



## **Case Studies: Successful Outsourced CFO Services Engagements**

Arthur F. Rothberg, Managing Director, CFO Edge, LLC

Throughout this series of articles, we have described how companies can benefit from engaging an outsourced CFO services firm to help them accomplish a wide range of financial tasks. We conclude the series with a look at three companies where CFO Edge chief financial officers were able to engage with clients to provide assistance with high-level strategic planning, business management and financial operations.

### **Acquisition Accounting Assistance**

When a \$500 million publicly held medical imaging company acquired a software company, it engaged CFO Edge to provide assistance with acquisition accounting during the transition period. Although the company had done serial horizontal acquisitions, this was its first vertical acquisition of a new line of business that was outside of its core competency. It didn't possess the expertise or the resources internally to complete the integration of the acquisition.

For the engagement, CFO Edge first determined how many years needed to be audited, since there were gaps in the financial history. It then performed audit preparation and prepared SEC filings, all within a compressed timeframe (the SEC-mandated 70 days). The engagement included addressing complex software and multiple element arrangements accounting rules. In addition, CFO Edge also trained the staff on how to recognize revenue and do foreign currency accounting so that they now have this expertise in-house.

"CFO Edge brought deep expertise in addressing complex software and multiple element arrangements accounting rules," says the company's CFO. "Their recommendations on a new accounting pronouncement provided helpful flexibility in our reporting. They worked well with our team, earned their respect and brought real value to the engagement beyond just the defined assignment."

### **Three-Year Audit Preparation**

An unaudited company was considering a reverse triangular merger with a NASDAQ-listed foreign issuer. Since it had never been audited before, it engaged a CFO Edge chief financial officer to make its books current in preparation for a three-year audit.

In the process, the CFO also conducted a business case evaluation. During this evaluation, he uncovered significant operational issues that, coupled with a detailed cost/benefit analysis, demonstrated that the merger was not in the best interests of the company, which decided not to move forward with the merger. The CFO did perform audits for the current and subsequent years. In addition, the CFO helped the company recruit and train a new controller, write accounting principles, and implement significant internal controls.

"I appreciate a productive and enjoyable working relationship with the CFO," says the company's CEO, "and I hold his financial subject matter expertise in high regard."

### **Revenue Recognition at a Consulting Company**

A large international consulting company encountered problems with revenue recognition that necessitated restatements. The engagement addressed both improperly accounting for intangibles as well as improperly accounting for affiliates' foreign operations. The root cause of the revenue recognition error was determined and corrected.

Policies and procedures were developed to insure correct financial statement preparation as well as to establish foreign currency transaction and translation accounting.

### **Concluding Thoughts**

These are just three examples of how CFO Edge has helped Los Angeles and Southern California businesses meet complex financial and accounting challenges by providing high-level financial, strategic and business management expertise. As CEOs and CFOs continually strive to accomplish more with fewer resources, many are realizing the benefits that engaging an outsourced CFO services provider can bring.

### **About CFO Edge**

CFO Edge, LLC is a leading Southern California provider of outsourced CFO services. Based in Los Angeles, we are a group of experienced chief financial officers who engage with CEOs and CFOs on demand to address strategic planning, business management, and day-to-day financial operations challenges. Our seasoned professionals deliver services as interim CFOs, part-time CFOs, project-based CFOs, recruitment-to-permanent CFOs and interim-to-permanent CFOs. At CFO Edge, we're passionate about helping our clients create, grow and sustain value. For more information, visit [www.cfoedge.com](http://www.cfoedge.com) or call 626.683.8840.

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