee an additional ROU asset not included in the original lease, and
- The lease payments increase commensurate with the standalone price for the additional ROU asset.

If both criteria
met –
modification is a
separate new
lease

Accounting
for the initial
lease is not
changed

The modification is
individually assessed and
accounted for as a
standalone lease
(determine if operating or
finance)

Leases – Modifications and Terminations

Key considerations:

- Does the lease immediately terminate?
- If the termination simply reduces the term, treat as a lease modification
- Reconsider amortization period for any LI
- ASC 360 impairment considerations

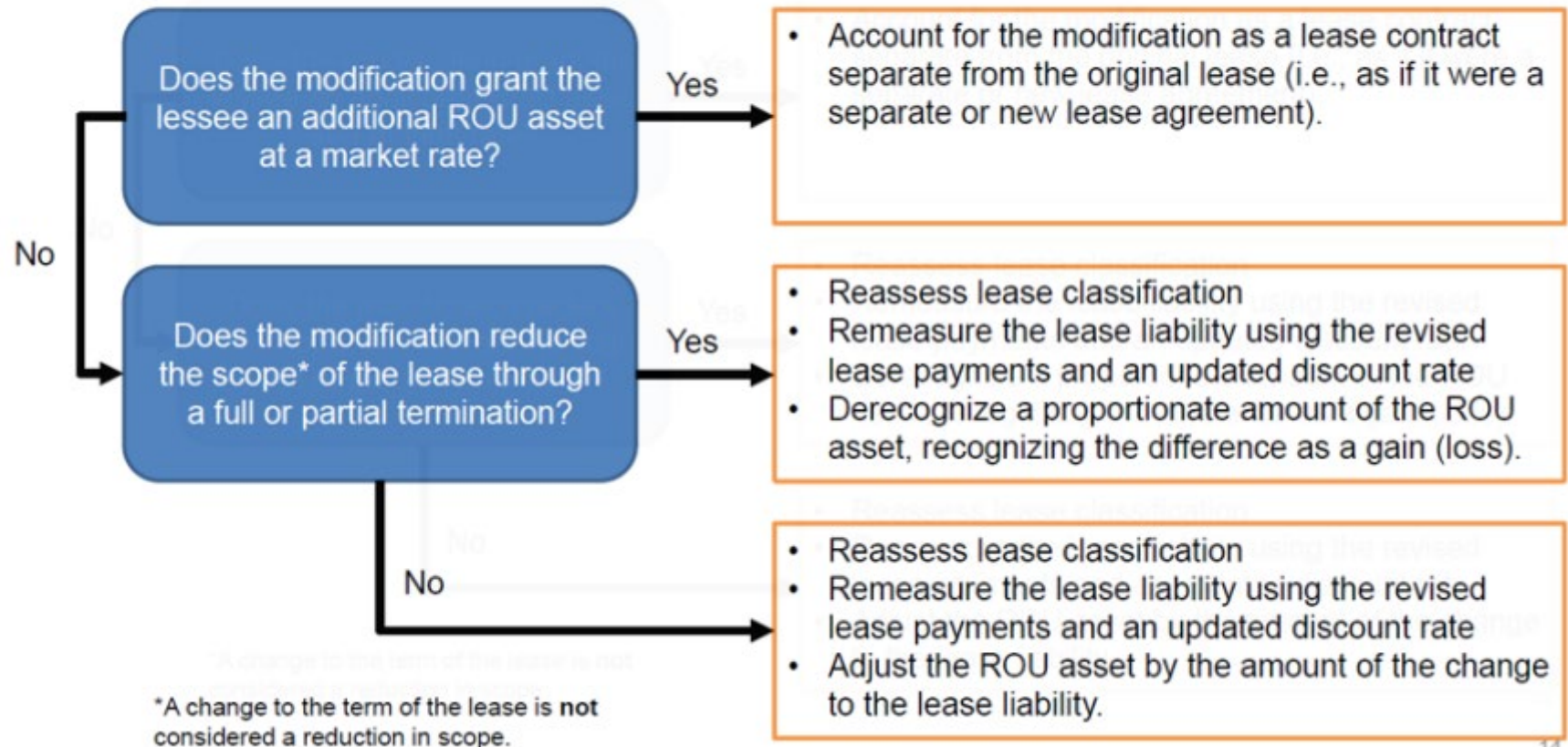
Termination

- Lease is **immediately and fully** terminated.
- Gain or loss recognized on termination = difference between carrying amounts of ROU asset and lease liability (ASC 842-20-40-1)
- Termination penalty = recognized as part of the gain or loss on termination

Modification

- Lease is *not* immediately and / or fully terminated...e.g., **shortened lease term** for all or part of leased property
- Treat as a lease modification; adjust ROU asset and lease liability
- Termination penalty = treated as part of consideration to be allocated to remaining lease term

Leases – Modifications and Terminations



Leases - – Modifications and Terminations

Triggering events

When must a lessee remeasure the lease?

● Lease modification

...there is a **lease modification** not accounted for as a separate contract.

● Contingency resolution

...a **contingency**, upon which remaining variable lease payments are based on, is **resolved**.

