



## Consent

### Consent Cover Letter

The purpose of this research study is to better understand how financial statement users use financial information. We are doing this study because standard setters are currently considering revisions to financial statements and academic research could help inform their decision making process.

There are no known risks associated with participating in this study.

Your responses will be anonymous as no identifying data will be collected during the survey. You will not be identified in any publications. The information collected in this research will not be used for future research studies.

If you have any questions complaints or if you feel you have been harmed by this research please contact [REDACTED] Department of Accounting, [REDACTED]  
[REDACTED]

If you have any questions about your rights as a research subject, including concerns, complaints, or to offer input, you may call the Office for the Protection of Research Subjects (OPRS) at [REDACTED] or e-mail OPRS at [irb@\[REDACTED\]](mailto:irb@[REDACTED])

It should take 20 minutes to complete the questionnaire. Participation in this study is voluntary. You can choose not to take part. You can choose not to finish the questionnaire or omit any question you prefer not to answer without penalty or loss of benefits.

By pressing submit on your survey link you are giving your consent to participate and indicating that you are at least 18 years old.

I sincerely thank you for your participation!

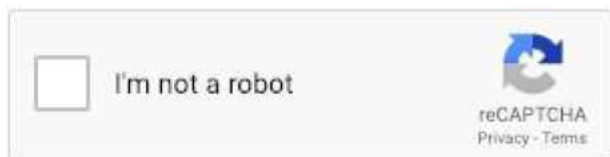
## Captcha

### Please note before proceeding:

For the best user experience, we recommend completing the survey on your

computer. If you are not currently on your computer, you can exit out of the survey and open the link again from your computer.

Please click the box below to verify you are not a robot.



What is your prolific id? Please note that this response should autofill with the correct id.

`#{e://Field/PROLIFIC_PID}`

## Introduction

## Introduction

Thank you for participating in this research study! In this study, you will view abbreviated financial information from a company and will then answer a series of questions relating to your views about the company.

## Task Overview - Please Read Before Beginning

You are about to be shown information on Harbinson Foodservice Distributors, Inc. ("Harbinson"), a company specializing in foodservice wholesaling to restaurants and cafeterias. In particular, you will be shown excerpts from Harbinson's financial reports: an income statement and a statement of cash flows. The information you will see is a very simplified version of the information you would normally use in your natural environment. This is by design. We ask that you focus on the information that is available to make your judgments and do your best to make judgments as you would in your normal environment.

## Income Statement and Statement of Cash Flows Information

Recall that most large companies, including the company depicted in this case, use what is called the *accrual basis* of accounting. This simply means that the income statement presents the results of transactions that occurred during the period but not necessarily the company's actual cash inflows and outflows. For example, revenue on the income statement can include customers' purchases that were paid for using cash and customers' purchases that were paid for using credit where no cash has yet changed hands. In contrast, the statement of cash flows helps to understand the company's actual cash inflows and outflows during the same period, and can in a

sense help to understand what net income would be on a cash basis. Accrual basis net income provides users a measure of the firm's current period performance, while the statement of cash flows provide users with information on the firm's financial health.

**Note:** The financial reports you are about to see may or may not be presented in a manner that you are accustomed to seeing. For the purposes of this exercise, you may assume that the financial reports you are about to see are in compliance with generally accepted accounting principles (GAAP).

Before proceeding, please select all of the following statements that are **true**:

- ☐ None of these statements are correct.
- ☐ The statement of cash flows helps to understand the company's actual cash inflows and outflows during the period.
- ☐ Accrual basis net income only includes transactions that occurred during the year where cash was paid or received.
- ☐ The statement of cash flows provide users information on the firm's financial health.
- ☐ Accrual basis net income provides users a measure of the firm's current period performance.

Participants only see this screen if they answer the question above incorrectly

**Incorrect. Please reread the task overview information and try again.**

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  - ☐ The statement of cash flows helps to understand the company's actual cash inflows and outflows during the period.
- 

## **SOCF and IS**

**Assume you are evaluating Harbinson FoodService Distributors, Inc. as a potential investment and obtain the following excerpt from their Income Statement and Statement of Cash Flows. Please review this information before proceeding.**

## Harbinson Foodservice Distributors, Inc.

### SELECTED FINANCIAL DATA - EXCERPTS

#### Income Statement

| <i>(Amounts in thousands)</i> | Fiscal years ended December 31, |                 |                 |
|-------------------------------|---------------------------------|-----------------|-----------------|
|                               | 2021                            | 2022            | 2023            |
| Sales revenue                 | \$ 6,002                        | \$ 6,072        | \$ 6,154        |
| Cost of inventory sold        | \$ 4,802                        | \$ 4,842        | \$ 4,898        |
| <b>Net income</b>             | <b>\$ 1,200</b>                 | <b>\$ 1,230</b> | <b>\$ 1,256</b> |

#### Statement of Cash Flows

| <i>(Amounts in thousands)</i>                    | Fiscal years ended December 31, |                 |                 |
|--------------------------------------------------|---------------------------------|-----------------|-----------------|
|                                                  | 2021                            | 2022            | 2023            |
| <b>Cash flows from operating activities:</b>     |                                 |                 |                 |
| Net income                                       | \$ 1,200                        | \$ 1,230        | \$ 1,256        |
| Change in accounts receivable                    | \$ (847)                        | \$ (1,804)      | \$ (4,642)      |
| Change in inventory                              | \$ (137)                        | \$ (315)        | \$ (555)        |
| Change in accounts payable                       | \$ 996                          | \$ 2,143        | \$ 5,239        |
| <b>Net cash provided by operating activities</b> | <b>\$ 1,212</b>                 | <b>\$ 1,254</b> | <b>\$ 1,298</b> |

