

From Diligence to CFO Support: *Ensuring a seamless transition*

Challenges

A private equity firm acquired a multi-state web-based remote learning and education business. The firm engaged FD Transaction Advisory to leverage insights from the financial due diligence process to support final working capital and purchase price adjustments, prepare the opening balance sheet and ensure a seamless post-close transition. The challenges included:

- **Mid-Month Close** – The transaction closed mid-month conflicting with the company's traditional month-end closes, complicating cutoff accuracy
- **Complex Revenue & Acquisition Integration** – Financial reporting complexity was increased by significant deferred revenue balances and multiple prior acquisitions had not been fully integrated
- **Limited Accounting Expertise** – In-house accounting team lacked experience with net working capital adjustments, purchase price reconciliations, and preparation of the opening balance sheet under purchase accounting standards

FDTA Solutions

Performed Transaction Cutoff Analysis

- Determined the appropriate cutoff for revenue, expenses, and related assets and liabilities

Prepared Purchase Price Adjustments

- Established adjustments, including net working capital, indebtedness, and transaction expenses based on the finalized closing balance sheet

Created Opening Balance Sheet

- Facilitated business combination accounting in accordance with ASC 805
- Identified preliminary goodwill and intangible assets

Coordinated Audit Transition

- Collaborated with the audit team to transfer institutional knowledge gained during due diligence, ensuring continuity and audit readiness

Results

FDTA's rigorous and collaborative approach delivered measurable results, including:

Optimized Financial Accuracy

FDTA finalized purchase price adjustments aligned with the terms of the purchase agreement, with all calculations accepted by the seller, avoiding delays or disputes.

Audit-Ready Balance Sheet

Delivered a mid-month opening balance sheet compliant with ASC 805 standards, along with journal entries enabling the client to seamlessly integrate post-close accounting processes.

Smooth Post-Close Transition

FDTA's involvement ensured a streamlined handoff to the audit team, providing continuity in financial reporting and enabling the private equity firm to focus on strategic growth initiatives immediately.

Financial Transparency

FDTA's rigorous and tailored approach helped the client achieve financial transparency and operational continuity, addressing complex challenges with confidence and precision.

***Clarity. Confidence.
Great Outcomes.***