

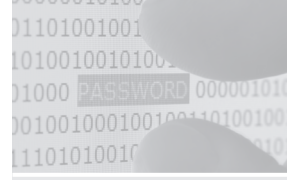
CFG I



CASE STUDY

M&A

A CASE STUDY IN SUPPORTING A COMPANY
THROUGH THE M&A PROCESS



OVERVIEW

BACKGROUND

Company B is a 10 year-old, founder-owned, private software corporation with a market leading product portfolio. Additionally, the company had a product in the pipeline that was expected to revolutionize its segment and was in discussions to undergo an acquisition by a large, publically traded consultancy firm.

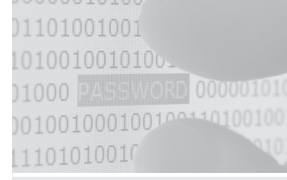
With Company B's bookkeeper responsible for a multitude of tasks, such as payroll, accounts payable and tax records, no consideration was given to the preparation of budgets, forecasts, or GAAP compliant financial statements. Due to the limited resources of their team, Company B was ill prepared to meet the extensive demands in order to successfully close the deal.

CHALLENGES

To comprise a team that would aid Company B to meet the stringent obligations of the newly proposed deal

Lacking the appropriate skill set to successfully meet the demands from the potential acquirer, Company B was faced with the challenge to find someone who could prepare them for formal due diligence and assist them in their existing responsibilities. The entire acquisition relied on these tasks to be performed in such a manner that would build credibility for Company B and instill confidence in the mind of the potential buyer.





SOLUTION

With the acquisition relying solely on the ability to meet these new demands, Company B decided to turn to CFGI to provide the necessary expertise and skillset. With the assistance of CFGI, Company B was able to utilize the wide array of financial professionals to assist them in addressing the new set of reporting requirements of the acquiring company:

PROVIDE AN IMMEDIATE CALL-TO-ACTION

- CFGI assembled a core team on short notice to assist Company B in meeting their obligations under the newly proposed deal.

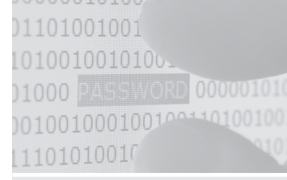
BUILD AN APPROACH THAT ANALYZED ALL MATERIAL TRANSACTIONS

- Analyzing significant revenue transactions to ensure compliance with ASC 985-605, Software Revenue Recognition guidance.
- Performing a VSOE study to establish fair value for professional services and post contract support.
- Assessing the proper accounting for leases.

REFINE THE BALANCE SHEET AND INCOME STATEMENT

- Review of core balance sheet accounts for reserves requirements, completeness and accuracy, including Accounts Receivable, Accounts Payable, Accruals, and Prepayments.
- Adjust historical balance sheet and income statement accounts for proper recognition of transactions in accordance with GAAP.
- Advise management as to the accounting issues that were likely to arise during due diligence, ensuring that the company could adequately explain and support them.





SOLUTION (CONTINUED)

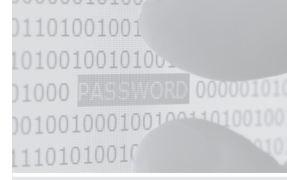
PREPARE FOR FORMAL DUE DILIGENCE

- CFGI performed a risk based pre-diligence procedure for Company B's financial records to ensure there would be no surprises during formal due diligence.
- Prior to formal due diligence meetings, CFGI assisted the company in preparing numerous reports and analyses that were requested by the prospective acquirer, as a prerequisite to the formal financial due diligence.
- During final due diligence, the CFGI team represented the company throughout the process and supported the bookkeeper through multiple complex issues that arose.

OFFER TIMELY ADVICE

- Supported the negotiating team for Company B, providing timely advice on the impact of proposed changes on the deal consideration.



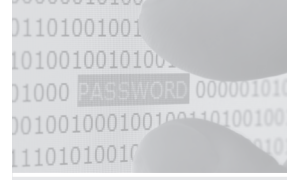


RESULTS

PROVIDED THE NECESSARY EXPERTISE TO PERFORM FORMAL DUE DILIGENCE AND MEET STRINGENT REQUIREMENTS

CFGI provided Company B with the necessary team to perform the wide array of tasks associated with a successful acquisition. The team, composed of individuals who understood the value of both technical and financial due diligence and who had extensive backgrounds in performing such tasks, led Company B to successfully complete the deal. In addition to performing the formal final due diligence, CFGI also provided Company B with best practices to analyze all material transactions and the proper skill sets necessary to prepare for similar, future instances.





WHY CFGI?

At CFGI, we define our success by the quality of our work and the satisfaction of our clients. Through our deep knowledge base, industry expertise and passion for client service, we provide value add solutions to address client needs. We have built a reputation as the go-to solution for all critical finance and accounting projects, we continue to build our business by attracting the industry's best professionals and supporting them with the cumulative expertise of our firm. When you partner with CFGI, you gain access to a full-service financial consulting and corporate finance team. Through our well-rounded operational and technical expertise, our team is ready to deliver the services and support needed to achieve your goals quickly, efficiently and effectively. Whether it is assistance evaluating and documenting complex technical accounting issues, or assistance with your financial close process, financial reporting and tax process, or assistance with your SOX process and documentation, we are uniquely positioned to help you with those needs. ■

