



The Heart Hospital
JOINTLY PHYSICIAN OWNED

Deaconess

THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC

FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

CPAs / ADVISORS



THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC

TABLE OF CONTENTS SEPTEMBER 30, 2016 AND 2015

	Page
Report of Independent Auditors	1
Financial Statements	
Balance Sheets.....	3
Statements of Operations and Changes in Members' Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6



Blue & Co., LLC / 500 N. Meridian Street, Suite 200 / Indianapolis, IN 46204
main 317.633.4705 fax 317.633.4889 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

Board of Managers
The Heart Hospital at Deaconess Gateway, LLC
Newburgh, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of The Heart Hospital at Deaconess Gateway, LLC (the "Heart Hospital"), which comprise the balance sheets as of September 30, 2016 and 2015, and the related statements of operations and changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Board of Managers
The Heart Hospital at Deaconess Gateway, LLC
Newburgh, Indiana

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Heart Hospital as of September 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blue & Co., LLC

Indianapolis, Indiana
January 26, 2017

THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC

BALANCE SHEETS SEPTEMBER 30, 2016 AND 2015

ASSETS		
	2016	2015
Current assets		
Cash	\$ -0-	\$ 1,229,317
Patient accounts receivable less allowance for estimated uncollectible amounts of \$1,216,566 in 2016 and \$2,107,700 in 2015	7,997,032	6,826,878
Inventories	1,481,222	1,154,077
Related party receivable	267,534	84,555
Prepaid expenses and other current assets	314,626	178,424
Total current assets	10,060,414	9,473,251
Property and equipment		
Property and equipment	14,633,893	12,598,784
Less accumulated depreciation	7,096,250	5,408,139
	7,537,643	7,190,645
Construction in process	-0-	80,512
Total property and equipment, net	7,537,643	7,271,157
Goodwill		
	6,658,815	6,658,815
Total assets	\$ 24,256,872	\$ 23,403,223
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 2,458,053	\$ 2,917,191
Cash overdraft	248,537	-0-
Salaries, wages and related liabilities	1,209,084	1,356,942
Current portion of long-term debt	712,553	445,216
Related party payable	192,320	-0-
Estimated third party settlements	1,362,339	1,954,800
Total current liabilities	6,182,886	6,674,149
Long-term debt, less current portion		
	1,696,377	1,234,705
Total liabilities	7,879,263	7,908,854
Members' equity		
	16,377,609	15,494,369
Total liabilities and members' equity	\$ 24,256,872	\$ 23,403,223

See accompanying notes to financial statements.

THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC

STATEMENTS OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
Operating revenue		
Net patient service revenue	\$ 56,633,140	\$ 60,408,376
Less provision for bad debts	(253,588)	1,423,112
Net patient service revenue net of provision for bad debts	56,886,728	58,985,264
Other operating revenue	118,675	361,933
Total operating revenue	57,005,403	59,347,197
Operating expenses		
Medical supplies	15,230,445	15,798,548
Contract services	9,907,226	10,343,827
Salaries and wages	8,464,190	7,575,908
Employee benefits	2,233,484	2,676,052
Other general supplies	204,449	175,964
Repairs and maintenance	684,821	606,510
Depreciation	1,688,111	1,097,907
Interest	59,207	34,047
Utilities	239,116	273,279
Lease and rentals	2,546,264	2,620,651
Other	1,710,576	1,477,794
Total operating expenses	42,967,889	42,680,487
Operating income	14,037,514	16,666,710
Nonoperating revenue		
Interest income and other	15	586
Net income	14,037,529	16,667,296
Members' equity, beginning of year	15,494,369	15,539,519
Distributions to members	(13,154,289)	(16,712,446)
Members' equity, end of year	\$ 16,377,609	\$ 15,494,369

See accompanying notes to financial statements.

THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC

STATEMENTS OF CASH FLOWS YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
Operating activities		
Net income	\$ 14,037,529	\$ 16,667,296
Adjustments to reconcile net income to net cash from operating activities		
Depreciation	1,688,111	1,097,907
Provision for bad debts	(253,588)	1,423,112
Changes in operating assets and liabilities		
Patient accounts receivable	(916,566)	(1,585,251)
Inventories and other current assets	(463,347)	(186,392)
Accounts payable and accrued expenses	(210,601)	875,430
Salaries, wages and related liabilities	(147,858)	275,932
Related party receivable	(182,979)	539,039
Related party payable	192,320	-0-
Estimated third party settlements	(592,461)	294,402
Net cash flows from operating activities	13,150,560	19,401,475
Investing activities		
Purchase of property and equipment	(1,954,597)	(3,467,634)
Financing activities		
Distributions to members	(13,154,289)	(16,712,446)
Proceeds from issuance of long-term debt	1,250,000	975,000
Payments on long-term debt	(520,991)	(266,700)
Net cash flows from financing activities	(12,425,280)	(16,004,146)
Net change in cash	(1,229,317)	(70,305)
Cash, beginning of year	1,229,317	1,299,622
Cash, end of year	\$ -0-	\$ 1,229,317
Other supplemental information		
Cash paid for interest	\$ 59,207	\$ 34,047

See accompanying notes to financial statements.

THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2016 AND 2015

1. NATURE OF OPERATIONS

Organization

The Heart Hospital at Deaconess Gateway, LLC (Heart Hospital) is a limited liability company, which is classified as a partnership for federal tax purposes. The Heart Hospital was formed prior to September 30, 2008 and significant operational activity commenced on October 4, 2008. The Heart Hospital is owned by Deaconess Hospital (Deaconess) (51%, 208 units at September 30, 2016 and 2015) and the Heart Physicians, LLC (49%, 200 units at September 30, 2016 and 2015). The Heart Hospital leases space and employees from Deaconess. Effective January 2014, the Heart Hospital ceased leasing certain employees from Deaconess. The Heart Hospital also purchases other services and supplies from Deaconess (see Note 4).

The Heart Hospital was formed for the purpose of meeting the demands of the community by owning and operating a cardiovascular hospital that provides a full spectrum of heart care such as; preventative care, medical care, emergent care, diagnostic testing, cardiovascular procedures, cardiovascular surgery and cardiac rehabilitation on an outpatient and inpatient basis. The majority of expenses included in the accompanying statements of operations primarily relate to providing these services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash

The Heart Hospital maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Heart Hospital has not experienced any losses in such accounts. The Heart Hospital believes that it is not exposed to any significant credit risk on cash.

Patient Accounts Receivable and Net Patient Service Revenue

The Heart Hospital reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients and others. The Heart Hospital has agreements with third-party payors that provide for payments to the Heart Hospital at amounts different from its established rates. Net patient revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered.

THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2016 AND 2015

Patient accounts receivable are reduced by an allowance for uncollectible accounts based on the Heart Hospital's evaluation of its major payor sources of revenue, the aging of the accounts, historical losses, current economic conditions, and other factors unique to its service area and the healthcare industry. Management regularly reviews data about the major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the Heart Hospital analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary. For receivables associated with self-pay payments the Heart Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

During 2016, the Heart Hospital's allowance for uncollectible accounts changed from approximately \$2,100,000 to \$1,200,000. The change was the result of a significant decrease in self-pay concentration. As of September 30, 2016 and 2015, the allowance for uncollectible amounts related primarily to reserves for self-pay balances.

Given the current regulatory and reimbursement environment, there can be no assurances that adequate reimbursement levels will continue to be available for the services provided by the Heart Hospital. Significant limits on the scope of services reimbursed and on reimbursement rates and fees could have a material adverse effect on the Heart Hospital's financial position, results of operations and cash flows.

The Heart Hospital is primarily located in Newburgh, Indiana and grants credit without collateral to its patients. Patient accounts receivable and gross patient service revenue from patients and third-party payors were comprised of the following as of and for the years ended September 30:

	Receivable		Revenue	
	2016	2015	2016	2015
Medicare	51%	41%	63%	63%
Medicaid	9%	11%	6%	5%
Managed care and commercial	32%	37%	30%	31%
Self pay	8%	11%	1%	1%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2016 AND 2015

Inventories

Inventories consist primarily of cardiovascular supplies and are stated at the lower of cost (first in, first out) or market.

Property and Equipment

Property and equipment are stated at cost and primarily includes equipment and leasehold improvements. Depreciation is computed on the straight line method. Equipment useful lives range from 2 to 13 years.

Goodwill

As of September 30, 2016 and 2015, the Heart Hospital recorded goodwill of \$6,658,815, related to the acquisition of certain assets and liabilities in conjunction with the provision of certain cardiology, cardiothoracic surgery, and related services from Deaconess. Goodwill is evaluated for impairment on an annual basis.

Advertising

The Heart Hospital expenses advertising costs as they are incurred. Advertising expense for the years ended September 30, 2016 and 2015 was \$170,543 and \$142,399, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts presented in the financial statements and accompanying notes. Estimates also affect the reported amounts of revenues and expenses. Although estimates are considered to be fairly stated, actual results could differ.

Charity Care

Traditional charity care covers the health care services provided to persons who meet certain criteria and cannot afford to pay. These charges were excluded from net patient service revenue under the Heart Hospital's charity care policy. Because the Heart Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient revenue.

THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2016 AND 2015

Of the Heart Hospital's total expenses reported, an estimated \$299,000 and \$405,000 arose from providing services to charity patients during 2016 and 2015, respectively. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Heart Hospital's total expenses divided by gross patient service revenue. There were no significant changes to the Heart Hospital's charity care policy during 2016.

Professional Liability Insurance

The Heart Hospital maintains its professional liability insurance coverage on a claims-made basis. The provisions for estimated professional liability claims include estimates of the ultimate costs for both reported and unreported claims. The Heart Hospital does not have any professional or other litigation which is expected to have a material financial impact on its financial position, results of operations or cash flows.

Contractual Arrangements with Third-Party Payors and Net Patient Service Revenue

The Heart Hospital provides care to certain patients under Medicare, Medicaid, Health Maintenance Organization (HMO), Preferred Provider Organization (PPO), and other commercial payors. Covered services are paid at predetermined rates. Reported services are subject to audit by the administering agencies. Changes in the Medicare and Medicaid programs and reduction of funding levels could have an adverse effect on the Heart Hospital.

Provision has been made in the financial statements for contractual adjustments representing the difference between standard charges for services and actual or estimated payment.

The State of Indiana maintains a Medicaid Hospital Assessment Fee Program (HAF Program). The purpose of the HAF Program is to fund the State share of enhanced Medicaid payments and Medicaid Disproportionate Share (DSH) payments for Indiana hospitals. The HAF Program also increased reimbursement from Medicaid. During 2016 and 2015, the Heart Hospital recognized HAF Program expense of approximately \$888,000 and \$698,000, respectively, which is included in other expense within the statements of operations and changes in members' equity.

THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2016 AND 2015

Estimated Third Party Settlements

Estimated third party settlements for Medicare and Medicaid reflect the difference between interim reimbursement and reimbursement as determined by contractual agreements and third party audits.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is a reasonable possibility that recorded estimated settlements could change by a material amount in the near term.

Electronic Health Records (EHR) Incentive Payments

The Heart Hospital receives EHR incentive payments under the Medicare program. To qualify for the EHR incentive payments, the Heart Hospital must meet "meaningful use" criteria that become more stringent over time. The Heart Hospital periodically submits and attests to its use of certified EHR technology, satisfaction of meaningful use objectives, and various patient data. These submissions generally include performance measures for each annual EHR reporting period (Federal fiscal year ending September 30). The related EHR incentive payments are paid out over a four-year transition schedule and are based upon data that is captured in the Heart Hospital's cost reports.

The payment calculation is based upon an initial amount as adjusted for discharges, Medicare utilization using inpatient days multiplied by a factor of total charges excluding charity care to total charges, and a transitional factor that ranges from 100% in first payment year and thereby decreasing by 25% each payment year until it is completely phased out in the fifth year.

The Heart Hospital recognizes EHR incentive payments as other operating income when there is reasonable assurance that the Heart Hospital will comply with the conditions of the meaningful use objectives and any other specific requirements. In addition, the financial statement effects of the other operating income must be both recognizable and measurable. EHR incentive income is included in other operating revenue in the statements of operations and changes in members' equity.

EHR incentive income recognized is based on management's estimate and amounts are subject to change, with such changes impacting operations in the period the changes occur. Receipt of these funds is subject to the fulfillment of certain obligations by the Heart Hospital as prescribed by the programs, subject to future audits and may be subject to repayment upon a determination of noncompliance.

During 2016 and 2015, the Heart Hospital recognized \$117,557 and \$361,817, respectively, in income related to EHR incentive payments.

THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2016 AND 2015

Income Tax Matters

The Heart Hospital at Deaconess Gateway, LLC is treated as a partnership for income tax purposes. As such, it does not pay federal or state income taxes. Items of income and expense flow through to the members who are taxed on these amounts at the member levels. There are no deferred taxes provided for temporary differences between tax and financial reporting.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Heart Hospital and recognize a tax liability if the Heart Hospital has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Heart Hospital, and has concluded that as of September 30, 2016 and 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Heart Hospital is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Heart Hospital has filed its federal and state income tax returns through the tax year ended December 31, 2015. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

Subsequent Events

The Heart Hospital has evaluated events or transactions occurring subsequent to the balance sheet date for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued which is January 26, 2017.

THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2016 AND 2015

3. NET PATIENT REVENUE

Net patient revenue for the years ended September 30, 2016 and 2015 consists of the following:

	2016	2015
Outpatient revenue	\$ 67,030,547	\$ 64,392,402
Inpatient revenue	91,141,995	99,768,446
Gross patient revenue	<u>158,172,542</u>	<u>164,160,848</u>
Contractual allowances	100,438,162	102,194,446
Charity care	1,101,240	1,558,026
Total adjustments	<u>101,539,402</u>	<u>103,752,472</u>
Net patient service revenue	56,633,140	60,408,376
Less provision for bad debts	<u>(253,588)</u>	<u>1,423,112</u>
Net patient service revenue net of provision for bad debts	<u>\$ 56,886,728</u>	<u>\$ 58,985,264</u>

4. RELATED PARTY TRANSACTIONS

Deaconess provides services and supplies to the Heart Hospital through a master services agreement. Related expenses amounted to approximately \$9,900,000 and \$10,300,000 for the years ended September 30, 2016 and 2015, respectively.