● Lease term change

...there is a change in the **lease term** (including renewal or termination options) within its control.

● Purchase option reassessment

...there is a change in the **reasonable certainty** of its **exercise** of a **purchase option**.

● Residual value guarantee change

...there is a change in the amounts **probable** of being owed under a residual value guarantee.

Leases - – Modifications and Terminations

Remeasurement

Accounting for lease remeasurement

Remeasure
lease liability
and ROU asset

Update
discount rate

Reassess lease
classification

● Lease modification

X

X

X

● Contingency resolution

X

● Lease term change

X

X

X

● Purchase option reassessment

X

X

X

● Residual value guarantee change

X

ASU 2023-05 — Business Combinations — Joint Venture Formations

(Subtopic 805-60)

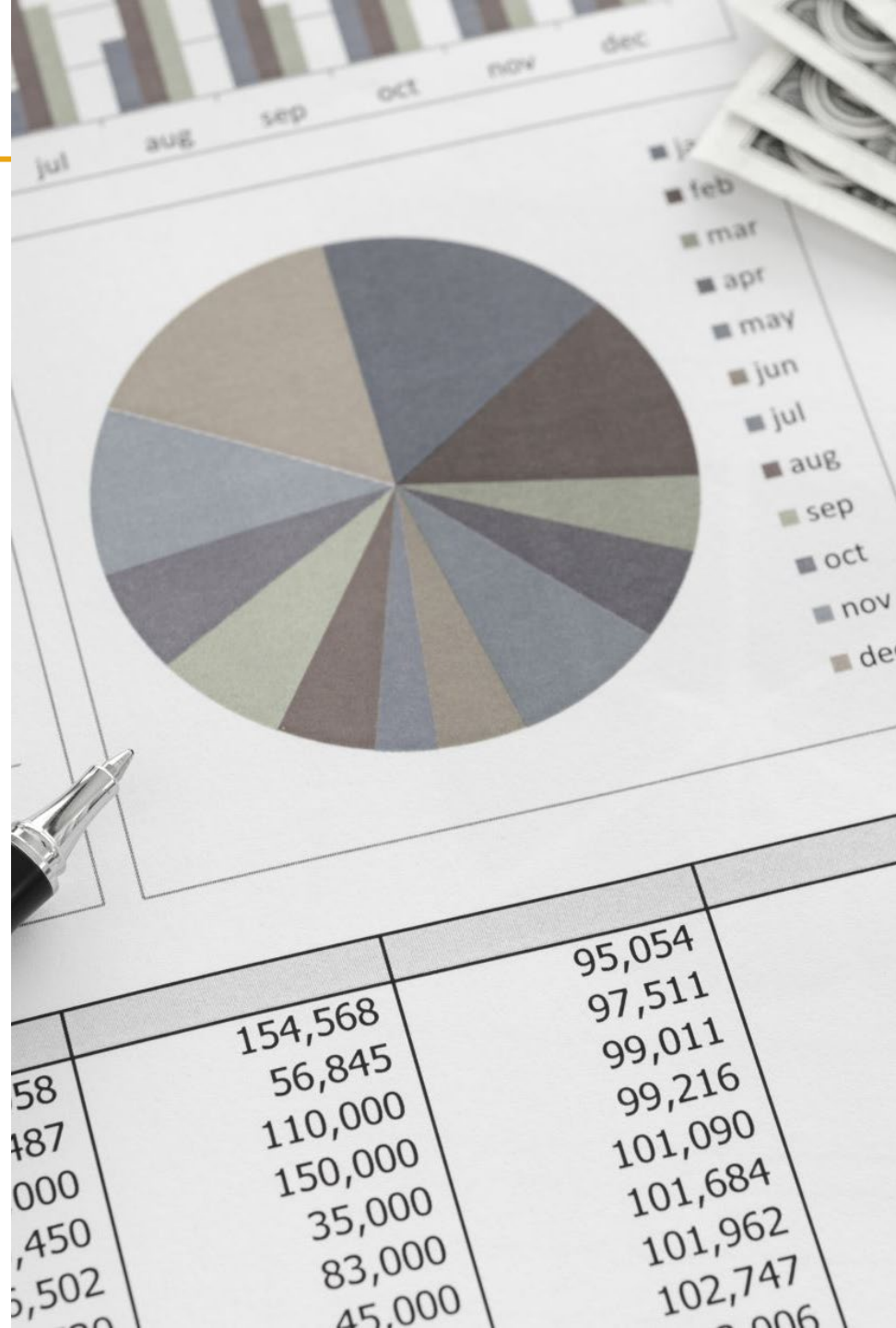
- Effective prospectively for all joint venture formations with a formation date on or after 1 January 2025. Additionally, a joint venture that was formed before January 1, 2025 may elect to apply the amendments retrospectively if it has sufficient information. Early adoption is permitted.
- **What you need to know:**
 - ASU 2023-05 enhances consistency and usefulness of information for investors, establishes a new basis of accounting for identifiable assets, liabilities, and noncontrolling interests in newly formed joint ventures (JVs).
 - This ASU requires entities that meet the definition of a joint venture to recognize its assets and liabilities under a new basis of accounting. Specific Adaptations for JV Formations per ASU 2023-05:
 - A joint venture is the formation of a new entity without an accounting acquirer.
 - A joint venture measures its identifiable net assets and goodwill, if any, at the formation date.
 - Initial measurement of a joint venture's total net assets is equal to the fair value of 100 percent of the joint venture's equity.
 - A joint venture provides relevant disclosures.
- **Your next steps:**
 - Evaluate joint ventures formed before January 1, 2025 to determine if they meet the criteria established in ASU 2023-05 for retrospective application. For joint ventures formed on or after January 1, 2025, ensure that the entities meet the scope criteria to apply the amendments in ASU 2023-05.
 - For entities within the scope of ASU 2023-05, prepare the disclosures in order to comply with the amendments in this update.
 - Train the staff on how to apply the guidance going forward and the impact that ASU 2023-05 may have on the company's financial reporting.

