

## IPO Overview

Transforming a company from private to public is both exciting and challenging. The benefits of going public are well-known and include easier access to capital, increased visibility and prestige, and potentially enhanced employee benefits, such as the option to acquire company stock along with the rest of the public. Proper execution of an initial public offering (“IPO”) requires thoughtful planning, extensive due diligence, and a thorough understanding of the risks, requirements, and difficulties faced by public companies.

Unlike those that are privately held, publicly traded companies must be particularly sensitive to the market and their shareholders, and they must adhere to various financial reporting, internal control, and corporate governance requirements.

## SEC Compliance

Compliance with U.S. securities laws and SEC regulations requires companies to examine their approach to corporate governance, internal controls, financial reporting, and public reporting of both financial and non-financial data. Companies must plan for the increased level of scrutiny and the SEC reporting demands following an IPO. They must prepare for the compressed financial reporting deadlines in both quarterly and annual filings and have the ability to quickly analyze material events to meet rapid disclosure requirements. Building the right team to address these challenges is critical to the successful execution of an IPO. Chess Consulting (“Chess”) professionals have significant experience assisting clients with developing action plans to ensure all aspects of compliance are addressed. Our team has successfully helped clients to navigate the complex rules and regulations required for public companies. Chess can assist clients in the following areas, among others:

- **Governance** – review the role of the board of directors in the financial reporting process and consider a disclosure committee to ensure appropriate review of SEC filings;
- **Disclosures** – determine the appropriate financial and non-financial disclosures and analyze the ability to

deliver accurate disclosure information in a timely manner;

- **Complex Accounting** – assess the organization’s ability to correctly identify, analyze, and interpret complex accounting issues; and
- **Segment Reporting** – determine if current segment reporting is appropriate and meets industry regulatory guidance.

## Sarbanes-Oxley Compliance

Chess helps companies develop and execute long-term, cost-effective solutions to the requirements of the Sarbanes-Oxley Act (“SOX”) of 2002. We analyze each company’s unique operating environment utilizing a risk-based approach to identify critical processes and material accounts to be evaluated. We also work to leverage companies’ existing control environments and corporate governance structures to maximize cost-effective implementations of our solutions. Additionally we assist clients with documentation, assessment, and testing of internal controls, as well as provide assistance with improving and monitoring the internal control structures to effectively manage business risks that are unique to their organizations.

## IPO Readiness Capabilities

Our professionals deliver depth in virtually all areas of the financial accounting and reporting continuum, including internal audit and controls evaluation, financial reporting and related securities disclosures reviews, and complex accounting consultation. It is this combination of critical audit and accounting skills, along with our business processes and industry expertise that sets us apart.

Based on our wide range of experience and expertise, our professionals can assist with complex accounting, financial reporting, and other IPO readiness activities. Possible areas may include, but are not limited to:

- Assess critical accounting policies (i.e., revenue recognition, stock option programs, and accounting estimates) based on public company considerations and requirements;

- Assess the reliability of the budget and forecasting process;
- Review of SEC segment reporting requirements;
- Assess the size and competencies necessary for the company's accounting and finance function based on the requirements of a public company model;
- Provide input regarding the board of directors, audit committee, and disclosure committee composition and structure;
- Provide recommendations to the accounting and finance function to help ensure its processes are capable of generating financial statements on a quarterly basis, and within the necessary timeframe for a public company, that are as accurate as those required for year-end purposes;
- Assess the process to generate complete and accurate non-GAAP information required for public reporting including, but not limited to, funded and unfunded backlog, personnel data including those with security clearances, and information regarding intellectual property or other significant contract or business data; and
- Provide recommendations on the quality of management reporting that permit adequate analysis of operating and forecasted results on a timely basis to support MD&A and other requirements.

## Chess Consulting Differentiators

**Deep industry knowledge** and technical expertise which helps each client deal effectively with the complexities of the processes and issues facing its business.

**Profitability focus** concentrating on actions and solutions that create a competitive business advantage while fully complying with regulatory requirements.

**Practical and creative solutions** that effectively address difficult compliance and business issues.

**Supportable positions** that have been proven to withstand scrutiny from regulatory agencies such as the SEC, DCAA, DOJ, and GAO.