ACQUISITION INTEGRATION ACCOUNTING CHECKLIST

Synergy Tracking
- Determine synergy tracking approach. Decide on system and method.
- Identify team members and responsibilities.
- Create detailed implementation plans
- Create synergy tracking model templates
- Develop ongoing status reporting format and timing
- Monitor and report synergy results
- Establish budget linkage process
- Adjust budget by synergy values

Additional Set of Books
- Obtain a copy Firm B's chart of accounts (COA)
  - Modify Firm A COA to incorporate Firm B COA values
- Set up mirror entities in OFA
- Create ledgers for each of the Firm B's subsidiaries. This will be done at a corporate SOB level (held locally and submitted to consolidate). We'll need to map the Firm B's ledger to the Firm A's SCOA.
  - Determine if these should be set up via local sets of books or company codes on the corp. ledger
- Create roll-ups for the new company codes to have separate roll-ups for Firm B's entities, Firm A's historical and total company

Cash Management:
- Examine whether cash on hand has historically met seasonal needs of the Target
- Cash requirements - any potential excess cash above regulatory requirements and/or marketing/operating considerations
- Identify number and type of new accounts that need to be opened at Firm A's banks
  - Assess the number of new accounts that need to be opened
  - Determine type of accounts to open
  - Determine which accounts Firm B can write checks on
  - Identify who should have signing authority on new accounts
  - Contact bank personnel that will assist in opening new accounts
- Identify and assess nature of outstanding commitments that do not show up as liabilities on the balance sheet
  - Develop a comprehensive list of outstanding commitments
  * Property purchases
  * Project expansions
  * Operating lease obligations
  * Off-balance sheet transactions
- Assess dollar amount associated with each commitment
- Determine if plans need to be made to prepare for future
- Determine if Firm B has excess cash and if so, develop a plan for the excess cash
- Plan for the integration of the Firm B's cash into Firm A's centralized cash account
- Determine how Firm B's short-term and long-term investments will be handled
- Develop a plan for disposing of investments, if required
- Work with compliance to ensure proper reporting of investment reports
- Open new bank accounts and close pre-transaction bank accounts
- Communicate account status with individuals who have signing authority
- Transfer bank accounts, wire transfers, banking agreements and other account signatories, as necessary
- Determine who will be authorized for wire transfers, account signatories, etc.
- Consolidate treasury, banking and investments under Firm A control
- Determine whether consolidation will result in any reduction in workforce
- Coordinate any reduction in workforce with organization Design and Staffing Team
- Fully consolidate treasury functions
- Contact bank personnel that will assist in opening new accounts

Accounting Policy Variances
- Obtain inventory of Firm B's accounting policies
- Evaluate the accounting treatment variances, for example
  - Revenue recognition
  - Cost of sales recognition and matching
  - Impairment
  - Capitalization policies
  - Liabilities and contingencies
  - Receivables
  - Property ownership
  - Due diligence inventories
  - Income tax provision
  - Property tax valuation and exposure
- Determine plan for migrating Firm B to Firm A's policies & procedures

Accounts Payable
- Assemble coordinated team to perform Firm B process documentation and verification
- Review A/P systems
  - Determine conversion strategy and cutover approach
- Liaise with Firm B BPO for vendor communications and processing transition to Firm A
  - Invoices
  - EDI
  - Other
  - 1099 Processing
- Determine appropriate conversion methodology
- Vendor conversion
- Firm B continues to process open PO's for one month following close
- Manual conversion
  - Key open PO's after close
  - W-9 must be setup for new vendors
* Coding information
  * Required vendor
  - Determine sequential numbering strategy
  - Determine which entity's cash will be used
  - Method of payment
    * Bank accounts
      * Inter-unit cash transaction
        o > Cash
        o > Treasury
        o > Check printing
        o > Taxes
  - Determine types of check writing through accounts
  - Migrate Firm B's system and processing to Firm A's Accounts Payable immediately following deal close
  - Configure Firm A's data elements
    * Setup Business Units
    * Establish vendors
    * Establish EDI feeds
    * Setup check writing
    * Setup positive pay
    * Setup ACH payments
    * Establish archiving methodology and approach
      o > Duplicate payment query search
  - Update existing legacy reports
  - Review reporting needs
    * Establish security in Firm A
  - Determine authority level for PO inquiry, Firm A and Firm B
  - Follow-up on integration items post-Firm A's conversion
    - Escheatment process
      * Run-off checks
    - 1099 Processing
    - Closing out of AP bank accounts for Firm B
    * Liaise with Treasury for completion

**A/R & Cash Application**
- Determine impact of Firm A's reserve policy to existing balances
- Determine any changes to policies and procedures for managing customer deductions
- Determine any changes to policies and procedures for clearing cash out of the unapplied account and into the appropriate customer account
- Identify where (Firm A's lockbox) and how (wire, paper check) payments will be received
- Instruct whoever is now receiving payments to forward to new payment center
- Notify all customers with outstanding invoices of the acquisition, as well as where all future remittances should be
- Inform customers of new structure and where they should now be sending payments
- Determine any changes to policies and guidelines to factor receivables