



# AUDIT PREPARATION & TECHNICAL ACCOUNTING

## Context

A clinical-stage biotech company with international subsidiaries needed a multi-year inception-to-date audit performed. The client had completed various financing rounds and the Board of Directors required an audit be completed prior to any future rounds of capital raising.

## The Problem

The client did not have the technical knowledge or experience in-house to prepare for and complete an audit in the time required by an outside firm. Additionally, much of the institutional knowledge of the client's financial operations had left with prior employees and there was very little documentation available to support historical transactions.

## The Execution

CFO's Domain set out to accomplish 6 things for the client:

1. Understand the client's business and perform a review to determine and address gaps in the financial and accounting records.
2. Work with the outside auditor and internal stakeholders to compile and prepare documentation included in the PBC request.
3. Identify the technical accounting disclosure requirements and perform relevant analysis to understand any gaps in compliance for items such as equity, foreign currency, revenue recognition, purchase accounting, and lease accounting.
4. Draft technical accounting memos to address company's business processes and level of GAAP compliance.
5. Work with the outside auditors and internal stakeholders to address comments and remediate any concerns.
6. Advise on any necessary changes to current state accounting processes to improve the client's level of GAAP compliance and prepare the groundwork for the next annual audit.

## The Result

After helping the client prepare for and lead them through their first outside audit, the client was able to issue audited financial statements by the deadline given by the Board of Directors and position themselves for future rounds of financing. Feedback from both the Board and the auditors was extremely positive.