



Case Study: Covenant Audit

Preparing for a Bank Audit

CHALLENGE: Concern Over An Unexpected Audit

A company undergoing an unexpected bank covenant audit was concerned about the following items:

- Were company records arranged in such a way as to facilitate an efficient audit?
- Did the underlying records accurately reflect the transactions shown in the financial statements?
- Once the audit is complete, would the auditors reach the same conclusions about the company's compliance with bank covenants as management had reached?

SOLUTION: Focused Research, A Mimicked Audit

CMF defined a plan to address and resolve these concerns, including:

- Designing an audit that mimics a bank covenant audit
- Searching through the company's records to find any potential items that would represent violations of bank covenants
- Assisting the client with any remediation efforts that are necessary prior to the arrival of the bank covenant auditors
- Preparing professional schedules, analyses, backup and details for the bank auditors

OUTCOME: Complete Preparation, Smooth Path to Compliance

- Bank covenants that needed remediation and could be remediated prior to the audit were resolved.
- The bank auditors quickly got through their work and the client's finance department was able to continue its focus on business operations.

CMF ASSOCIATES, LLC

CMF provides financial consulting, M&A advisory, financial executive search, and interim staffing solutions to private equity, middle-market and small cap public companies. Key services: interim and full-time CFO/controllerships, financial due diligence, post-transaction transitions and integration, turnaround management, preparation for sale, and acquisition search.

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