

Edgar Filing: DELUXE CORP - Form 10-Q

DELUXE CORP
Form 10-Q
October 26, 2018

false--12-31Q320180000027996falseLarge Accelerated FilerDELUXE
CORPfalse0.011323580200003645100000039300054100034306000276850003391300016450001.001.005000000005000000
0000027996 2018-01-01 2018-09-30 0000027996 us-gaap:AccountingStandardsUpdate201707Member 2018-01-01
2018-09-30 0000027996 us-gaap:AccountingStandardsUpdate201409Member 2018-01-01 2018-09-30 0000027996
2018-10-17 0000027996 2017-12-31 0000027996 2018-09-30 0000027996 2017-01-01 2017-09-30 0000027996
2017-07-01 2017-09-30 0000027996 us-gaap:OperatingExpenseMember 2018-07-01 2018-09-30 0000027996
us-gaap:ProductMember 2017-01-01 2017-09-30 0000027996 us-gaap:ServiceMember 2018-07-01 2018-09-30
0000027996 us-gaap:ServiceMember 2018-01-01 2018-09-30 0000027996 2018-07-01 2018-09-30 0000027996
us-gaap:ServiceMember 2017-01-01 2017-09-30 0000027996 us-gaap:OperatingExpenseMember 2017-01-01
2017-09-30 0000027996 us-gaap:ProductMember 2017-07-01 2017-09-30 0000027996 us-gaap:ServiceMember
2017-07-01 2017-09-30 0000027996 us-gaap:ProductMember 2018-07-01 2018-09-30 0000027996
us-gaap:ProductMember 2018-01-01 2018-09-30 0000027996 us-gaap:OperatingExpenseMember 2017-07-01
2017-09-30 0000027996 us-gaap:OperatingExpenseMember 2018-01-01 2018-09-30 0000027996
us-gaap:CommonStockMember 2018-09-30 0000027996 us-gaap:AdditionalPaidInCapitalMember 2018-01-01
2018-09-30 0000027996 us-gaap:RetainedEarningsMember 2018-01-01 2018-09-30 0000027996
us-gaap:AdditionalPaidInCapitalMember 2017-12-31 0000027996 us-gaap:CommonStockMember 2018-01-01
2018-09-30 0000027996 us-gaap:RetainedEarningsMember 2017-12-31 0000027996
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-09-30 0000027996
dlx:AccountingStandardsUpdateNo.201802Member us-gaap:RetainedEarningsMember 2018-09-30 0000027996
us-gaap:AccountingStandardsUpdate201409Member us-gaap:RetainedEarningsMember 2018-09-30 0000027996
us-gaap:RetainedEarningsMember 2018-09-30 0000027996
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-09-30 0000027996
us-gaap:CommonStockMember 2017-12-31 0000027996 us-gaap:AdditionalPaidInCapitalMember 2018-09-30
0000027996 dlx:AccountingStandardsUpdateNo.201802Member
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-09-30 0000027996
dlx:AccountingStandardsUpdateNo.201802Member 2018-09-30 0000027996
us-gaap:AccountingStandardsUpdate201409Member 2018-09-30 0000027996
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0000027996 2017-09-30 0000027996
2016-12-31 0000027996 us-gaap:ServiceMember us-gaap:AccountingStandardsUpdate201409Member
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-09-30
0000027996 us-gaap:AccountingStandardsUpdate201409Member
us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-01-01 2018-09-30 0000027996
us-gaap:ServiceMember us-gaap:AccountingStandardsUpdate201409Member
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-07-01 2018-09-30
0000027996 us-gaap:AccountingStandardsUpdate201409Member
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-07-01 2018-09-30
0000027996 us-gaap:ServiceMember us-gaap:AccountingStandardsUpdate201409Member
us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-07-01 2018-09-30 0000027996
us-gaap:AccountingStandardsUpdate201409Member
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-09-30
0000027996 us-gaap:AccountingStandardsUpdate201409Member
us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-07-01 2018-09-30 0000027996
us-gaap:ServiceMember us-gaap:AccountingStandardsUpdate201409Member
us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-01-01 2018-09-30 0000027996
us-gaap:AccountingStandardsUpdate201409Member
us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-09-30 0000027996
us-gaap:AccountingStandardsUpdate201409Member
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-09-30 0000027996

Edgar Filing: DELUXE CORP - Form 10-Q

us-gaap:ServiceMember srt:RestatementAdjustmentMember us-gaap:AccountingStandardsUpdate201707Member
2017-07-01 2017-09-30 0000027996 us-gaap:ServiceMember srt:ScenarioPreviouslyReportedMember
us-gaap:AccountingStandardsUpdate201707Member 2017-07-01 2017-09-30 0000027996 us-gaap:ServiceMember
srt:ScenarioPreviouslyReportedMember us-gaap:AccountingStandardsUpdate201707Member 2017-01-01 2017-09-30
0000027996 srt:RestatementAdjustmentMember us-gaap:AccountingStandardsUpdate201707Member 2017-01-01
2017-09-30 0000027996 srt:RestatementAdjustmentMember us-gaap:AccountingStandardsUpdate201707Member
2017-07-01 2017-09-30 0000027996 us-gaap:ProductMember srt:ScenarioPreviouslyReportedMember
us-gaap:AccountingStandardsUpdate201707Member 2017-01-01 2017-09-30 0000027996
srt:ScenarioPreviouslyReportedMember us-gaap:AccountingStandardsUpdate201707Member 2017-07-01 2017-09-30
0000027996 us-gaap:ProductMember srt:RestatementAdjustmentMember
us-gaap:AccountingStandardsUpdate201707Member 2017-07-01 2017-09-30 0000027996
srt:ScenarioPreviouslyReportedMember us-gaap:AccountingStandardsUpdate201707Member 2017-01-01 2017-09-30
0000027996 us-gaap:ProductMember srt:ScenarioPreviouslyReportedMember
us-gaap:AccountingStandardsUpdate201707Member 2017-07-01 2017-09-30 0000027996 us-gaap:ProductMember
srt:RestatementAdjustmentMember us-gaap:AccountingStandardsUpdate201707Member 2017-01-01 2017-09-30
0000027996 us-gaap:ServiceMember srt:RestatementAdjustmentMember
us-gaap:AccountingStandardsUpdate201707Member 2017-01-01 2017-09-30 0000027996
us-gaap:AccountingStandardsUpdate201409Member 2018-01-01 0000027996
us-gaap:AccountingStandardsUpdate201409Member dlx:RevenueinexcessofbillingsMember 2018-01-01 0000027996
us-gaap:AccountingStandardsUpdate201409Member dlx:TotalcurrentassetsMember 2018-01-01 0000027996
us-gaap:AccountingStandardsUpdate201409Member dlx:DeferredincometaxliabilitiesMember 2018-01-01
0000027996 us-gaap:AccountingStandardsUpdate201409Member us-gaap:RetainedEarningsMember 2018-01-01
0000027996 us-gaap:AccountingStandardsUpdate201409Member dlx:TotalliabilitiesandshareholdersequityMember
2018-01-01 0000027996 us-gaap:AccountingStandardsUpdate201409Member
us-gaap:OtherNoncurrentAssetsMember 2018-01-01 0000027996
us-gaap:AccountingStandardsUpdate201409Member us-gaap:AssetsTotalMember 2018-01-01 0000027996
us-gaap:AccountingStandardsUpdate201601Member 2018-01-01 2018-09-30 0000027996
dlx:AccountingStandardsUpdateNo.201802Member us-gaap:RetainedEarningsMember 2018-03-31 0000027996
dlx:AccountingStandardsUpdateNo.201805Member 2018-01-01 2018-09-30 0000027996 2018-01-01 0000027996
srt:MaximumMember 2018-01-01 2018-09-30 0000027996 us-gaap:AccountingStandardsUpdate201616Member
us-gaap:RetainedEarningsMember 2018-01-01 0000027996 srt:MaximumMember 2018-09-30 0000027996
dlx:AccountingStandardsUpdateNo.201805Member 2018-07-01 2018-09-30 0000027996
dlx:VariableconsiderationMember 2018-01-01 2018-09-30 0000027996 dlx:VariableconsiderationMember
2017-01-01 2017-12-31 0000027996 srt:MinimumMember 2018-09-30 0000027996 srt:MinimumMember
2018-01-01 2018-09-30 0000027996 dlx:AccountingStandardsUpdateNo.201802Member
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-03-31 0000027996
us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember 2018-09-30 0000027996
us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember 2017-12-31 0000027996
dlx:A2018acquisitionsMember us-gaap:TradeNamesMember 2018-01-01 2018-09-30 0000027996
us-gaap:CustomerRelatedIntangibleAssetsMember 2018-01-01 2018-09-30 0000027996
dlx:InternaluseComputerSoftwareIntangibleAssetMember 2018-01-01 2018-09-30 0000027996
dlx:A2018acquisitionsMember us-gaap:TechnologyBasedIntangibleAssetsMember 2018-01-01 2018-09-30
0000027996 dlx:FundsHeldForCustomersMember us-gaap:GuaranteedInvestmentContractMember 2018-09-30
0000027996 country:US dlx:FundsHeldForCustomersMember us-gaap:MoneyMarketFundsMember 2018-09-30
0000027996 dlx:FundsHeldForCustomersMember us-gaap:ForeignGovernmentDebtSecuritiesMember 2018-09-30
0000027996 dlx:FundsHeldForCustomersMember 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:A2018acquisitionsMember dlx:SmallBusinessServicesMember 2018-01-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:DirectChecksMember 2017-12-31 0000027996
us-gaap:OperatingSegmentsMember dlx:FinancialServicesMember 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:FinancialServicesMember 2017-12-31 0000027996
us-gaap:OperatingSegmentsMember dlx:A2018acquisitionsMember dlx:FinancialServicesMember 2018-01-01

Edgar Filing: DELUXE CORP - Form 10-Q

2018-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:SmallBusinessServicesMember 2018-01-01
2018-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:SmallBusinessServicesMember 2017-12-31
0000027996 us-gaap:OperatingSegmentsMember dlx:SmallBusinessServicesMember 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:DirectChecksMember 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:A2017acquisitionsMember dlx:FinancialServicesMember 2018-01-01
2018-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:A2017acquisitionsMember
dlx:SmallBusinessServicesMember 2018-01-01 2018-09-30 0000027996
dlx:InternaluseComputerSoftwareIntangibleAssetMember 2017-12-31 0000027996 us-gaap:TradeNamesMember
2017-12-31 0000027996 us-gaap:TechnologyBasedIntangibleAssetsMember 2017-12-31 0000027996
dlx:SoftwareforResaleMember 2017-12-31 0000027996 dlx:InternaluseComputerSoftwareIntangibleAssetMember
2018-09-30 0000027996 us-gaap:TechnologyBasedIntangibleAssetsMember 2018-09-30 0000027996
us-gaap:TradeNamesMember 2018-09-30 0000027996 us-gaap:CustomerRelatedIntangibleAssetsMember
2017-12-31 0000027996 us-gaap:OtherIntangibleAssetsMember 2017-12-31 0000027996
us-gaap:TradeNamesMember 2018-09-30 0000027996 dlx:SoftwareforResaleMember 2018-09-30 0000027996
us-gaap:TradeNamesMember 2017-12-31 0000027996 us-gaap:OtherIntangibleAssetsMember 2018-09-30
0000027996 us-gaap:CustomerRelatedIntangibleAssetsMember 2018-09-30 0000027996
us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember
dlx:ProvidersofprintedandpromotionalproductsMember 2017-12-31 0000027996 us-gaap:TradeNamesMember
dlx:SmallBusinessServicesIndirectMember 2018-07-01 2018-09-30 0000027996
us-gaap:FairValueMeasurementsNonrecurringMember 2017-04-01 2017-06-30 0000027996
dlx:AssetpurchaseMember us-gaap:CustomerRelatedIntangibleAssetsMember 2018-01-01 2018-09-30 0000027996
us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember
us-gaap:CustomerRelatedIntangibleAssetsMember 2018-09-30 0000027996 dlx:FundsHeldForCustomersMember
2017-12-31 0000027996 us-gaap:FairValueMeasurementsNonrecurringMember 2017-01-01 2017-09-30 0000027996
us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember dlx:SmallBusinessDistributorsMember
2017-12-31 0000027996 us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember
dlx:SmallBusinessDistributorsMember 2018-01-01 2018-03-31 0000027996 dlx:SmallBusinessDistributorsMember
2017-07-01 2017-09-30 0000027996 us-gaap:FairValueMeasurementsNonrecurringMember 2017-01-01 2017-03-31
0000027996 country:US dlx:FundsHeldForCustomersMember us-gaap:MoneyMarketFundsMember 2017-12-31
0000027996 dlx:FundsHeldForCustomersMember us-gaap:ForeignGovernmentDebtSecuritiesMember 2017-12-31
0000027996 dlx:FundsHeldForCustomersMember us-gaap:GuaranteedInvestmentContractMember 2017-12-31
0000027996 us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember
dlx:ProvidersofprintedandpromotionalproductsMember 2017-01-01 2017-09-30 0000027996
dlx:SmallBusinessDistributorsMember 2017-01-01 2017-09-30 0000027996
us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember dlx:SmallBusinessDistributorsMember
2018-09-30 0000027996 us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember
dlx:ProvidersofprintedandpromotionalproductsMember 2018-01-01 2018-09-30 0000027996
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-09-30 0000027996
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-09-30 0000027996
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-01-01 2018-09-30 0000027996
us-gaap:AccumulatedTranslationAdjustmentMember 2017-12-31 0000027996
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2017-12-31 0000027996
us-gaap:AccumulatedTranslationAdjustmentMember 2018-01-01 2018-09-30 0000027996
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-01-01 2018-09-30 0000027996
dlx:AccountingStandardsUpdateNo.201802Member us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember
2018-09-30 0000027996 us-gaap:AccumulatedTranslationAdjustmentMember 2018-09-30 0000027996
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-12-31 0000027996
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetPriorServiceCostCreditMember 2017-07-01 2017-09-30
0000027996 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-07-01 2017-09-30 0000027996
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-01-01 2017-09-30 0000027996
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetUnamortizedGainLossMember 2017-01-01 2017-09-30

