

Is Your Real Estate Portfolio at Risk for Impairment?

Pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360, Impairment, an entity is required to evaluate on an annual basis (quarterly for public companies) whether that entity has experienced any triggering events that would warrant a consideration of whether a property or a portfolio of properties could exhibit qualities of impairment. In periods of declining occupancies, heightened inflation, recurring net operating losses, increasing return requirements or other circumstances that may negatively impact the overall value to real property, this may sometimes require a deeper dive into the quantitative measures of whether an impairment may exist.

Centri Business Consulting and **Newmark Valuation & Advisory** have partnered in order to bring real estate entities a customized assessment based on their specific company and audit needs.

PHASE I ASSESSMENT

Identification and evaluation of triggering events in accordance with FASB ASC 360, Impairment.

Preparation of memorandum documenting the assessment of those triggering events.

Provide management with relevant assumptions used to assess market conditions.

Preparation of illustrative disclosures.

Central point of contact for the working group.

PHASE II ASSESSMENT

Identification and evaluation of triggering events in accordance with FASB ASC 360, Impairment.

Evaluation of undiscounted cash flows as prepared by management/assist with preparation of undiscounted cash flows.

Provide a memorandum documenting the following:

- Evaluation of triggering events.
- An assessment of the assumptions used in the cash flow model.
- Illustrative disclosures.

Central point of contact for the working group.

PHASE III ASSESSMENT

Identification and evaluation of triggering events in accordance with FASB ASC 360, Impairment.

Perform a full appraisal or review management's model for the computation of fair value in accordance with FASB ASC 820.

Provide a memorandum documenting the following:

- Evaluation of triggering events.
- An assessment of the assumptions used in the cash flow model.
- Illustrative disclosures.

Central point of contact for the working group.

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