

You Survived Your IPO...Now What?

Dawna Boone
Tyler Stage
Grant Ostler

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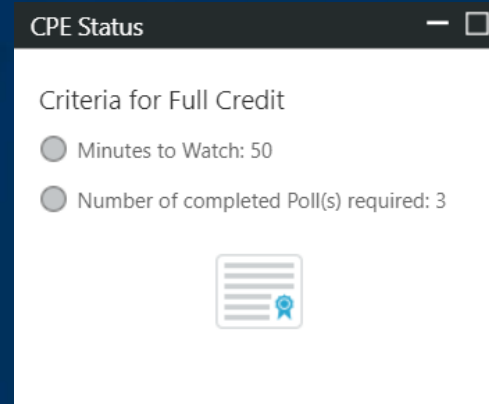
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Moderator

Steve Shannon

**Director of Partnership Marketing,
Business Development
IMA**



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Featured Presenter

Dawna Boone
Financial Accounting Advisory
Services Senior Director
Embark



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Dawna Boone's Biography

- Dawna Boone is one of Embark's leaders who enjoys helping her clients implement solutions that meet their needs by leveraging over 15 years of broad accounting, finance, and audit experience.
- She started her career at KPMG, focusing on real estate, financial services, and later telecommunications clients.
- Originally from Massachusetts, Dawna graduated from Hampton University in Hampton, Virginia with her bachelor's and master's degrees in business administration with a focus on accounting.

Featured Presenter

Tyler Stage
Capital Markets Senior Manager
Embark



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Tyler Stage's Biography

- Tyler Stage is a Capital Markets Senior Manager at Embark. He is an accomplished financial accounting advisor who assists clients in various industries through each phase of the transaction process: assessment, preparation, and post-IPO to-dos.
- He started his career in PwC's Audit practice before spending almost 4 years in Embark's Financial Accounting Advisory Practice.
- Tyler obtained his BBA from the University of Central Arkansas.

Featured Presenter

Grant Osler

Director, Integrated Risk Principal
Workiva



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Grant Osler's Biography

- Grant Ostler, Director of Product Marketing at Workiva, has more than 30 years of finance and operations experience, primarily in internal audit, enterprise risk management, and process improvement.
- Ostler served as the chief audit executive over almost two decades for entities ranging from Fortune 500 companies to a pre-IPO technology company, including building internal audit programs from scratch and leading the implementation of SOX 404 compliance programs for three companies.
- Grant is an active member of the Twin Cities Chapter of the IIA where he's held numerous leadership positions, including Chapter President, over the past 20-plus years.

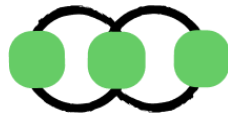
Learning Objectives

1. Give examples of ways to simplify period end closes.
2. Develop an efficient process for your quarterly and annual SEC financial statements.
3. Recognize how to incorporate controls into your period end closes and reporting processes that are sustainability-minded, fail-safe, and built-in—not bolted-on.

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of the Fortune 1000 trust
our Platform



\$443.3 million
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revenue retention



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Agenda

1. Introduction
2. Simplifying period close
3. Developing effective SEC reporting processes
4. Emerging requirements (ESG)
5. What about SOX?
6. Conclusion
7. Key takeaways

Simplifying Period Close

Level Setting on the IPO Process

1. S-1 confidential filings and comment responses
2. S-1 public filing and comment responses roadshow
3. S-1 SEC declares it effective (generally on pricing date)
4. Trading begins
5. IPO closing as proceeds are received



Expectations on the Rise

Key Points

1. Fast



Pressure to shrink close times to meet management expectations

Poll Question 1:

How many days do you take to close the books now?

- a. 5 days or less
- b. 6–10 days
- c. 11–15 days
- d. More than 15 days

Poll Question 1 Results: (Placeholder)

Expectations on the Rise

Key Points

1. Fast



Pressure to shrink close times to meet management expectations

2. Transparent



Demands for greater analysis and transparency—
what's driving performance?

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Demands for greater analysis and transparency—what's driving performance?

3. Coordinated



Gathering, validating, and analyzing data from across the organization requires collaboration

Expectations on the Rise

Key Points

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Pressure to shrink close times to meet management expectations

2. Transparent



Demands for greater analysis and transparency—what's driving performance?

