



.....
Accelerated Depreciation
.....

Summary:

A prospective client mentioned they were having difficulty meeting certain financial covenants contained in their loan agreement. In GBQ's review of their financial statements, we noted they were using accelerated depreciation methods for financial statement purposes.

Challenge:

Meeting a net worth covenant contained in their loan agreement.

Solution:

We recommended the client adopt a change in the methodology of calculating depreciation by switching to straight line depreciation methods. This is considered a change in estimate which is a prospective change. It reduced the amount of depreciation recorded for financial statement purposes by half and allowed them to be able to meet the covenant.

Related Entities (may select more than one):

- GBQ Capital LLC
- GBQ Consulting LLC
- GBQ Goelzer Valuation Services
- GBQ Partners LLC
- GBQ Physician Practice Group LLC
- GBQ Redbank Advisors

Related Service Groups (may select more than one):

- Assurance Services
- Business Valuation
- Dispute Advisory & Forensic Services
- Management Consulting
- Mergers & Acquisitions
- Physician Services
- Risk Advisory Services
- State & Local Tax Services
- Tax Services

Related Client Groups (may select more than one):

- Construction
- Distribution
- Educational Organizations
- Healthcare
- Individual
- Japanese Business Sector
- Manufacturing
- Non-profit
- Physician Practices
- Private Company
- Public Company
- Real Estate
- Retail
- Service