

ASK THE EXPERTS WEBINAR

*Navigating the SPAC Lifecycle Part 3:
Post-Close, Being a Public Company*

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KEY REMINDERS

- ▶ Riveron webcasts – past and upcoming
- ▶ 4 polling questions must be answered to obtain CPE
- ▶ If you have questions, feel free to ask in Q&A option in Zoom
- ▶ Webinar evaluation form & CPE certificate will be emailed to you
- ▶ On demand video is not eligible for CPE
- ▶ You will receive a follow up email including:
 - ▶ Access to this webinar recording and deck
 - ▶ The ability to join our Webinars Mailing list to receive future invites
 - ▶ Presenter contact info

Polling Question # 1

What is your view on the future SPAC transactions?

- A. They are here to stay in a big way
- B. Not sure
- C. It will be around for the long term but far less popular
- D. I'll be surprised if I hear the term "SPAC" after 2021



CAPITAL MARKET'S HOTTEST TREND

The Rise of SPACs

Companies have turned to SPACs as an attractive alternative to access capital markets. The popularity of the vehicle has reduced the perceived risk profile for these transactions and made them more inviting. However, companies still need to be prepared and aware of the complexities and potential pitfalls before choosing this route.

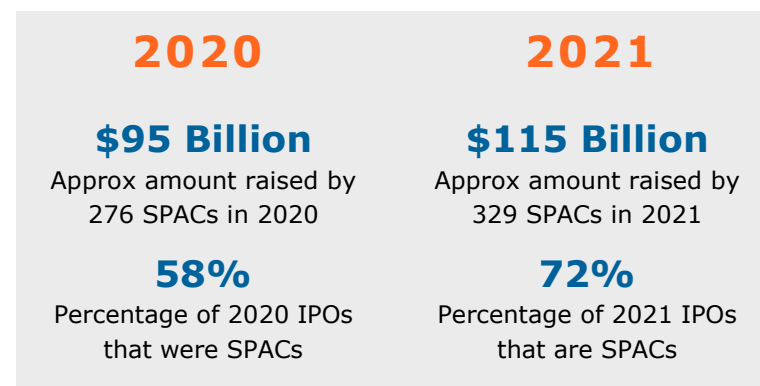
Accounting advisors with in-depth experience across the SPAC transaction lifecycle and perspective on the end-to-end process can guide companies through this capital markets event.

2021 Riveron-led SPAC projects

60+
SPAC
formations

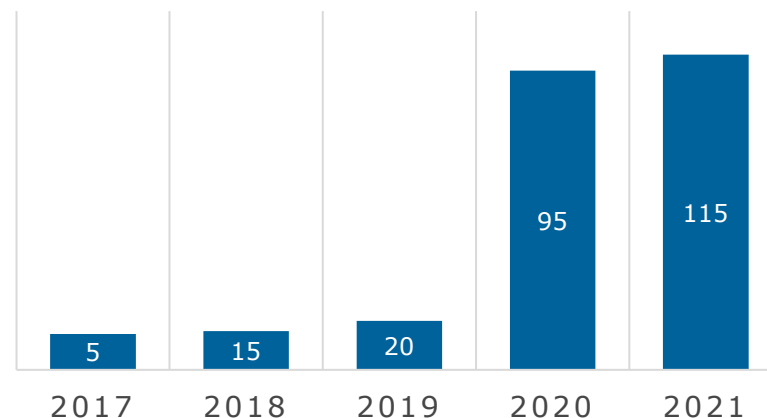
15+
SPAC
mergers

20+
Partnerships with top
legal and audit firms



2021 SPACS ALREADY OUTPACE RECORD 2020

■ Approx capital raised from U.S. blank-check deals (\$bn)



GUIDING COMPANIES THROUGH THE FULL SPAC LIFECYCLE

Accounting advisors can guide companies throughout the entire SPAC process, from navigating the options to guidance and support during the transaction, through post close and being public.

SPAC LIFECYCLE

Formation financial reporting and IPO support

Guiding companies through the complex accounting and reporting matters including preparation of first-time financial statements, audit support, S-1 filing, and related SEC comment letter support.

