









Current Financial Statements – What’s Necessary to Price An Offering

2022 Calendar

Weil

(For FYE December 31, 2021 Companies)



							
Third Quarter 2021 Needed	Year End 2021 Needed	First Quarter 2022 Needed	Second Quarter 2022 Needed	Third Quarter 2022 Needed	SEC Holiday	Comfort Can Be Problematic*	Staleness/10-Q Gap Period*

January							February							March							April												
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa						
						1			1	2	3	4	5			LAF	LAF	LAF	LAF													1	2
2	3	4	5	6	7	8	6	7	8	9	10	11	12	6	7	8	9	10	11	12	3	4	5	6	7	8	9						
9	10	11	12	13	14	15	13	14	15	16	17	18	19	13	14	15	16	17	18	19	10	11	12	13	14	15	16						
16	17	18	19	20	21	22	20	21	22	23	24	25	26	20	21	22	23	24	25	26	17	18	19	20	21	22	23						
23	24	25	26	27	28	29	27	28						27	28	29	30	31			24	25	26	27	28	29	30						
30	31																																

May							June							July							August												
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa						
1	2	3	4	5	6	7				1	2	3	4						1	2		1	2	3	4	5	6						
8	9	LAF & AOF	LAF & AOF	LAF & AOF	LAF & AOF	14	5	6	7	8	9	10	11	3	4	5	6	7	8	9	7	8	LAF & AOF	LAF & AOF	LAF & AOF	LAF & AOF	13						
15	16	17	18	19	20	21	12	13	14	15	16	17	18	10	11	12	13	14	15	16	14	15	16	17	18	19	20						
22	23	24	25	26	27	28	19	20	21	22	23	24	25	17	18	19	20	21	22	23	21	22	23	24	25	26	27						
29	30	31					26	27	28	29	30			24	25	26	27	28	29	30	28	29	30	31									
														31																			

September							October							November							December												
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa						
				1	2	3							1			1	2	3	4	5					1	2	3						
4	5	6	7	8	9	10	2	3	4	5	6	7	8	6	7	LAF & AOF	LAF & AOF	LAF & AOF	11	12	4	5	6	7	8	9	10						
11	12	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19	11	12	13	14	15	16	17						
18	19	20	21	22	23	24	16	17	18	19	20	21	22	20	21	22	23	24	25	26	18	19	20	21	22	23	24						
25	26	27	28	29	30		23	24	25	26	27	28	29	27	28	29	30				25	26	27	28	29	30	31						
							30	31																									

Key

- LAF:** Large Accelerated Filer is an issuer with aggregate worldwide market value held by non-affiliates of \$700mm or more as of the last business day of the issuer’s most recently completed 2Q. A LAF remains a LAF until the issuer determines at FYE that it fell below the \$560mm threshold as of the last business day of the issuer’s most recently completed 2Q
- AF:** Accelerated Filer is an issuer with aggregate worldwide market value held by non-affiliates of \$75mm or more but less than \$700mm as of the last business day of the issuer’s most recently completed 2Q. An AF remains an AF until the issuer determines at FYE that it fell below the \$60mm threshold as of the last business day of the issuer’s most recently completed 2Q
- AOF:** All Other Filers
- IPO:** After February 14, 2022, year end financial statements for 2021 will be necessary for any IPO or any issuance by a delinquent filer or “Loss Corporation” (i.e., a company that does not expect to report positive income after taxes in the latest fiscal year or did not report positive income after taxes in both of the two prior fiscal years)
-  White polka dots indicate that the accountants may resist giving negative assurance comfort in the “comfort letter” 134 days after the end of the third quarter (i.e., after February 11, 2022) in light of guidance provided in PCAOB AS 6101. Consider whether procedures and findings (or “pass through”) comfort, as contemplated by PCAOB AS 6101, may be appropriate and sufficient for an offering during this period
-  Green shading indicates the gap period between the staleness date and when the issuer’s 10-Q is required to be filed, as the staleness date can fall a few days before the 10-Q due date. The SEC staff, however, often permits an issuer that has timely filed its reports during the previous 12 months to file and go effective on a registration statement after the staleness deadline and prior to the filing of its next 10-Q. During this gap period, consider whether foregoing updated quarterly financials is appropriate

Acquired Business Financial Statement Requirements

- Certain historical financial statements of recent or probable acquisitions may need to be included in the offering materials. The following basic 2 step process gives a general sense of what may be required
- Step 1 –** Determine the highest level of “significance” that the recent or probable acquisition represents for the Buyer based upon the following 3 prong test:
- Investment Test:** Buyer’s investment in the Target compared to, if available, aggregate worldwide market value of the Buyer’s voting and non-voting common equity or, if not available, the Buyer’s total assets
 - Asset Test:** Buyer’s share of the Target’s total assets compared to the Buyer’s total assets
 - Income Test:** Lower of (1) Revenue Operation (Buyer’s proportionate share of the Target’s revenue compared to the Buyer’s consolidated revenues from continuing operations, after intercompany eliminations) and (2) Net Income Component (Income from continuing operations before income taxes of the Buyer compared to that of the Target)
- Step 2 –** Determine what, if any, additional financial information is required to be included using the highest significance level as per Step 1:

Highest Significance Level	Target Historical Financial Statement	Pro Forma Financial Statements
Below 20%	None	None
20% < 40%	1 year plus any interim period May be omitted once included in the Buyer’s financial statements for nine months	1 year plus any interim period
Greater than 40%	2 years plus any interim period (with comparative interim period from prior year) May be omitted once included in the Buyer’s financial statements for a fiscal year	1 year plus any interim period

Note: There are exceptions and variations on the above analysis, including with respect to multiple individually insignificant (below 20%) recent or probable acquisitions. Consult your Weil contact to discuss