The Heart Hospital also leases its space from Deaconess. The lease term is for twenty years and expires on October 31, 2028. Rent expense, along with related maintenance charges, amounted to approximately \$1,700,000 for 2016 and 2015. Amounts due to Deaconess totaled approximately \$192,000 and \$-0- as of September 30, 2016 and 2015, respectively.

Amounts due from Deaconess totaled approximately \$268,000 and \$85,000 as of September 30, 2016 and 2015, respectively.

5. LINE OF CREDIT

The Heart Hospital has a line of credit available with a local financial institution. There was no outstanding balance as of September 30, 2016 and 2015. At September 30, 2016 the line of credit maximum amount was \$2,000,000 bearing interest at the one month LIBOR rate plus 1.750% but never to be less than 3.00%. The interest rate at September 30, 2016 was 3.00%. The line of credit is secured by accounts receivable, inventory and equipment and matures April 2017.

THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2016 AND 2015

6. LONG-TERM DEBT - LOANS PAYABLE

A summary of long-term debt as of September 30, 2016 and 2015 follows:

	2016	2015
2.58% fixed rate commercial loan payable to a bank in monthly installments of \$19,432 including interest, due February 2019; secured by equipment with a net book value of approximately \$500,000 as of September 30, 2016	\$ 545,539	\$ 761,343
2.95% fixed rate commercial loan payable to a bank in monthly installments of \$10,277 including interest, due June 2020; secured by equipment with a net book value of approximately \$400,000 as of September 30, 2016	436,235	544,708
2.80% fixed rate commercial loan payable to a bank in monthly installments of \$7,393 including interest, due March 2020; secured by equipment with a net book value of approximately \$300,000 as of September 30, 2016	294,772	373,870
2.63% fixed rate commercial loan payable to a bank in monthly installments of \$22,278 including interest, due March 2021; secured by equipment with a net book value of approximately \$1,000,000 as of September 30, 2016	1,132,384	-0-
	2,408,930	1,679,921
Less current portion	712,553	445,216
Total long-term debt	\$ 1,696,377	\$ 1,234,705

Scheduled principal repayments on loans payable are listed below.

Year Ending September 30,		
2017	\$	712,553
2018		673,008
2019		553,724
2020		394,156
2021		75,489
	\$	2,408,930

The Heart Hospital's long-term debt instruments do not contain restrictive financial covenants.

THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2016 AND 2015

7. MINIMUM OPERATING LEASE OBLIGATIONS

The Heart Hospital leases a medical office building from Deaconess at fair market value. The Heart Hospital also leases certain equipment from various vendors. Operating lease obligations are as follows:

Year Ending September 30,		
2017	\$	2,026,295
2018		1,900,977
2019		1,725,777
2020		1,666,177
2021		1,666,177
Thereafter		11,235,414
	\$	<u>20,220,817</u>

8. RETIREMENT PLAN

Effective January 1, 2014, The Heart Hospital established the Heart Hospital at Deaconess Gateway 401(k) Plan (the Plan) for the exclusive benefit of all eligible employees. The Plan is contributory and includes discretionary and matching amounts. Total expense for the Heart Hospital for eligible employees for 2016 and 2015 was approximately \$348,000 and \$713,000, respectively.

9. SELF-INSURED HEALTH PLAN

The Heart Hospital provides self-insured health benefits to eligible employees. The related costs for 2016 and 2015 were approximately \$925,000 and \$930,000, respectively. The Heart Hospital purchased insurance which limits its exposure for individual claims to \$35,000 and an aggregate exposure of approximately \$1,000,000.

10. RECENTLY ISSUED ACCOUNTING STANDARDS

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The core principle of this new guidance is that "an entity should 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". On August 12, 2015, the FASB further amended this guidance and issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606), which deferred the effective date for all entities by one year.

THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2016 AND 2015

These new standards, which the Heart Hospital is not required to adopt until its year ending September 30, 2020, deal with the timing of reporting revenues from contracts with customers, and disclosures related thereto.

On February 25, 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This new standard, which the Heart Hospital is not required to adopt until its year ending September 30, 2021, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their balance sheet the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's balance sheet.

The Heart Hospital is presently evaluating the effects that these ASUs will have on its future financial statements, including related disclosures.