

Finance & Accounting for Life Science Start-ups



**Flexible, integrated services scaling from “ground zero”
as your business grows**

For scientific founders and their early-stage teams, corporate focus and resources are overwhelmingly devoted to proof of concept and R&D. These bootstrapping teams understandably invest little more in G&A than is absolutely necessary. However, certain aspects of building a corporate foundation require upfront attention, lest they cost more to establish or “fix” down the road. Bookkeeping alone can’t meet these needs.

Danforth Advisors provides a flexible suite of services, managed by experts in life science start-up operations, to cost-efficiently establish a strong foundation for growth. Our start-up checklist covers all the steps required to get you up and running successfully from day one.

Key Considerations



- ✓ **The importance of getting organized early:** key accounting and tax considerations
- ✓ **Establishing reliable controls** so that your company can scale
- ✓ **Creating a reliable budget and cash forecast**
- ✓ **Support for investor relations:** ensuring transparency and gaining confidence from your shareholders
- ✓ **Long-term thinking:** building the right foundation for your desired outcome/exit

How Danforth Can Help

We offer a wide range of services that are customized to meet the unique goals and requirements of each client engagement.



Discipline in Accounting: Timeliness and Accuracy of Record Keeping

You focus on the business; let us focus on the records. We implement processes and procedures that capture the right information at the right time, minimizing your staff's involvement and, at the same time, capturing relevant data to support future inquiries, filings and reporting.



Budget, Forecast, Long-Range Plan and Cash Flow Planning

We can compile your business information into a dynamic 1 to 3-year budget that ties to detailed assumptions (headcount, facilities, R&D expenditures and professional fees, etc.) The budget format will also follow Generally Accepted Accounting Principles (GAAP) so that it can be used to meet the reporting requirements in comparison with actual results and generate scenarios for analyzing business decisions based on different growth paths.



New Reporting Requirements Required by Preferred Investors

Investors in a preferred round typically require audited financial statements and periodic interim financial statements following GAAP. The first audit can take over six months to complete, so it's important to start before the first year under audit comes to an end. We can introduce you to the local audit partners at the top two tiers of audit firms, support the selection process, manage the engagement, prepare the numerous technical memos, draft the financial statements and communicate to senior management throughout the process.



Pro-Forma Capitalization Tables

We can compile financial and legal information into a dynamic capitalization table that can be used for pro-forma analysis by the current investors and board members along with potential new investors. Sources of data affecting the end product may include restricted stock, convertible debt, option plans, dilutive protective covenants and warrants.



Valuation of Equity

Once your operations have begun, it's imperative that formal valuations of your common shares are obtained from third party valuation experts in the form of a 409A report. The results of these reports need to be reviewed and accepted by management, the board of directors and auditors, and kept on file to support any inquiries potentially coming from the IRS. We have contacts at reputable valuation firms that have been proven to meet the stringent review processes performed by auditors and will assist in gathering the documentation, manage the process, evaluate the interim results and present the results in a format that is useful for board member discussion.



Tax Support

While Danforth consultants are not tax professionals, we are very familiar with the information that tax professionals use to prepare various federal, state and city tax returns. We are also familiar with the numerous tax incentive programs available to young life science companies in the regions where we operate. We can gather the target data in a format that not only supports the filing but will support any inquiries from the tax authorities and maximize the value of deductions and refunds from tax incentives.

About Danforth Advisors

Danforth is the life science industry's trusted partner for strategic and operational support across corporate, clinical, and commercial functions. The company advises and executes in the areas of finance and accounting, strategic communications, human resources, risk management, clinical and regulatory, and commercial readiness and launch. Founded in 2011, Danforth has partnered with more than 1,000 life science companies, private and public, across all stages of the corporate lifecycle. The company serves clients around the globe from its base in Waltham, Massachusetts and regional operations in New York, Pennsylvania, New Jersey, Maryland, California, and London. Additional information is available at www.danforthadvisors.com.