Plante & Moran, PLLC is pleased to offer comments on the above referenced exposure draft. We support the efforts of the Financial Accounting Standards Board (Board) to reduce diversity in practice as it relates to presentation of items in the statement of cash flows. Following, please find our responses to the specific Questions for Respondents in the above referenced Exposure Draft.

**Question 1:** Do you agree that 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 or restricted cash equivalents? If not, please explain what presentation is more appropriate and why.

**Response 1:** As noted in the Basis for Conclusion, the Task Force believes the primary objective of the statement of cash flows is to provide users of the financial statements with relevant information about the sources and uses of cash. We agree the proposed approach will provide financial statement users with enhanced information on the changes in total cash and cash equivalents (including restricted cash and cash equivalents) as it will reduce diversity in practice related to the presentation of inflows and outflows of restricted cash.

While we do not object to the proposed approach, we believe an equally important objective of the statement of cash flows is to provide financial statement users with relevant information about an entity’s cash flows available to fund operations. Given the importance of understanding the amount of cash flows available to fund operations, we believe the proposed amendments should include expanded disclosures to make it easier for financial statement users to understand how much of an entity’s cash and cash equivalents is available for operations and how much is restricted for other uses. Please refer to Responses 2 and 3 below for additional details on the disclosures we believe should be expanded.

**Question 2:** Do you agree that if the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents at the beginning and end of the period shown on the statement of cash flows cannot be reconciled to the amounts of similarly titled line items on the statement of financial position, an entity should disclose on the face of the statement of cash flows or in the notes to the financial statements, the amounts and line items in which
such amounts are reported within the statement of financial position? If not, please explain why that information would not be useful.

**Response 2:** We agree that in situations where the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents at the beginning and end of the period shown on the statement of cash flows cannot be reconciled to the amounts of similarly titled line items on the statement of financial position, a reconciliation should be prepared. However, we believe this reconciliation should be required to be presented on the face of the statement of cash flows, rather than providing an option to disclose in the notes to the financial statements, given the importance of being able to reconcile amounts between the statement of cash flows and the statement of financial position.

In addition, we believe the Board should consider expanding the circumstances that require an entity to prepare a reconciliation of total cash and cash equivalents, including restricted cash and cash equivalents, included on the statement of cash flows and the amounts included on the statement of financial position. We believe a reconciliation should be required in any situation where the statement of financial position includes multiple line items of restricted cash or restricted cash equivalents or multiple line items for unrestricted cash and cash equivalents. The reconciliation should clearly show the total amounts of restricted cash and cash equivalents and unrestricted cash and cash equivalents. Given the importance of understanding the total amounts of restricted and unrestricted cash and cash equivalents, we do not believe financial statement users should be required to prepare their own reconciliation to determine the total amounts of each on the statement of cash flows and the statement of financial position.

**Question 3:** Do you agree that an entity should be required to disclose information about the nature of restrictions on its cash and cash equivalents? If not, please explain why that information would not be useful.

**Response 3:** Yes, we agree an entity should be required to disclose information about the nature of restrictions on cash and cash equivalents. In order for a financial statement user to fully understand the financial statements, it is important for them to be able to easily understand any restrictions the entity has on its cash and cash equivalents.

In addition, we believe entities should be required to disclose changes in the nature of restrictions that occur during the period, including changes in the amount of restrictions that are material to the financial statements. Accordingly, we recommend the Board consider expanding the disclosure requirements in these circumstances.

**Question 4:** Would disclosures of the amounts of gross transfers between cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents (excluding transfers, constructive or actual, that result in a concurrent cash receipt from or a concurrent cash payment to an outside source) provide meaningful information to financial statement users? Please explain why.

**Response 4:** We do not believe disclosures of the amounts of gross transfers between unrestricted cash and cash equivalents and restricted cash and cash equivalents would provide information that is meaningful to financial statement users. We believe the primary concern for financial statement users is understanding the nature and amount of material restrictions, rather than the amount of gross transfers during the period. Therefore, we believe the focus should be
on disclosures of the nature of restrictions on cash and cash equivalents and any changes in the restrictions as noted in Response 3 above.

**Question 5:** Should any other disclosures be provided? If so, please explain what disclosures should be provided and why that information would be useful.

**Response 5:** We do not believe any additional disclosures should be required.

**Question 6:** Do you agree that the proposed amendments should be applied using a retrospective transition method? If not, please explain what transition method would be more appropriate and why.

**Response 6:** Yes, we agree the proposed amendments should be applied using a retrospective transition method. We believe the presentation requirements in the proposed Update could result in significant changes for some entities compared to current practice. Given this, a retrospective transition method would be preferable to ensure comparability in the statement of cash flows.

**Question 7:** Do you agree that an entity should be required to provide the transition disclosures specified in the proposed Update? Should any other transition disclosures be required? If so, please explain what transition disclosures should be required and why.

**Response 7:** Yes, we agree an entity should be required to provide the transition disclosures specified in the proposed Update. We do not believe any additional transitional disclosures should be required.

**Question 8:** How much time will be necessary to implement the proposed amendments? Do entities other than public business entities need additional time to apply the proposed amendments? Why or why not?

**Response 8:** As stated in Response 6 we believe the proposed amendments should be applied retrospectively; however, the proposed presentation and disclosure provisions would not require significant amounts of new information to be accumulated. We recommend the new guidance be effective for fiscal years beginning after December 15, 2017, including interim periods within those annual periods. Additional time to apply the proposed amendments would not be needed by entities other than public business entities.

**Question 9:** Should early adoption be allowed? Why or why not?

**Response 9:** Yes, we believe early adoption should be allowed.

Thank you again for the opportunity to comment on this exposure draft. We would be pleased to respond to any questions the Board or its staff may have about these comments. Please direct any questions to David Grubb at david.grubb@plantemoran.com or 248.223.3745.

Very truly yours,

**PLANTE & MORAN, PLLC**