

Financial Statements

IPO Financials: The Basics

NON-EGC REQUIREMENTS

- **Two years** audited balance sheets.
- **Three years** audited statements of income, cash flows, stockholders' equity (or issuer's life if shorter).
- Interim unaudited statements with prior-year comparisons if effective >134 days post-fiscal year-end.

EGC/SRC RELIEF

- **EGCs** (< \$1.235B revenue) and **SRCs** (< \$250M float or < \$100M revenue with < \$700M float) **need only two years** of audited statements.

STALENESS

- Financials must be current (≤ 134 days old at effectiveness for non-accelerated filers).

PREPARATION

- Comply with U.S. GAAP (or IFRS for foreign issuers).
- Audits must be conducted by a PCAOB-registered independent accounting firm in accordance with PCAOB standards.

Other Financial Statement Considerations

PRO FORM FINANCIAL STATEMENTS

- Required when a significant acquisition or disposition has occurred or is probable
- Governed by Regulation S-X Article 11
- Significance tests determine inclusion

CARVE-OUT FINANCIAL STATEMENTS

- Required when a business is carved out of a larger entity
- Must reflect stand-alone financial information
- Often complex and time-consuming

HEIGHTENED SEC SCRUTINY

- Segment reporting
- Revenue recognition
- Non-GAAP measures