

# PURCHASE ACCOUNTING VALUATIONS (ASC 805), IMPAIRMENT TESTING, AND DEAL PRICING

We work with CFOs and Controllers to support the full spectrum of fair value reporting requirements that arise from various transactions including business combinations. From deal pricing to initial purchase price allocation to impairment studies, you are covered by the team that will provide deep expertise, meaningful valuations, and service continuity.



## Purchase Accounting

1. Purchase Price Allocations (ASC 805)
2. RU pushdowns and legal entity valuations
3. We value everything:
  - a. Intangible assets, all types
  - b. Earn-outs
  - c. Deferred revenue, other liabilities
  - d. Machinery and equipment
  - e. Derivative financial instruments
  - f. Debt instruments
  - g. Portfolios (debt, equity, derivatives)

## Assets / Liabilities / Portfolios

A set of intangible assets that meets recognition criteria may include technology, customer, marketing, and contract-related assets. Inventory, fixed assets, leaseholds and financial instruments may require additional fair value analysis. Earn-outs and deferred revenue are liabilities to be recorded at fair value. We guide management through fair value requirements under ASC 805 and assist with all necessary valuations.

## Impairments / Mark-to-Market

Valuation support is often required following the initial purchase price allocation. Both qualitative and quantitative impairment testing is always tied to the original valuation. Mark-to-market adjustments have a direct P&L impact, as such consistency becomes prerequisite for clarity in financial reporting.

## Consecutive Valuation Support

4. Impairment testing (goodwill / intangibles, ASC 350 / 360)
5. Mark-to-market earn-outs, portfolios, non-operating assets and liabilities (ASC 820)

## Valuation Deal Due Diligence

6. Pricing studies
7. Financial forecast development
8. Deal term quantitative analysis
9. Cost of capital assessments
10. Prospective purchase price allocation. Strategic re-evaluation of acquired assets and liabilities
11. Valuation policy for future deals.

## Transaction Preparedness

Substantial risks of an M&A transaction can be mitigated with a clear transaction pricing study and thoughtful financial forecast. While subjective, pro-forma financials can provide important grounding when considering and negotiating transaction economics. We help management build financial forecast, test deal terms and model accounting impact of each transaction.

**PURCHASE ACCOUNTING FOCUS  
FAST AND ACCURATE SERVICE  
SINGLE STOP FOR ALL FAIR VALUE NEEDS  
BOUTIQUE-FIRM, HIGH TOUCH SERVICE  
GLOBAL ACCOUNTING FIRM EXPERIENCE**



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Sorbus Advisors LLC, is a valuation specialist dedicated to assisting clients with deal pricing, accounting regulatory compliance and litigation. With decades of global accounting firm experience, our professionals deliver valuations in the information technology, healthcare, consumer product and financial services industries. The firm was founded in 2008 and located in the San Francisco Bay Area.