



# IPO READINESS

## Complex Accounting and Risk Management

### **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 Securities and Exchange Commission ("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 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.

## **IPO Readiness Capabilities**

Our professionals have years of experience 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 including, but not limited to:

- Assess critical accounting policies (e.g., revenue recognition, stock option programs, leases and other 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 related to the accounting and finance function to help ensure 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.



## **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. 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.

# THE CHESS CONSULTING ADVANTAGE

Our engagement teams are comprised of Certified Public Accountants, Certified Fraud Examiners, forensic accountants, corporate governance specialists, and regulatory experts. We understand how to work with and communicate effectively with legal counsel, management, and boards of directors. Our highly experienced team of audit, government contract accounting, and regulatory compliance experts have worked with contractors and their external auditors on a multitude of accounting and financial reporting matters over many years. Our clients have included some of the largest companies in the country, both publicly traded and private, spanning a wide variety of industries, including: aerospace and defense, biopharmaceutical, healthcare, construction, technical services, and higher education.

## 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.

### SERVICE LINE CONTACTS:

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*When the right move matters, contact Chess Consulting.*