Operating as a public company and SEC registrant

Achieving sustainable operations to support public company requirements across the close-to-report cycle requires a holistic approach.



Diligence and organizational readiness for post-close merger success

Vetting potential targets through integrated diligence and readiness assessments increases the likelihood of close and ensures alignment to investment strategy.

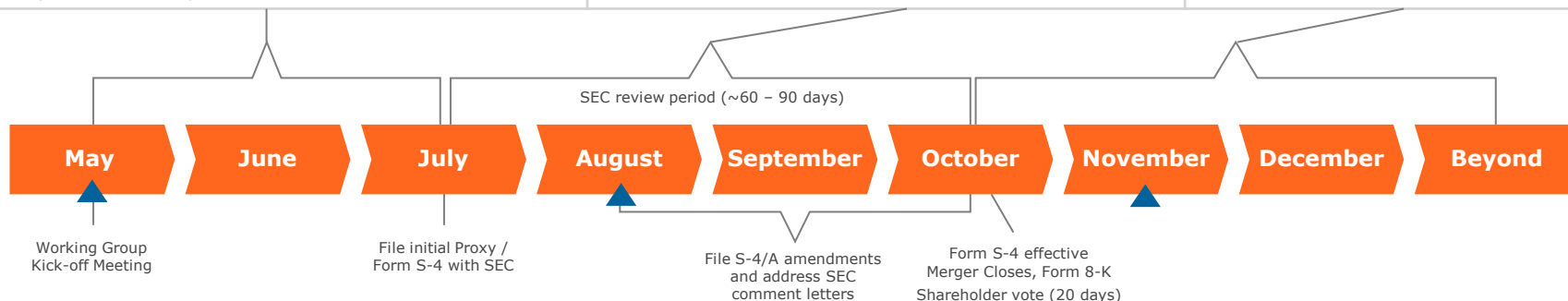
Preparing for SEC audit & required merger filings

Navigating a SPAC merger requires expertise and resources to collaborate with third party advisors and lay the groundwork for SEC-compliance once public.

SPAC MERGER

ILLUSTRATIVE FINANCIAL REPORTING TIMELINE

Initial Proxy Statement / Form S-4	Updated Proxy Statement / Form S-4	Forms 8-K/A, 10-Q & 10-K Filings
<ul style="list-style-type: none"> • Prepare year end Opco PCAOB-audited Predecessor S-X financial statements ▶ Prepare technical accounting whitepapers ▶ Historical quarterly data for interim periods ▶ Auditor to perform PCAOB audit procedures and global PCAOB independence on Opco ▶ Management's Discussion & Analysis (MD&A) for Opco for all financial statement periods ▶ Article 11 annual pro forma financial statements ▶ Build PIPE materials ▶ S-X 3-05, 3-09 financial statements, if any ▶ File SEC pre-clearance letter, if needed ▶ Populate management comfort dataroom 	<ul style="list-style-type: none"> • Update Opco S-X financial statements ▶ Auditor reviews interim financial statements ▶ Update Opco MD&A • Update SPAC interim financial statements ▶ Update Article 11 pro forma financial statements ▶ Update management comfort dataroom ▶ Note: Auditor comfort letter not required if not an underwritten transaction 	<ul style="list-style-type: none"> ▶ File Form 8-K within 4 business days of merger closing • File "Super Form 8-K" - establishes the "Opco" as the surviving SEC registrant • Recasts all periods as if Opco was the SEC registrant for all periods • SOX 302 / 906 certifications to be included in first 1934 Act filing



POST-IPO SEC REPORTING REQUIREMENTS

Post-IPO historical financial reporting requirements

- ▶ The SPAC must file its first 10-Q (or 10-K) no later than 45 days (90 days for 10-K) after the later of the following:
 - ▶ Quarter end, or
 - ▶ Date on which the Form S-1 becomes effective.
- ▶ Going forward, the timing depends on accelerated filer status and public float
- ▶ Every registrant is considered a non-accelerated filer until it has been subject to the requirements of the Exchange Act for 12 calendar months

Post-IPO historical financial reporting deadlines

CATEGORY OF FILER	FORM 10-K DEADLINE	FORM 10-Q DEADLINE
Large accelerated filer (\$700 million)	60 days	40 days
Accelerated filer (\$75 million to \$699 million)	75 days	45 days
Non-accelerated filer (less than \$75 million)	90 days	45 days

Polling Question # 2

What aspects of monthly close continuum do you have challenges with?