Provider Relief Funds Update



Provider Relief Funds – General Overview

- Purpose of funding:
 - To reimburse healthcare entities for direct and indirect expenses related to the preparation, prevention, and treatment of COVID patients. **Not already reimbursed or obligated to be reimbursed by other sources.**
 - If all of the amounts funded cannot be fully utilized by expenses, then the remaining amount can be used to fund a loss of revenues as a result of COVID.



Provider Relief Funds – General Overview

- Types of allowable expenses:
 - Supplies (PPE)
 - Personnel
 - Personnel who are substantially dedicated to mitigating or responding to COVID-19.
 - COVID specific differentials
 - Consider created and retained jobs!
 - Consider “hidden” expenditures related to COVID, namely staffing
 - Consider limits on executive compensation and salaries
 - Mortgage/lease payments
 - Certain capital expenditures



Provider Relief Funds – General Overview

- New FAQs issues in February 2024
 - **4 years after initial fund distribution!**
- Major updates related to the replacement of questioned costs with revenues
 - “Yes. Due to the cumulative nature of lost revenues, any lost revenues adjustments may be made in subsequent reporting periods. If an unallowable expense was “replaced” by unreimbursed lost revenues for use of funds purposes, the Reporting Entity should ensure that the lost revenues reported in subsequent reports are deducted to avoid “double dipping.” Reporting Entities should maintain appropriate documentation to support the deduction from the report.”

Provider Relief Funds – Audits

NEW DEVELOPMENTS

- Late **March 2024** – HRSA appears to *finally* begin checking compliance of CARES, ARPA, and COVID-19 Testing / Insured recipients
- See correspondence from HRSA

Provider Relief Funds (and all COVID)

- Recent federal legislation intends to increase statute of limitations from 5 to 10 years for COVID unemployment related fraud
- Clear intent by the federal government (supported by both parties) to investigate COVID funding for years to come
- HRSA sent email in **March 2025** to all CARES recipients notifying them that records must be retained through **September 30, 2027**
 - **Ensure your workpapers and support are retained and prepare for future investigations (this isn't over yet...!)**

Provider Relief Funds Subject to Audit



U.S. Department of Health and Human Services
Office of Inspector General



Submit a Complaint

[About OIG](#) ▾

[Reports](#) ▾

[Fraud](#) ▾

[Compliance](#) ▾

[Exclusions](#) ▾

[Newsroom](#) ▾

[Careers](#) ▾

[COVID-19 Portal](#)

[Home](#) > [Reports and Publications](#) > [All Reports and Publications](#) > [2024](#) > HRSA Made Some Potential Overpayments to Providers ...

HRSA Made Some Potential Overpayments to Providers Under the Phase 2 General Distribution of the Provider Relief Fund Program

Issued on 03/04/2024 | Posted on 03/07/2024 | Report number: A-09-22-06001

Provider Relief Funds – Audits

Action Required: Audit Reporting Requirement Attestation - Delinquent Audit Notice

Attention: JACKSON COUNTY HOSPITAL DISTRICT

TIN (Last 3 digits): 321

Dear Valued Provider,

On behalf of the Health Resources and Services Administration (HRSA), this message is a notification that your organization, a recipient of Provider Relief Fund (PRF), American Rescue Plan (ARP) Rural Distribution, COVID-19 Coverage Assistance Fund (CAF), and/or Claims Reimbursement to Health Care Providers and Facilities for Testing, Treatment, and Vaccine Administration for the Uninsured (Uninsured Program or UIP) funding, has not submitted your Single Audit or Commercial Audit (see "Background" below for a summary of the requirements).

Promptly review and complete the following actions.

