

# GlassRatner IMPAIRMENT TESTING



Under current economic conditions, many companies will need to conduct impairment testing in one form or another. Qualitative assessments suggest the need to impairment test if there has been a deterioration in macroeconomic conditions, increased costs, declining cash flows, possible bankruptcy, a change in management, or a substantial change in share price (if public), among other triggering events. If one or more of these conditions apply to your company or any of your reporting units, testing becomes necessary. That's where we come in. We are impairment testing experts that bring unique capabilities to bear. Our tools and processes make us extremely efficient. That's a given. If your situation is more serious, we are a full service advisory firm with valuation, investment banking, restructuring, planning, litigation, and asset monetization capabilities.

Therefore, whether you've made various impairment testing elections or not, are operating under prior or new testing rules, require goodwill or other assets to be tested - we have you covered. Our valuation team is familiar with GAAP and has numerous valuation credentials. And, we are independent with vast amounts of industry expertise.

Give us a call to chat. We'll guide you through the process and tailor a solution that meets your exact and unique needs. If you later discover something more significant is impacting your business that requires additional attention, our breadth of capabilities means that you already know where to turn to get the help you need.

## We Have Answers To Your Many Questions

As in most walks of life, when a task is performed infrequently – such as impairment testing – efficiency may be low and questions often arise. Making matters worse, with respect to impairment testing, the rules keep changing and it's hard to keep up. The Solution: You can turn to us for help. We perform these tests routinely and are more than happy to answer your questions. Listed below are some of the questions other clients have posed.

- *Is there a testing order that must be followed for each asset class? Why does order of testing matter? When do I need to test assets other than goodwill? Do I need to test at interim dates if I am already testing at a set annual date?*

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- *Is it true that multiple GAAP impairment testing rule changes have occurred over the past few years? Where do I find these rules? What are the implementation dates? Is early adoption available? Do the rule changes make testing easier or more difficult? What are the differences between old and new testing procedures? Are all companies treated the same?*
- *Under old testing rules our Reporting Unit failed step one, but we still had no impairment under step two. Will we get the same outcome under the new rules if we fail step one?*
- *What constitutes a trigger event?*
- *Under what circumstances is goodwill amortizable?*
- *We are a private company and understand that impairment testing rule changes dating back to 2014 allow us to perform testing under a single step. If we make this election will our testing outcomes be the same? What are the tradeoffs between sticking with old rules and not adopting new rules until they become mandatory, versus adopting new rules early?*
- *What is the so-called “qualitative assessment,” and do we need to undertake it?*
- *How is Reporting Unit impairment testing of goodwill different from implied goodwill testing?*
- *What is the difference between a Reporting Unit under ASC 350 and an Asset Group under ASC 360?*
- *How are long-lived assets impairment tested under ASC 360? Why are there multiple steps? What can be done to mitigate the amount of work required to impairment test long-lived assets?*
- *How do we deal with deferred taxes in the context of impairment testing?*
- *How should corporate overhead expenses be allocated among different reporting units?*

### For More Information, Please Contact:



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# GlassRatner

## ABOUT THE FIRM



### About GlassRatner

#### GlassRatner Advisory & Capital Group LLC

("GlassRatner") is a national multi-office specialty financial advisory services firm providing solutions to complex business problems and Board level agenda items. The Firm applies a unique mix of skill sets and experience to address matters of the utmost importance to an enterprise such as managing through a **business crisis or bankruptcy**, planning and executing a major **acquisition or divestiture**, pursuing a **fraud investigation or corporate litigation**, and other top level non-typical business challenges. GlassRatner has a national reputation in the area of Bankruptcy and Restructuring Advisory Services and Forensic Accounting and Litigation Support Services.

### About B. Riley Financial

GlassRatner is excited to be a part of the **B. Riley Financial** ("B. Riley") family. B. Riley provides collaborative financial services and solutions tailored to fit the capital raising and financial advisory needs of public and private companies and high net worth individuals. The company operates through several wholly-owned subsidiaries, including B. Riley FBR, a full-service investment bank and institutional brokerage; Great American Group, a leading provider of asset disposition, appraisal, corporate advisory and valuation services; GlassRatner, a specialty financial advisory services and consulting firm; B. Riley Wealth Management, B. Riley Asset Management and B. Riley Alternatives, which offer investment management to institutional and high net worth investors; Great American Capital Partners, which originates and underwrites senior secured loans for asset-rich companies; and B. Riley Principal Investments, which invests in or acquires companies and assets with attractive return profiles.

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