3. Coordinated



Gathering, validating, and analyzing data from across the organization requires collaboration

4. Timely



SEC filing deadlines are not merely suggestions

Poll Question 2:

How comfortable are you with your company's ability to accurately meet your SEC reporting deadlines?

- a. Highly confident—We meet them now with a little breathing room
- b. Reasonably confident—We're executing well on our plan to ensure we can file on time by starting to look for efficiencies
- c. Some heartburn—We've charted our course to timely filings, but it will probably be tight
- d. Really worried—We're trying to figure out where to find additional resources and new tools to get us over the top

Poll Question 2 Results: (Placeholder)

Develop an Efficient SEC Filing Process

Timelines Vary by Filer Types

Large Accelerated

Filing due dates

10-K: 60 days

Accelerated

Filing due dates

10-K: 70 days

Non-Accelerated

Filing due dates

10-K: 90 days

EGC and SRC

Filing due dates

10-K: 90 days

Timelines Vary by Filer Types

Large Accelerated

Filing due dates

10-K: 60 days

10-Q: 40 days

Accelerated

Filing due dates

10-K: 70 days

10-Q: 40 days

Non-Accelerated

Filing due dates

10-K: 90 days

10-Q: 45 days

EGC and SRC

Filing due dates

10-K: 90 days

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Timelines Vary by Filer Types

Large Accelerated

Filing due dates

10-K: 60 days

10-Q: 40 days

8-K: 4 days

Accelerated

Filing due dates

10-K: 70 days

10-Q: 40 days

8-K: 4 days

Non-Accelerated

Filing due dates

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404a: 2nd 10-K

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Filing due dates

10-K: 90 days

10-Q: 45 days

8-K: 4 days

Sarbanes-Oxley

404a: 2nd 10-K

404b: Up to 5 years

EGC and SRC

Filing due dates

10-K: 90 days

10-Q: 45 days

8-K: 4 days

Sarbanes-Oxley

404a: 2nd 10-K

404b: EGC up to 5 years
SRC exempt

Timelines Vary by Filer Types

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Filing due dates

10-K: 60 days

10-Q: 40 days

8-K: 4 days

Sarbanes-Oxley

404a: 2nd 10-K

404b: 2nd 10-K

302: 1st 10-Q/K

906: 1st 10-Q/K

Accelerated

Filing due dates

10-K: 70 days

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8-K: 4 days

Sarbanes-Oxley

404a: 2nd 10-K

404b: 2nd 10-K

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Sarbanes-Oxley

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404b: EGC up to 5 years
SRC exempt

302: 1st 10-Q/K

906: 1st 10-Q/K

Poll Question 3:

The SEC recently issued proposed rules for the Enhancement and Standardization of Climate-Related Disclosures. How comfortable are you with your company's ability to comply with these proposed rules by the proposed filing deadlines?

- a. **Highly confident**—We have a strong ESG program that positions us well to meet the proposed rules when we are required
- b. **Reasonably confident**—We're familiar with the rules and have much of the required process and data in place and have identified gaps we need to fill. We are developing a plan to ensure we can fill our gaps and file accurately and on time given the proposed rules and deadlines
- c. **Some heartburn**—We have reviewed the proposed rules and are evaluating what will be required to meet the proposed rules, but we likely have a lot of work to do to be ready to meet the rules as proposed
- d. **Really worried**—Our focus has been on the fundamentals of our business and our IPO. As such, we haven't really started to consider how we will gather, validate, and report on the newly proposed rules. (Honestly, we're praying that the comments are impactful enough that the rules get deferred a bit.)