Edgar Filing: DELUXE CORP - Form 10-Q

0000027996 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetPriorServiceCostCreditMember 2018-01-01
2018-09-30 0000027996 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetUnamortizedGainLossMember
2017-07-01 2017-09-30 0000027996 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-07-01
2018-09-30 0000027996 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetPriorServiceCostCreditMember
2018-07-01 2018-09-30 0000027996
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetUnamortizedGainLossMember 2018-01-01 2018-09-30
0000027996 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetPriorServiceCostCreditMember 2017-01-01
2017-09-30 0000027996 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetUnamortizedGainLossMember
2018-07-01 2018-09-30 0000027996 dlx:A2018acquisitionsMember 2018-01-01 2018-09-30 0000027996
dlx:A2018acquisitionsMember us-gaap:CustomerRelatedIntangibleAssetsMember 2018-01-01 2018-09-30
0000027996 dlx:LogomixInc.Member dlx:SmallBusinessServicesMember 2018-01-01 2018-09-30 0000027996
dlx:SmallBusinessDistributorsMember 2018-09-30 0000027996 dlx:A2017acquisitionsMember 2018-01-01
2018-09-30 0000027996 dlx:A2017acquisitionsMember 2017-01-01 2017-09-30 0000027996
dlx:SmallBusinessDistributorsMember dlx:SmallBusinessServicesMember 2018-01-01 2018-09-30 0000027996
dlx:ColoCrossingMember dlx:SmallBusinessServicesMember 2018-01-01 2018-09-30 0000027996
dlx:A2017acquisitionsMember us-gaap:CustomerRelatedIntangibleAssetsMember 2018-01-01 2018-09-30
0000027996 dlx:RemitCoMember dlx:FinancialServicesMember 2018-01-01 2018-09-30 0000027996
dlx:A2017acquisitionsMember dlx:InternaluseComputerSoftwareIntangibleAssetMember 2018-01-01 2018-09-30
0000027996 dlx:A2018acquisitionsMember 2018-09-30 0000027996 dlx:FundsHeldForCustomersMember
us-gaap:FairValueInputsLevel2Member 2018-09-30 0000027996 dlx:FundsHeldForCustomersMember
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember
us-gaap:MoneyMarketFundsMember 2018-09-30 0000027996 dlx:FundsHeldForCustomersMember
us-gaap:FairValueMeasurementsRecurringMember us-gaap:MoneyMarketFundsMember 2018-09-30 0000027996
dlx:FundsHeldForCustomersMember us-gaap:FairValueMeasurementsRecurringMember
dlx:ForeigndebtsecuritiesMember 2018-09-30 0000027996 dlx:FundsHeldForCustomersMember
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember
us-gaap:MoneyMarketFundsMember 2018-09-30 0000027996 dlx:FundsHeldForCustomersMember
dlx:ForeigndebtsecuritiesMember 2018-09-30 0000027996 us-gaap:FairValueMeasurementsRecurringMember
2018-09-30 0000027996 us-gaap:FairValueInputsLevel1Member 2018-09-30 0000027996
dlx:FundsHeldForCustomersMember us-gaap:FairValueInputsLevel2Member
us-gaap:FairValueMeasurementsRecurringMember dlx:ForeigndebtsecuritiesMember 2018-09-30 0000027996
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2018-09-30 0000027996
dlx:FundsHeldForCustomersMember us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsRecurringMember us-gaap:MoneyMarketFundsMember 2018-09-30 0000027996
dlx:FundsHeldForCustomersMember us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsRecurringMember dlx:ForeigndebtsecuritiesMember 2018-09-30 0000027996
dlx:FundsHeldForCustomersMember us-gaap:MoneyMarketFundsMember 2018-09-30 0000027996
us-gaap:FairValueInputsLevel3Member 2018-09-30 0000027996 dlx:FundsHeldForCustomersMember
us-gaap:FairValueInputsLevel3Member 2018-09-30 0000027996 dlx:FundsHeldForCustomersMember
us-gaap:FairValueInputsLevel1Member 2018-09-30 0000027996 us-gaap:FairValueInputsLevel2Member 2018-09-30
0000027996 dlx:FundsHeldForCustomersMember us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsRecurringMember dlx:ForeigndebtsecuritiesMember 2018-09-30 0000027996
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2018-09-30 0000027996
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-09-30 0000027996
us-gaap:FairValueInputsLevel2Member 2017-12-31 0000027996 us-gaap:FairValueInputsLevel3Member 2017-12-31
0000027996 dlx:FundsHeldForCustomersMember us-gaap:FairValueInputsLevel2Member
us-gaap:FairValueMeasurementsRecurringMember us-gaap:MoneyMarketFundsMember 2017-12-31 0000027996
us-gaap:FairValueInputsLevel1Member 2017-12-31 0000027996 dlx:FundsHeldForCustomersMember
us-gaap:FairValueInputsLevel2Member 2017-12-31 0000027996 dlx:FundsHeldForCustomersMember
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember
us-gaap:MoneyMarketFundsMember 2017-12-31 0000027996 dlx:FundsHeldForCustomersMember

Edgar Filing: DELUXE CORP - Form 10-Q

us-gaap:FairValueInputsLevel1Member 2017-12-31 0000027996 dlx:FundsHeldForCustomersMember
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember
dlx:ForeigndebtsecuritiesMember 2017-12-31 0000027996 dlx:FundsHeldForCustomersMember
us-gaap:FairValueMeasurementsRecurringMember us-gaap:MoneyMarketFundsMember 2017-12-31 0000027996
dlx:FundsHeldForCustomersMember us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsRecurringMember dlx:ForeigndebtsecuritiesMember 2017-12-31 0000027996
dlx:FundsHeldForCustomersMember us-gaap:FairValueInputsLevel3Member 2017-12-31 0000027996
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000027996
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000027996
dlx:FundsHeldForCustomersMember us-gaap:MoneyMarketFundsMember 2017-12-31 0000027996
dlx:FundsHeldForCustomersMember us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsRecurringMember dlx:ForeigndebtsecuritiesMember 2017-12-31 0000027996
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000027996
dlx:FundsHeldForCustomersMember us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsRecurringMember us-gaap:MoneyMarketFundsMember 2017-12-31 0000027996
dlx:FundsHeldForCustomersMember us-gaap:FairValueMeasurementsRecurringMember
dlx:ForeigndebtsecuritiesMember 2017-12-31 0000027996 dlx:FundsHeldForCustomersMember
dlx:ForeigndebtsecuritiesMember 2017-12-31 0000027996 us-gaap:FairValueMeasurementsRecurringMember
2017-12-31 0000027996 dlx:ReportingunitsforwhichqualitativeanalysiscompletedMember 2018-07-01 2018-09-30
0000027996 dlx:FundsHeldForCustomersMember us-gaap:GuaranteedInvestmentContractMember 2018-01-01
2018-09-30 0000027996 srt:MinimumMember dlx:ReportingunitsforwhichqualitativeanalysiscompletedMember
2017-07-31 0000027996 dlx:ReportingunitsforwhichquantitativeanalysiscompletedMember 2018-07-01 2018-09-30
0000027996 dlx:InternaluseComputerSoftwareIntangibleAssetMember us-gaap:OperatingSegmentsMember
us-gaap:FairValueMeasurementsNonrecurringMember dlx:SmallBusinessServicesMember 2017-09-30 0000027996
us-gaap:CustomerRelatedIntangibleAssetsMember us-gaap:OperatingSegmentsMember
us-gaap:FairValueMeasurementsNonrecurringMember dlx:FinancialServicesMember 2018-07-01 2018-09-30
0000027996 us-gaap:CustomerRelatedIntangibleAssetsMember us-gaap:OperatingSegmentsMember
us-gaap:FairValueMeasurementsNonrecurringMember dlx:SmallBusinessServicesMember 2018-01-01 2018-03-31
0000027996 dlx:SmallBusinessServicesWebServicesMember 2018-07-31 0000027996 srt:MaximumMember
dlx:ReportingunitsforwhichqualitativeanalysiscompletedMember 2017-07-31 0000027996
us-gaap:TradeNamesMember us-gaap:OperatingSegmentsMember
us-gaap:FairValueMeasurementsNonrecurringMember dlx:SmallBusinessServicesMember 2017-07-01 2017-09-30
0000027996 dlx:SmallBusinessDistributorsMember dlx:FinancialServicesMember 2015-01-01 2015-12-31
0000027996 us-gaap:OperatingSegmentsMember us-gaap:FairValueMeasurementsNonrecurringMember
dlx:SmallBusinessServicesMember 2017-01-01 2017-09-30 0000027996
dlx:InternaluseComputerSoftwareIntangibleAssetMember us-gaap:OperatingSegmentsMember
us-gaap:FairValueMeasurementsNonrecurringMember dlx:SmallBusinessServicesMember 2017-07-01 2017-09-30
0000027996 us-gaap:TradeNamesMember us-gaap:OperatingSegmentsMember
us-gaap:FairValueMeasurementsNonrecurringMember dlx:SmallBusinessServicesMember 2017-09-30 0000027996
dlx:SmallBusinessServicesIndirectMember 2018-07-01 2018-09-30 0000027996
dlx:SmallBusinessServicesSafeguardMember 2017-07-01 2017-09-30 0000027996 us-gaap:TradeNamesMember
us-gaap:OperatingSegmentsMember us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsNonrecurringMember dlx:SmallBusinessServicesMember 2017-09-30 0000027996
us-gaap:TradeNamesMember us-gaap:OperatingSegmentsMember us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsNonrecurringMember dlx:SmallBusinessServicesMember 2017-09-30 0000027996
us-gaap:CustomerRelatedIntangibleAssetsMember us-gaap:OperatingSegmentsMember
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsNonrecurringMember
dlx:SmallBusinessServicesMember 2018-03-31 0000027996 us-gaap:CustomerRelatedIntangibleAssetsMember
us-gaap:OperatingSegmentsMember us-gaap:FairValueInputsLevel2Member
us-gaap:FairValueMeasurementsNonrecurringMember dlx:FinancialServicesMember 2018-07-31 0000027996
us-gaap:TradeNamesMember us-gaap:OperatingSegmentsMember us-gaap:FairValueInputsLevel2Member

Edgar Filing: DELUXE CORP - Form 10-Q

us-gaap:FairValueMeasurementsNonrecurringMember dlx:SmallBusinessServicesMember 2017-09-30 0000027996
us-gaap:CustomerRelatedIntangibleAssetsMember us-gaap:FairValueMeasurementsNonrecurringMember
2018-01-01 2018-09-30 0000027996 dlx:InternaluseComputerSoftwareIntangibleAssetMember
us-gaap:OperatingSegmentsMember us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsNonrecurringMember dlx:SmallBusinessServicesMember 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsNonrecurringMember dlx:SmallBusinessServicesMember 2017-06-30 0000027996
us-gaap:CustomerRelatedIntangibleAssetsMember us-gaap:OperatingSegmentsMember
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsNonrecurringMember
dlx:SmallBusinessServicesMember 2018-03-31 0000027996
dlx:InternaluseComputerSoftwareIntangibleAssetMember us-gaap:OperatingSegmentsMember
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsNonrecurringMember
dlx:SmallBusinessServicesMember 2017-09-30 0000027996 us-gaap:CustomerRelatedIntangibleAssetsMember
us-gaap:OperatingSegmentsMember us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsNonrecurringMember dlx:SmallBusinessServicesMember 2018-03-31 0000027996
us-gaap:CustomerRelatedIntangibleAssetsMember us-gaap:OperatingSegmentsMember
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsNonrecurringMember
dlx:FinancialServicesMember 2018-07-31 0000027996 us-gaap:CustomerRelatedIntangibleAssetsMember
us-gaap:OperatingSegmentsMember us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsNonrecurringMember dlx:FinancialServicesMember 2018-07-31 0000027996
us-gaap:CustomerRelatedIntangibleAssetsMember us-gaap:OperatingSegmentsMember
us-gaap:FairValueMeasurementsNonrecurringMember dlx:SmallBusinessServicesMember 2018-03-31 0000027996
us-gaap:CustomerRelatedIntangibleAssetsMember us-gaap:OperatingSegmentsMember
us-gaap:FairValueMeasurementsNonrecurringMember dlx:FinancialServicesMember 2018-07-31 0000027996
us-gaap:OperatingSegmentsMember us-gaap:FairValueMeasurementsNonrecurringMember
dlx:SmallBusinessServicesMember 2017-06-30 0000027996
dlx:InternaluseComputerSoftwareIntangibleAssetMember us-gaap:OperatingSegmentsMember
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsNonrecurringMember
dlx:SmallBusinessServicesMember 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsNonrecurringMember
dlx:SmallBusinessServicesMember 2017-06-30 0000027996 us-gaap:OperatingSegmentsMember
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsNonrecurringMember
dlx:SmallBusinessServicesMember 2017-06-30 0000027996 dlx:AccruedcontingentconsiderationMember 2018-01-01
2018-09-30 0000027996 dlx:AccruedcontingentconsiderationMember 2018-09-30 0000027996
dlx:AccruedcontingentconsiderationMember 2017-12-31 0000027996 us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsNonrecurringMember us-gaap:TradeNamesMember
dlx:MeasurementinputroyaltyrateMember 2018-07-31 0000027996
dlx:EmployeeeveranceandoperatingleaseobligationsMember dlx:Fiscal2016InitiativesMember 2018-01-01
2018-09-30 0000027996 dlx:EmployeeeveranceandoperatingleaseobligationsMember dlx:A2018initiativesMember
2018-01-01 2018-09-30 0000027996 dlx:EmployeeeveranceandoperatingleaseobligationsMember
dlx:Fiscal2016InitiativesMember 2018-09-30 0000027996
dlx:EmployeeeveranceandoperatingleaseobligationsMember 2018-09-30 0000027996
dlx:EmployeeeveranceandoperatingleaseobligationsMember dlx:Fiscal2017InitiativesMember 2018-09-30
0000027996 dlx:EmployeeeveranceandoperatingleaseobligationsMember dlx:A2018initiativesMember 2017-12-31
0000027996 dlx:EmployeeeveranceandoperatingleaseobligationsMember dlx:Fiscal2017InitiativesMember
2018-01-01 2018-09-30 0000027996 dlx:EmployeeeveranceandoperatingleaseobligationsMember
dlx:Fiscal2017InitiativesMember 2017-01-01 2018-09-30 0000027996
dlx:EmployeeeveranceandoperatingleaseobligationsMember dlx:Fiscal2016InitiativesMember 2016-01-01
2018-09-30 0000027996 dlx:EmployeeeveranceandoperatingleaseobligationsMember 2016-01-01 2018-09-30
0000027996 dlx:EmployeeeveranceandoperatingleaseobligationsMember dlx:Fiscal2016InitiativesMember
2017-12-31 0000027996 dlx:EmployeeeveranceandoperatingleaseobligationsMember 2017-12-31 0000027996