ACTION REQUIRED: No Later Than: **April 05, 2024:**

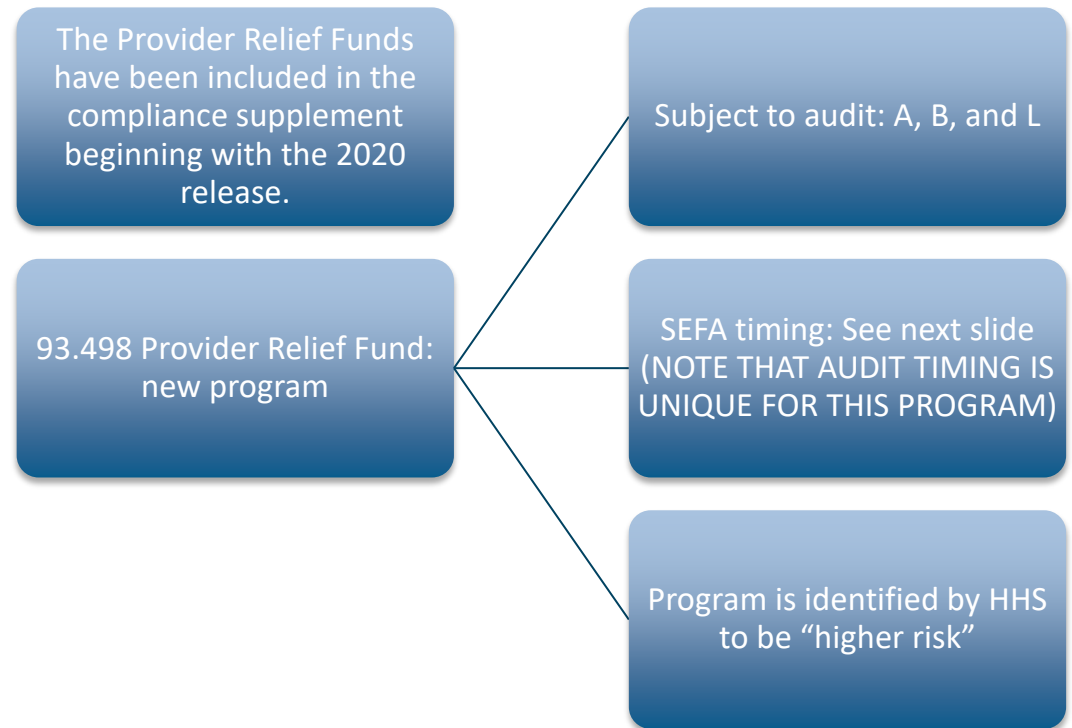
1. Click the Secure Platform Attestation Form button below.
2. Select the appropriate audit threshold category for the organization and complete all additional fields.
3. Follow the directions to self-report the audit status to HRSA by the "Action Required" deadline above.
4. If the reporting organization has a completed overdue audit, submit the overdue audit report via the appropriate reporting portal (See "More Information" below) by the "Action Required" deadline above.
5. If your organization is in the process of completing your Single Audit or Commercial Audit, please provide a copy of the signed audit engagement letter demonstrating that your organization has engaged an independent auditor to perform the required audit to PRFAudits@hhsa.gov by the "Action Required" deadline above.

Provider Relief Funds – Audits

Single Audit Requirements: Governments and NFPs

Any entity that expends greater than \$750,000 in federal awards is subject to an audit in conformance with the requirements of 2 CFR 200. (Single Audit)

Provider Relief Funds – Audits



Provider Relief Funds – Audits

	Payment Received Period (Payments Exceeding \$10,000 in Aggregate Received)	Period of Availability	PRF Portal Reporting Time Period	Fiscal Year Ends (FYE) to include each PRF Period on the Schedule of Expenditures for Federal Awards (SEFA) Reporting
Period 1	April 10, 2020 to June 30, 2020	January 1, 2020 to June 30, 2021	July 1, 2021 to September 30, 2021	Fiscal Year End (FYE) of June 30, 2021 through June 29, 2022
Period 2	July 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2021	January 1, 2022 to March 31, 2022	FYE of December 31, 2021 through FYEs December 30, 2022
Period 3	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2022	July 1, 2022 to September 30, 2022	FYE of June 30, 2022 through June 29, 2023
Period 4	July 1, 2021 to December 31, 2021	January 1, 2020 to December 31, 2022	January 1, 2023 to March 31, 2023	FYE of December 31, 2022 through FYEs December 30, 2023
Period 5	January 1, 2022 to June 30, 2022	January 1, 2020 to June 30, 2023	July 1, 2023 to September 30, 2023	FYE of June 30, 2023 through June 29, 2024
Period 6	July 1, 2022 to December 31, 2022	January 1, 2020 to December 31, 2023	January 1, 2024 to March 31, 2024	FYE of December 31, 2023 through FYEs June 29, 2024

Provider Relief Funds – Audits

HHS Audit Requirements: For-Profits

- Any entity that receives greater than \$750,000 in HHS annual awards has two options available to meet the HHS audit requirements:
- Option 1- an audit in conformance with the requirements of 45 CFR 75 Subpart F. (Single Audit), which is HHS' implementation of 2 CFR 200 (or a program specific audit); or
- Option 2 - *a financial related audit of the HHS award or awards conducted in accordance with Government Auditing Standards*



Provider Relief Funds – Audits

HHS Audit Requirements: For-Profits

Due dates: Mirror SEFA due date of non-profits and governments

Reporting for For-Profits will be submitted directly to HHS instead of through the Clearinghouse