**Assume you are evaluating Harbinson FoodService Distributors, Inc. as a potential investment and obtain the following excerpt from their Income Statement and Statement of Cash Flows. Please review this information before proceeding.**

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| Net income                                       | \$ 1,200                        | \$ 1,230        | \$ 1,256        |
| Change in accounts receivable                    | \$ (847)                        | \$ (1,300)      | \$ (1,986)      |
| Change in inventory                              | \$ (137)                        | \$ (275)        | \$ (463)        |
| Change in accounts payable                       | \$ 996                          | \$ 1,599        | \$ 2,491        |
| <b>Net cash provided by operating activities</b> | <b>\$ 1,212</b>                 | <b>\$ 1,254</b> | <b>\$ 1,298</b> |

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| <b>Cash collected from sales to customers</b>    | <b>\$ 5,155</b>                 | <b>\$ 4,268</b>   | <b>\$ 1,512</b> |
| Cost of inventory sold                           | \$ (4,802)                      | \$ (4,842)        | \$ (4,898)      |
| Unsold purchases of inventory                    | \$ (137)                        | \$ (315)          | \$ (555)        |
| Inventory purchased from suppliers on credit     | \$ 996                          | \$ 2,143          | \$ 5,239        |
| <b>Cash paid to suppliers of inventory</b>       | <b>\$ (3,943)</b>               | <b>\$ (3,014)</b> | <b>\$ (214)</b> |
| <b>Net cash provided by operating activities</b> | <b>\$ 1,212</b>                 | <b>\$ 1,254</b>   | <b>\$ 1,298</b> |

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| <b>Cash paid to suppliers of inventory</b>       | <b>\$ (3,943)</b>               | <b>\$ (3,518)</b> | <b>\$ (2,870)</b> |
| <b>Net cash provided by operating activities</b> | <b>\$ 1,212</b>                 | <b>\$ 1,254</b>   | <b>\$ 1,298</b>   |

dvRisk

Below you will be asked to respond to a few questions about the case information you just saw. The case information is repeated for your reference. Please answer the questions that follow.

Assume you are evaluating Harbinson FoodService Distributors, Inc. as a potential investment and obtain the following excerpt from their Income Statement and Statement of Cash Flows. Please review this information before proceeding.

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How risky do you consider an investment in Harbinson to be?

The right side of the scale indicates an investment you believe is riskier than average, while the left side of the scale indicates an investment that is less risky than average.

Recall you do not have all the information that would normally be available to you. Please make your judgment based on the information you have reviewed.



Please briefly explain the reasoning you used to answer the question above.

### PEQs

**The following questions are included for understanding more about the group of study participants as a whole.**

How familiar are you with financial statement analysis?

Not At All  
Familiar  
(1)

☐

(2)      (3)

☐☐

About  
Average  
Familiarity  
(4)

☐

(5)      (6)

☐☐

Very  
Familiar  
(7)

☐

How familiar are you with the Statement of Cash Flows?

Not At All  
Familiar  
(1)

☐

(2)

☐

(3)

☐

About  
Average  
Familiarity  
(4)

☐

(5)

☐

(6)

☐

Very  
Familiar  
(7)

☐

Have you ever invested in the stock of a publicly traded company (directly or through a mutual fund)?

- ☐ Yes
- ☐ No, but I plan to in the future.
- ☐ No, and I do not plan to in the future.

What is the highest level of education you have achieved?

- ☐ High School/GED
- ☐ 2 Year or other Technical Degree
- ☐ Bachelor's Degree
- ☐ Master's Degree
- ☐ Doctoral/JD

If you attended college, what was your major? (write N/A if not applicable)

How many undergraduate and graduate accounting and finance courses have you taken, including any you might be taking currently?

Accounting classes:

Finance classes:

How many years of full-time work experience do you have?

Have you ever worked in a professional investment capacity?

- ☐ Yes
- ☐ No

What is your current job title (or most recent if currently unemployed)? (write N/A if not currently employed)

At what type of entity are you currently employed (or most recently employed if currently unemployed)?

Which industry best describes the field in which you are currently employed? (or most recently employed if you are currently unemployed)

How involved are you (or were you) with the preparation of financial statements for your company?

Not At All  
(1)

☐

(2)      (3)

☐☐

A Moderate  
Amount  
(4)

☐

(5) (6)

☐☐

A Great Deal

(7)

☐

How many years of management experience do you have?

How did you complete this study?

☐

Desktop

☐

Laptop

☐

Tablet

☐

Phone

☐

Other (please specify)

What is your gender?

☐

Male

☐

Female

☐

Other/Prefer not to say

Have you ever made stock investment decisions? If yes, approximately how many times?

☐

Yes

☐

No

Have you ever made lending decisions? If yes, approximately how many times?

☐

Yes

☐

No

Which of the following best describes your first language?

☐

English is my first language.

☐

English is NOT my first language. My first language is:

What is your current age?

Is there anything else you would like to tell us?