



# Ready, Set ... IPO

## Preparation Strategies for PE-Backed Businesses

September 15, 2025

# Agenda

1. Private Equity & the Current Market Environment
2. Strategic IPO Planning – Getting Ready & Pitfalls to Avoid
3. Best Practices & Success Stories
4. Closing



# Our Presenters



**Joe Notaro**

Partner

Accounting Advisory Services



**Ling Zhang**

Partner

Accounting Advisory Services



**Brian Smith**

Partner

Assurance



# Built for Forward

## Invested in Private Equity

Our professionals cross multiple service lines to help private equity firms, investment funds, and their portfolio companies meet their needs in a fast-paced market. We tailor our approach based on your needs and routinely work together with our firm's deep global resources to develop strategies and services for your success, now and in the future.

# 1,000+

PE Investment  
Funds Served

# 3,600+

PE Portfolio  
Companies Served

# 7,000+

Forvis Mazars  
Team Members

# 600+

Forvis Mazars  
Partners



# 01

## Market Environment & Trends



# What Is Private Equity?

Private equity (PE) refers to investments made in privately held companies—those not listed on public stock exchanges. PE firms raise capital from institutional investors and high-net-worth individuals to form funds, which are then used to acquire, manage, and eventually exit investments in these companies.

## Key Characteristics of PE

- **Ownership:** Privately held, often with controlling stakes.
- **Liquidity:** Limited, as investments are long-term and not publicly traded.
- **Investor Base:** Typically, institutional investors such as pension funds, endowments, and family offices





# Structure of Private Equity

- **Limited Partnership Model**

- **General Partner (GP):** Manages the fund, makes investment decisions.
- **Limited Partners (LPs):** Provide capital but have limited liability and no control over operations

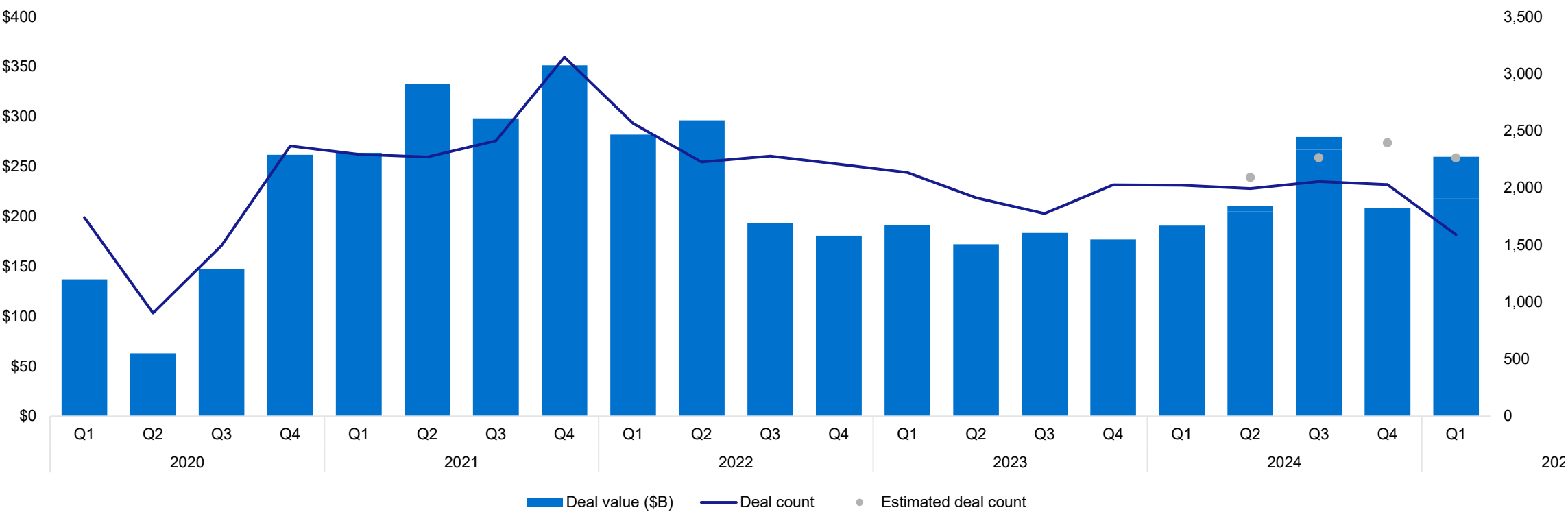
- **Fund Lifecycle**



- **Investment Strategies**

- **Buyouts:** Acquiring majority control of mature companies.
- **Growth Equity:** Minority investments in growing companies.
- **Venture Capital:** Early-stage investments in startups

# U.S. PE Deal Activity by Quarter



Source: PitchBook • Q1 2025 US PE Breakdown As of March 31<sup>st</sup> 2025



# Why IPO Readiness Matters in Today's Markets



## Market Windows Are Narrow and Fast-Moving

Timing is everything. Favorable IPO windows can open and close quickly due to macroeconomic shifts, geopolitical events, or investor sentiment.