Edgar Filing: DELUXE CORP - Form 10-Q

dlx:EmployeeSeveranceandoperatingleaseobligationsMember 2018-01-01 2018-09-30 0000027996
dlx:EmployeeSeveranceandoperatingleaseobligationsMember dlx:Fiscal2017InitiativesMember 2017-12-31
0000027996 dlx:EmployeeSeveranceandoperatingleaseobligationsMember dlx:A2018initiativesMember 2018-09-30
0000027996 us-gaap:CostOfSalesMember 2017-07-01 2017-09-30 0000027996 us-gaap:CostOfSalesMember
2018-07-01 2018-09-30 0000027996 us-gaap:CostOfSalesMember 2018-01-01 2018-09-30 0000027996
us-gaap:CostOfSalesMember 2017-01-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
us-gaap:EmployeeSeveranceMember dlx:DirectChecksMember 2016-01-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember us-gaap:EmployeeSeveranceMember dlx:FinancialServicesMember 2017-12-31
0000027996 us-gaap:OperatingSegmentsMember dlx:OperatingLeaseObligationsMember
dlx:SmallBusinessServicesMember 2016-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
us-gaap:EmployeeSeveranceMember dlx:FinancialServicesMember 2018-01-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember us-gaap:EmployeeSeveranceMember dlx:SmallBusinessServicesMember
2016-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:OperatingLeaseObligationsMember
dlx:FinancialServicesMember 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
us-gaap:EmployeeSeveranceMember dlx:DirectChecksMember 2018-01-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:OperatingLeaseObligationsMember dlx:FinancialServicesMember
2018-01-01 2018-09-30 0000027996 us-gaap:CorporateNonSegmentMember us-gaap:EmployeeSeveranceMember
2018-01-01 2018-09-30 0000027996 us-gaap:CorporateNonSegmentMember us-gaap:EmployeeSeveranceMember
2018-09-30 0000027996 us-gaap:CorporateNonSegmentMember us-gaap:EmployeeSeveranceMember 2016-01-01
2018-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:OperatingLeaseObligationsMember
dlx:SmallBusinessServicesMember 2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:OperatingLeaseObligationsMember dlx:SmallBusinessServicesMember 2017-12-31 0000027996
us-gaap:OperatingSegmentsMember us-gaap:EmployeeSeveranceMember dlx:DirectChecksMember 2018-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:OperatingLeaseObligationsMember
dlx:SmallBusinessServicesMember 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
us-gaap:EmployeeSeveranceMember dlx:FinancialServicesMember 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember us-gaap:EmployeeSeveranceMember dlx:SmallBusinessServicesMember
2018-09-30 0000027996 us-gaap:OperatingSegmentsMember us-gaap:EmployeeSeveranceMember
dlx:FinancialServicesMember 2016-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
us-gaap:EmployeeSeveranceMember dlx:SmallBusinessServicesMember 2017-12-31 0000027996
us-gaap:OperatingSegmentsMember dlx:OperatingLeaseObligationsMember dlx:FinancialServicesMember
2016-01-01 2018-09-30 0000027996 us-gaap:CorporateNonSegmentMember us-gaap:EmployeeSeveranceMember
2017-12-31 0000027996 us-gaap:OperatingSegmentsMember us-gaap:EmployeeSeveranceMember
dlx:SmallBusinessServicesMember 2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:OperatingLeaseObligationsMember dlx:FinancialServicesMember 2017-12-31 0000027996
us-gaap:OperatingSegmentsMember us-gaap:EmployeeSeveranceMember dlx:DirectChecksMember 2017-12-31
0000027996 2018-04-25 0000027996 srt:MaximumMember 2018-04-25 0000027996
dlx:EmployeeSeveranceandoperatingleaseobligationsMember 2018-07-01 2018-09-30 0000027996
us-gaap:EmployeeSeveranceMember 2018-07-01 2018-09-30 0000027996
dlx:EmployeeSeveranceandoperatingleaseobligationsMember 2017-01-01 2017-09-30 0000027996
dlx:OperatingLeaseObligationsMember 2017-01-01 2017-09-30 0000027996 us-gaap:OtherRestructuringMember
2017-07-01 2017-09-30 0000027996 us-gaap:EmployeeSeveranceMember 2017-01-01 2017-09-30 0000027996
us-gaap:EmployeeSeveranceMember 2018-01-01 2018-09-30 0000027996 us-gaap:OtherRestructuringMember
2017-01-01 2017-09-30 0000027996 us-gaap:EmployeeSeveranceMember 2017-07-01 2017-09-30 0000027996
dlx:OperatingLeaseObligationsMember 2017-07-01 2017-09-30 0000027996 dlx:OperatingLeaseObligationsMember
2018-01-01 2018-09-30 0000027996 dlx:EmployeeSeveranceandoperatingleaseobligationsMember 2017-07-01
2017-09-30 0000027996 us-gaap:OtherRestructuringMember 2018-07-01 2018-09-30 0000027996
dlx:OperatingLeaseObligationsMember 2018-07-01 2018-09-30 0000027996 us-gaap:OtherRestructuringMember
2018-01-01 2018-09-30 0000027996 2017-01-01 2017-12-31 0000027996 us-gaap:LineOfCreditMember 2018-01-01
2018-09-30 0000027996 us-gaap:RevolvingCreditFacilityMember 2017-01-01 2017-12-31 0000027996
us-gaap:RevolvingCreditFacilityMember 2018-01-01 2018-09-30 0000027996 us-gaap:LineOfCreditMember

Edgar Filing: DELUXE CORP - Form 10-Q

2017-01-01 2017-12-31 0000027996 us-gaap:RevolvingCreditFacilityMember 2018-09-30 0000027996
us-gaap:LineOfCreditMember 2017-12-31 0000027996 us-gaap:RevolvingCreditFacilityMember 2017-12-31
0000027996 srt:MaximumMember us-gaap:RevolvingCreditFacilityMember 2018-01-01 2018-09-30 0000027996
srt:MinimumMember us-gaap:RevolvingCreditFacilityMember 2018-01-01 2018-09-30 0000027996
us-gaap:CapitalLeaseObligationsMember 2017-12-31 0000027996 us-gaap:CapitalLeaseObligationsMember
2018-09-30 0000027996 us-gaap:LineOfCreditMember 2018-09-30 0000027996
dlx:Environmentalinsurancepolicypurchasedduring2002Member 2018-09-30 0000027996
dlx:EnvironmentalinsurancepoliciesineffectMember 2018-09-30 0000027996
dlx:Environmentalinsurancepolicypurchasedduring2009Member 2018-09-30 0000027996
us-gaap:SubsequentEventMember 2018-10-24 0000027996 2016-05-04 0000027996
us-gaap:OperatingSegmentsMember country:US dlx:SmallBusinessServicesMember 2017-07-01 2017-09-30
0000027996 us-gaap:NonUsMember 2017-01-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
us-gaap:NonUsMember dlx:FinancialServicesMember 2017-07-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember us-gaap:NonUsMember dlx:SmallBusinessServicesMember 2017-07-01
2017-09-30 0000027996 us-gaap:OperatingSegmentsMember country:US dlx:DirectChecksMember 2017-01-01
2017-09-30 0000027996 us-gaap:OperatingSegmentsMember country:US dlx:FinancialServicesMember 2017-07-01
2017-09-30 0000027996 us-gaap:OperatingSegmentsMember us-gaap:NonUsMember dlx:DirectChecksMember
2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember country:US dlx:DirectChecksMember
2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember country:US
dlx:SmallBusinessServicesMember 2017-01-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:SmallBusinessServicesMember 2017-01-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:DirectChecksMember 2017-01-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:FinancialServicesMember 2017-01-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
us-gaap:NonUsMember dlx:DirectChecksMember 2017-01-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember country:US dlx:FinancialServicesMember 2017-01-01 2017-09-30 0000027996
country:US 2017-01-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:FinancialServicesMember
2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember us-gaap:NonUsMember
dlx:FinancialServicesMember 2017-01-01 2017-09-30 0000027996 country:US 2017-07-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:SmallBusinessServicesMember 2017-07-01 2017-09-30 0000027996
us-gaap:NonUsMember 2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:DirectChecksMember 2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
us-gaap:NonUsMember dlx:SmallBusinessServicesMember 2017-01-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:DatadrivenmarketingsolutionsMember dlx:FinancialServicesMember
2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:WebservicesMember
dlx:DirectChecksMember 2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:SmallbusinessmarketingsolutionsMember dlx:SmallBusinessServicesMember 2018-01-01 2018-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:DatadrivenmarketingsolutionsMember
dlx:FinancialServicesMember 2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:TreasurymanagementsolutionsMember dlx:FinancialServicesMember 2018-07-01 2018-09-30 0000027996
dlx:WebservicesMember 2018-07-01 2018-09-30 0000027996 dlx:MarketingsolutionsandotherservicesMember
2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:SmallBusinessServicesMember
2018-07-01 2018-09-30 0000027996 dlx:FormsaccessoriesandotherproductsMember 2018-01-01 2018-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:WebservicesMember dlx:FinancialServicesMember 2018-01-01
2018-09-30 0000027996 dlx:WebservicesMember 2018-01-01 2018-09-30 0000027996
dlx:DatadrivenmarketingsolutionsMember 2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:DatadrivenmarketingsolutionsMember dlx:SmallBusinessServicesMember 2018-07-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:MarketingsolutionsandotherservicesMember dlx:DirectChecksMember
2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:ChecksincludingcontractsettlementsMember dlx:SmallBusinessServicesMember 2018-01-01 2018-09-30
0000027996 dlx:FraudsecurityriskmanagementandoperationalservicesMember 2018-01-01 2018-09-30 0000027996
dlx:ChecksincludingcontractsettlementsMember 2018-01-01 2018-09-30 0000027996

Edgar Filing: DELUXE CORP - Form 10-Q

us-gaap:OperatingSegmentsMember dlx:MarketingsolutionsandotherservicesMember
dlx:SmallBusinessServicesMember 2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:DatadrivenmarketingsolutionsMember dlx:DirectChecksMember 2018-01-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:ChecksincludingcontractsettlementsMember
dlx:SmallBusinessServicesMember 2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:MarketingsolutionsandotherservicesMember dlx:SmallBusinessServicesMember 2018-07-01 2018-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:FormsaccessoriesandotherproductsMember
dlx:DirectChecksMember 2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:FraudsecurityriskmanagementandoperationalservicesMember dlx:FinancialServicesMember 2018-07-01
2018-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:WebservicesMember dlx:FinancialServicesMember
2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:MarketingsolutionsandotherservicesMember dlx:DirectChecksMember 2018-01-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:SmallbusinessmarketingsolutionsMember dlx:FinancialServicesMember
2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:SmallbusinessmarketingsolutionsMember dlx:DirectChecksMember 2018-01-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:ChecksincludingcontractsettlementsMember dlx:FinancialServicesMember
2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:TreasurymanagementsolutionsMember
dlx:DirectChecksMember 2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:ChecksincludingcontractsettlementsMember dlx:DirectChecksMember 2018-07-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:FraudsecurityriskmanagementandoperationalservicesMember
dlx:SmallBusinessServicesMember 2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:FormsaccessoriesandotherproductsMember dlx:SmallBusinessServicesMember 2018-07-01 2018-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:DatadrivenmarketingsolutionsMember
dlx:SmallBusinessServicesMember 2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:TreasurymanagementsolutionsMember dlx:DirectChecksMember 2018-01-01 2018-09-30 0000027996
dlx:SmallbusinessmarketingsolutionsMember 2018-07-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:SmallbusinessmarketingsolutionsMember dlx:DirectChecksMember
2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:DatadrivenmarketingsolutionsMember
dlx:DirectChecksMember 2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:FormsaccessoriesandotherproductsMember dlx:DirectChecksMember 2018-01-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:FraudsecurityriskmanagementandoperationalservicesMember
dlx:DirectChecksMember 2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:DirectChecksMember 2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:ChecksincludingcontractsettlementsMember dlx:FinancialServicesMember 2018-01-01 2018-09-30 0000027996
dlx:MarketingsolutionsandotherservicesMember 2018-07-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:WebservicesMember dlx:SmallBusinessServicesMember 2018-01-01
2018-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:FinancialServicesMember 2018-01-01 2018-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:FormsaccessoriesandotherproductsMember
dlx:FinancialServicesMember 2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:MarketingsolutionsandotherservicesMember dlx:FinancialServicesMember 2018-07-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:FraudsecurityriskmanagementandoperationalservicesMember
dlx:DirectChecksMember 2018-01-01 2018-09-30 0000027996 dlx:DatadrivenmarketingsolutionsMember
2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:FinancialServicesMember 2018-07-01
2018-09-30 0000027996 dlx:SmallbusinessmarketingsolutionsMember 2018-01-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:FraudsecurityriskmanagementandoperationalservicesMember
dlx:SmallBusinessServicesMember 2018-07-01 2018-09-30 0000027996 dlx:TreasurymanagementsolutionsMember
2018-07-01 2018-09-30 0000027996 dlx:FormsaccessoriesandotherproductsMember 2018-07-01 2018-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:TreasurymanagementsolutionsMember
dlx:SmallBusinessServicesMember 2018-01-01 2018-09-30 0000027996 dlx:TreasurymanagementsolutionsMember
2018-01-01 2018-09-30 0000027996 dlx:FraudsecurityriskmanagementandoperationalservicesMember 2018-07-01
2018-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:TreasurymanagementsolutionsMember

