

Coronavirus (COVID-19) disclosure

Trends worth talking about

The Securities and Exchange Commission (SEC) has more questions; see how companies are stepping up their disclosure this quarter.

On June 23, the SEC's Division of Corporation Finance (CorpFin) released [CF Disclosure Guidance: Topic No. 9A](#). The new guidance urges companies to revise and update disclosure as facts and circumstances change: stale coronavirus disclosure from Q1 will not suffice.

We're here to support you through the COVID-19 crisis. We have provided excerpts from companies answering CorpFin. Additionally, Intelligize is providing trial access to our entire research platform. [Request free access](#), and use the search links below to help you benchmark against the latest precedent.

Ongoing Assessment of the Impact of COVID-19

What are the material operational challenges that management and the Board of Directors are monitoring and evaluating?

[CAL-MAINE FOODS INC · 10-K · 07/20/2020](#)

We continue to proactively monitor and manage operations during the COVID-19 pandemic, including additional related costs that we have incurred or many incur in the future. In fiscal 2020, we spent an additional \$2.8 million related to the pandemic. The majority of the expenses were related to supplemental pay including employee benefits and additional labor.

[DUN & BRADSTREET HOLDINGS, INC. · S-1/A · 06/26/2020](#)

Given the current economic condition, we have been carefully monitoring the COVID-19 global pandemic and its impact on our business including, but not limited to, implementing additional operational processes to monitor clients sales and collections, taking precautionary measures to ensure sufficient liquidity, including a proactive draw of \$200 million on our revolving facility to preserve cash flow flexibility during the three months ended March 31, 2020, of which over \$100 million has subsequently been repaid, and adjusting operations to ensure business continuity.

[Search link...](#)

How and to what extent have you altered your operations, such as implementing health and safety policies for employees, contractors, and customers, to deal with these challenges, including challenges related to employees returning to the workplace?

[FLEX LTD. · DEF 14A · 06/26/2020](#)

Ultimately it takes people to make these important products, and our number one priority remains the health and safety of our employees and their families. It must be. Flex has more than 160,000 people operating in 30 countries, and it is our obligation to provide a safe and positive work environment. We've learned quickly how to implement protocols to physically protect our employees, operate effectively under strict safety conditions, and when necessary, provide a support system for our employees who test positive. Where possible, we mandated work-from-home, both for safety but also to minimize the burden on employees who are caregivers dealing with high-risk situations and disruptions to schools and childcare. We even embarked on making our own protective masks, both to ensure supply for our employees, and avoid tying up crucial supply from healthcare workers and first responders. We have refined and replicated our safety playbook across the globe, showing our ability to quickly improvise and adapt, and we will only continue to improve, because it's the right thing to do.

[SUPERIOR INDUSTRIES INTERNATIONAL INC · 8-K · 06/24/2020 · EX-99.1](#)

As of June 1, 2020, Superior had resumed production at all its facilities following the temporary suspension of operations in late March and early April 2020 due to the COVID-19 pandemic. To ensure the well-being of its employees, the Company is executing its Safe Work Playbook across its footprint, which includes expanded cleaning and sanitization, measures to ensure social distancing, distribution of personal protective equipment (PPE) in-line with government requirements, and daily temperature checks, among other activities.

[Search link...](#)

Are any decreases in cash flow from operations having a material impact on your liquidity position and outlook?

[AMERICAN OUTDOOR BRANDS, INC. · 10-12B/A · EX-99 · 07/13/2020](#)

Our business has been negatively impacted by several factors related to the COVID-19 pandemic, including a major online retail customer's decision to halt or delay most non-essential product orders, COVID-19-related supply chain issues, COVID-19-related "stay at home" orders, and sporting goods store closures, which have reduced retail foot traffic in many states. Based on these factors, we expect reduced revenue and cash flows in our business, which resulted in lowering our forecasted results. The lowered forecasts caused us to evaluate the fair value of our business and, based on the results of this evaluation, we recorded a \$98.9 million non-cash impairment of goodwill.

[PEOPLES BANCORP INC · 8-K · 06/30/2020](#)

Peoples' ability to access short-term funding or liquidity may be limited as a result of the impact of COVID-19 on local and global markets. This situation could further be exacerbated by a reduced deposit base either through customer withdrawals or non-renewal of term deposits. Market stress from the virus could result in reduced cash flow from earning assets including other-than-temporary impairment on investment securities and sustained repayment shortfalls on loans. It is possible that sources of wholesale funding such as the Federal Home Loan Bank, the Federal Reserve Bank, or the brokered certificate of deposit market would no longer be accessible to fund daily liquidity needs.