HHS reporting periods: same as non-profits and governments

Provider Relief Funds – Audits

Single Audit

- Audit opinion on financial statements under GAAS and GAGAS
- Audit in-relation-to reporting on SEFA
- Audit opinion on compliance and reporting on internal controls over compliance under UG
- Auditor issues Schedule of Findings and Questions Costs defined in the UG

Financial Audit under GAGAS

- Audit opinion on Statement of HHS Costs (including lost revenue)
- Audit issues report under GAGAS on compliance and internal control over financial reporting
- If applicable, reporting/schedule of findings

Provider Relief Funds – Audits

	GAGAS Financial Audit (45 CFR Section 75.216)	Single Audit (2 CFR 200/45 CFR Section 75)
Criteria for Each Option	Entity has awards under only one or multiple HHS programs	Entity has awards under only one or multiple HHS programs
Audit of Entity's Financial Statements	Not required	Required (performed under GAGAS)
Presentation of HHS Schedule	Schedule of specific element of a financial statement	Schedule of expenditures of federal awards (SEFA)
Auditor Reporting on the Schedule	Opinion on the schedule under AU-C 805	In addition to the opinion on the financial statements, an in-relation-to opinion on the SEFA under AU-C 725
GAGAS Reporting on Internal Control over Financial Reporting and Compliance and Other Matters	Required (as it relates to the schedule under AU-C 805)	Required (as it relates to the financial statements as a whole)
Auditor Opinion on Compliance and Reporting on Internal Control Over Compliance	Not required	Required

17

Provider Relief Funds (and all COVID)

- Recent federal legislation intends to increase statute of limitations from 5 to 10 years for COVID unemployment related fraud
- Clear intent by the federal government (supported by both parties) to investigate COVID funding for years to come
- HRSA sent email in **March 2025** to all CARES recipients notifying them that records must be retained through **September 30, 2027**
 - **Ensure your audit binders are retained and prepare for future investigations (this isn't over yet...!)**

MAC Audits

- Recent scrutiny from the OIG stating that Medicare Administrative Contractors did not consistently meet Medicare cost report oversight requirements
- What does this mean?
 - Increased time and scrutiny on cost report audits and desk reviews from MACs
 - Increase in amount of questioned costs/questioned information reported on cost reports
 - IME/GME reimbursement
 - Allocation of charges to cost centers
 - Improper calculation and reimbursement for nursing and allied health programs
 - Bad debts
 - Increase in potential take backs from cost report settlements.
 - Increase in the time between filing of cost reports and finalization of settlement

MAC Audits

- What to do if a MAC audit notice is received?
 - Communicate with your cost reporting consultants prior to agreeing to any changes.
 - Agreeing to the changes closes the door to providing appropriate support and lessening or eliminating take-backs.
 - Consider the results of any changes to the population of open cost reports for potential allowances.

GASB Statement No. 101, *Compensated Absences*

- A liability should be recognized for leave that has not been used if
 - the leave is attributable to services already rendered,
 - the leave accumulates, and
 - the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

GASB Statement No. 101, *Compensated Absences*

- Leave is attributable to services already rendered when an employee has performed the services required to earn the leave.
- Major change is to unvested sick leave
 - Prior standard was not required to be recorded,
 - New standard, should be recognized based on how much sick leave is expected to be used prior to separation

GASB Statement No. 101, *Compensated Absences* Key Differences

Provisions	Statement 16	Statement 101
Types of leave	Vacation and other non-contingent leave; sick leave and other contingent leave	All forms of leave
Point of compensation	At the end of employment	As used during employment and at the end of employment
Probability of compensation	Probable (likely to occur)	More likely than not (greater than 50%)
Recognition approach(es)	Two options for sick leave; different approach for vacation	One general approach for all paid leave (with exceptions for practicality and cost-benefit)
Disclosures	Minimal	Even less

GASB Statement No. 101, *Compensated Absences*

Compensated absences are leave for which employees receive:

Cash when leave is used

or

Other cash payments, such as upon termination

or

Noncash settlements

GASB Statement No. 101, *Compensated Absences*

- A liability should be recognized for leave that has not been used if
 - the leave is attributable to services already rendered,
 - the leave accumulates, and
 - the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

For leave that is excluded from the general approach, recognize a liability, including any salary-related payments, when leave commences

GASB Statement No. 101, *Compensated Absences*

Covered by the general approach

- Sick leave
- Vacation leave
- Paid time off (PTO)
- Unrestricted sabbatical leave
- Other leave not specifically excluded from the general approach