Edgar Filing: DELUXE CORP - Form 10-Q

dlx:SmallBusinessServicesMember 2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:WebservicesMember dlx:DirectChecksMember 2018-01-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:MarketingsolutionsandotherservicesMember dlx:FinancialServicesMember
2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:WebservicesMember
dlx:SmallBusinessServicesMember 2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:SmallbusinessmarketingsolutionsMember dlx:SmallBusinessServicesMember 2018-07-01 2018-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:SmallbusinessmarketingsolutionsMember
dlx:FinancialServicesMember 2018-01-01 2018-09-30 0000027996 dlx:ChecksincludingcontractsettlementsMember
2018-07-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:FormsaccessoriesandotherproductsMember dlx:FinancialServicesMember 2018-01-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:FormsaccessoriesandotherproductsMember
dlx:SmallBusinessServicesMember 2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:ChecksincludingcontractsettlementsMember dlx:DirectChecksMember 2018-01-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:FraudsecurityriskmanagementandoperationalservicesMember
dlx:FinancialServicesMember 2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:TreasurymanagementsolutionsMember dlx:FinancialServicesMember 2018-01-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:DirectChecksMember 2018-07-01 2018-09-30 0000027996
dlx:MarketingsolutionsandotherservicesMember us-gaap:TransferredAtPointInTimeMember 2018-07-01 2018-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:MarketingsolutionsandotherservicesMember
us-gaap:ProductConcentrationRiskMember dlx:SmallBusinessServicesMember 2017-01-01 2017-12-31 0000027996
us-gaap:OperatingSegmentsMember dlx:ChecksincludingcontractsettlementsMember
us-gaap:ProductConcentrationRiskMember dlx:DirectChecksMember 2017-01-01 2017-12-31 0000027996
us-gaap:OperatingSegmentsMember dlx:ChecksincludingcontractsettlementsMember
us-gaap:ProductConcentrationRiskMember dlx:FinancialServicesMember 2017-01-01 2017-12-31 0000027996
us-gaap:OperatingSegmentsMember dlx:MarketingsolutionsandotherservicesMember
us-gaap:ProductConcentrationRiskMember dlx:DirectChecksMember 2017-01-01 2017-12-31 0000027996
us-gaap:OperatingSegmentsMember dlx:ChecksincludingcontractsettlementsMember
us-gaap:ProductConcentrationRiskMember dlx:SmallBusinessServicesMember 2017-01-01 2017-12-31 0000027996
dlx:MarketingsolutionsandotherservicesMember us-gaap:TransferredOverTimeMember 2018-01-01 2018-09-30
0000027996 dlx:MarketingsolutionsandotherservicesMember us-gaap:TransferredAtPointInTimeMember 2018-01-01
2018-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:MarketingsolutionsandotherservicesMember
us-gaap:ProductConcentrationRiskMember dlx:FinancialServicesMember 2017-01-01 2017-12-31 0000027996
dlx:MarketingsolutionsandotherservicesMember us-gaap:TransferredOverTimeMember 2018-07-01 2018-09-30
0000027996 us-gaap:CorporateNonSegmentMember 2017-09-30 0000027996
us-gaap:CorporateNonSegmentMember 2018-07-01 2018-09-30 0000027996 us-gaap:CorporateNonSegmentMember
2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:DirectChecksMember 2017-09-30
0000027996 us-gaap:CorporateNonSegmentMember 2018-01-01 2018-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:SmallBusinessServicesMember 2017-09-30 0000027996
us-gaap:CorporateNonSegmentMember 2017-01-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:FinancialServicesMember 2017-09-30 0000027996 us-gaap:CorporateNonSegmentMember 2018-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:TreasurymanagementsolutionsMember
dlx:SmallBusinessServicesMember 2017-01-01 2017-09-30 0000027996 dlx:DatadrivenmarketingsolutionsMember
2017-07-01 2017-09-30 0000027996 dlx:ChecksincludingcontractsettlementsMember 2017-01-01 2017-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:ChecksincludingcontractsettlementsMember
dlx:FinancialServicesMember 2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:MarketingsolutionsandotherservicesMember dlx:FinancialServicesMember 2017-07-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:ChecksincludingcontractsettlementsMember
dlx:SmallBusinessServicesMember 2017-01-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:FormsaccessoriesandotherproductsMember dlx:SmallBusinessServicesMember 2017-01-01 2017-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:FormsaccessoriesandotherproductsMember
dlx:SmallBusinessServicesMember 2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember

Edgar Filing: DELUXE CORP - Form 10-Q

dlx:ChecksincludingcontractsettlementsMember dlx:DirectChecksMember 2017-01-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:SmallbusinessmarketingsolutionsMember dlx:FinancialServicesMember
2017-01-01 2017-09-30 0000027996 dlx:FormsaccessoriesandotherproductsMember 2017-01-01 2017-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:FraudsecurityriskmanagementandoperationalservicesMember
dlx:DirectChecksMember 2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:DatadrivenmarketingsolutionsMember dlx:SmallBusinessServicesMember 2017-01-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:WebservicesMember dlx:SmallBusinessServicesMember 2017-07-01
2017-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:MarketingsolutionsandotherservicesMember
dlx:SmallBusinessServicesMember 2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:WebservicesMember dlx:SmallBusinessServicesMember 2017-01-01 2017-09-30 0000027996
dlx:ChecksincludingcontractsettlementsMember 2017-07-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:TreasurymanagementsolutionsMember dlx:DirectChecksMember
2017-01-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:FraudsecurityriskmanagementandoperationalservicesMember dlx:SmallBusinessServicesMember 2017-01-01
2017-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:WebservicesMember dlx:DirectChecksMember
2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember dlx:TreasurymanagementsolutionsMember
dlx:SmallBusinessServicesMember 2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:TreasurymanagementsolutionsMember dlx:FinancialServicesMember 2017-07-01 2017-09-30 0000027996
dlx:SmallbusinessmarketingsolutionsMember 2017-07-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:MarketingsolutionsandotherservicesMember dlx:FinancialServicesMember
2017-01-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:SmallbusinessmarketingsolutionsMember dlx:DirectChecksMember 2017-01-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:DatadrivenmarketingsolutionsMember dlx:FinancialServicesMember
2017-07-01 2017-09-30 0000027996 dlx:WebservicesMember 2017-01-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:TreasurymanagementsolutionsMember dlx:FinancialServicesMember
2017-01-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:FormsaccessoriesandotherproductsMember dlx:DirectChecksMember 2017-07-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:SmallbusinessmarketingsolutionsMember
dlx:SmallBusinessServicesMember 2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:MarketingsolutionsandotherservicesMember dlx:DirectChecksMember 2017-01-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:SmallbusinessmarketingsolutionsMember dlx:FinancialServicesMember
2017-07-01 2017-09-30 0000027996 dlx:FormsaccessoriesandotherproductsMember 2017-07-01 2017-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:DatadrivenmarketingsolutionsMember
dlx:DirectChecksMember 2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:WebservicesMember dlx:FinancialServicesMember 2017-07-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:WebservicesMember dlx:FinancialServicesMember 2017-01-01 2017-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:MarketingsolutionsandotherservicesMember
dlx:DirectChecksMember 2017-07-01 2017-09-30 0000027996
dlx:FraudsecurityriskmanagementandoperationalservicesMember 2017-01-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:ChecksincludingcontractsettlementsMember
dlx:SmallBusinessServicesMember 2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:DatadrivenmarketingsolutionsMember dlx:DirectChecksMember 2017-01-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:ChecksincludingcontractsettlementsMember dlx:FinancialServicesMember
2017-01-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:FraudsecurityriskmanagementandoperationalservicesMember dlx:DirectChecksMember 2017-01-01 2017-09-30
0000027996 us-gaap:OperatingSegmentsMember dlx:FormsaccessoriesandotherproductsMember
dlx:FinancialServicesMember 2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:FormsaccessoriesandotherproductsMember dlx:DirectChecksMember 2017-01-01 2017-09-30 0000027996
us-gaap:OperatingSegmentsMember dlx:SmallbusinessmarketingsolutionsMember dlx:DirectChecksMember
2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
dlx:FormsaccessoriesandotherproductsMember dlx:FinancialServicesMember 2017-01-01 2017-09-30 0000027996

us-gaap:OperatingSegmentsMember dlx:FraudsecurityriskmanagementandoperationalservicesMember
 dlx:FinancialServicesMember 2017-01-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
 dlx:FraudsecurityriskmanagementandoperationalservicesMember dlx:SmallBusinessServicesMember 2017-07-01
 2017-09-30 0000027996 dlx:MarketingsolutionsandotherservicesMember 2017-01-01 2017-09-30 0000027996
 dlx:MarketingsolutionsandotherservicesMember 2017-07-01 2017-09-30 0000027996
 dlx:TreasurymanagementsolutionsMember 2017-07-01 2017-09-30 0000027996
 dlx:SmallbusinessmarketingsolutionsMember 2017-01-01 2017-09-30 0000027996
 us-gaap:OperatingSegmentsMember dlx:DatadrivenmarketingsolutionsMember dlx:FinancialServicesMember
 2017-01-01 2017-09-30 0000027996 dlx:WebservicesMember 2017-07-01 2017-09-30 0000027996
 us-gaap:OperatingSegmentsMember dlx:FraudsecurityriskmanagementandoperationalservicesMember
 dlx:FinancialServicesMember 2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
 dlx:WebservicesMember dlx:DirectChecksMember 2017-01-01 2017-09-30 0000027996
 dlx:DatadrivenmarketingsolutionsMember 2017-01-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
 dlx:SmallbusinessmarketingsolutionsMember dlx:SmallBusinessServicesMember 2017-01-01 2017-09-30
 0000027996 us-gaap:OperatingSegmentsMember dlx:DatadrivenmarketingsolutionsMember
 dlx:SmallBusinessServicesMember 2017-07-01 2017-09-30 0000027996 us-gaap:OperatingSegmentsMember
 dlx:ChecksincludingcontractsettlementsMember dlx:DirectChecksMember 2017-07-01 2017-09-30 0000027996
 dlx:FraudsecurityriskmanagementandoperationalservicesMember 2017-07-01 2017-09-30 0000027996
 us-gaap:OperatingSegmentsMember dlx:TreasurymanagementsolutionsMember dlx:DirectChecksMember
 2017-07-01 2017-09-30 0000027996 dlx:TreasurymanagementsolutionsMember 2017-01-01 2017-09-30 0000027996
 us-gaap:OperatingSegmentsMember dlx:MarketingsolutionsandotherservicesMember
 dlx:SmallBusinessServicesMember 2017-01-01 2017-09-30 0000027996 us-gaap:NonUsMember 2018-07-01
 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember country:US dlx:DirectChecksMember 2018-07-01
 2018-09-30 0000027996 us-gaap:NonUsMember 2018-01-01 2018-09-30 0000027996
 us-gaap:OperatingSegmentsMember us-gaap:NonUsMember dlx:FinancialServicesMember 2018-07-01 2018-09-30
 0000027996 us-gaap:OperatingSegmentsMember us-gaap:NonUsMember dlx:SmallBusinessServicesMember
 2018-07-01 2018-09-30 0000027996 country:US 2018-07-01 2018-09-30 0000027996
 us-gaap:OperatingSegmentsMember us-gaap:NonUsMember dlx:DirectChecksMember 2018-07-01 2018-09-30
 0000027996 us-gaap:OperatingSegmentsMember us-gaap:NonUsMember dlx:SmallBusinessServicesMember
 2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember country:US
 dlx:SmallBusinessServicesMember 2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
 country:US dlx:DirectChecksMember 2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember
 us-gaap:NonUsMember dlx:DirectChecksMember 2018-01-01 2018-09-30 0000027996
 us-gaap:OperatingSegmentsMember country:US dlx:FinancialServicesMember 2018-01-01 2018-09-30 0000027996
 us-gaap:OperatingSegmentsMember us-gaap:NonUsMember dlx:FinancialServicesMember 2018-01-01 2018-09-30
 0000027996 us-gaap:OperatingSegmentsMember country:US dlx:FinancialServicesMember 2018-07-01 2018-09-30
 0000027996 country:US 2018-01-01 2018-09-30 0000027996 us-gaap:OperatingSegmentsMember country:US
 dlx:SmallBusinessServicesMember 2018-07-01 2018-09-30 xbrli:shares dlx:disposal_groups iso4217:USD
 iso4217:USD xbrli:shares dlx:reporting_units xbrli:pure dlx:business dlx:Employees

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

**Quarterly Report Pursuant to Section 13 or 15(d) of
 the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2018

**Transition Report Pursuant to Section 13 or 15(d)
 of the Securities Exchange Act of 1934**

For the transition period from
_____ to

Commission file number: 1-7945

DELUXE CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

3680 Victoria St. N., Shoreview, Minnesota

(Address of principal executive offices)

41-0216800

(I.R.S. Employer Identification No.)

55126-2966

(Zip Code)

(651) 483-7111

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of registrant's common stock, par value \$1.00 per share, as of October 17, 2018 was 46,306,669.

