

# CHESS

CONSULTING LLC

*Because the right move matters*



# IPO

## 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 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 entities 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 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 decades 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 process 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:

- Provide IPO project management support including development of project plan, schedule, and tracking/reporting of status;
- Assess critical accounting policies and develop position papers (e.g., revenue recognition, equity based compensation, leases, and other critical accounting areas) based on public company considerations and requirements;
- Assess and test the reliability of the budget and forecasting process;
- Assist with preparation and testing of financial data for MD&A and S-1 registration statement(s);
- Assist with the preparation of pro forma financial statements, including MD&A, Capitalization, Dilution, Summary and Selected Data tables;
- 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 corporate governance matters related to 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 complete, accurate, and timely financial statements for a public company;
- Assess and test the process to generate complete and accurate non-GAAP information required for public reporting including, but not limited to, funded and unfunded backlog, 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 (See our fact sheet titled [Sarbanes-Oxley Section 404 Compliance](#)). 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 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, investment bankers, management, and boards of directors. We have extensive experience with IPO readiness, audit readiness, and transaction advisory. We have provided support around accounting standard implementation, revenue recognition, internal controls, process documentation, and regulatory compliance. Our clients include large publicly traded and privately held companies, spanning a wide variety of industries.

## Notable experience includes:

- Assisted with SPAC/IPO and 10-K preparation for multiple privately-held companies. Our scope of work included, but was not limited to, developing and documenting accounting policies, researching and writing technical accounting white papers, drafting pro forma financial statements, and assistance with the preparation and support of the company's financial statements, disclosures and registration statement. We also provided post IPO support related to preparation of initial 10-Q financial statements and relevant implementation of internal controls over financial reporting and disclosure controls.
- Fortune 500 multinational publicly traded company. We developed, recommended, and assisted with the implementation of best practice internal controls designed to strengthen and standardize the internal control framework across the entire company both domestically and internationally. The best practice controls covered a wide range of business activities and entity-wide controls and risk monitoring processes.

### SERVICE LINE CONTACTS:

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