## Investor Expectations Are High

Public market investors expect transparency, scalability, and resilience. Being IPO-ready means having robust financial controls, clear growth narratives, and a compelling equity story.



## Valuation Optimization

Early preparation allows companies to identify and address value drivers—such as revenue quality, margin improvement, and operational efficiency.

**“Being IPO-ready is not something that can be done with the same set of tools, or indeed the same way of thinking, that a finance team has relied on during its rapid-growth phase ... It’s really never too early to start implementing an IPO mindset.”**

— Aneal Vallurupalli, CFO of Airbase

# 02

## Strategic IPO Planning – Getting Ready & Pitfalls to Avoid





# IPO Preparation Timeline

## < 6 Months Out

Draft registration statement

- File confidentially or publicly
- Respond to SEC comment letters
- Expect 2–3 rounds of comments

Update financial statements (if necessary)

- Staleness dates
- FPI differences
- Roadshow
- Stock split (if necessary)

## 6–12 Months Out

Build out working group team

- CEO, CFO, COO, financial reporting professionals, legal, auditors, etc.

## 18 Months Out

### Systems

Financial reporting ERP  
HR/payroll  
Stock-based compensation  
SEC reporting (internal considerations)  
CFO/HR/compliance/internal audit  
Building out your internal team

### Third-Party SMEs

Investment bankers  
Underwriters  
SEC lawyers  
PCAOB auditors  
Internal controls  
Technical accounting

Financial reporting  
Valuation  
Taxes  
EDGAR “printer”  
Data room

Start

## Post-IPO Considerations

Building out the team

10-K/10-Q reporting deadlines

- ECG/SRC considerations FPI deadlines
- SOX 404(a) vs. SOX 404(b)
- ECG/SRC considerations

Internal controls

Internal audit

Employee stock option plan

## 6 Months Out

Complete second PCAOB audit

Interim financial statements

- Auditor review

## 12–18 Months Out

Draft process narratives

Technical accounting memoranda/analysis

Complete first PCAOB audit

## 18–24 Months Out

Making the decision internally (timing)