PART I – FINANCIAL INFORMATION**Item 1. Financial Statements.****DELUXE CORPORATION****CONSOLIDATED BALANCE SHEETS**

(in thousands, except share par value)

(Unaudited)

	September 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 57,851	\$ 59,240
Trade accounts receivable, net of allowances for uncollectible accounts	157,139	149,844
Inventories and supplies	45,118	42,249
Funds held for customers	84,407	86,192
Revenue in excess of billings	33,735	16,379
Other current assets	39,092	39,062
Total current assets	417,342	392,966
Deferred income taxes	1,606	1,428
Long-term investments	43,520	42,607
Property, plant and equipment (net of accumulated depreciation of \$364,510 and \$358,020, respectively)	83,507	84,638
Assets held for sale	3,250	12,232
Intangibles (net of accumulated amortization of \$524,499 and \$444,933, respectively)	396,641	384,266
Goodwill	1,125,954	1,130,934
Other non-current assets	195,547	159,756
Total assets	\$ 2,267,367	\$ 2,208,827
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 97,991	\$ 104,477
Accrued liabilities	234,529	277,253
Long-term debt due within one year	785	44,040
Total current liabilities	333,305	425,770
Long-term debt	890,098	665,260
Deferred income taxes	46,339	50,543
Other non-current liabilities	42,330	52,241
Commitments and contingencies (Notes 11 and 12)		
Shareholders' equity:		
Common shares \$1 par value (authorized: 500,000 shares; outstanding: September 30, 2018 – 46,305; December 31, 2017 – 47,953)	46,305	47,953
Retained earnings	957,979	1,004,657
Accumulated other comprehensive loss	(48,989	) (37,597)
Total shareholders' equity	955,295	1,015,013
Total liabilities and shareholders' equity	\$ 2,267,367	\$ 2,208,827

See Condensed Notes to Unaudited Consolidated Financial Statements

DELUXE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(in thousands, except per share amounts)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Product revenue	\$352,767	\$361,963	\$1,076,110	\$1,097,777
Service revenue	140,423	135,706	397,239	372,889
Total revenue	493,190	497,669	1,473,349	1,470,666
Cost of products	(132,996)	(129,192)	(400,700)	(392,451)
Cost of services	(64,638)	(63,879)	(175,894)	(159,301)
Total cost of revenue	(197,634)	(193,071)	(576,594)	(551,752)
Gross profit	295,556	304,598	896,755	918,914
Selling, general and administrative expense	(208,533)	(203,349)	(629,272)	(629,150)
Net restructuring charges	(5,135)	(1,267)	(12,915)	(3,708)
Asset impairment charges	(99,170)	(46,630)	(101,319)	(54,880)
Operating (loss) income	(17,282)	53,352	153,249	231,176
Interest expense	(7,244)	(5,708)	(18,953)	(15,795)
Other income	2,356	1,303	6,081	3,616
(Loss) income before income taxes	(22,170)	48,947	140,377	218,997
Income tax provision	(8,913)	(20,146)	(47,916)	(73,551)
Net (loss) income	\$(31,083)	\$28,801	\$92,461	\$145,446
Comprehensive (loss) income	\$(30,902)	\$31,543	\$87,936	\$150,981
Basic (loss) earnings per share	(0.67)	0.60	1.94	3.00
Diluted (loss) earnings per share	(0.67)	0.59	1.93	2.98
Cash dividends per share	0.30	0.30	0.90	0.90

See Condensed Notes to Unaudited Consolidated Financial Statements

DELUXE CORPORATION
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(in thousands)

(Unaudited)

	Common shares	Common shares par value	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total
Balance, December 31, 2017	47,953	\$47,953	\$ —	\$1,004,657	\$ (37,597)	\$1,015,013
Net income	—	—	—	92,461	—	92,461
Cash dividends	—	—	—	(43,012)	—	(43,012)
Common shares issued	518	518	18,181	—	—	18,699
Common shares repurchased	(1,919)	(1,919)	(10,121)	(107,960)	—	(120,000)
Other common shares retired	(247)	(247)	(17,601)	—	—	(17,848)
Employee share-based compensation	—	—	9,541	—	—	9,541
Adoption of Accounting Standards Update No. 2014-09 (Note 2)	—	—	—	4,966	—	4,966
Adoption of Accounting Standards Update No. 2018-02 (Note 2)	—	—	—	6,867	(6,867)	—
Other comprehensive loss	—	—	—	—	(4,525)	(4,525)
Balance, September 30, 2018	46,305	\$46,305	\$ —	\$957,979	\$ (48,989)	\$955,295

See Condensed Notes to Unaudited Consolidated Financial Statements

DELUXE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(Unaudited)

Nine Months

Ended

September 30,

2018 2017

Cash
flows
from
operating
activities:

Net
income
\$92,461 \$145,446

Adjustments
to
reconcile
net
income

to
net
cash
provided
by
operating
activities:

Depreciation 2,013

Amortization

of 4,199 79,284

intangibles

Asset

impairment 54,880

charges

Amortization

of 6,976 14,685

product

discounts

Deferred

income taxes (1,157) (20,587)

Employee

share-based

compensation 9,481 11,149

expense

on sales (1,855) (8,703)

of

on

sales

of

businesses
 and
 customer
 lists
 Other
 non-cash
 items, 5,482 6,211
 net
 Changes
 in
 assets
 and
 liabilities,
 net
 of
 effect
 of
 acquisitions:
 Trade
 receivable
 at 19,140
 Inventories
 and supplies 800
 Other
 current assets (16,692)
 Non-current
 assets (3,748)
 Accounts
 payable (6,750)
 Prepaid
 product
 discount (20,003)
 payments
 Other
 accrued
 and non-current
 liabilities (41,229)
 Net
 cash
 provided
 by 219,102 225,896
 operating
 activities
 Cash
 flows
 from
 investing
 activities:

Purchases
 of
 (42,566) (34,351)
 capital
 assets
 Payments
 for
 acquisitions,
 net
 (90,396) (125,417)
 of
 cash
 acquired
 Proceeds
 from
 sales
 of 3,500
 marketable
 securities
 of 2,166
 Net
 cash
 used
 (231,924) (154,102)
 by
 investing
 activities
 Cash
 flows
 from
 financing
 activities:
 Proceeds
 from
 issuing
 189,500 333,000
 long-term
 debt
 Payments
 on
 (1,009,139) (336,590)
 long-term
 debt
 Proceeds
 from
 issuing
 7,200 8,218
 under
 employee
 plans
 Employee
 taxes
 paid
 (7,969) (6,816)
 for
 shares
 withheld

Payments
 for
 common (50,070)
 shares
 repurchased
 Cash
 dividends
 paid (43,672)
 to
 shareholders
 Net
 cash
 provided
 by
 financing
 activities
 Effect
 of
 exchange
 rate
 change
 on
 cash
 Net
 change
 in
 cash
 and
 cash
 equivalents
 Cash
 and
 cash
 equivalents
 beginning
 of
 year
 Cash
 and
 cash
 equivalents
 end
 of
 period

See Condensed Notes to Unaudited Consolidated Financial Statements

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Note 1: Consolidated financial statements

The consolidated balance sheet as of September 30, 2018, the consolidated statements of comprehensive (loss) income for the quarters and nine months ended September 30, 2018 and 2017, the consolidated statement of shareholders' equity for the nine months ended September 30, 2018, and the consolidated statements of cash flows for the nine months ended September 30, 2018 and 2017 are unaudited. The consolidated balance sheet as of December 31, 2017 was derived from audited consolidated financial statements, but does not include all disclosures required by generally accepted accounting principles (GAAP) in the United States of America. In the opinion of management, all adjustments necessary for a fair statement of the consolidated financial statements are included. Adjustments consist only of normal recurring items, except for any discussed in the notes below. Interim results are not necessarily indicative of results for a full year. The consolidated financial statements and notes are presented in accordance with instructions for Form 10-Q and do not contain certain information included in our annual consolidated financial statements and notes. The consolidated financial statements and notes appearing in this report should be read in conjunction with the consolidated audited financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2017 (the "2017 Form 10-K").

Amounts within the consolidated balance sheet as of December 31, 2017 have been modified to conform to the current year presentation. Revenue in excess of billings is now presented separately. Previously this amount was included in other current assets. Additionally, amounts within the cash flows from operating activities and the cash flows from investing activities sections of the consolidated statement of cash flows for the nine months ended September 30, 2017 have been modified to conform to the current year presentation. Within cash flows from operating activities, gain on sales of businesses and customer lists is now presented separately. In the previous year, this amount was included within other non-cash items, net. Within cash flows from investing activities, proceeds from company-owned life insurance policies presented in the previous year is now included in other.

Note 2: New accounting pronouncements

The following discusses the impact of each accounting standards update (ASU) adopted on January 1, 2018:

ASU No. 2014-09 – In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The standard provides revenue recognition guidance for any entity that enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of non-financial assets, unless those contracts are within the scope of other accounting standards. In addition, the FASB subsequently issued several amendments to the standard. We adopted the standard and all the related amendments on January 1, 2018 using the modified retrospective method. We applied the new guidance to uncompleted contracts as of January 1, 2018 and recorded the cumulative effect of initially applying the standard as an adjustment to retained earnings, with the offset to revenue in excess of billings, other non-current assets and deferred income tax liabilities. We have elected the practical expedient for contract modifications, allowing us to consider the impact of all contract modifications completed prior to January 1, 2018. We have also elected the practical expedient that allows us to disregard the effects of a financing component if the period between payment and performance will be 1 year or less. Election of these practical expedients did not have a significant impact on our results of operations or financial position. Prior periods have not been restated and continue to be reported under the accounting standards in effect for those periods. Adoption of this guidance did not have a significant impact on our results of operations, financial position or cash flows during the nine months ended September 30, 2018, and we do not expect it to have a significant impact on an ongoing basis. The new guidance also expands the required financial statement disclosures regarding revenue recognition. Those disclosures appear below, while information regarding the disaggregation of revenue can

be found in Note 14.

Our product revenue is recognized when control of the goods is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. In most cases, control is transferred when products are shipped. We recognize the vast majority of our service revenue as the services are provided. Many of our check supply contracts with financial institutions provide for rebates on certain products. We record these rebates as reductions of revenue and as accrued liabilities on our consolidated balance sheets when the related revenue is recognized. Many of our financial institution contracts also require prepaid product discounts in the form of upfront cash payments we make to our financial institution clients. These prepaid product discounts are included in other non-current assets in our consolidated balance sheets and are amortized as reductions of revenue, generally on the straight-line basis, over the contract term. Sales tax collected concurrent with revenue-producing activities is excluded from revenue. Amounts billed to customers for shipping and handlin

6

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

g are included in revenue, while the related shipping and handling costs are reflected in cost of products. We have elected the practical expedient that allows us to account for shipping and handling activities that occur after the customer has obtained control of a good as a fulfillment cost, and we accrue costs of shipping and handling when the related revenue is recognized. As part of our Financial Services rewards, incentive and loyalty programs, we receive payments from consumers or our clients for the products and services provided, including hotel stays, gift cards and merchandise, such as apparel, electronics and clothing. This revenue is recorded net of the related fulfillment costs.

Certain of our contracts for data-driven marketing solutions and treasury management outsourcing services within Financial Services have variable consideration that is contingent on either the success of the marketing campaign ("pay-for-performance") or the volume of outsourcing services provided. We recognize revenue for estimated variable consideration as services are provided based on the most likely amount to be realized. Revenue is recognized to the extent that it is probable that a significant reversal of revenue will not occur when the contingency is resolved. Estimates regarding the recognition of variable consideration are updated each quarter. Typically, the amount of consideration for these contracts is finalized within 3 months, although pricing under certain of our outsourcing contracts may be based on annual volume commitments. Revenue recognized from these contracts was approximately \$100,000 in 2017. Under the new standard, we have accelerated the recognition of a portion of this variable consideration.

Certain of our contracts for treasury management solutions result from the sale of bundled arrangements that may include hardware, software and professional services, as well as customization and modification of software, and specify the timing of customer billings over the course of the contract. Revenue for these contracts is recognized using a cost-based input method that depicts the transfer of services to the customer. The transaction price is allocated to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on the prices charged to customers or using expected cost plus margin. When the revenue recognized for uncompleted contracts exceeds the amount of customer billings and the right to receive the consideration is conditional, a contract asset is recorded. These amounts are included in revenue in excess of billings on the consolidated balance sheets and totaled \$20,508 as of September 30, 2018 and \$9,665 as of January 1, 2018. Additionally, we record an asset for unbilled receivables when the revenue recognized has not been billed to customers in accordance with contractually stated billing terms and the right to receive the consideration is unconditional. These assets are also included in revenue in excess of earnings on our consolidated balance sheets and totaled \$13,227 as of September 30, 2018 and \$7,674 as of January 1, 2018. When the amount of customer billings for uncompleted contracts exceeds the revenue recognized, a contract liability is reflected in our consolidated balance sheets within accrued liabilities. The amount included in accrued liabilities was \$1,563 as of September 30, 2018 and \$2,233 as of December 31, 2017.

At times, a financial institution client may terminate its check supply contract with us prior to the end of the contract term. In many cases, the financial institution is contractually required to remit a contract termination payment. Such payments are recorded as revenue when the termination agreement is executed, provided that we have no further performance obligations and collection of the funds is assured. If we have further performance obligations following the execution of a contract termination agreement, we record the related revenue over the remaining service period.

Our payment terms vary by type of customer and the products or services offered. The time period between invoicing and when payment is due is not significant. For certain products, services and customer types, we require payment before the products or services are delivered to the customer. When a customer pays in advance, primarily for treasury management solutions and web hosting services, we defer the revenue and recognize it as the services are performed, generally over a period of less than 1 year. Deferred revenue is included in accrued liabilities and other non-current liabilities in our consolidated balance sheets. The decrease of \$8,263 in deferred revenue for the nine months ended

September 30, 2018 was driven primarily by the recognition of \$39,488 of revenue that was included in deferred revenue as of December 31, 2017, partially offset by cash payments received in advance of satisfying our performance obligations. In addition to the amounts included in deferred revenue, we will recognize revenue in future periods related to remaining performance obligations for certain of our data-driven marketing and treasury management solutions. Generally, these contracts have terms of 1 year or less and many have terms of 3 months or less. The amount of revenue related to these unsatisfied performance obligations is not significant to our annual consolidated revenue.

The new guidance requires that certain costs incurred to obtain contracts be recognized as assets and amortized consistent with the transfer of goods or services to the customer. As such, we are now deferring sales commissions related to obtaining check supply and treasury management solution contracts within Financial Services. These amounts are included in other non-current assets and are amortized as selling, general and administrative (SG&A) expense. Amortization of these

7

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

amounts on the straight-line basis approximates the timing of the transfer of goods or services to the customer. Generally, these amounts are being amortized over periods of 3 to 6 years. We elected the practical expedient allowing us to expense sales commissions as incurred when the amortization period would have been 1 year or less.