- A. Subledger close
- B. Close & consolidation
- C. Variance analysis & Financial Reporting
- D. Other uncontrollable business unit led changes that happens before earnings release



IPO READINESS OPERATIONAL ASSESSMENT AREAS



Controllable (vs.) Non-controllable levers

Automation (vs.) Optimization

Speed (vs.) Accuracy

Accountability (vs.) Culture

Note: Other areas including Corporate Governance, Tax, Executive compensation and hiring are not covered in this webinar. It should be given due importance in the overall assessment to determine the readiness.

COMMON CHALLENGES TO PUBLIC COMPANY SUCCESS

There are several indicators that suggest there are opportunities to improve public company readiness:

LACK OF SPEED	<ul style="list-style-type: none">▶ It takes more than 5 days to close and generate consolidated results▶ Earnings release requires more than 30 days or lags your competitors▶ Information is provided too late to support business and decision making▶ Perpetual fire fighting with limited focus on strategy and vision
MANUAL PROCESSES	<ul style="list-style-type: none">▶ Significant manual activities and reliance on off-line Excel spreadsheets▶ Disparate systems or multiple charts of accounts▶ Limited technology to support consolidation, reporting, reconciliations, etc.▶ High degree of top-side and/or manual journal entries
LIMITED ANALYSIS & DECISION SUPPORT	<ul style="list-style-type: none">▶ Too much time collecting data and not enough time on analysis▶ Limited standardization, complex reporting requirements, ad-hoc requests▶ Potential financial surprises are difficult to identify▶ Inconsistent data and limited performance measurement
OPERATING MODEL & GOVERNANCE FRAMEWORK	<ul style="list-style-type: none">▶ Current accounting and finance organizations lack the bandwidth and/or skill sets to cope with the incremental requirements▶ Accounting vs. finance operations vs. FP&A handoffs are not adequately defined▶ Lack of Business partnerships creates challenges to drive the right behaviors across the F&A organization

LEADING PRACTICES – CLOSE AND CONSOLIDATION

Streamline, simplify, and standardize processes with a focus on control, accountability and first-time accuracy

Controllable (vs.) Non-controllable levers

Automation (vs.) Optimization

Speed (vs.) Accuracy

Accountability (vs.) Culture

CLOSE AND CONSOLIDATION

LEADING PRACTICES

MILESTONE	WORK-DAY ¹
Payroll / AP / Fixed Assets	-1
Inter-company Processing	-1
Revenue	1-2
SG&A Accruals	1
Accounts Receivable	1-2
Operational Costs	2-3
Division Sub-ledger Close	2-3
Corporate Ledger Close	3-4
Consolidation Activities	4-5
Analytic Review	5
Management Reporting	6-7

COMMON SOLUTIONS

- ▶ Intelligent use of accruals and estimates
- ▶ Proactive issue resolution and error correction
- ▶ Automate or eliminate manual entries
- ▶ Automate reconciliations
- ▶ Eliminate duplicate data entry
- ▶ Distribute workload away from period-end
- ▶ Establish governance structure to enforce deadlines and improve accountability
- ▶ Publish the closing calendar and track status
- ▶ Implement culture of continuous process improvement

¹ Leading Practice for a range of public companies based on Riveron professionals project experience and 3rd party benchmarking

CLOSE PROCESS OPTIMIZATION DRIVERS

TIME TO CLOSE

COST TO SERVE

TIME TO COMPLY

REDUCE TIME TO CLOSE

- ▶ Resequencing close period activities
- ▶ Define materiality threshold & Policy definitions
- ▶ Cutoff dates for accruals/Reclasses
- ▶ Integrated task management