IPO gap assessment

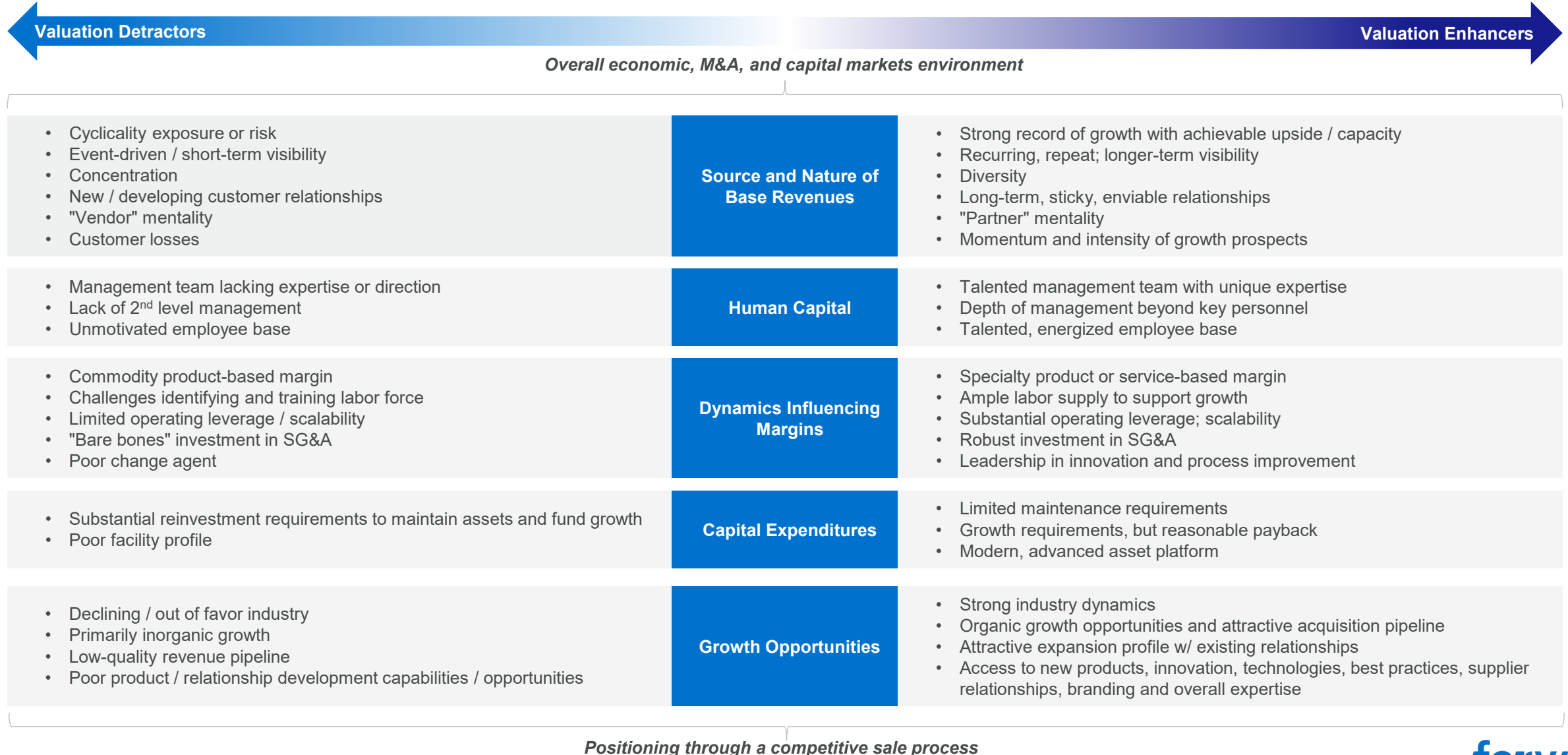
Board considerations

Funding considerations

Building the narrative



# General Factors That Often Influence Value



# IPO Readiness

## Common Impact Areas

Being a publicly held SEC registrant impacts almost every aspect of an entity's business, not just the finance team. An entity must consider and prepare for these impacts in advance of filing a registration statement with the SEC.

### ■ Growth Strategy & External Communications

- Corporate Strategy & Development
- Investor Relations & Media Communications
- **Financial Planning & Analysis**

### ■ Risk Management

- Legal
- **Enterprise Risk Management**
- **Corporate Governance**
- **Internal Controls Framework**
- **Internal Audit**

### Forvis Mazars Competency



### ■ Compliance

- **Accounting & Financial Reporting**
- **Tax**
- **ESG Reporting**
- **SOX Reporting**

### ■ Operations

- Human Capital
- **Technology**
- **Financial Reporting Process & Effectiveness**