Excluded from the general approach

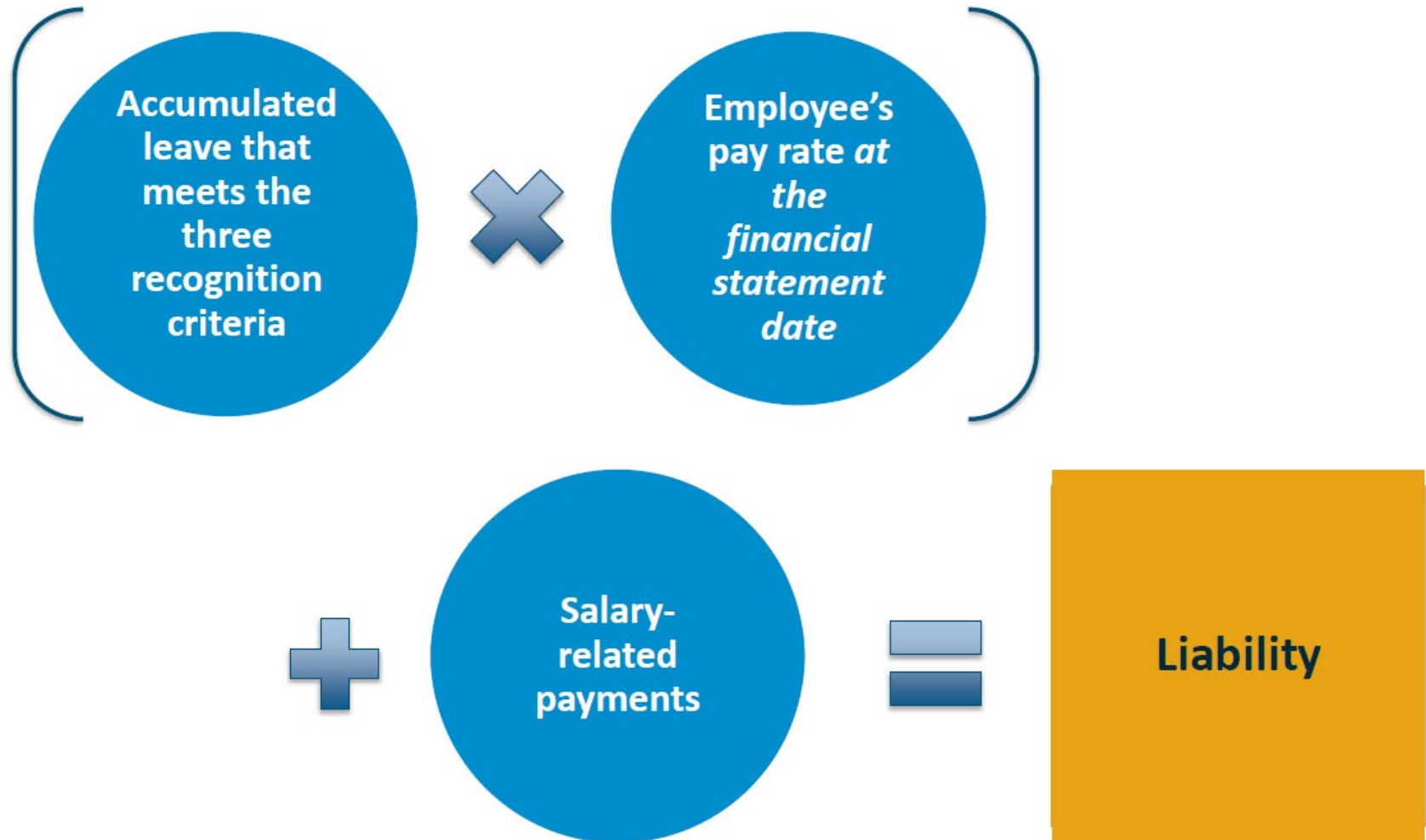
- Parental leave
- Military leave
- Jury duty
- Other leave that depends upon the occurrence of a sporadic event that affects a relatively small proportion of employees
- Unlimited leave
- Holiday leave that is taken on a specific date not at the employees' discretion

GASB Statement No. 101, *Compensated Absences*

Leave that will be settled through conversion to defined benefit pensions or OPEB *should not* be recognized as a liability for compensated absences

Leave to be settled through conversion to defined benefit pensions or OPEB already is included in the measurement of the net pension liability and net OPEB liability

GASB Statement No. 101, *Compensated Absences*



GASB Statement No. 101, *Compensated Absences*

Measurement of the liabilities for both leave that has been used and not used should include salary-related payments that are both:

- Directly associated with the leave—payment depends on the amount of salary to be paid, *and*
- Incrementally associated with the leave—payment is in addition to the payment of the salary