[Search link...](#)

Have there been material changes in your cost of capital?

[TRIDENT BRANDS INC · 10-Q · 07/20/2020](#)

Management expects revenue and profit contribution improvement as commercial efforts continue to gain traction and market conditions normalize. COVID-19 has thus far adversely affected our ability to raise additional capital, so there is no assurance we will be able to raise sufficient additional capital on acceptable terms or at all.

[AMERICAN HONDA FINANCE CORP · 10-K · 06/22/2020](#)

The COVID-19 pandemic has also led to disruption and volatility in the global capital markets, which has increased and may continue to increase our cost of capital and has adversely affected and may continue to adversely affect our ability to access the capital markets.

[Search link...](#)

How has a change, or a potential change, to your credit rating impacted your ability to access funding?

[CARNIVAL CORP · 10-Q \(Q2 2020\) · 07/10/2020](#)

In March and April 2020, Moody's and S&P Global downgraded our long-term issuer, senior secured and senior unsecured debt ratings. Our short-term commercial paper credit ratings were also downgraded. In May and June 2020, Moody's and S&P Global further downgraded our long-term issuer rating and our short-term rating, which prevents us from issuing additional commercial paper except for government-backed programs. In addition, our long-term ratings were placed on review for further downgrade by both rating agencies.

[AMERICAN HONDA FINANCE CORP · 10-K · 06/22/2020](#)

In addition, the foregoing events and the uncertainty relating thereto have adversely affected our short-term and long-term credit ratings and may continue to further adversely affect our ratings. For example, on March 27, 2020, Moody's Investors Service downgraded our short-term and long-term issuer ratings to P-2 and A3, respectively, and placed those ratings under review for further downgrade. On June 8, 2020, Moody's Investors Service confirmed our issuer ratings and changed its outlook to negative from rating under review. Additionally, on May 20, 2020, S&P Global Ratings downgraded our short-term and long-term issuer ratings to A-2 and A- respectively, with negative outlook. With the S&P Global Ratings downgrade to our short-term issuer rating, we have lost our Tier-1 commercial paper issuer status, which has increased our costs in the commercial paper markets. Additionally, further downgrades or placement on review for possible downgrades of our long-term unsecured ratings could also result in an increase in our borrowing costs as well as reduced access to global debt capital markets.

[Search link...](#)

Are you at material risk of not meeting covenants in your credit and other agreements?

[XENIA HOTELS & RESORTS, INC. · 8-K · 05/11/2020 · EX-99.1](#)

The Company is engaged in active discussions with its unsecured lenders to amend each of its unsecured borrowing agreements, as it breached a financial covenant on each of its unsecured debt borrowings at the end of the first quarter and expects to breach additional financial covenants at the end of the second quarter. In addition, the Company is in discussions with several of its secured lenders to obtain loan modifications that may include covenant waivers, debt service forbearance or deferral, as well as other relief.

[COREENERGY INFRASTRUCTURE TRUST, INC. · 10-Q · 06/25/2020](#)

The Company is in the process of working with its lenders and believes it will receive waivers with respect to the affected financial covenants before any covenants are violated. However, any waivers would be granted at the sole discretion of the lenders, and there can be no assurance that the Company will be able to obtain such waivers.

[Search link...](#)

If you include metrics, such as cash burn rate or daily cash use, in your disclosures, are you providing a clear definition of the metric and explaining how management uses the metric in managing or monitoring liquidity?

[UNITED AIRLINES HOLDINGS, INC. · 8-K · 06/15/2020](#)

The Company currently expects average daily cash burn for the second quarter of 2020 to be at the low end of the previously-provided guidance range of between \$40 million and \$45 million, at approximately \$40 million per day. The Company also currently expects average daily cash burn in the third quarter of 2020 to be approximately \$30 million per day. For this purpose, “cashburn” is defined as net cash from operations, less investing and financing activities. Proceeds from the issuance of new debt (excluding expected aircraft financing), government grants associated with the Payroll Support Program of the CARES Act and any new issuances of UAL common stock are not included in this figure.

[AMERICAN AIRLINES GROUP INC · 8-K · 06/12/2020](#)

The Company defines cash burn as the sum of all net cash receipts less all cash disbursements but excluding the effect of new financings and new aircraft purchases.

[Search link...](#)

Have you materially reduced or increased your human capital resource expenditures?