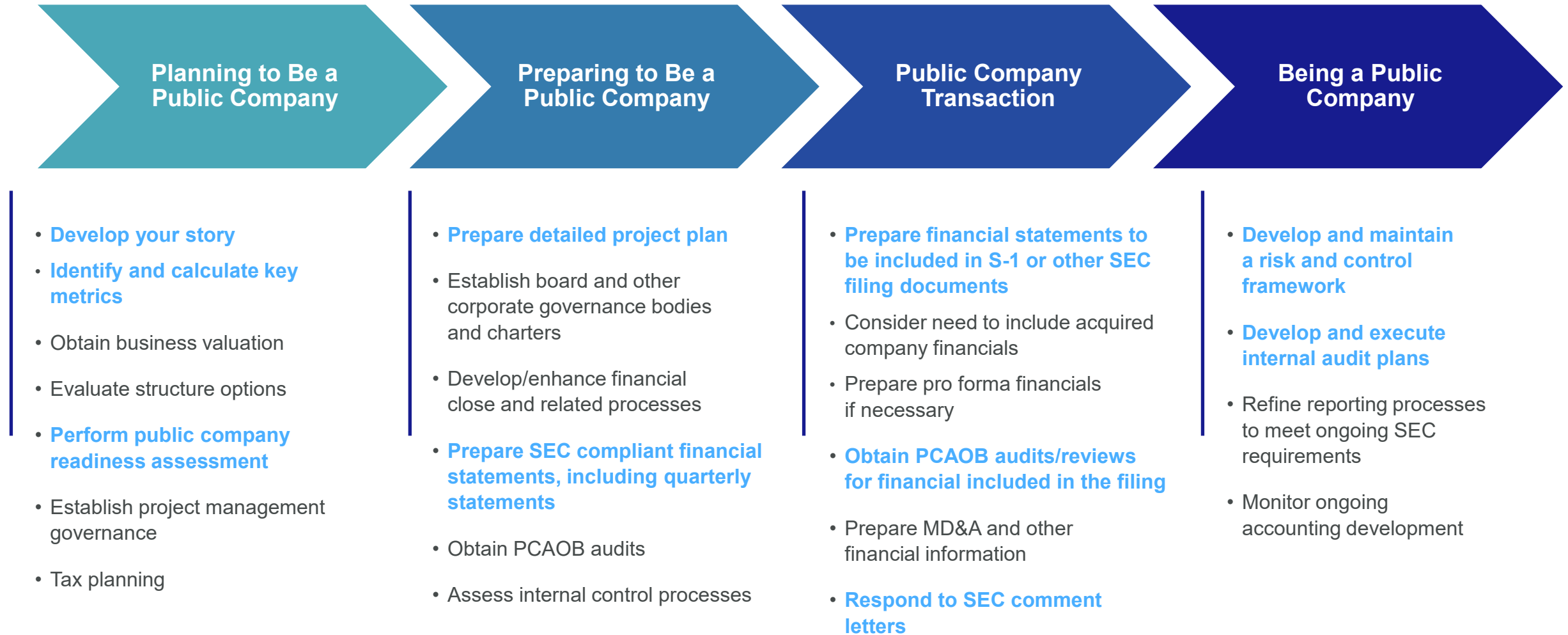
# 03

## Best Practices & Success Stories





# IPO Process Overview



# IPO Process

## Financial Reporting Process & Effectiveness



- **Map finance processes to resourcing needs and identify gaps**
- Document current state operating model and costs to baseline
- Assess opportunities for shared services, Centers of Excellence (CoE), and Global Process Ownership (GPO)
- Determine Target Operating Model (TOM) and RACI matrix
- **Develop implementation/ transition road map, change plan, and benefits**

- **Identify and recruit key finance talent (SEC reporting, Investor Relations, GPO, etc.)**
- Establish/augment shared services functions to maximize centralization opportunities and potential efficiencies
- Execute change and transition plans to align finance organization and process responsibilities
- Track benefits to business case

- **Continuously assess changing business and reporting needs against TOM**
- Leverage GPO, CoE, and Shared Services structures to drive ongoing efficiency and process excellence
- Leverage standardization and centralization to drive increased use of technology and advanced automation

# IPO Process Technology



- Document current state finance processes and system flows and perform maturity assessments to identify potential automation and efficiency opportunities
- Assess time to close, inclusive of management reporting, planning, and forecasting – assess vs. SEC timelines and public market needs
- Understand new process requirements and timelines for SEC reporting and related technology needs
- Prepare road map to close process, system, and timeline gaps
- Understand and assess potential supporting technologies – financial close and reporting

- Execute process changes in anticipation of SEC timelines
- Eliminate/automate manual processes
- Ensure robust forecasting process to minimize surprises
- Implement/modify/test financial systems per road map
- Coordinate process/system changes closely with controls



# IPO Process

## Internal Control Framework & SOX Implementation

### Planning to Be a Public Company

- Initial kick-off meeting with the Company to document project goals, timelines, documentation details, and communication protocols
- **Perform risk assessment to determine materiality, identify significant accounts and processes, and prioritize processes to be documented**
- Identify and align Entity Level Controls with COSO 2013 framework
- **Agree to (1) project timeline, (2) format of process flows and supporting narratives and work papers, and (3) status meeting schedule**
- **Schedule time with leadership and process owners to hold SOX training session to highlight the What and Why of SOX**

### Preparing to Be a Public Company

- Coordinate with external auditors to reduce duplicate requests
- Perform walkthroughs of significant processes to confirm risks, corresponding key controls, and IT systems supporting the process
- Document significant processes via narratives, flow charts, or matrices
- Confirm the accuracy of the process documentation with process owners
- Update process documentation for process owner feedback
- Assess the design of the key controls, including IT systems
- **Identify process and control gaps**
- **Work with management to develop action plans to remediate process and control design weakness(es) and identify compensating controls**
- Establish a plan and timeline for remediation of identified control gaps
- Create testing steps for assessing operating effectiveness

### Public Company Transaction

- Perform control testing of operating effectiveness
  - Interim Testing
  - Year-End Testing
- Assess the results of testing and communicate to management
- **Work with management to develop action plans to remediate control design weakness(es)**
- Identify mitigating and compensating controls as determined necessary
- Establish a plan and timeline for remediation of identified control gaps
- Perform re-testing of remediated controls

### Being a Public Company

- Report the status of our progress in compliance with agreed-upon protocols
- **Report any design and/or operating deficiencies**
- Assist management in the evaluation of control deficiencies upon request
- Assist management with preparing and communicating information to the external auditor and board upon request