The cumulative effect of the changes made to our unaudited consolidated balance sheet as of January 1, 2018 for the adoption of the new revenue guidance was as follows:

(in thousands)	Balance as of December 31, 2017	Adjustments due to ASU No. 2014-09	Balance as of January 1, 2018
Revenue in excess of billings	\$16,379	\$ 960	\$17,339
Total current assets	392,966	960	393,926
Other non-current assets	159,756	5,733	165,489
Total assets	\$2,208,827	\$ 6,693	\$2,215,520
Deferred income taxes	\$50,543	\$ 1,727	\$52,270
Retained earnings	1,004,657	4,966	1,009,623
Total liabilities and shareholders' equity	\$2,208,827	\$ 6,693	\$2,215,520

The impact of adoption of the new revenue guidance on our unaudited consolidated statements of comprehensive (loss) income for the quarter and nine months ended September 30, 2018 and on our unaudited consolidated balance sheet as of September 30, 2018 was as follows:

(in thousands)	As reported	Effect of adoption	Balance without adoption of ASU No. 2014-09
	Quarter Ended September 30, 2018		
Service revenue	\$140,423	\$ 269	\$140,692
Total revenue	493,190	269	493,459
Cost of services	(64,638)	(19)	(64,657)
Total cost of revenue	(197,634)	(19)	(197,653)
Gross profit	295,556	250	295,806
Selling, general and administrative expense	(208,533)	(253)	(208,786)
Operating loss	(17,282)	(3)	(17,285)
Loss before income taxes	(22,170)	(3)	(22,173)
Income tax provision	(8,913)	1	(8,912)
Net loss	\$(31,083)	\$ (2)	\$(31,085)
	Nine Months Ended September 30, 2018		
Service revenue	\$397,239	\$ (300)	\$396,939
Total revenue	1,473,349	(300)	1,473,049
Cost of services	(175,894)	365	(175,529)
Total cost of revenue	(576,594)	365	(576,229)

Edgar Filing: DELUXE CORP - Form 10-Q

Gross profit	896,755	65	896,820
Selling, general and administrative expense	(629,272)	(1,304)	(630,576)
Operating income	153,249	(1,239)	152,010
Income before income taxes	140,377	(1,239)	139,138
Income tax provision	(47,916)	320	(47,596)
Net income	\$92,461	\$ (919)	\$91,542

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

(in thousands)	As reported	Effect of adoption	Balance without adoption of ASU No. 2014-09
	September 30, 2018		
Revenue in excess of billings	\$33,735	\$(895)	\$32,840
Total current assets	417,342	(895)	416,447
Other non-current assets	195,547	(7,037)	188,510
Total assets	\$2,267,367	\$(7,932)	\$2,259,435
Accrued liabilities	\$234,529	\$(320)	\$234,209
Total current liabilities	333,305	(320)	332,985
Deferred income taxes	46,339	(1,727)	44,612
Retained earnings	957,979	(5,885)	952,094
Total liabilities and shareholders' equity	\$2,267,367	\$(7,932)	\$2,259,435

ASU No. 2016-01 – In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. The standard is intended to improve the recognition, measurement, presentation and disclosure of financial instruments. We adopted this standard on January 1, 2018. This standard had no impact on our results of operations or financial position. Our financial statement disclosures in Note 7 related to financial instruments have been modified to comply with the new standard.

ASU No. 2016-16 – In October 2016, the FASB issued ASU No. 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory*. The standard requires recognition of the tax effects resulting from the intercompany sale of an asset when the transfer occurs. Previously, the tax effects were deferred until the transferred asset was sold to a third party. We adopted this standard on January 1, 2018. No adjustment was required to opening retained earnings. Application of this standard has not had a significant impact on our results of operations or financial position and we do not expect it to have a significant impact on an ongoing basis.

ASU No. 2017-01 – In January 2017, the FASB issued ASU No. 2017-01, *Clarifying the Definition of a Business*. The standard revises the definition of a business, which affects many areas of accounting, such as business combinations and disposals and goodwill impairment. The revised definition of a business will likely result in more acquisitions being accounted for as asset acquisitions, as opposed to business combinations. We adopted this standard on January 1, 2018, applying the guidance to transactions occurring on or after this date. Adoption of the standard has not had a significant impact on our results of operations or financial position.

ASU No. 2017-07 – In March 2017, the FASB issued ASU No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The standard requires that the service cost component of net periodic benefit expense be recognized in the same statement of comprehensive (loss) income caption(s) as other compensation costs, and requires that the other components of net periodic benefit expense be recognized in the non-operating section of the statement of comprehensive (loss) income. In addition, only the service cost component of net periodic benefit expense is eligible for capitalization when applicable. We adopted this standard on January 1, 2018. The reclassification of the other components of our net periodic benefit income was applied on a retrospective basis. As such, we have revised our results of operations for previous periods. We utilized the practical expedient for adoption allowing us to use the amounts previously disclosed in our postretirement benefits footnote as the basis for

revising prior periods. As there is no service cost associated with our plans, we reclassified the entire amount of our net periodic benefit income from cost of revenue and SG&A expense to other income in our consolidated statements of comprehensive income. In addition, we no longer include any portion of net periodic benefit income in amounts capitalized for inventory or internal-use software, as only the service cost component is eligible for capitalization. This change did not have a significant impact on our results of operations or financial position.

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

The impact of the revision on our unaudited consolidated statements of comprehensive income for the quarter and nine months ended September 30, 2017 was as follows:

(in thousands)	As previously reported	Effect of adoption	As revised
	Quarter Ended September 30, 2017		
Cost of products	\$(129,055)	\$ (137)	\$(129,192)
Cost of services	(63,862)	(17)	(63,879)
Total cost of revenue	(192,917)	(154)	(193,071)
Selling, general and administrative expense	(202,999)	(350)	(203,349)
Operating income	53,856	(504)	53,352
Other income	799	504	1,303
Net income	\$28,801	\$ —	\$28,801
	Nine Months Ended September 30, 2017		
Cost of products	\$(392,040)	\$ (411)	\$(392,451)
Cost of services	(159,250)	(51)	(159,301)
Total cost of revenue	(551,290)	(462)	(551,752)
Selling, general and administrative expense	(628,100)	(1,050)	(629,150)
Operating income	232,688	(1,512)	231,176
Other income	2,104	1,512	3,616
Net income	\$145,446	\$ —	\$145,446

ASU No. 2017-09 – In May 2017, the FASB issued ASU No. 2017-09, *Scope of Modification Accounting*. The standard provides guidance about which changes to the terms or conditions of a share-based payment award require modification accounting, which may result in a different fair value for the award. We adopted this standard on January 1, 2018, and it is being applied prospectively to awards modified on or after this date. Application of this standard has not had a significant impact on our results of operations or financial position and we do not expect it to have a significant impact on an ongoing basis.

ASU No. 2018-02 – In February 2018, the FASB issued ASU No. 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. The standard allows companies to make an election to reclassify from accumulated other comprehensive income to retained earnings the stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017 (the "2017 Act"). We elected to early adopt this standard on January 1, 2018, applying it in the period of adoption. As such, a reclassification from accumulated other comprehensive loss to retained earnings of \$6,867 was recorded during the quarter ended March 31, 2018. This represents the effect of the change in the United States federal corporate income tax rate on the gross deferred tax amount at the date of enactment of the 2017 Act related to items remaining in accumulated other comprehensive loss. Our policy is to release stranded income tax effects from accumulated other comprehensive loss when the circumstances upon which they are premised cease to exist.

ASU No. 2018-05 – In March 2018, the FASB issued ASU No. 2018-05, *Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin (SAB) No. 118*. The standard added to the FASB Codification the guidance provided by the SEC in December 2017 regarding the accounting for the 2017 Act. We complied with SAB No. 118 when

preparing our annual consolidated financial statements for the year ended December 31, 2017. Reasonable estimates were used in determining several of the components of the impact of the 2017 Act, including our 2017 deferred income tax activity and the amount of post-1986 foreign deferred earnings subject to the repatriation toll charge. We are still analyzing certain aspects of the 2017 Act and refining our calculations, which could potentially affect the measurement of our deferred tax balances and the amount of the repatriation toll charge liability, and ultimately could cause us to revise our initial estimates. In addition, changes in interpretations, assumptions and guidance regarding the 2017 Act could have a material impact on our effective tax rate. During the quarter ended September 30, 2018, we recorded a decrease in income tax expense of \$1,249 as we refined our accounting for the estimated repatriation toll charge liability, and during the nine months ended September 30, 2018, we recorded a decrease in income tax expense of \$1,118.

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

In order to complete our accounting for the 2017 Act, which we will finalize in the fourth quarter of 2018, the following specific items need to be completed or addressed:

issuance of state-by-state guidance regarding conformity with or decoupling from the 2017 Act; and finalization of the calculation of post-1986 foreign deferred earnings, which are subject to the repatriation toll charge, including the impact on our 2017 state tax returns to be filed in the fourth quarter of 2018.

Other accounting pronouncements adopted – In August 2018, the FASB issued ASU No. 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurements*. The standard removes, modifies and adds certain disclosures related to recurring and nonrecurring fair value measurements. On September 30, 2018, we early adopted the provisions of the standard that remove and modify disclosure requirements. This adoption had minimal impact on our fair value disclosures in Note 7. The additional disclosures required under the new guidance are effective for us on January 1, 2020.

Accounting pronouncements not yet adopted – In February 2016, the FASB issued ASU No. 2016-02, *Leasing*. The standard is intended to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities for virtually all leases and by requiring the disclosure of key information about leasing arrangements. In July 2018, the FASB issued two amendments to ASU No. 2016-02: ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*, which amends narrow aspects of the guidance in ASU No. 2016-02, and ASU No. 2018-11, *Targeted Improvements*, which provides a new optional transition method under which comparative periods presented in financial statements in the period of adoption would not be restated. All of these standards are effective for us on January 1, 2019. They are required to be adopted using a modified retrospective approach, and we plan to elect the optional transition method under ASU No. 2018-11. We have established an implementation team to evaluate and identify the impact of these standards on our financial position, results of operations and cash flows. We are currently assessing our leasing arrangements and implementing software to meet the reporting requirements of the standard. We anticipate that we will elect the practical expedient package outlined in ASU No. 2016-02 under which we do not have to reassess whether an arrangement contains a lease, we can carryforward our previous classification of leases as either operating or capital leases, and we do not have to reassess previously recorded initial direct costs. Additionally, we anticipate that we will make the policy election allowing us to exclude leases with original terms of 12 months or less from lease assets and liabilities. We continue to assess the practical expedient allowing us to use hindsight to determine the lease term and to assess any impairment of lease assets during the lookback period, and we continue to assess certain policy elections required under the standard, including whether we will separate nonlease components from the associated lease component and how we will determine the incremental borrowing rate for leases with renewal options. Although we will recognize lease assets and liabilities for leases classified as operating leases under previous guidance, we are not able to quantify the impact of the standard at this time.

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. The standard introduces new guidance for the accounting for credit losses on instruments within its scope, including trade and loans receivable and available-for-sale debt securities. The guidance is effective for us on January 1, 2020 and requires adoption using a modified retrospective approach. We do not expect the application of this standard to have a significant impact on our results of operations or financial position.

In August 2018, the FASB issued ASU No. 2018-14, *Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans*. The standard modifies certain disclosures related to defined benefit pension and other postretirement plans and requires adoption on a retrospective basis to all periods presented. We plan to early adopt this standard on December 31, 2018, including the modified disclosures in our Form 10-K for the year ending December 31, 2018.

In August 2018, the FASB issued ASU No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The accounting for the service element of a hosting arrangement that is a service contract is not affected by the new standard. The guidance is effective for us on January 1, 2020 and may be adopted retrospectively or prospectively to eligible costs incurred on or after the date the guidance is first applied. This new guidance will impact our results of operations and financial position as we currently expense these implementation costs as incurred. As we have not historically tracked these costs separately, we are not able to quantify the expected impact on our consolidated financial statements. We plan to adopt the standard prospectively.

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Note 3: Supplemental balance sheet information

Allowance for uncollectible accounts – Changes in the allowance for uncollectible accounts for the nine months ended September 30, 2018 and 2017 was as follows:

(in thousands)	Nine Months Ended	
	September 30, 2018	2017
Balance, beginning of year	\$2,884	\$2,828
Bad debt expense	2,275	2,384
Write-offs, net of recoveries	(2,036)	(2,404)
Balance, end of period	\$3,123	\$2,808

Inventories and supplies – Inventories and supplies were comprised of the following:

(in thousands)	September 30, December 31,	
	2018	2017
Raw materials	\$ 7,508	\$ 7,357
Semi-finished goods	7,942	7,635
Finished goods	25,343	24,146
Supplies	4,325	3,111
Inventories and supplies	\$ 45,118	\$ 42,249

Available-for-sale debt securities – Available-for-sale debt securities included within funds held for customers were comprised of the following:

(in thousands)	September 30, 2018			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Funds held for customers: ⁽¹⁾				
Domestic money market fund	\$11,000	\$ —	—\$ —	\$11,000
Canadian and provincial government securities	8,938	—	(541)	8,397
Canadian guaranteed investment certificates	7,747	—	—	7,747
Available-for-sale debt securities	\$27,685	\$ —	—\$ (541)	\$27,144

⁽¹⁾ Funds held for customers, as reported on the consolidated balance sheet as of September 30, 2018, also included cash of \$57,263.

(in thousands)	December 31, 2017			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Funds held for customers: ⁽¹⁾				
Domestic money market fund	\$17,300	\$ —	—\$ —	\$17,300
Canadian and provincial government securities	9,051	—	(393)	8,658
Canadian guaranteed investment certificates	7,955	—	—	7,955
Available-for-sale debt securities	\$34,306	\$ —	—\$ (393)	\$33,913

Edgar Filing: DELUXE CORP - Form 10-Q

⁽¹⁾ Funds held for customers, as reported on the consolidated balance sheet as of December 31, 2017, also included cash of \$52,279.