[RECRUITER.COM GROUP, INC. · 10-Q · 06/25/2020](#)

Due to the effects of COVID-19, the Company took steps to streamline certain expenses, such as temporarily cutting certain executive compensation packages by approximately 20%. Management also worked to reduce unnecessary marketing expenditures and worked to improve staff and human capital expenditures, while maintaining overall workforce levels.

The Company expects to resume certain expenses, such as compensation, in Q3 2020 if conditions warrant. The Company expects but cannot guarantee that demand for its recruiting solutions will continue to improve in the second half of 2020, as certain clients re-open or accelerate their hiring initiatives. The Company does not expect reductions made in Q2 2020 due to COVID-19 to inhibit its ability to meet client demand. Overall, management is focused on effectively positioning the Company for a rebound in hiring which we expect in the second half of 2020.

[ABM INDUSTRIES INC /DE/ · 10-Q · 06/18/2020](#)

As we adapt to the changing demand environment resulting from the Pandemic, in April 2020 we began to implement, and will continue to implement, various cost cutting actions, such as:

- Various human capital management actions, including: temporary pay reductions for executives, certain employees, and our Board of Directors; temporary furloughs or reduced working hours for certain staff and management employees; and the temporary suspension of certain benefits, including our 401(k) match;
- Actively managing direct labor and related personnel costs, including furloughs or reduced hours for certain service employees in markets significantly impacted by shutdowns;
- Reducing our planned capital expenditures and operating expenditures for the remainder of 2020, including the postponement of various technology initiatives (such as our enterprise resource planning system) that are deemed non-critical to our operations, and limiting travel and entertainment expenses; and
- Reducing our sales and marketing expenses and discretionary spending projects across the Company.

[Search link...](#)

Are you able to timely service your debt and other obligations?

[PPG INDUSTRIES INC · 10-Q · 07/17/2020](#)

The Company continues to believe that cash on hand and short-term investments, cash from operations and the Company's access to capital markets will continue to be sufficient to fund our operating activities, capital spending, acquisitions, dividend payments, debt service, share repurchases, contributions to pension plans and PPG's significant contractual obligations.

[WALGREENS BOOTS ALLIANCE, INC. · 10-Q · 07/09/2020](#)

The Company expects to fund its working capital needs, capital expenditures, pending acquisitions, dividend payments and debt service obligations from liquidity sources including cash flow from operations, availability under existing credit facilities, commercial paper programs, working capital financing arrangements and current cash and investment balances. The Company believes that these sources, and the ability to obtain other financing, if necessary, will provide adequate cash funds for the Company's foreseeable working capital needs, capital expenditures, pending acquisitions, dividend payments and debt service obligations for at least the next 12 months.

[Search link...](#)

Have you altered terms with your customers, such as extended payment terms or refund periods?

[URBAN OUTFITTERS INC · 10-Q · 06/30/2020](#)

In response to the coronavirus pandemic, the Company has taken many additional measures to protect its financial position and increase financial flexibility during this challenging time period. Those include:

[...] Extending payment terms for both merchandise and non-merchandise vendor invoices by 30 days....

[JERASH HOLDINGS \(US\), INC. · 10-K · 06/29/2020](#)

We had accounts receivable of \$5.3 million as of March 31, 2020. Out of this \$5.3 million, \$5.1 million has been received up to June 24, 2020. Some customers, including our major customer VF Corporation, have requested to extend their credit terms for an addition of 20 days to 60 days from their original payment terms. On the other hand, VF Corporation offered to accelerate 50% of its settlements for shipments in April and May 2020.

[Search link...](#)

Are you relying on supplier finance programs, otherwise referred to as supply chain financing, structured trade payables, reverse factoring, or vendor financing, to manage your cash flow?

[BIRKS GROUP INC. · 20-F · 07/08/2020](#)

Additionally, a significant portion of the merchandise we sell is carried on a consignment basis prior to sale or is otherwise financed by vendors, which reduces our required capital investment in inventory. Any significant change in these consignment or vendor financing relationships could have a material adverse effect on our net sales, cash flows and liquidity.

[VASTA PLATFORM LTD · F-1 · 07/06/2020](#)

In order to cover possible liquidity deficiencies or mismatches between cash and cash equivalents with short-term debt and financial obligations, the Business continues to operate in the finance markets with operations such as reverse factoring as long as this credit line is offered by banks and accepted by the Business suppliers, and also, with the support committed from its Parent Entity.