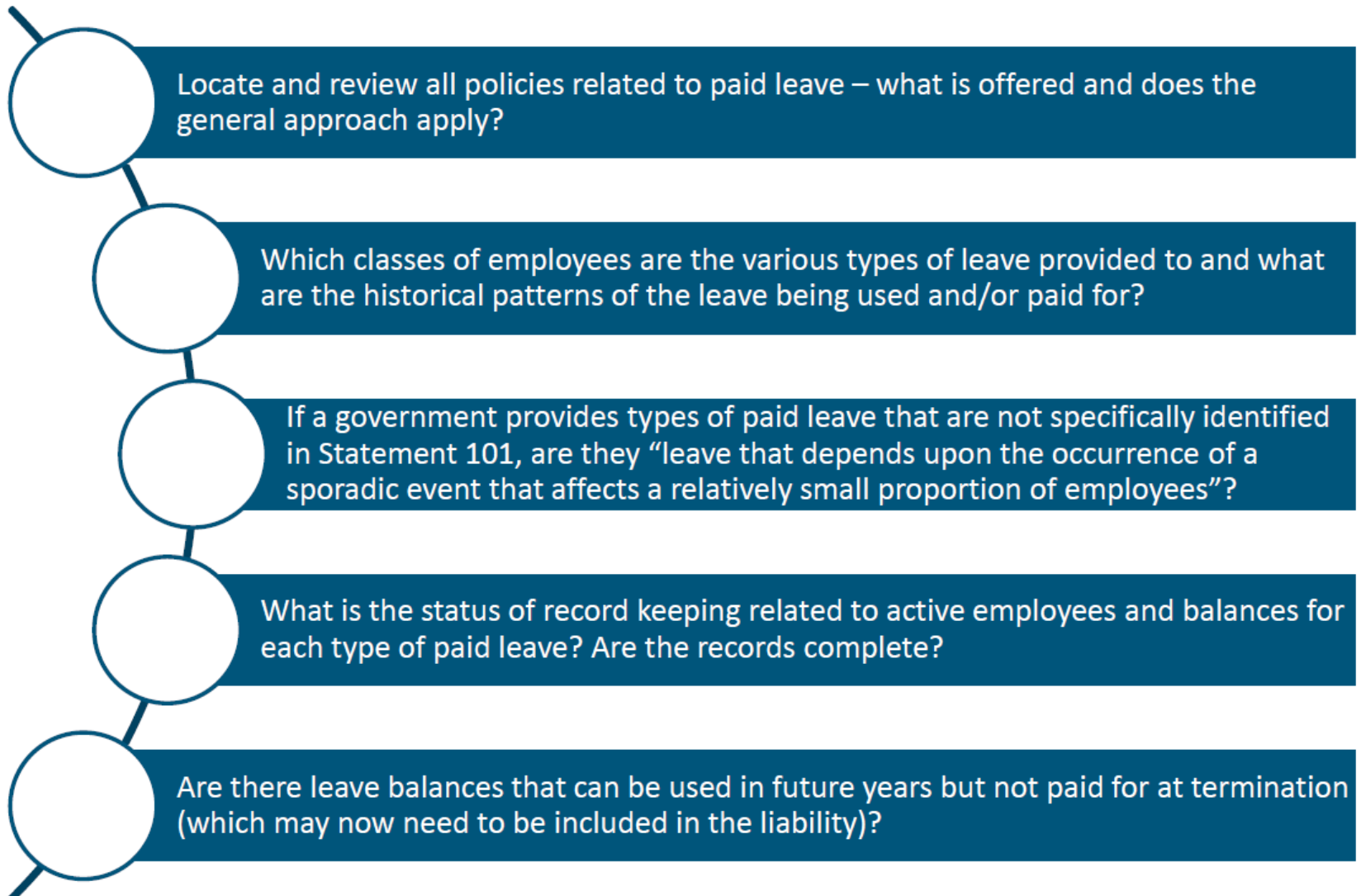
Examples include the employer share of Social Security and Medicare taxes, possibly employer payments related to DC pensions and OPEB, but *never* payments related to DB pensions and OPEB