Poll Question 3 Results: (Placeholder)

Emerging ESG Requirements

SEC Proposed ESG Disclosures

If the SEC adopts the rule as proposed, a public company will need the following to disclose:

- **Methods** the board and management use **to govern climate-related risks**
- **Climate-related impacts**, goals, targets, and transition plans
- **Scope 1 and 2 greenhouse gas emissions, with audit assurance and attestation for accelerated and large accelerated filers** (Scope 1 refers to a company's direct emissions from operations, and Scope 2 refers to indirect emissions from energy purchases.)
- **Scope 3 emissions if material** or if a company has set a target for all other upstream and downstream supply chain emissions with a safe harbor
- **In a financial statement footnote, climate-related financial impacts**, such as additional expenses due to a severe wildfire or flood, for example

SEC Proposed ESG Disclosures – (continued)

- Companies will need to **add XBRL® tagging to these new disclosures** and present them in iXBRL® format, just as they do for investment-grade financial data, so they can be read by both machines and humans.
- **Consistency between ESG and SEC reporting** will be absolutely paramount. ESG teams accustomed to publishing sustainability reports in the summer will likely have to **significantly accelerate** some internal deadlines for **compiling ESG data** now that the SEC is proposing **climate disclosures in 10-Ks**, often filed in February or March.

SEC Proposed ESG Assurance—Phase-in Periods

Registrant Type	Disclosure Compliance Date	
	All proposed disclosures, including GHG emissions metrics: Scope 1, Scope 2, and associated intensity metric, but excluding Scope 3	GHG emissions metrics: Scope 3 and associated intensity metric
Large Accelerated Filer	Fiscal year 2023 (filed in 2024)	Fiscal year 2024 (filed in 2025)
Accelerated Filer and Non-Accelerated Filer	Fiscal year 2024 (filed in 2025)	Fiscal year 2025 (filed in 2026)
SRC	Fiscal year 2025 (filed in 2026)	Exempted

The table assumes that the proposed rules will be adopted with an effective date in December 2022 and that the filer has a December 31 fiscal year-end.

SEC Proposed ESG Assurance—Phase-in Periods

Filer Type	Scopes 1 and 2 GHG Disclosure Compliance Date	Limited Assurance	Reasonable Assurance
Large Accelerated Filer	Fiscal year 2023 (filed in 2024)	Fiscal year 2024 (filed in 2025)	Fiscal year 2026 (filed in 2027)
Accelerated Filer	Fiscal year 2024 (filed in 2025)	Fiscal year 2025 (filed in 2026)	Fiscal year 2027 (filed in 2028)

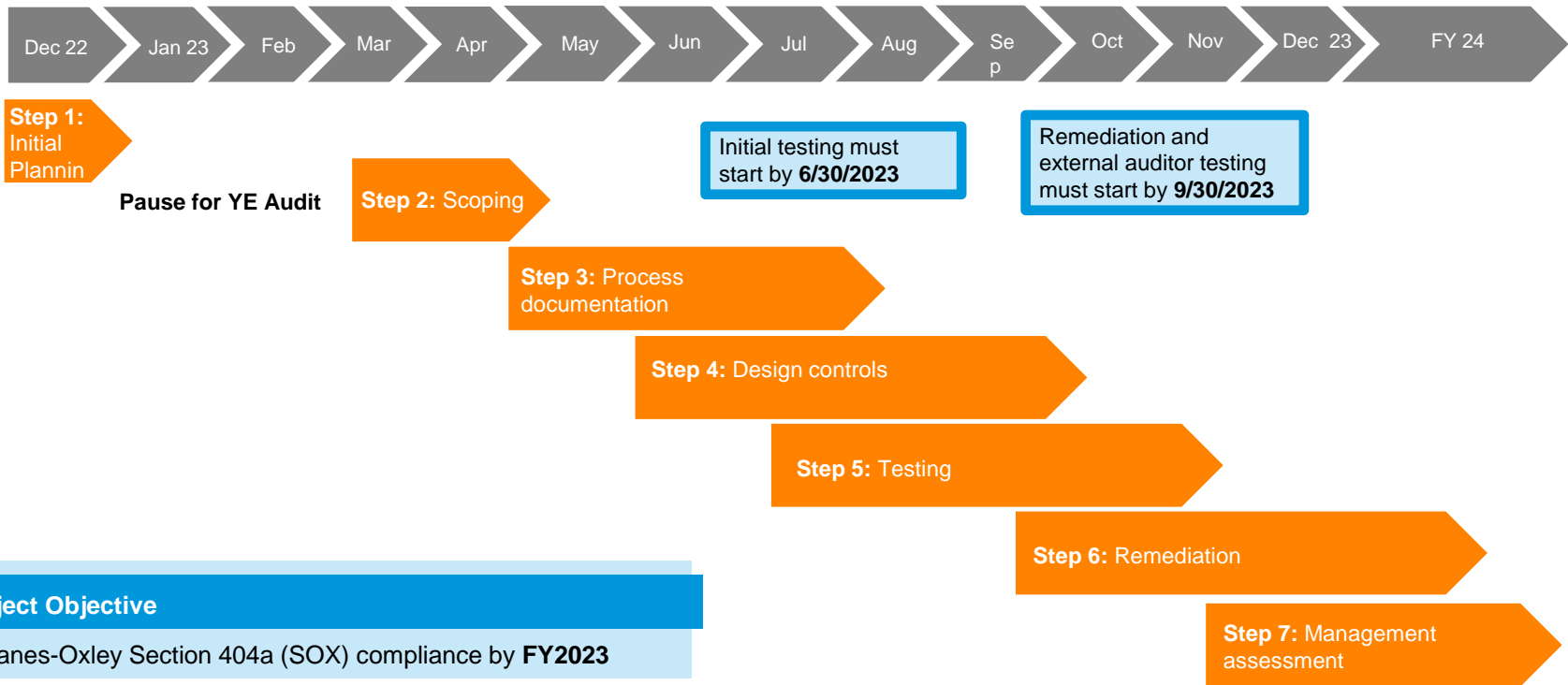
The table assumes that the proposed rules will be adopted with an effective date in December 2022 and that the filer has a December 31 fiscal year-end.

