TECHNICAL ACCOUNTING RESOURCE CENTER

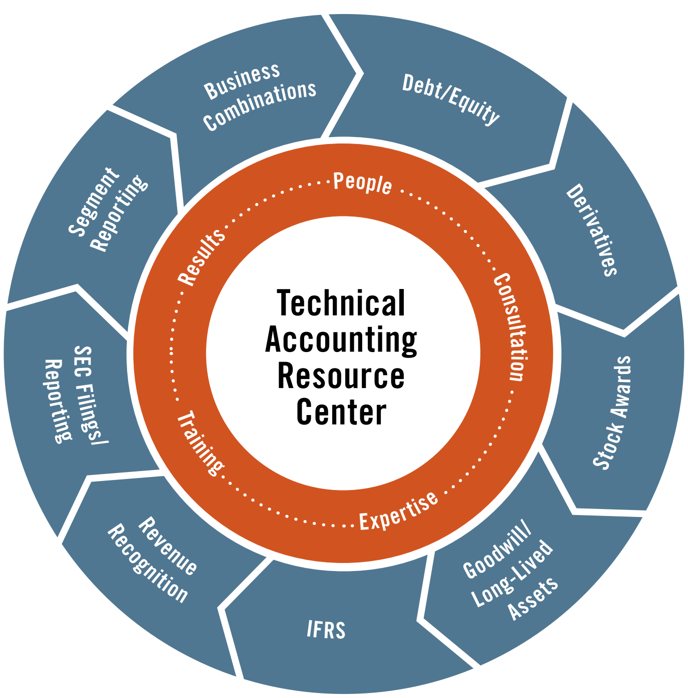
No matter how prepared a company may be, accounting surprises are inevitable. While working toward a filing deadline, perhaps the auditors uncover an issue that requires immediate attention—but due to auditor independence, they cannot assist. Or maybe an issue pops up during preparation of a registration statement and leadership isn't sure what to do next. While scrambling to meet filing deadlines, eleventh-hour requests can derail operations. Who can organizations call for advice and action?

Rapid Deployment

Whether preparing for an initial public offering (IPO) or conducting routine audit readiness, companies require a trusted partner that can deliver technical accounting expertise when the stakes are high. And when time is of the essence, they need experts who can be deployed fast.

Expertise on Demand

MorganFranklin Consulting's Technical Accounting Resource Center (TARC) meets the needs of clients and key stakeholders by delivering technical accounting assistance when in-house capabilities are limited. Our subject matter experts serve all industries and entities by applying guidance issued by the FASB, IASB, AICPA, SEC, and other authoritative bodies. We provide periodic briefings of accounting pronouncements that affect businesses and offer in-house CPE training covering current and complex U.S. GAAP issues. MorganFranklin assists companies with the preparation and review of technical accounting memoranda by offering a full suite of technical accounting capabilities.



Impact & Value

- Minimize disruption to day-to-day accounting operations
- Increase confidence, improve timeliness, and enable accurate conclusions
- Articulate client positions with external auditors
- Reduce audit fees associated with technical accounting and reporting issues
- Eliminate need for full-time employee or team dedicated to technical accounting

Past Performance

REFINANCED DEBT
Case Study: Insurance Broker

The company entered into a credit facility to refinance its existing debt agreement and increase borrowings on the term loan and the revolver.

- Analyzed transaction to determine whether refinancing the debt agreement resulted in a modification or an extinguishment of the original debt.
- Considered if the transaction arose as the result of a troubled debt restructuring.
- Documented relevant accounting position and received concurrence from the auditors.

BUSINESS COMBINATIONS
Case Study: Software Researcher & Developer

The company acquired common stock of several businesses, resulting in business acquisitions containing complex clauses such as contingent payments for post-acquisition services and a put option tied to performance of an event.

- Reviewed complex fact patterns to identify the accounting acquirer in the transactions.
- Analyzed contingent payments to sellers to determine whether they formed part of the purchase price or were payments for post-combination employment services.
- Determined if the acquisitions met the definition of a significant acquisition under Regulation S-X Rule 3-05, and considered whether the aggregation of multiple insignificant acquisitions resulted in significance in the aggregate.
- Worked with management to allocate purchase price to identifiable assets acquired and liabilities assumed with the acquisition.

WARRANTS ISSUED IN CONJUNCTION WITH CONVERTIBLE DEBT
Case Study: Online Advertiser

The company issued convertible debt containing a warrant and needed to determine how to account for the warrant.

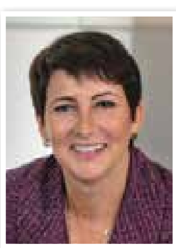
- Considered the facts and circumstances of the transaction to determine whether the warrant should be presented as equity or liability on the balance sheet.
- Assisted management with quarterly fair value adjustments for the liability instrument.
- Calculated amortization of the discount from the date of issuance to the stated redemption date of the convertible debt.

GROSS VERSUS NET PRESENTATION FOR REVENUE
Case Study: Digital Video & TV Advertiser

The company acts as an intermediary between an advertising agency and advertisers, calling into question whether the company is a principal or agent in its sale transactions.

- Evaluated eight indicators for presentation of revenue as gross versus net and compared those to the company's circumstances.
- Discussed conclusions with the auditors to gain their buy-in on the company's positions.
- Provided professional judgment to management and worked with the finance team to solidify the accounting policy given the high level of SEC scrutiny for gross versus net presentation of revenue.

Contact Information



Dee Mirando-Gould
Executive Director, Technical Accounting Resource Center

Dee Mirando-Gould leads the TARC, applying more than 23 years of accounting and auditing experience. She possesses expertise in complex accounting, auditing, and reporting issues, including revenue recognition, stock-based compensation, equity instruments, derivatives, variable interest entities (VIE) and consolidation, leases, and business combinations. Contact **dee.mirando-gould@morganfranklin.com** for more information.