# IPO Process

## Financial Accounting & Reporting

### Planning to Be a Public Company

- Review accounting policies for compliance with GAAP applicable to SEC registrants
- Develop implementation plans for newly applicable standards
- Evaluate previous transactions for compliance with GAAP
- Determine what financial statements are required
- Determine resource requirements
- Evaluate current financial close process, determine requirements to close monthly, and identify steps to accelerate the close process.
- Develop high-level road map

### Preparing to Be a Public Company

- Research relevant accounting topics, and prepare associated technical memos
  - Implement new accounting standards, which may include
  - Share-based compensation
- Leases
- Revenue Recognition
- Apply business combination accounting if necessary
- Prepare evidence to support financial statement assertions and to support PCAOB audits

### Public Company Transaction

- Prepare financial statements to be included in S-1 or other SEC filing documents
- Prepare quarterly financial statements, as well as stub period or other interim financial statements as necessary
- Manage PCAOB audits/reviews for financial included in the filing
- Prepare MD&A and other financial information, including non-GAAP metrics
- Respond to SEC comment letters

### Being a Public Company

- Develop and maintain accounting policy manual
- Refine reporting processes to meet ongoing SEC requirements
- Monitor ongoing accounting development
- Implement new accounting standards as appropriate

# 04

Closing



# Key Considerations



Begin Early



Build the Right Team,  
System, and  
Processes



Be Ready



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# Contact

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# Preparation Strategies for PE-Backed Businesses

## Presenter



**Joe Notaro, CPA**

Partner, Accounting Advisory Services

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### Overview:

Significant experience in assisting clients with SEC and financial reporting, including periodic filings (Form 10-K, 10-Q), and initial public offering related registration statements (S-1, S-4, S-8), including pro forma preparation.

Assisted clients in many complex technical accounting topics, including revenue recognition (including gross-to-net), collaboration arrangements, leases, debt and equity, business combination, stock-based compensation, inventory and impairment assessments.

Assisted Fortune 500 company through strategic divestiture of its U.S. manufacturing operations to an international multinational company.

### Qualifications/Experience:

- More than 18 years of consulting and public accounting experience
- Former Big 4 public accounting experience
- Extensive experience in SEC Reporting, Technical Accounting, Audit Support, and Capital Markets Readiness projects

# Preparation Strategies for PE-Backed Businesses

## Presenter



**Ling Zhang, CPA**

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### Overview:

Significant experience with SEC and financial reporting, including quarter and annual filings (Form 10-K, 10-Q) and registration statements (S-1, S-4, S-8), including pro forma preparation and earnings per share calculations.

Assisted clients with accounting and audit readiness for pre-transactions and post-transactions, including initial public offering, mergers and acquisition, carve-out, divestiture, etc.

Assisted clients with complex technical accounting matters or new standards implementation, including revenue recognition, business combination, merger and acquisitions, complex debt and equity financing, stock-based compensation, consolidation and VIE, leases, etc.

### Qualifications/Experience:

- More than 14+ years of consulting and public accounting experience
- Former Big 4 and Top 10 International accounting firm public accounting experience
- Extensive experience in SEC Reporting, Financial Reporting, Technical Accounting, Pre-transaction and post-transaction Accounting Support, Audit Readiness Support, and Capital Markets Readiness projects



# Preparation Strategies for PE-Backed Businesses

## Presenter



**Brian Smith, CPA**

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### Overview:

Brian is a partner serves as Southeast Financial Services Regional Sector Leader and services as an audit partner with experience with private equity backed businesses and SEC and financial reporting, including periodic filings (Form 10-K, 10-Q) and registration statements (S-1, S-4, S-8), including pro forma preparation and earnings per share calculations.

Experienced in the insurance industry focused on reinsurance accounting, offshore structures, stock and debt issuance transactions, purchase accounting, derivative accounting, alternative investments, and variable interest analysis, his technical knowledge is sought during times of change and transition. He has written technical research papers and documented transactions for multiple Fortune 100 financial institutions. He leads audits for both SEC-integrated and privately held insurance carriers and agencies, under GAAP, international financial reporting standards, statutory accounting, government accounting, and cash basis standards.

### Qualifications/Experience:

- More than 18 years of consulting and public accounting experience
- Former Big 4 public accounting experience
- Extensive experience in SEC Reporting, Technical Accounting, Audit Support, and Capital Markets Readiness projects
- Lead engagement audit partner and engagement quality review partner in multiple IPO and offerings