Preparing for SOX by Enhancing Controls

Key SOX Considerations and Recommendations

- Understand your financial reporting risks so you can prioritize high-risk areas
- Assess your “as is” state as early as possible to understand the level of effort
- Standardize financial processes across the organization for efficiency and reduced risk
- Integrate controls into the design of your financial reporting processes, i.e., build controls into the process but don’t bolt them on
- Leverage technology to:
 - Automate controls where possible
 - Use analytics to support scale and enable 1st and 2nd line monitoring
 - Consider automated testing where feasible

Illustrative SOX Implementation Roadmap



Implementation Approach

Step 1: Initial Planning

- Determine project team
- Establish key milestones
- Obtain high level understanding of current processes

- Project plan and milestones
- High level scoping of overall project

Step 2: Scoping

- Determine materiality and scoping
- Identify significant classes of transactions
- Obtain external auditor feedback on scope and project plan

- Listing of in-scope entities and processes
- ITGC understanding

Step 3: Process Documentation

- Document end-to-end process walkthroughs
- Document/define controls, including entity level and process controls

- Control mapping
- Identification of necessary additional controls

Step 4: Design Controls

- Design and implement updated controls to address gaps in current controls structure

- Risk and control matrix (RCM) with control descriptions, frequency, initial risk ratings, and testing procedures

Step 5: Testing

- Test controls
- Remediate identified control issues
- Reassess control effectiveness

- Updated RCM
- Testing plan for key controls
- Management approval of testing plan

Step 6: Remediation

- Work with external auditor on testing
- Remediation of any identified issues

- Updated RCM and flow charts of processes
- Summary of aggregated deficiencies
- Feedback from external auditor of testing plans and reliance strategy

Step 7: Management Assessment

- Evaluate remaining deficiencies
- Perform management assessment

- Control deficiency evaluation framework
- Completed management assessment

Poll Question 4:

How mature are your internal controls over financial reporting?

- a. **Immature**—We have limited documentation, and our controls are almost all manual
- b. **Getting there**—We've documented risks and controls for all material processes, but our processes are still manual and people dependent
- c. **Feeling pretty confident**—We have operated effectively with well-documented processes, risks, and controls, and have assessed design with few or no design gaps
- d. **Bring on the external auditors**—Our documentation and control design are solid, as we have completed some testing of operating effectiveness and feel ready for external assurance of our internal controls

Poll Question 4 Results: (Placeholder)

Key Takeaways

Key Takeaways

- The pace and demands of the IPO process will likely remain throughout the first one to two years, so make sure you have the necessary resources
- The sooner the better for implementing methods and technology to support automation and collaboration in the close and disclosure processes
- Include internal controls as you develop and mature your close and disclosure operations, such as:
 - Developing procedures with controls in mind across the organization, i.e., build them in but don't bolt them on
 - Leveraging technology to automate controls and testing where possible to support scale

Questions and Answers



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