EFFICIENCY TO CLOSE

- ▶ Build estimates as applicable
- ▶ Streamline exception reviews
- ▶ Automate recurring JEs
- ▶ Rapid automation for process MJE's
- ▶ Upstream fix in reducing journal reclassification and rectification

ENHANCE COMPLIANCE

- ▶ Balance sheet reviews
- ▶ Automated compliance checks
- ▶ Materiality tolerance & Authorization matrix to reopen GL
- ▶ Real time visibility in to process metrics

General ledger maintenance

- ▶ Chart of accounts
- ▶ Requests per user

Close planning & Review

- ▶ % entities on common close calendar
- ▶ % Activities missed timelines

Journal entry Pass rate

- ▶ % Correction in Journals
- ▶ % Automated journals
- ▶ Accruals as a % of revenue/Cost

Pre submission Review & Consolidation

- ▶ # repeat errors
- ▶ % adjustments pre-close to total JEs
- ▶ % time spent on pre-close to total cycle time

GL Submission & Close Communication

- ▶ # errors per submission
- ▶ # GL reopened

LEADING PRACTICES – REPORTING AND ANALYSIS

Controllable (vs.) Non-controllable levers

Automation (vs.) Optimization

Speed (vs.) Accuracy

Accountability (vs.) Culture

REPORTING AND ANALYSIS

LEADING PRACTICES

MILESTONE	WORK-DAY ¹
10-Q Draft (w/out final numbers)	-5
Inter-company Eliminations	2-3
Flash Reporting	3-5
Consolidation Activities	4-5
Variance Analysis	5-8
Compile Supplemental Data	10
Disclosures and MD&A	13-15
Sub-certification	17-19
Disclosure Review Committee	20-22
Earnings Release	18-20
SEC Filing	24-28

BEST PRACTICES

- ▶ Drive cross functional cadence between Accounting, FP&A, Investor Relations, Tax, Treasury, Legal, HR
- ▶ Develop and publish accountability matrix to ensure deadline adherence and smooth handoffs
- ▶ Standardize monthly variance analysis to identify key business drivers & support MD&A
- ▶ Establish quarterly leadership interview cadence
- ▶ Leverage technology to streamline and automate consolidation activities as well as **SEC reporting**
- ▶ Develop culture of continuous improvement with post-mortem analysis and improvement plans

¹ Leading Practice for a range of public companies based on Riveron professionals project experience and 3rd party benchmarking

MANAGEMENT REPORTING AS A PUBLIC COMPANY

	FINANCIAL REPORTING	MANAGEMENT REPORTING
PURPOSE	Consolidated company financials for external filings, audit and statutory purposes.	Financial and operational reporting to aid management in decision support.
DESIGN	Key considerations <ul style="list-style-type: none"> ▶ Chart of accounts, Segment, topside postings, geography, legal entity structure, GAAP vs Non-GAAP 	Key considerations: <ul style="list-style-type: none"> ▶ Standard KPIs and metrics align to value drivers of the business and provides management with enhanced visibility
DATA AND TECHNOLOGY	Leverage technology to: <ul style="list-style-type: none"> ▶ Automate eliminations, reconciliations, currency translation and topside postings ▶ Accelerate and govern close process through workflow management and audit trails 	Leverage technology to: <ul style="list-style-type: none"> ▶ Integrate financial and operational data sets ▶ Automate reporting ▶ Develop “one source of truth” ▶ Enable “self serve” analytical capabilities (dashboards)
STANDARD REPORTS	Standardize reporting for: <ul style="list-style-type: none"> ▶ Filing tables and footnotes ▶ Monthly close analysis to identify key business drivers and support MD&A 	Standardize reporting for: <ul style="list-style-type: none"> ▶ Key stakeholder decision support ▶ Operational and BoD reporting ▶ Root cause analysis

Polling Question # 3

How would you rate your compa management reporting?

- A. Non-existent or rudimentary
- B. Descriptive
- C. Predictive
- D. Best in class with prescriptive capabilities



FP&A'S ROLE IN EARNINGS AND INVESTOR RELATIONS

Public company Corporate FP&A teams will be expected to play a critical role in earnings preparation. The FP&A team will be required to work closely with Investor Relations and Accounting to develop a process and set of deliverables to enable a successful close.