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Expected maturities of available-for-sale debt securities as of September 30, 2018 were as follows:

(in thousands)	Fair value
Due in one year or less	\$20,863
Due in two to five years	4,308
Due in six to ten years	1,973
Available-for-sale debt securities	\$27,144

Further information regarding the fair value of available-for-sale debt securities can be found in Note 7.

Assets held for sale – Assets held for sale as of September 30, 2018 included a small business distributor and 3 small business customer lists. Assets held for sale as of December 31, 2017 included 2 providers of printed and promotional products, both of which were sold during 2018, and 2 small business distributors, 1 of which was sold during the first quarter of 2018. Also during the nine months ended September 30, 2018, we sold several small business customer lists that previously did not meet the requirements to be reported as assets held for sale in the consolidated balance sheets. We determined that the assets sold would be better positioned for long-term growth if they were managed by independent distributors. Subsequent to the sales, the businesses and customer lists are owned by distributors that are part of our Safeguard® distributor network. As such, our revenue is not impacted by these sales, and the impact to our costs is not significant. We entered into aggregate notes receivable of \$28,028 in conjunction with these sales (non-cash investing activity), and we recognized aggregate net gains within SG&A expense of \$1,765 during the quarter ended September 30, 2018 and \$12,855 during the nine months ended September 30, 2018. During the quarter ended September 30, 2017, we sold the assets of 2 small business distributors and assets associated with certain custom printing activities. During the nine months ended September 30, 2017, we also sold a provider of printed and promotional products and an additional small business distributor. These sales resulted in aggregate net gains within SG&A expense of \$1,924 for the quarter ended September 30, 2017 and \$8,703 for the nine months ended September 30, 2017.

During the first quarter of 2017, we recorded a pre-tax asset impairment charge of \$5,296 related to a small business distributor that was sold during the second quarter of 2017. This impairment charge reduced the carrying value of the business to its estimated fair value less costs to sell, as we negotiated the sale of the business. During the second quarter of 2017, we recorded an additional pre-tax asset impairment charge of \$2,954 as we finalized the sale of this business, resulting in a total pre-tax asset impairment charge of \$8,250 for the nine months ended September 30, 2017.

The businesses sold during 2018, as well as those held for sale as of September 30, 2018, were included in our Small Business Services segment, and their net assets consisted primarily of intangible assets. We are actively marketing the remaining assets held for sale, and we expect the selling prices will equal or exceed their current carrying values. Net assets held for sale consisted of the following:

(in thousands)	September 30, December 31,		Balance sheet caption
	2018	2017	
Current assets	\$ —	\$ 4	Other current assets
Intangibles	3,250	8,459	Assets held for sale
Goodwill	—	3,566	Assets held for sale
Other non-current assets	—	207	Assets held for sale
Net assets held for sale	\$ 3,250	\$ 12,236	

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Intangibles – Intangibles were comprised of the following:

(in thousands)	September 30, 2018			December 31, 2017		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Indefinite-lived intangibles:						
Trade name ⁽¹⁾	\$—	\$—	\$—	\$19,100	\$—	\$19,100
Amortizable intangibles:						
Internal-use software	391,747	(312,268)	) 79,479	359,079	(284,074)	) 75,005
Customer lists/relationships ⁽²⁾	401,821	(159,667)	) 242,154	343,589	(121,729)	) 221,860
Trade names	49,872	(24,405)	) 25,467	36,931	(19,936)	) 16,995
Technology-based intangibles	39,000	(12,030)	) 26,970	31,800	(6,400)	) 25,400
Software to be sold	36,900	(14,374)	) 22,526	36,900	(11,204)	) 25,696
Other	1,800	(1,755)	) 45	1,800	(1,590)	) 210
Amortizable intangibles	921,140	(524,499)	) 396,641	810,099	(444,933)	) 365,166
Intangibles	\$921,140	\$(524,499)	) \$396,641	\$829,199	\$(444,933)	) \$384,266

⁽¹⁾ During the third quarter of 2018, we recorded a pre-tax asset impairment charge of \$19,100 for our indefinite-lived trade name. Further information can be found in Note 7.

⁽²⁾ During the first nine months of 2018, we recorded pre-tax asset impairment charges of \$4,031 related to amortizable customer lists. Further information can be found in Note 7.

Amortization of intangibles was \$28,505 for the quarter ended September 30, 2018, \$27,456 for the quarter ended September 30, 2017, \$84,199 for the nine months ended September 30, 2018 and \$79,284 for the nine months ended September 30, 2017. Based on the intangibles in service as of September 30, 2018, estimated future amortization expense is as follows:

(in thousands)	Estimated amortization expense
Remainder of 2018	\$ 23,632
2019	94,468
2020	74,306
2021	57,593
2022	41,964

During the nine months ended September 30, 2018, we acquired internal-use software in the normal course of business. We also acquired intangible assets in conjunction with acquisitions (Note 6). The following intangible assets were acquired during the nine months ended September 30, 2018:

(in thousands)	Amount	Weighted-average amortization period (in years)
Customer lists/relationships ⁽¹⁾	\$75,775	8
Internal-use software	33,223	3
Trade names	13,700	7
Technology-based intangibles	7,200	5
Acquired intangibles	\$129,898	6

⁽¹⁾ Includes customer list purchases of \$1,188 that did not qualify as business combinations.

14

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Information regarding acquired intangibles does not include measurement-period adjustments recorded during the nine months ended September 30, 2018 for changes in the estimated fair values of intangibles acquired during 2017 through acquisitions. Information regarding these adjustments can be found in Note 6.

Goodwill – Changes in goodwill during the nine months ended September 30, 2018 were as follows:

(in thousands)	Small Business Services	Financial Services	Direct Checks	Total
Balance, December 31, 2017:				
Goodwill, gross	\$706,568	\$324,239	\$148,506	\$1,179,313
Accumulated impairment charges	(48,379)	—	—	(48,379)
Goodwill, net of accumulated impairment charges	658,189	324,239	148,506	1,130,934
Impairment charge (Note 7)	(78,188)	—	—	(78,188)
Goodwill resulting from acquisitions	41,216	29,304	—	70,520
Measurement-period adjustments for prior year acquisitions (Note 6)	1,420	2,764	—	4,184
Adjustment of assets held for sale	635	—	—	635
Currency translation adjustment	(2,131)	—	—	(2,131)
Balance, September 30, 2018:				
Goodwill, gross	747,708	356,307	148,506	1,252,521
Accumulated impairment charges	(126,567)	—	—	(126,567)
Goodwill, net of accumulated impairment charges	\$621,141	\$356,307	\$148,506	\$1,125,954

Other non-current assets – Other non-current assets were comprised of the following:

(in thousands)	September 30, 2018	December 31, 2017
Loans and notes receivable from Safeguard distributors	\$ 71,728	\$ 44,276
Prepaid product discounts ⁽¹⁾	58,539	63,895
Postretirement benefit plan asset	45,435	39,849
Deferred sales commissions ⁽²⁾	7,037	—
Deferred advertising costs	5,089	6,135
Other	7,719	5,601
Other non-current assets	\$ 195,547	\$ 159,756

⁽¹⁾ In our prior year financial statements, we referred to this asset as contract acquisition costs.

⁽²⁾ Net of amortization of \$2,033 for the nine months ended September 30, 2018.

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Changes in prepaid product discounts during the nine months ended September 30, 2018 and 2017 were as follows:

	Nine Months	
	Ended	
	September 30,	
(in thousands)	2018	2017
Balance, beginning of year	\$63,895	\$65,792
Additions ⁽¹⁾	11,695	15,651
Amortization	(16,976)	(14,685)
Other	(75)	(127)
Balance, end of period	\$58,539	\$66,631

⁽¹⁾ Prepaid product discounts are generally accrued upon contract execution. Cash payments made for prepaid product discounts were \$19,125 for the nine months ended September 30, 2018 and \$20,003 for the nine months ended September 30, 2017.

Accrued liabilities – Accrued liabilities were comprised of the following:

(in thousands)	September 30, December 31,	
	2018	2017
Funds held for customers	\$ 83,370	\$ 85,091
Deferred revenue	39,939	47,021
Employee profit sharing/cash bonus	25,868	31,312
Prepaid product discounts due within one year ⁽¹⁾	10,596	11,670
Customer rebates	9,887	11,508
Acquisition-related liabilities ⁽²⁾	6,734	23,878
Restructuring due within one year (Note 8)	4,719	4,380
Income tax	2,146	17,827
Other	51,270	44,566
Accrued liabilities	\$ 234,529	\$ 277,253

⁽¹⁾ In our prior year financial statements, we referred to this liability as contract acquisition costs due within one year.

⁽²⁾ Consists of holdback payments due at future dates and liabilities for contingent consideration. Further information regarding liabilities for contingent consideration can be found in Note 7.

Other non-current liabilities – Other non-current liabilities were comprised of the following:

(in thousands)	September 30, December 31,	
	2018	2017
Prepaid product discounts ⁽¹⁾	\$ 15,229	\$ 21,658
Other	27,101	30,583
Other non-current liabilities	\$ 42,330	\$ 52,241

⁽¹⁾ In our prior year financial statements, we referred to this liability as contract acquisition costs.

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Note 4: (Loss) earnings per share

The following table reflects the calculation of basic and diluted (loss) earnings per share. During each period, certain stock options, as noted below, were excluded from the calculation of diluted (loss) earnings per share because their effect would have been antidilutive.

	Quarter Ended		Nine Months	
	September 30,		Ended	
	2018	2017	September 30,	2017
(in thousands, except per share amounts)				
(Loss) earnings per share – basic:				
Net (loss) income	\$(31,083)	\$28,801	\$92,461	\$145,446
Income allocated to participating securities	(53)	(176)	(396)	(961)
(Loss) income available to common shareholders	\$(31,136)	\$28,625	\$92,065	\$144,485
Weighted-average shares outstanding	46,781	48,081	47,340	48,217
(Loss) earnings per share – basic	\$(0.67)	\$0.60	\$1.94	\$3.00
(Loss) earnings per share – diluted:				
Net (loss) income	\$(31,083)	\$28,801	\$92,461	\$145,446
Income allocated to participating securities	(53)	(175)	(394)	(956)
Re-measurement of share-based awards classified as liabilities	(98)	53	(274)	7
(Loss) income available to common shareholders	\$(31,234)	\$28,679	\$91,793	\$144,497
Weighted-average shares outstanding	46,781	48,081	47,340	48,217
Dilutive impact of potential common shares	22	296	178	331
Weighted-average shares and potential common shares outstanding	46,803	48,377	47,518	48,548
(Loss) earnings per share – diluted	\$(0.67)	\$0.59	\$1.93	\$2.98
Antidilutive options excluded from calculation	1,037	266	570	266

Note 5: Other comprehensive income

Reclassification adjustments – Information regarding amounts reclassified from accumulated other comprehensive loss to net income was as follows:

Accumulated other comprehensive loss components	Amounts reclassified from accumulated other comprehensive loss				Affected line item in consolidated statements of comprehensive (loss) income
	Quarter Ended		Nine Months Ended		
	September 30,	September 30,	September 30,	September 30,	
	2018	2017	2018	2017	
(in thousands)					
Amortization of postretirement benefit plan items:					
Prior service credit	\$355	\$355	\$1,066	\$1,066	Other income
Net actuarial loss	(721)	(909)	(2,163)	(2,728)	Other income
Total amortization	(366)	(554)	(1,097)	(1,662)	Other income
Tax benefit	47	167	447	497	Income tax provision
Total reclassifications, net of tax	\$(319)	\$(387)	\$(650)	\$(1,165)	Net (loss) income

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Accumulated other comprehensive loss – Changes in the components of accumulated other comprehensive loss during the nine months ended September 30, 2018 were as follows:

(in thousands)	Postretirement benefit plans	Net unrealized loss on marketable debt securities, net of tax ⁽¹⁾	Currency translation adjustment	Accumulated other comprehensive loss
Balance, December 31, 2017	\$ (26,829)	\$ (322)	\$ (10,446)	\$ (37,597)
Other comprehensive loss before reclassifications	—	(119)	(5,056)	(5,175)
Amounts reclassified from accumulated other comprehensive loss	650	—	—	650
Net current-period other comprehensive income (loss)	650	(119)	(5,056)	(4,525)
Adoption of ASU No. 2018-02	(6,867)	—	—	(6,867)
Balance, September 30, 2018	\$ (33,046)	\$ (441)	\$ (15,502)	\$ (48,989)

⁽¹⁾ Other comprehensive loss before reclassifications is net of income tax benefit of \$42.

Note 6: Acquisitions

We regularly complete business combinations that align with our business strategy. The assets and liabilities acquired are recorded at their estimated fair values, and the results of operations of each acquired business are included in our consolidated statements of comprehensive (loss) income from their acquisition dates. Transaction costs related to acquisitions are expensed as incurred and are included in SG&A expense in the consolidated statements of comprehensive (loss) income. Transaction costs were not significant to our consolidated statements of comprehensive income for the nine months ended September 30, 2018 and 2017. The acquisitions completed during the nine months ended September 30, 2018 were cash transactions, funded by use of our revolving credit facility. We completed these acquisitions primarily to increase our mix of marketing solutions and other services revenue, to add financial technology, logo and web services capabilities, and to reach new customers.

2018 acquisitions – In March 2018, we acquired all of the equity of Logomix Inc. (Logomix), a self-service marketing and branding platform that helps small businesses create logos and custom marketing products. The preliminary allocation of the purchase price based upon the estimated fair values of the assets acquired and liabilities assumed resulted in nondeductible goodwill of \$30,080. The acquisition resulted in goodwill as we expect to accelerate revenue growth by combining our capabilities with Logomix's platform. The operations of this business from its acquisition date are included in our Small Business Services segment. We expect to finalize the allocation of the purchase price by the end of 2018 when our valuation of the acquired capital assets is completed.