[Search link...](#)

Have you assessed the impact material events that occurred after the end of the reporting period, but before the financial statements were issued, have had or are reasonably likely to have on your liquidity and capital resources and considered whether disclosure of subsequent events in the financial statements and known trends or uncertainties in MD&A is required?

[RALPH LAUREN CORP · 10-K · 05/27/2020](#)

Even before the COVID-19 pandemic, many retailers, including certain of our large wholesale customers, have been highly promotional and have aggressively marked down their merchandise on a periodic basis in an attempt to offset declines in physical store traffic. The retail industry, particularly in the U.S., has also experienced numerous bankruptcies, restructurings, and ownership changes in recent years. The COVID-19 pandemic could exacerbate these trends if companies do not have adequate financial resources and/or access to additional capital to withstand prolonged periods of adverse economic conditions. The continuation of these industry trends could further impact consumer spending and consumption behavior in our industry, which could have a material adverse effect on our business or operating results.

[BOOKING HOLDINGS INC. · 10-Q · 05/07/2020](#)

Due to the uncertain and rapidly evolving nature of current conditions around the world, we are unable to predict accurately the impact that the COVID-19 pandemic will have on our business going forward. We currently expect, however, that the COVID-19 pandemic will impact our financial performance for the quarter ended June 30, 2020, much more significantly than it impacted the quarter ended March 31, 2020, primarily because an increasing number of markets and locations will have been subject to the governmental measures and economic disruptions noted above during the entirety of the second quarter (as compared to the first quarter, when the effects of the outbreak were largely limited to China and certain other Asian markets during January 2020

and much of February 2020). With the spread of COVID-19 to other regions, such as Europe and the United States, we expect the pandemic and its effects to continue to have a significant adverse impact on our business for the duration of the pandemic and during the subsequent economic recovery, which could be an extended period of time.

[Search link...](#)

Government Assistance – The Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

Does the assistance involve new material accounting estimates or judgments that should be disclosed or materially change a prior critical accounting estimate?

[NURIX THERAPEUTICS, INC. · S-1 · 07/02/2020](#)

On March 27, 2020 the CARES Act was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, permits NOL carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs incurred in taxable years 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. Any tax benefit as a result of the CARES Act is primarily due to the carryback of net operating losses to prior taxable years and increased interest expense deductions. In the second fiscal quarter of 2020, we filed a refund claim of \$15.7 million to carryback NOLs generated in the fiscal year ended November 30, 2018, and we intend to file an additional refund claim to carryback NOLs generated in the fiscal year ended November 30, 2019 to recover an additional \$3.9 million of income tax. Additionally, as a result of the CARES Act, we anticipate our NOL carryback claims will displace certain research and development credits that were originally used to offset previous tax expense. As such, we recorded a discrete benefit of \$20.6 million, which consist of the carryback claims and the reversal of the uncertain tax liabilities, in the condensed statement of operations for the six months ended May 31, 2020, and a related income tax receivable of \$19.6 million for the anticipated tax refund claims on the condensed balance sheet as of May 31, 2020.

[PATRIOT NATIONAL BANCORP INC · 10-Q · 06/08/2020](#)

On March 27, 2020, the CARES Act was signed into law.

The CARES Act includes provisions relating to refundable payroll tax credits, deferment of the employer portion of certain payroll taxes, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. While the Company continues to evaluate the impact of the CARES Act, it does not currently believe it will have a material impact on the Company's income taxes or related disclosures.

[Search link...](#)

A Company's Ability to Continue as a Going Concern

Are there conditions and events that give rise to the substantial doubt about the company's ability to continue as a going concern?

[VIAD CORP · 10-Q · 06/22/2020](#)

We have concluded that the shut-down of live event and tourism activities resulting in substantial net losses and operating cash outflows and the expected inability to maintain compliance with debt covenants discussed above raise substantial doubt about our ability to continue as a going concern for a period through one year from the issuance of the financial statements. We have prepared the financial statements on a going concern basis, which do not include any adjustments that might result from the outcome of this uncertainty.

[STEIN MART INC · 10-K · 06/15/2020](#)

As a result of the COVID-19 pandemic and subsequent temporary store closures, our revenues, liquidity, results of operations and cash flows, and our ability to pay vendors and landlords according to standard terms have been materially adversely impacted. Accordingly, our management has determined that there is substantial doubt about our ability to continue as a going concern over the next twelve months and our independent registered public accounting firm has included a "going concern" explanatory paragraph in their report on our financial statements as of and for the year ended February 1, 2020.

[Search link...](#)