EARNINGS SUPPORT

- ▶ Earnings call scripts and narrative development
- ▶ Leadership interviews
- ▶ Earnings slides
- ▶ Earnings data pack
- ▶ Q&A preparation
- ▶ Post earnings call analyst and investor support



FORWARD LOOKING STATEMENTS

- ▶ Integrated planning cycle
- ▶ Long term strategy
- ▶ Appropriate KPIs and metrics
- ▶ Annual Budget process
- ▶ Target setting and compensation (proxy)
- ▶ CEO management system forecast updates



CORPORATE ACCOUNTING AND FP&A ORGANIZATION DESIGN

Public company Corporate Accounting and FP&A operating model design is critical to success. Given the incremental demands of external reporting, optimal design includes separate teams dedicated to SEC reporting.

CORPORATE ACCOUNTING TEAM

PRIVATE

- ▶ Financial consolidation
- ▶ Debt compliance
- ▶ Year end audit
- ▶ Monthly close reporting
- ▶ Technical accounting matters
- ▶ New standard adoption

PUBLIC (INCREMENTAL)

- ▶ 10-Q/10-K filings
- ▶ Earnings documents (press-releases, 8-k's, earnings slides)
- ▶ Annual report
- ▶ Non-GAAP reporting
- ▶ Sub-certification processes

CORPORATE
CONSOLIDATIONS

SEC REPORTING

CORPORATE FP&A TEAM

PRIVATE

- ▶ Annual Budget process
- ▶ Monthly forecast process
- ▶ Monthly close reporting
- ▶ Business partner support to C-suite
- ▶ Ad-hoc strategic analysis

PUBLIC (INCREMENTAL)

- ▶ Forward looking guidance development
- ▶ Earnings script development with IR
- ▶ Earnings preparation materials (data pack, Q&A, etc)
- ▶ Post earnings investor community support

INTERNAL FP&A

EXTERNAL FP&A

ACCOUNTING CONSIDERATIONS ONCE PUBLIC

In addition to accelerated reporting timelines, there are a variety of new topics to be considered once a company is public.

AREA	CONSIDERATIONS
SEGMENT REPORTING	<ul style="list-style-type: none">▶ Identification of reportable segments will be required▶ Consider that future changes to segments will result in a recast of financial statements for prior periods
STAND ALONE FINANCIAL STATEMENTS	<ul style="list-style-type: none">▶ Regulation S-X Rule 3-05: financial statements for acquired companies▶ Regulation S-X Rule 3-09: financial statements for equity method investments▶ Regulation S-X Rule 3-10: guarantor financial statements
NEW ACCOUNTING PRONOUNCEMENTS	<ul style="list-style-type: none">▶ Status as an EGC will drive the timeline for adoption of new accounting standards▶ Develop procedures and process for adoption of new standards, including timeline for adoption based on status▶ Consider SAB 74 disclosures that will be required in 10-Qs and 10-Ks
RELATED PARTY DISCLOSURES	<ul style="list-style-type: none">▶ Maintain listing of all related party transactions▶ Send questionnaires each quarter to ensure the listing is complete and accurate

ACCOUNTING CONSIDERATIONS ONCE PUBLIC (PART 2)

In addition to accelerated reporting timelines, there are a variety of new topics to be considered once a company is public.





AREA	CONSIDERATIONS
NON-GAAP MEASURES	<ul style="list-style-type: none">▶ Determine Non-GAAP measures that will be disclosed in external financial statements and in press releases▶ Build process to ensure disclosures are compliant with regulations
INTERNAL CONTROLS	<ul style="list-style-type: none">▶ Develop policies to ensure Section 302 and Section 906 compliance such that executives can sign off on compliance each quarter▶ Generate plan to become compliant with Section 404 as required
CONTRACT MAINTENANCE	<ul style="list-style-type: none">▶ Design process for tracking new contracts and agreements across the organization▶ Create repository for all documents and procedures for contract maintenance▶ Use information to ensure completeness and accuracy of financial information
GAAP VALUATIONS	<ul style="list-style-type: none">▶ Certain assets and liabilities will require valuations and even quarterly adjustments▶ Equity grants will require a fair value to be assigned at each grant date▶ Stock-based compensation, goodwill and intangibles, and mark to market liabilities will be impacted▶ Consider timing and if a third party will be engaged to perform valuations

OPTIMIZING THE EXTERNAL AUDIT

Public companies have elevated audit requirements that will result in additional scrutiny by the audit team. There are certain areas that auditors can be leveraged and utilized to optimize the process.