In June 2018, we acquired selected assets of Velocity Servers, Inc., doing business as ColoCrossing, a data center solutions, cloud hosting and infrastructure colocation provider of dedicated hosting services. The preliminary allocation of the purchase price based upon the estimated fair values of the assets acquired and liabilities assumed resulted in tax-deductible goodwill of \$11,136. The acquisition resulted in goodwill as we expect to accelerate revenue growth by bringing colocation services into our portfolio of hosting services. The operations of this business from its acquisition date are included in our Small Business Services segment. We expect to finalize the allocation of the purchase price in the first quarter of 2019 when our valuation of the acquired intangible assets is completed, as well as the valuation of various other assets acquired and liabilities assumed.

In August 2018, we acquired selected assets of REMITCO LLC (RemitCo), the remittance processing business of First Data Corporation. The preliminary allocation of the purchase price based upon the estimated fair values of the assets acquired and liabilities assumed resulted in tax-deductible goodwill of \$29,304. The acquisition resulted in goodwill as it expands the scale of our receivables management solutions capabilities, which allows us to take advantage of the ongoing market trend toward outsourcing technology-enabled solutions and services to trusted financial technology partners of scale. The operations of this business from its acquisition date are included in our Financial Services segment. We expect to finalize the allocation of

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

the purchase price by mid-2019 when our valuation of the acquired intangible assets is completed, as well as the valuation of various other assets acquired and liabilities assumed.

Also during the nine months ended September 30, 2018, we acquired the operations of 3 small business distributors that are included in our Small Business Services segment. The assets acquired consisted primarily of customer list intangible assets. The allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed for 1 of the distributors is preliminary and is expected to be completed by the end of 2018 when our valuation of the acquired intangible assets is completed. As these small business distributors were previously part of our Safeguard distributor network, our revenue was not impacted by these acquisitions, and the impact to our costs was not significant.

Information regarding goodwill by reportable segment and the useful lives of acquired intangibles can be found in Note 3. Information regarding the calculation of the estimated fair values of the acquired intangibles can be found in Note 7. As our acquisitions were not significant to our reported operating results both individually and in the aggregate, pro forma results of operations are not provided. The following illustrates the preliminary allocation, as of September 30, 2018, of the aggregate purchase price for the above acquisitions to the assets acquired and liabilities assumed:

(in thousands)	2018 acquisitions
Net tangible assets acquired and liabilities assumed ⁽¹⁾	\$ 8,429
Identifiable intangible assets:	
Customer lists/relationships	74,587
Trade names	13,700
Technology-based intangible	7,200
Total intangible assets	95,487
Goodwill	70,520
Total aggregate purchase price	174,436
Liabilities for holdback payments and contingent consideration	(3,365)
Non-cash consideration ⁽²⁾	(1,060)
Net cash paid for 2018 acquisitions	170,011
Holdback payments for prior year acquisitions	20,385
Payments for acquisitions, net of cash acquired of \$1,645	\$ 190,396

⁽¹⁾ Net assets acquired consisted primarily of RemitCo accounts receivable and Logomix deferred income tax liabilities.

⁽²⁾ Consists of pre-acquisition amounts owed to us by an acquired distributor.

During the nine months ended September 30, 2018, we finalized purchase accounting for all of the 2017 acquisitions for which purchase accounting was preliminary as of December 31, 2017. Information regarding these acquisitions can be found under the caption “Note 5: Acquisitions” in the Notes to Consolidated Financial Statements appearing in the 2017 Form 10-K. The resulting measurement-period adjustments increased goodwill \$4,184 during the nine months ended September 30, 2018, with the offset to various assets and liabilities, including deferred revenue, deferred income taxes and other long-term liabilities, as well as a decrease of \$1,654 in customer list intangibles and an increase in internal-use software of \$1,000.

2017 acquisitions – During the nine months ended September 30, 2017, we completed the following acquisitions:

Edgar Filing: DELUXE CORP - Form 10-Q

In February 2017, we acquired selected assets of Panthur Pty Ltd, an Australian web hosting and domain registration service provider.

In April 2017, we acquired all of the equity of RDM Corporation of Canada, a provider of remote deposit capture software, hardware and digital imaging solutions for financial institutions and corporate clients.

In July 2017, we acquired all of the equity of Digital Pacific Group Pty Ltd, and in September 2017, we acquired all of the equity of j2 Global Australia Pty Ltd, doing business as Web24. Both businesses are based in Australia and provide web hosting and domain registration services.

We acquired the operations of several small business distributors. All but 1 of these distributors were previously part of our Safeguard distributor network.

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Payments for acquisitions, net of cash acquired, as presented on the consolidated statement of cash flows for the nine months ended September 30, 2017, included payments of \$117,534 for these acquisitions and \$7,883 for holdback payments for prior year acquisitions. Further information regarding our 2017 acquisitions can be found under the caption "Note 5: Acquisitions" in the Notes to Consolidated Financial Statements appearing in the 2017 Form 10-K.

Note 7: Fair value measurements

Annual impairment analyses – We evaluate the carrying value of goodwill and our indefinite-lived trade name as of July 31 of each year and between annual evaluations if events occur or circumstances change that would indicate a possible impairment. Our policy on impairment of indefinite-lived intangibles and goodwill, which is included under the caption "Note 1: Significant accounting policies" in the Notes to Consolidated Financial Statements appearing in the 2017 Form 10-K, explains our methodology for assessing impairment of these assets.

In completing the 2018 annual impairment analysis of goodwill, we elected to perform a qualitative assessment for 5 of our reporting units and a quantitative assessment for 2 of our reporting units: Small Business Services Web Services and Small Business Services Indirect. Small Business Services Web Services includes our businesses that provide hosting and domain name services, logo and web design, search engine marketing and optimization, and payroll services. Small Business Services Indirect consists primarily of our Safeguard distributor channel, former Safeguard distributors that we have purchased, and our independent dealer channel.

The qualitative analyses evaluated factors, including, but not limited to, economic, market and industry conditions, cost factors and the overall financial performance of the reporting units. We also considered the quantitative analyses completed as of July 31, 2017, which indicated that the estimated fair values of these reporting units exceeded their carrying values by approximate amounts between \$64,000 and \$1,405,000, or by amounts between 50% and 314% above the carrying values of their net assets. In completing these assessments, we noted no changes in events or circumstances that indicated that it was more likely than not that the fair value of any reporting unit was less than its carrying amount.

The quantitative analysis as of July 31, 2018 for the Small Business Services Web Services reporting unit indicated that the estimated fair value of the reporting unit exceeded its carrying value by approximately \$63,000, or 22%. The carrying value of this reporting unit's goodwill was \$225,383 as of July 31, 2018. The quantitative analysis of the Small Business Services Indirect reporting unit indicated that the reporting unit's goodwill was fully impaired, resulting in a pre-tax goodwill impairment charge of \$78,188 during the quarter ended September 30, 2018. The impairment charge was measured as the amount by which the reporting unit's carrying value exceeded its estimated fair value, limited to the carrying amount of goodwill. The analysis of this reporting unit, which incorporated the results of the annual strategic planning process completed during the third quarter of 2018, indicated lowered projected long-term revenue growth and profitability levels resulting from changes in strategy and focus and in the mix of products and services sold, including the continuing decline in check and forms usage. Additionally, our strategic plan reflected a shift in company resources to our growing businesses. Our indefinite-lived Safeguard trade name is included in the Small Business Services Indirect reporting unit. As of July 31, 2018, we completed a quantitative analysis of this asset that indicated the asset was fully impaired (level 3 fair value measurement), resulting in a pre-tax asset impairment charge of \$19,100. This impairment charge was driven by the same factors that resulted in the goodwill impairment charge, which indicated that any royalties attributable to the asset under our relief from royalty calculation had no future value.

The annual impairment analysis completed as of July 31, 2017 resulted in a pre-tax goodwill impairment charge of \$28,379 related to our former Small Business Services Safeguard reporting unit. We subsequently realigned a portion of our reporting units due to changes in our internal reporting structure. As such, the assets of this reporting unit are now included in the Small Business Services Indirect reporting unit. Further information regarding the 2017 annual impairment analyses can be found under the caption "Note 7: Fair value measurements" in the Notes to Consolidated Financial Statements appearing in the 2017 Form 10-K.

Other non-recurring asset impairment analyses – During the third quarter of 2018, we recorded pre-tax asset impairment charges of \$1,882 for Financial Services customer list intangible assets related to 2 small distributors we acquired in 2015. Based on higher than anticipated customer attrition, we determined that the customer lists were partially impaired as of July 31, 2018. During the first quarter of 2018, we recorded a pre-tax asset impairment charge of \$2,149 related to a Small

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Business Services customer list intangible asset. Based on changes in the customer base of one of our small business distributors, we determined that the customer list asset was fully impaired as of March 31, 2018. We utilized the discounted value of estimated future cash flows to estimate the fair values of these asset groups.

During the quarter ended September 30, 2017, we decided that we would no longer utilize our Small Business Services NEBS® trade name in the marketplace, and we recorded a pre-tax asset impairment charge of \$14,752 to write down the remaining book value of this trade name to a fair value of \$0. Also during the quarter ended September 30, 2017, we recorded pre-tax asset impairment charges of \$3,499 related to other long-lived assets within Small Business Services, primarily internal-use software related to an order capture system. During the third quarter of 2017, we signed a contract for customer relationship management services that resulted in our decision to no longer utilize a portion of this software. As such, the remaining net book value of the assets was written down to a fair value of \$0.

During the nine months ended September 30, 2017, we recorded aggregate pre-tax asset impairment charges of \$8,250 related to a small business distributor that was classified as held for sale in the consolidated balance sheets prior to its sale during the second quarter of 2017. The impairment charges were calculated based on ongoing negotiations for the sale of the business and reduced its carrying value to its fair value less costs to sell by reducing the carrying value of the related customer list intangible asset. Further information regarding assets held for sale can be found in Note 3.

Information regarding these other non-recurring asset impairment analyses was as follows:

	Fair value as of measurement date	Fair value measurements using			Impairment charge
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
(in thousands)					
<i>2018 analyses:</i>					
Customer list (Small Business Services)	\$ —	\$ —	\$ —	\$ —	\$ 2,149
Customer lists (Financial Services) ⁽¹⁾	4,223	—	—	4,223	1,882
Total					\$ 4,031
<i>2017 analyses:</i>					
Trade name	\$ —	\$ —	\$ —	\$ —	\$ 14,752
Assets held for sale	3,500	—	—	3,500	8,250
Other	—	—	—	—	3,499
Total					\$ 26,501

⁽¹⁾ The fair value presented is for the entire asset group that includes the impaired customer lists.

2018 acquisitions – For all acquisitions, we are required to measure the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Information regarding the acquisitions completed during the nine months ended September 30, 2018 can be found in Note 6. The identifiable net assets acquired during the nine months ended September 30, 2018 were comprised primarily of customer list intangible assets, trade names and a technology-related intangible asset. The estimated fair values of the trade names and the technology-related asset were calculated using the relief from royalty method, which calculates the cost savings associated with owning rather than licensing the

trade name or the technology. Assumed royalty rates were applied to projected revenue for the estimated remaining useful lives of the assets to estimate the royalty savings. Royalty rates are selected based on the attributes of the asset, including its recognition and reputation in the industry, and in the case of trade names, with consideration of the specific profitability of the products sold under a trade name and supporting assets. We also consider, when available, observations of negotiated royalty rates for use of similar assets.

The estimated fair values of the Logomix, ColoCrossing and RemitCo customer lists were calculated using the multi-period excess earnings method. This valuation model estimates revenues and cash flows derived from the asset and then deducts portions of the cash flow that can be attributed to supporting assets, such as a brand name or fixed assets, that

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

contributed to the generation of the cash flows. The resulting cash flow, which is attributable solely to the customer list asset, is then discounted at a rate of return commensurate with the risk of the asset to calculate a present value. The estimated fair value of the other acquired customer lists was calculated by discounting the estimated cash flows expected to be generated by the assets. Key assumptions used in the calculations included same-customer revenue growth rates and estimated customer retention rates based on the acquirees' historical information.

Recurring fair value measurements – Funds held for customers included cash equivalents and available-for-sale debt securities (Note 3). The cash equivalents consisted of a money market fund investment that is traded in an active market. Because of the short-term nature of the underlying investments, the cost of this investment approximates its fair value. Available-for-sale debt securities consisted of a mutual fund investment that invests in Canadian and provincial government securities and investments in Canadian guaranteed investment certificates (GICs) with maturities of 1 year. The mutual fund is not traded in an active market and its fair value is determined by obtaining quoted prices in active markets for the underlying securities held by the fund. The fair value of the GICs approximated cost due to their relatively short duration. Unrealized gains and losses, net of tax, are included in accumulated other comprehensive loss in the consolidated balance sheets. The cost of securities sold is determined using the average cost method. Realized gains and losses are included in revenue in the consolidated statements of comprehensive (loss) income and were not significant for the quarters or nine months ended September 30, 2018 and 2017.

The fair value of accrued contingent consideration is remeasured each reporting period. Increases or decreases in projected revenue, gross profit or operating income, as appropriate, and the related probabilities of achieving the forecasted results, may result in a higher or lower fair value measurement. Changes in fair value resulting from changes in the timing, amount of, or likelihood of contingent payments are included in SG&A expense in the consolidated statements of comprehensive (loss) income. Changes in fair value resulting from accretion for the passage of time are included in interest expense in the consolidated statements of comprehensive (loss) income.

Changes in accrued contingent consideration during the nine months ended September 30, 2018 were as follows:

(in thousands)	Nine Months Ended September 30, 2018
Balance, December 31, 2017	\$ 3,623
Acquisition date fair value	100
Change in fair value	634
Payments	(1,437)
Balance, September 30, 2018	\$ 2,920

DELUXE CORPORATION
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Information regarding the fair values of our financial instruments was as follows:

	September 30, 2018	Fair value measurements using Quoted prices in Significant active markets for identical assets (Level 1)			Significant unobservable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Carrying value	Fair value	(Level 1)	(Level 2)	(Level 3)	(Level 3)
(in thousands)						
Measured at fair value through net income:						
Accrued contingent consideration	\$(2,920)	\$(2,920)	\$—		—\$ (2,920))
Measured at fair value through comprehensive income:						