GASB Statement No. 101, *Compensated Absences*

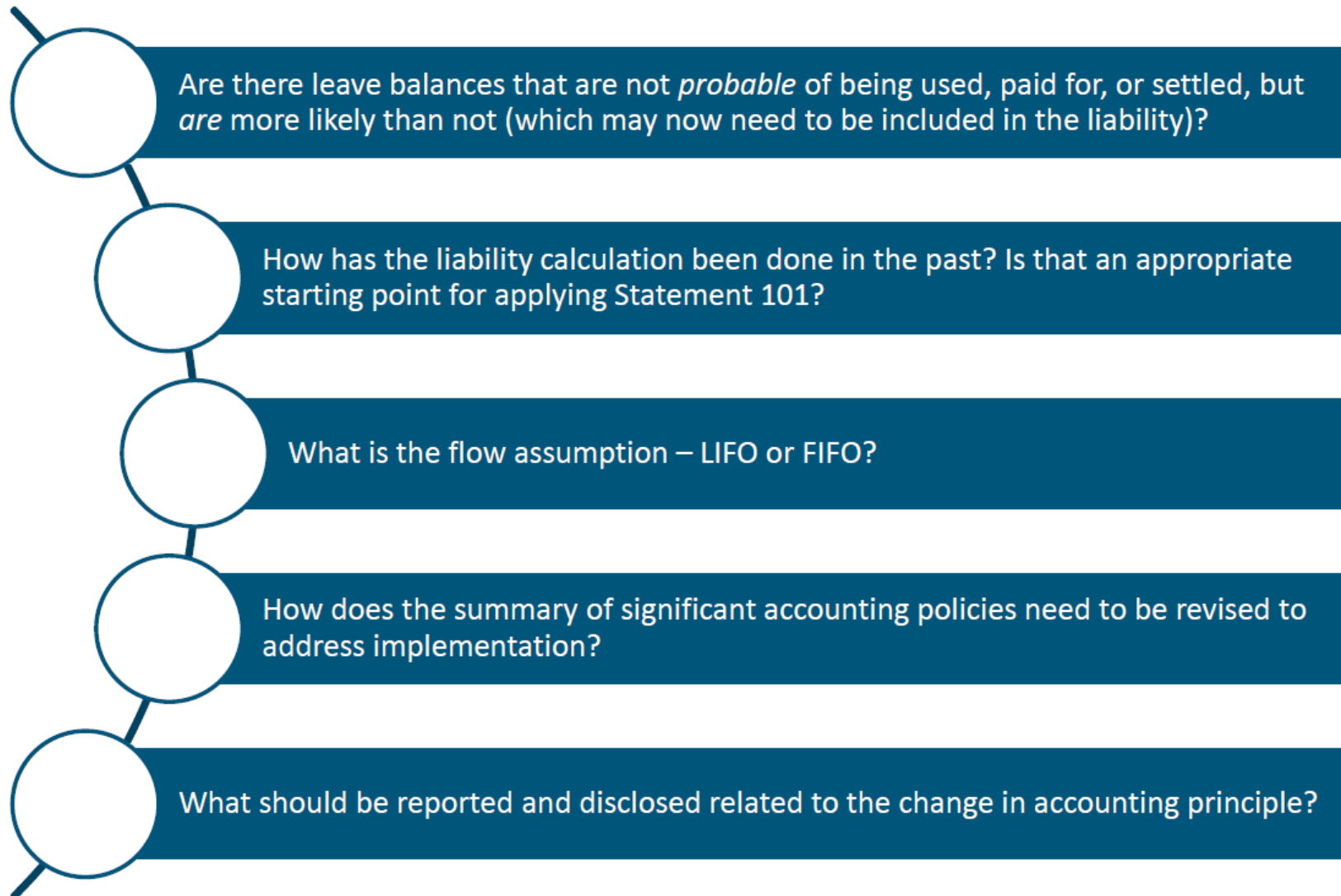
Long-term liabilities note:

- Beginning and ending balances for the year
- Changes in the liability during the year as *either*:
 - Separate increases and decreases, or
- NEW** • *A net increase or net decrease, as long as it is indicated as net*
- The portion of the ending balance due within one year
- Disclosure of the governmental funds used to liquidate the compensated absence liability *no longer is required*

GASB Statement No. 101, *Compensated Absences*



GASB Statement No. 101, *Compensated Absences*



GASB Statement No. 103, *Financial Reporting Model*

- Changes or further clarifications to what should be included in MD&A
- Changes to the Proprietary Funds (Business Type Activities) Statements of Revenues, Expenses, and Changes in Net Position

GASB Statement No. 103, *Financial Reporting Model*

MD&A

- Aimed to improve the usefulness of the MD&A, remove repetitive areas, and refocus on the reason for changes and not just the changes themselves.
- Clarifying information that should be included which were changed or addressed in previous standards
 - i.e. discussion of significant long term financing activity should include not just debt, but also leases and SBITAs
- *Statistical Section*
 - For governments such as hospitals that are engaged in only business-type activities (or business-type and fiduciary activities), Statement 103 requires that their statistical section schedule of changes in net position should report the same categories of revenues and expenses that are required for the statement of revenues, expenses, and changes in fund net position

GASB Statement No. 103, *Financial Reporting Model*

MD&A

- *Statistical Section*
 - For governments such as hospitals that are engaged in only business-type activities (or business-type and fiduciary activities), Statement 103 requires that their statistical section schedule of changes in net position should report the same categories of revenues and expenses that are required for the statement of revenues, expenses, and changes in fund net position

GASB Statement No. 103, *Financial Reporting Model*

Proprietary Funds (Business Type Activities) Statements of Revenues, Expenses, and Changes in Net Position

- Subsidies
 - Resources received from another party that:
 - The proprietary fund does not provide goods or services to the other party, **and**
 - Directly or indirectly keep the current or future fees and charges of the proprietary fund lower than they would be otherwise

GASB Statement No. 103, *Financial Reporting Model*

Proprietary Funds (Business Type Activities) Statements of Revenues, Expenses, and Changes in Net Position

Operating revenues (detailed)

– Total operating revenue

Operating expenses (detailed)

Total operating expenses

Operating income (loss)

Noncapital subsidies (detailed)

Total noncapital subsidies

Operating income (loss) and noncapital subsidies

Other nonoperating revenues and expenses (detailed)

Total other nonoperating revenues and expenses

Income (loss) before unusual or infrequent items

Unusual or infrequent items (detailed)

Increase (decrease) in fund net position

Fund net position—beginning of period

Fund net position—end of period

GASB Statement No. 103, *Financial Reporting Model*

- Effective for fiscal years beginning after June 15, 2025

Jose Aponte, CPA

Audit Partner, Sub-line leader Hospitals

985.629.5550

jraponte@criadv.com



CRI CARR
RIGGS &
INGRAM
CPAs and Advisors