

# Recasting

This is another term for normalization, which involves adjusting financial statements to depict the economic performance and condition of a company from the perspective of an investor.

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# Off Balance Sheet Liabilities

These are unrecorded obligations, such as repurchase agreements, pending lawsuits, and unfunded pensions.

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# Normalization

This is the process of adjusting or “normalizing” financial statements to remove the influence of decisions made by the owners to minimize taxes and to recast or restate them in such a way as to depict the economic performance and condition of the company from the perspective of an investor.

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# Non-Operating Assets

These are assets not necessary to ongoing operations of the business enterprise.

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## **LIFO**

This is an acronym for the Last In, First Out inventory valuation method. The last inventory units purchased are considered to be the first sold.

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## **Intangible Assets**

These are non-physical assets, such as franchises, trademarks, patents, copyrights, goodwill, mineral rights, securities and contracts, that grant rights, privileges, and have economic benefits for the owner.

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## **GAAP**

This is an acronym for Generally Accepted Accounting Principles. GAAP includes the standards, conventions, and rules accountants follow in recording financial transactions and preparing financial statements.

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# **FIFO**

This is an acronym for the First In, First Out inventory valuation method. The first inventory units purchased are considered to be the first sold.

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# **Depreciation**

This is the allocation of the cost of a tangible asset to expenses over the asset's estimated useful life.

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# **Capitalize**

This is to classify a cost as a long-term investment, rather than expensing it to current operations.