



Situation

Efficiently delivering best results

Our client, a US technology-focused marketing firm, recently acquired a new advertising company specializing in senior living. This added a new service line to the Firm's offerings. The Firm turned to SolomonEdwards to provide a leader to evaluate the existing accounting and finance procedures and integrate best practices into the accounting and finance systems.

Solution

SolomonEdwards acted as a member of the Client's steering committee, alongside members of the senior leadership team from the private equity owner and the Client, who were responsible for the integration of the new senior living unit's operations and finance functions into the Company's existing processes:

- Flowcharted full cycle processes for the senior living business unit from forecasting to client billing to enable integration of recently unit with existing Client business units and the new NetSuite system being implemented firm wide.
- Prepared forecasts and tactical plans for more than 80 individual senior living communities, and compared budget to actual billings to identify shortfalls in billings. Prepared a summarized analysis of forecast to actual results for the Board of Directors and the go forward strategy for remediating forecast shortfalls.

- Analyzed the acquired company's deferred revenue for three historical periods in support of a potential adjustment to the initial purchase price and debt covenant relief. Designed template and methodology for the client to calculate and record deferred revenue going forward.
- Developed and implemented U.S. GAAP revenue recognition policies and guidelines for the recently acquired senior services business unit of an advertising and marketing firm under ASC 605, with a focus on the milestone method of revenue recognition.
- Evaluated the impact that the new U.S. GAAP revenue recognition standard, Revenue from Contracts with Customers, will have on the company's existing revenue recognition policies and guidelines.

Results

The detailed review of forecasted to actual billings identified close to \$1 million in potential additional billings for the senior living unit.

Analysis of acquired company's revenue recognition policies and deferred revenue enabled the client to request the bank to revisit and lessen the debt covenant compliance requirements in light of the additional information gathered post acquisition.



INDUSTRY:
Professional Services



DEPLOYMENT:
Individual

SERVICES:



Accounting & Finance

Financial Reporting & Technical Accounting

Financial Planning & Analysis (FPA)

Business Transformation

Business Process Optimization

Transaction & Regulatory Advisory Services

Post-M&A Integration & Compliance