

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

## **Re: Financial Reporting and Historical Audit IPO Readiness Advisory Engagement**

Dear [Client Contact Name],

This letter outlines the scope of our advisory services to assist [Company Name] (the "Company") in preparing for an Initial Public Offering (IPO). Our focus will be on financial reporting requirements and ensuring historical audits meet the standards of the Securities and Exchange Commission (SEC) and the Public Company Accounting Oversight Board (PCAOB).

### **1. Scope of Services**

Our advisory services will include:

- **Historical Financial Statement Assessment:** Reviewing prior years' financial statements to identify gaps between private company standards (GAAP) and public company reporting requirements (Regulation S-X).
- **PCAOB Audit Transition:** Assisting in the uplift of existing AICPA audits to PCAOB standards, including documentation of internal controls and management representations.
- **Technical Accounting Memoranda:** Drafting positions on complex areas such as revenue recognition (ASC 606), lease accounting (ASC 842), stock-based compensation, and earnings per share (EPS).
- **Financial Reporting Preparation:** Supporting the drafting of the S-1 registration statement, specifically the Financial Statements and Management's Discussion and Analysis (MD&A) sections.
- **Internal Control Evaluation:** Performing a gap analysis of Internal Control over Financial Reporting (ICFR) to ensure readiness for Sarbanes-Oxley (SOX) compliance.

### **2. Project Timeline**

The engagement is expected to commence on [Start Date] and proceed according to the following milestones:

- Diagnostic and Gap Analysis: [Date]
- Remediation and Technical Drafting: [Date]
- Final Audit Support and Filing Readiness: [Date]

### **3. Client Responsibilities**

The Company remains responsible for the accuracy of all financial data, the maintenance of internal controls, and all final management decisions regarding accounting policies.

#### **4. Fees and Expenses**

Professional fees for this advisory engagement are estimated at [Amount], to be billed [Monthly/at Milestones]. Out-of-pocket expenses will be billed at cost.

#### **5. Acceptance**

Please sign below to indicate your acceptance of the terms of this advisory engagement.

Sincerely,

[Your Name/Firm Name]

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**Accepted by [Company Name]:**

Signature: \_\_\_\_\_

Name: [Name]

Title: [Title]

Date: [Date]