

FORENSIC ACCOUNTING & ADVISORY SERVICES

Technical Accounting and Financial Reporting Advisory Services for Your Audit Clients

Service Highlights

- Independent research and advisory services to support clients' accounting and reporting positions, including discussion with independent auditors, in a wide range of technical accounting and disclosure topics
- Significant experience with the accounting restatement process including technical accounting and financial reporting guidance and project management
- Expertise in conducting and responding to corporate investigations including implementing material weakness remediation plans
- Independent and credible source of technical accounting expertise for boards of directors, audit committees, CFOs and CAOs
- Proactive assistance in the resolution of SEC staff comments and inquiries, as well as preclearance and waiver requests
- Significant experience in providing financial due diligence and valuation services related to M&A transactions

Registrants and reporting entities often require assistance when questions are raised about technical accounting, financial reporting, and disclosure issues. These issues may relate to potential accounting errors in prior period financial statements, regulatory inquiries, or the current accounting positions taken by registrants for complex or unusual transactions. Often times, the required assistance is beyond what the Company's audit firm can provide under the independence rules.

FTI Consulting has an established group of seasoned accounting professionals with extensive experience helping clients in these situations. Our experience enables us to cover accounting issues for virtually any entity—from early-stage growth or start-up companies to long-time, global SEC registrants. FTI Consulting combines the deep technical skills and responsiveness of a local practice with the significant resources and scalability of a worldwide consulting firm, with more than 4,400 employees in 26 countries around the world. We can fill the gap when a client needs high-quality technical assistance beyond what the audit team is allowed to provide. In addition to helping a registrant to properly interpret and support its accounting and financial reporting, FTI Consulting can also employ our extensive public accounting and project management experience to help the audit process go more quickly and efficiently.

FTI Consulting is uniquely qualified to provide timely assistance to your clients:

- Our technical accounting and financial reporting advisory practice is comprised of senior professionals with extensive experience with Generally Accepted Accounting Principles (GAAP) and SEC reporting issues, including numerous professionals who were former Big Four audit partners and senior managers and former FASB and SEC Division of Corporation Finance staff.
- FTI Consulting doesn't provide audit services, thus enabling us to avoid many potential conflicts. We can also provide reliable advice without creating any perception of "opinion shopping" or threat to the current audit relationship.
- FTI Consulting has experts with experience performing valuations for financial reporting purposes, including purchase-price allocations, intangible assets, impairment analyses and stock-compensation valuations.

By having FTI Consulting assist your clients when they need help, you benefit from a proven and comprehensive approach to accounting and disclosure issue resolution, objective technical expertise and a means to accelerate completion of your audit process.

Technical Accounting and Financial Reporting Consulting

FTI Consulting is regularly engaged by our clients to interpret and apply the most recent accounting pronouncements. Our breadth of experience with technical accounting issues (both US GAAP and Integrated Financial Reporting Standards (IFRS) and SEC reporting requirements provide your clients with an independent source of technical accounting knowledge. We have assisted companies in assessing the accounting and financial reporting requirements of planned transactions, including IPOs, acquisitions and divestitures, as well as with accounting for significant "one-time" or unique revenue transactions. Clients benefit from our deep technical accounting knowledge and prior experiences by leveraging our knowledge to ensure significant transactions are accounted for correctly the first time.

Specific topical areas of expertise include:

- Revenue recognition including software revenue recognition
- Stock option and other compensation issues
- Consolidations and equity method accounting
- Fair value and impairment issues
- Long-lived and intangible assets
- Asset and business acquisitions
- Derivative instruments and hedges
- Foreign currency translation accounting
- Financial statement presentation and disclosure
- Special purpose entities
- Structured finance and securitizations
- Joint ventures
- Restructuring
- Leases
- SEC reporting and disclosure rules (Regulation S-X and S-K)
- International financial reporting standards
- (IFRS) and convergence

Our professionals have proven experience working with independent auditors in a productive and collegial manner. We can help determine the most appropriate accounting solution and assist in effectively communicating the rationale for the company's accounting position. We understand what you require in the way of technical accounting research, issue resolution, documentation and support.

Restatement of Previously Issued Financial Statements

FTI Consulting has a wealth of experienced resources to help your clients manage through the restatement process, having participated in some of the largest and most complex restatements completed in the past several years. We can efficiently capture and reconcile financial reporting and disclosure requirements, prepare tabular support, assemble and process correcting entries and prepare well-documented summaries that can be audited efficiently. FTI Consulting also can provide resources at any level to augment client staffing limitations and to accelerate the timetable for completing a restatement. Because of our prior audit and SEC experience, we can also serve as an effective liaison between the client and audit firm in getting the restatement completed.

Communication with the SEC

We employ numerous former senior members of the SEC's Office of the Chief Accountant, Division of Corporation Finance and Division of Enforcement. Based on our direct experience, FTI Consulting is able to assist companies and legal counsel to better assess, understand, interpret and respond to accounting and disclosure comments raised by SEC staff. Our experienced professionals are well-suited to provide proactive consulting and advice with the goal of avoiding or resolving SEC staff comments.

Recent Representative Engagement Experiences

Publicly traded equipment manufacturer – FTI Consulting helped assess historical revenue recognition questions and provided guidance on the accounting conclusions and the materiality of the errors identified including involvement in communications with the audit team, attorneys and audit committee. We prepared accounting analyses for several other complex accounting areas including stock compensation, pension accounting, restructuring charges, certain accruals and Chapter 11 bankruptcy accounting. FTI Consulting also provided project management and SEC reporting assistance by coordinating PBCs and by being a primary point-of-contact with the audit team. We drafted and coordinated the preparation of a number of SEC filings, including several required Form 10-K and 10-Q filings.

Motion picture industry company – FTI Consulting drafted accounting memos related to the restructuring of several different debt arrangements, including the assessment of the applicability and application of the troubled debt restructuring guidance and the Day 2 accounting implications. We supported management in its communication with the audit team, including the response to audit review questions.

Publicly traded software company – FTI Consulting prepared complex accounting analyses and PBCs related to the restatement of prior period accounting for the factoring and securitization of certain multi-year customer installment receivables and other complex accounting areas, including software revenue recognition, restructuring charges and certain reserves and accruals. We provided audit project management by coordinating PBCs and being a primary point-of-contact with the audit team, related to a transition to a new audit firm and their first-time-through procedures.

Privately-held, development stage biotechnology company – FTI Consulting assisted the company's IPO by providing preparation analyses, position papers and reports related to the accounting assessment for a variable interest entity.



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CRITICAL THINKING
AT THE CRITICAL TIME™

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring.

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