**Introduction**

***\*\*\*\*\*(Rearrange slightly and provide more company background, before getting into financial information. uld Also include some financial data on CVS such as what is its annual revenue, how much has it grown since 1963, etc.)\*\*\*\*\*\*\*\*\*\****

I selected CVS Health Corporation due to their recent acquisition of Target’s 1,672  pharmacies which spans across 47 states, and it’s 79 clinic locations.

CVS Health Corporation (referred to as CVS) is a global corporation traded publicly on the New York Stock Exchange (NYSE:CVS).  It is currently ranked tenth on the Fortune 500 listing.  The current market price per share closed at $93.90 as of January 15, 2016, while shares during the same time a year ago closed at $97.17.  CVS  is recognized as a global pharmacy innovation company helping people on their path to better health. It is also the largest retailer of prescription drugs.  RxResource, ranks CVS as the second largest pharmacies benefit manager in the U.S. In 1963, the Goldstein brothers Ralph and Stanley, along with partner Ralph Hoagland, opened the first Consumer Value Stores (CVS) in Lowell, Massachusetts.  CVS primary focus was the sale of health and beauty care products.  It was not until 1967, that CVS expanded its sales to include a pharmacy.  Since that time CVS has undergone massive expansion to include restructuring and numerous acquisitions.

***\*\*\*\*\*\*(Please use topic headers to organize your subject matter (Dividends, Investments, Long Term Liabilities, etc.) and discuss each topic separately. For example, if you choose to discuss long-term liabilities, you should provide more detail on what the balance sheet number is comprised of. Any significant item, such as debt related to the Omnicare acquisition, should include more data (what is the Omnicare acquisition? How long is the payback period, interest rate, etc.). For dividends - what is the dividend history? Have dividends been increasing? If so, by how much?)\*\*\*\*\*\*\*\****

CVS Healthcare issued only Common Stock with par value of $0.01, shares authorized 3200 million, issued 1698 million and outstanding 1110 million. CVS has not issued preferred stock yet which has par value of $0.01 with 0.1 million as authorized shares. CVS healthcare does hold treasury stock of 587 million shares.

CVS Healthcare has been paying dividends quarterly dividend per share average between $0.25 per share. CVS Healthcare has long term debt we can find the long term debt in balance sheet which includes debt of Omnicare acquisition amount of $3.1 billion. The Company has an equity method investment in SureScripts. CVS Healthcare has short term investments in certificates of maturity less than one year.

***\*\*\*\*\*\*\*\*\*\*\*\*\*(Operating activities - for receivables and inventory, explain that the statement shows changes in these assets that affect cash flow. Dig a little deeper into the "whys" rather than just stating the information that can be seen on the statement itself. Is there a reason why borrowing went up for CVS in 2015? Was there something significant they were investing in that triggered this borrowing?)\*\*\*\*\*\*\*\*\*\*\*\*\*\****

**Cash Flow Analysis**

Accounting is based upon accruals concepts that reports revenues when those are earned and expenses incurred rather than received or paid (principlesofaccounting chap-16). Statement of Cash Flows depicts the outflows and inflows of cash during the financial year of the company. Each section of the cash flow statement has significant importance to different stakeholders in order to understand a company’s future plans. CVS Healthcare and Walgreens operate within the same industry, therefore, both of these companies are extremely close competitors. In order to understand the difference in the flow of cash within these two companies it is necessary to analyze the cash flow statements of both companies.

**Operating Activities Analysis from Cash Flows Statement**

Operating activities of the cash flow statement delineates how much is business earning from operating activities and how much money is spent on those activities. If we look at the statements of both CVS and Walgreens there is significant change in how operating activities cash flow has been flowing during the last two year period. CVS operating activities cash has increased in year 2015 by around 2% from 2014 operating cash flow.  Whereas, Walgreens cash from operating activities has decreased by around 30% in 2015 from 2014. Major receipts of operating activities of both companies are almost the same. This is due to both having major contributions from customers receipts, whereas payment in operating activities of both companies were made mainly in inventories.

**Investing Activities Analysis from Cash Statement**

CVS and Walgreens have the same trend of negative cash flows from investing activities.  Which indicates both companies are investing more money in order to expand their business; this is due to higher growth prospects in the future. Major outflows of both businesses is made in purchases of equipment and plant assets in investing activities. Over the past two years both companies have increased their ratio of investment in investing activities.

**Financing Activities Analysis from Cash Flows Statement**

CVS Healthcare has borrowed long term debt during 2015, which is a major contributor to the cash inflows from financing activities of CVS Healthcare. In year 2015,Walgreens had major outflows in financing activities due largely to payments of dividends and long term debt. CVS Healthcare also had outflows in the form of repayments of long term debt and dividend payments in year 2015. Overall CVS had positive cash flows from financing activities, whereas, Walgreens experienced negative flows from this section of cash flow.

**Conclusion:** Overall the investing activities of cash flows is the same for both companies; however, there are significant differences in investing and financing activities of both of these companies.  CVS looks like a bigger company with larger cash inflows and outflows, as compared to Walgreens.  However, the major focus of this assignment was to analyze the flows of cash in each sections of cash flow statement.

**References**

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