



# Ascend Collateral Exams

## Standard Field Examination Procedures

Our field examination scope is catered specifically to our client's preferences; however, the following are always covered as part of our standard operating procedures:

### Availability Calculation

- Calculate availability and ineligibles – Comparison to borrower's reporting (if applicable)

### Accounts Receivable

- Historical and statistical trend analysis (A/R balances, dilution, turnover, sales concentrations)
- Current A/R analysis (A/R concentrations, past due analysis)
- Reconciliations to balance sheet, general ledger, and borrowing base
- Sample Testing (Invoice Test, Verifications, Credit Memo Test, Cash Application Test, Other)

### Inventory

- Historical and statistical trend analysis (inventory balances, turnover, gross profit)
- Current inventory analysis (locations, categories)
- Reconciliations to balance sheet, general ledger, and borrowing base
- Sample Testing (Test Count, Cost Test, Gross Profit Test, Other)

### Cash Analysis

- Reconciliations (bank statements to general ledger and balance sheet)
- Cash tracing (including proof of cash) and cash flow diagram

### Accounts Payable, Insurance, and Taxes

- Historical and statistical trend analysis (A/P balances and turnover)
- Current A/P analysis (A/P concentrations, past due analysis)
- Reconciliations to balance sheet and general ledger
- Sample Testing (Vendor Payment Test)
- Review of insurance policies/coverage and tax filings/payments

### Financials

- Income statement and balance sheet review
- Review accounts that may have implications for collateral

### Policies, Procedures, and Systems

- Provide recommendations concerning process improvements
- Ensure adequacy of record keeping and systems