



IPO Preparation Checklist

Your comprehensive guide to a successful public offering

Improve Financial Statement Quality

Private companies must significantly upgrade their accounting processes for public markets. The bar is much higher for public companies regarding financial record quality and transparency.

Required Financial Statements

- Annual audited financial statements
- Balance sheets for the two most recent fiscal years
- Comprehensive income, cash flows, and stockholders' equity statements (3 years)
- Independent auditor's report
- Interim unaudited financial statements for all quarters since most recent audit Financial statements of acquired businesses (if any)
- Pro forma financial statements (if significant acquisitions/disposals occurred)
- MD&A (Management Discussion & Analysis) for all periods presented



EGC Advantage

If your revenue is below \$1.235 billion, you may qualify as an Emerging Growth Company (EGC) and need only two years of audited statements instead of three.

Financial Statements	Use By Date	Filer Type
2024 Q3	Feb 14, 2025	IPO registrant, Delinquent Filer, Loss Corporation
	Mar 3, 2025	Large Accelerated Filer
	Mar 17, 2025	Accelerated Filer
	Mar 31, 2025	Any other Filer
2024 Year-end	May 9, 2025	Large Accelerated Filer, Accelerated Filer
	May 14, 2025	Any other filer
2025 Q1	Aug 7, 2025	Large Accelerated Filer, Accelerated Filer
	Aug 12, 2025	Any other filer
2025 Q2	Nov 6, 2025	Large Accelerated Filer, Accelerated Filer
	Nov 12, 2025	Any other filer

Increase 409A Valuation Frequency

Without extensive trading history, your stock prices appear unpredictable to investors. More frequent 409A valuations serve as a proxy for historical stock price data and demonstrate consistent valuation methodology.

Benefits of Frequent 409A Valuations

- Standardized assessments incorporating all material information
- Serves as proxy for historical stock price data
- Required for material events during pre-IPO phase
- Builds investor confidence in valuation methodology

Establish Corporate Governance System

Public companies must meet higher governance standards. Establish required committees gradually rather than scrambling at the last minute.

Committee	Key Responsibilities
Audit Committee	Select independent accountant, oversee GAAP standards, manage internal controls
Compensation Committee	Determine compensation philosophy, approve CEO pay, oversee performance plans
Nominating and Corporate Governance Committee (NCGC)	Board evaluation, corporate governance guidelines, director nominations

Simplify Ownership Structure

Public market investors are less sophisticated than private equity participants. Complex ownership structures create valuation challenges and reduce accessibility.



Market Reality

Only 10% of IPOs since 1980 have had dual-class share structures. The market strongly prefers simplified ownership.

Recommended Actions:

- Convert complex securities (warrants, convertible debentures)
- Eliminate multiple share classes where possible
- Simplify value allocation mechanisms
- Negotiate conversions before IPO timeline pressure

Build The Right IPO Team

Going public requires much more than strong financial performance. A specialized team is essential for navigating regulatory requirements and market timing.

Core Team Members

- Finance professionals with public company experience
- Specialized legal counsel for securities law
- Independent auditors familiar with public requirements
- Investor relations experts
- Investment bankers and underwriters



Team Strategy

If building a full in-house team feels premature, engage experienced external advisors who can help design a realistic timeline based on current market conditions.

SOX Compliance Implementation

From the moment you file your registration statement, you must comply with the Sarbanes–Oxley Act. This ensures accurate financial reporting, strong internal controls, and transparency.

SOX Requirements

- Implement robust financial processes and controls
- Document all procedures and risk assessments
- Establish IT controls and security measures
- Create audit trails and internal monitoring
- CEO/CFO certification of financial statements



Benefits

Early SOX readiness not only aids in a smooth IPO but demonstrates accountability and supports long-term success in public markets.

Cybersecurity Standards

SEC-registered companies must disclose material cybersecurity events promptly and describe their risk management processes in annual filings.

Cybersecurity Disclosure Requirements

- Companies registered with the SEC must disclose material cybersecurity events in Form 8-K, or Form 6-K for foreign issuers, within 4 business days of determining materiality.
- Describe risk identification and management processes
- Outline board and management oversight roles
- Detail impact of past security incidents
- Maintain incident response and recovery procedures

Timeline Management

IPO Timeline Framework



ESG Reporting Requirements

ESG investments represent \$6.5 trillion in US assets and continue growing. The SEC requires standardized climate-related disclosures that affect investor access and regulatory scrutiny.

ESG Disclosure Requirements

- Climate-related risks and mitigation strategies
- Financial impacts of environmental factors
- Governance processes for addressing climate risks
- Social responsibility and impact metrics
- Board oversight of ESG initiatives



Market Impact

Failing to meet ESG requirements limits access to ESG-focused investors and increases exposure to SEC scrutiny and investigations.

Disclaimer

This checklist is for informational only and does not constitute legal, financial, accounting, or investment advice.

The information contained herein should not be relied upon as a substitute for professional counsel from qualified advisors who are familiar with your specific circumstances and applicable laws.