AREAS TO CONSIDER	TIPS FOR SUCCESS
AUDIT TIMING	<ul style="list-style-type: none">▶ Initiate discussions with auditors prior to year-end to understand incremental testing areas and requirements▶ Utilize national office to review complex accounting events real-time, alleviating work at year end
INDEPENDENCE	<ul style="list-style-type: none">▶ Develop a process for communication between legal, accounting, and auditors, to address independence real time in the event of a relevant transaction
QUARTERLY REVIEW PROCEDURES	<ul style="list-style-type: none">▶ Formalize the quarterly close procedures, including preparing binders or data rooms to maintain relevant supporting documents in one location▶ Proactively prepare a flux analysis on quarterly results as a part of close
INCREMENTAL TESTING REQUIREMENTS	<ul style="list-style-type: none">▶ Consider areas that auditors can begin testing in Q3▶ Examples include fixed assets, revenue, goodwill impairment

ILLUSTRATIVE SOX READINESS TIMELINE

PRE-IPO	IPO YEAR	YEAR 1	BEYOND YEAR 1
Years leading up to the IPO	IPO year First partial year as a public company	First 10-K, year leading up to 404 certification	Future years as a public company
SOX readiness	Preliminary SOX testing	Remediation and final SOX testing	First 404 opinion and ongoing SOX maintenance
SOX readiness <ul style="list-style-type: none"> ▶ Establish documentation and testing efforts, and internal audit. ▶ Set up Disclosure Committee and process supporting Section 302 & 906 certifications. 	IPO year <ul style="list-style-type: none"> ▶ Disclose known material weaknesses in Form S-1 - appropriate risk factor. ▶ Continue documentation efforts. ▶ Complete initial testing and focus on remediation activities. ▶ File 10-Qs, including Section 302 & 906 certifications. 	Prepare for first 404 opinion <ul style="list-style-type: none"> ▶ File first 10-K, continue filing 10-Qs, including Section 302 & 906 cert. ▶ Complete documentation and remediation of all control gaps by mid-year. ▶ Enhance level of management testing to support Section 404 certification. ▶ Optimize control structure; increase controls reliance for financial audit. 	First and ongoing 404 opinions <ul style="list-style-type: none"> ▶ Continue filing public financials, including Section 302 & 906 cert. ▶ Management's report on the effectiveness of ICFR is due in the Form 10-K. ▶ Auditor opinion on the effectiveness of internal controls over financial reporting is due once the company no longer qualifies as EGC (up to 5 years after IPO). ▶ Optimize control structure; increase controls reliance for financial audit. 

Polling Question # 4

What level of internal controls has been implemented at your organization?

- A. Full SOX-compliant ICFR
- B. Processes and procedures are in place but not formally defined
- C. High level processes only
- D. No defined processes or control



The image features a graphic design with a white background. On the left, there is a dark blue rectangle. To its right is a larger area filled with a pattern of overlapping, semi-transparent blue triangles. A thin orange line starts from the bottom edge of the dark blue rectangle and extends diagonally downwards and to the right, ending within the blue triangle pattern. The text "Q & A" is written in a large, white, sans-serif font, positioned in the center-right of the blue triangle pattern.

Q & A

OUR THOUGHT LEADERSHIP



[SPAC Phases: Ensuring Successful Financial Reporting](#)



[SEC Revisits SPAC Accounting](#)



[SPACs, DPOs, and Other Trends Shaping Capital Markets](#)



[Q3 2020 Capital Markets Update](#)



[Webinar: SPACS are Back: Financial Reporting and Organizational Readiness Insights](#)



[Key Takeaways from the 2020 SPAC Conference](#)



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