

Impairment testing implications during COVID-19

Respond and restore. Together.

Immediate actions to take in order to safeguard stakeholder trust and value

While companies grapple with urgent issues, many are at risk for missing a potential trap in impairment testing. Timing, appropriate methodology in writing down assets and proper documentation are the teeth of this trap.

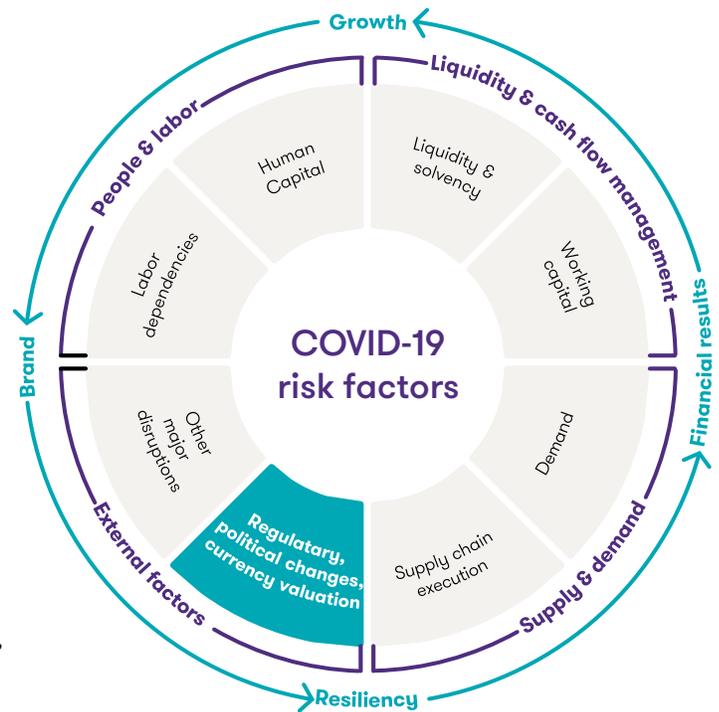
If impairment testing is not performed at the right time and in the right way, the consequences can be painful and costly. In a worst case scenario misstatements can leave companies open to litigation for fraudulent conveyance as stakeholders question whether or not they were misled.

Now is the time for companies to examine impairment testing that may need to be performed very soon.

Applicable to both public and private companies

All companies are subject to U.S. GAAP accounting related to asset impairment. While public companies have regulatory requirements that raise the level of financial statement scrutiny, private companies may also face scrutiny from lenders as they seek to understand the financial position of the company during the economic uncertainty.

Private companies with quarterly lender reporting requirements as well as private companies with fiscal years ending March, April, May or June, should accelerate focus on impairment testing to maintain trust with lenders and other stakeholders.



RESILIENCY STARTS WITH A COMMITMENT TO IDENTIFY AND MITIGATE RISK FACTORS THAT CAN FURTHER DISRUPT YOUR BUSINESS

At the ready to help you

For impairment testing needs, we can help you gain footing by interpreting complex ASC-350 and ASC-360 guidance related to triggering events, documentation and testing that may need to be performed very soon.

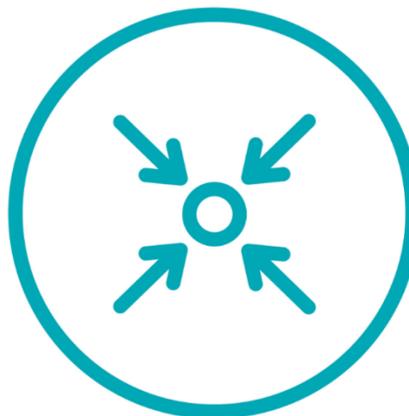
Our valuation teams routinely work with our accounting advisory practice on financial reporting issues such as impairment. Our accounting advisory practice is also ready to help companies with implementing ASC 350 and ASC 360.

We can also help you perform the testing in the right sequence according to the interdependencies that exist among indefinite lived intangible assets, long lived assets and goodwill.

Living our values of collaboration, leadership, respect, responsibility and agility

With a focus on solving complex client problems centered around value, you can count on us to:

- Bring a calm and deliberate approach to discussing key considerations
- Deliver perspective from our litigation experience to help you head off trouble
- Filter out the noise and create actionable plans
- Respond at the speed of your need



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