

IPO GUIDE

Your Guide to an Initial Public Offering














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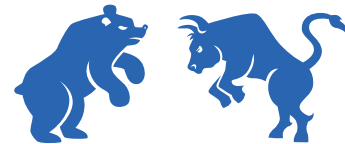


Why an IPO?

Supercharge your business

An Initial Public Offering (IPO) is a once in a lifetime opportunity to supercharge your business and provide an exit opportunity for investors. By selling equity in your business to the public, you raise capital that can enable your business to grow, and evolve. An IPO can also be a powerful branding event. It is an opportunity to:

1. Win new customers
2. Improve brand credibility
3. Expand your investor network



While an IPO is not the best option for all businesses, it is, for many, the perfect opportunity to gain access to financial markets, produce a national presence previously never imagined by founders and owners, and provide liquidity to existing shareholders.

However, going public can be intimidating. Many find the process more time consuming and compliance-driven than they first imagined. **That is where Colonial Stock Transfer comes in. We make the IPO process easy.** We provide comprehensive transitional transfer agent and cap table management services, exceptional technical support, and a readily available staff for investor questions. We provide the most useful, hands-on IPO assistance available in the market today—and with more than thirty years SEC registered operation, we have the expertise necessary to serve any client with unmatched efficiency.



Why hire a Transfer Agent?

Ensure smooth and efficient execution

Becoming a public company can be complicated. A good transfer agent is an acts as your personal securities administrator and assistant as you navigate through the IPO process.

As your transfer agent, we will provide many helpful services designed to save you time, money, and energy during your IPO.



For example, we keep updated lists of your shareholder's names, contact information, taxpayer ID's, and other relevant information—a record keeping process which can often be more resource intensive than newly-public companies are comfortable with.

We also issue and transfer your stock, manage your cap table, and provide you with complete and continuous updates on shareholder's equity in your business.

Additionally, we will manage and administrate your annual shareholder meetings, and work with brokers, institutional investors, the Depository Trust Company (DTC) and the Securities and Exchange Commission (SEC).

It is our goal to bridge each and every potential pitfall in your IPO process.



How We Help

We have come to understand that **every company goes through a unique IPO process**. It is then our philosophy that the services you receive from us must be individually tailored for each client to meet our standards of excellence.

We have found that one of the best ways to achieve this is to assign one of our **trusted relationship managers** to each client. It is their job to act as an expert assistant for you during this new experience, and to provide an easy, ready point of contact between yourself and the rest of our trained staff.

We work with you to streamline your IPO:

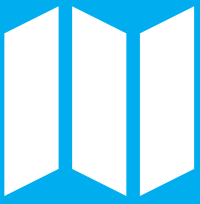
- ✓ Setup appointment as your transfer agency
- ✓ Create notice of initial public offering
- ✓ Provide shareholder data preparation services
- ✓ Setup appointment as your transfer agency
- ✓ Create notice of initial public offering
- ✓ Provide shareholder data preparation services
- ✓ Provide escrow and paying agent services
- ✓ Manage your closing call and document support
- ✓ Issue and distribute your shares via book-entry statement, physical certificate, DWAC or DRS





The Roadmap

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The Roadmap

“While it is true that an IPO is no trivial undertaking, with our assistance it will be seamless”

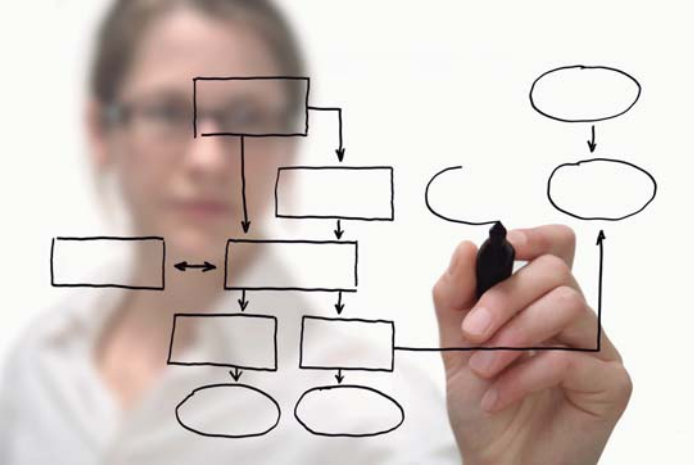
You may be asking yourself how an IPO works, or how involved the process will be for you. While it is true that an IPO is no trivial undertaking, you can rest assured that with the assistance of Colonial Stock Transfer, it will not be an ambiguous one either. It is our purpose at Colonial Stock Transfer to be a professional guide through this exciting development in your business, from the first step to the last.



Sample IPO Timeline

Depending on your company size and the extent of the preparations necessary to make it compliant with the SEC, it can take anywhere between a 3 to 24 months to go public (though most IPO's can be executed in a year or less).

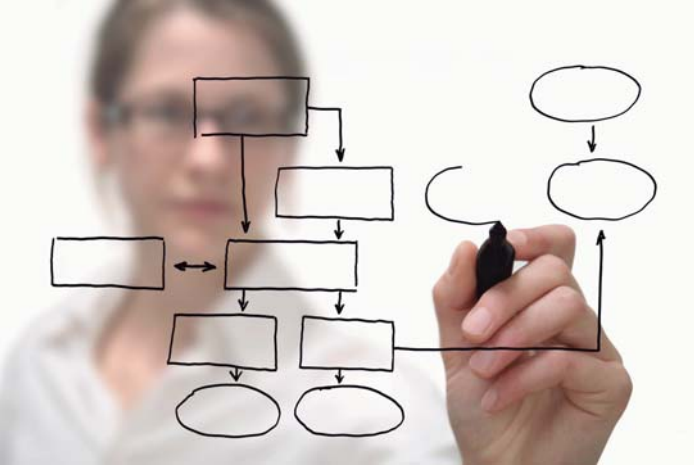
Task	Timing
Transfer agent agreement and setup checklist	Before you start SEC filings
Notice of Offering	At least 2 weeks before closing
Escrow and paying agent setup, if applicable	At least 2 weeks before closing
Closing documents: Board resolutions, legal opinions	At least three days prior to closing
Investor data preparation	Final investor data (Excel template available) should be sent at least one day prior to closing
Issuance and distribution of shares	Immediately after closing



The IPO Process

If you are seriously considering an IPO you have probably already completed some of the preparation, developed a business plan and are gaining understanding of what it takes to be a public company. You are starting to implement an SEC compliance framework and undergo the necessary steps to make your company attractive to underwriters and investors. If you haven't done these things, you can **setup an initial consultation with Colonial Stock Transfer** and we can help you prepare for this next big step.

- 1** During this time, you will appoint Colonial Stock Transfer as your transfer agent and custodian.
 - [Schedule a free initial consultation](#) to learn if you are ready for an IPO
 - Once Colonial Stock Transfer has been officially appointed as your transfer agent and custodian, we will be allowed to put our full range of IPO services at your disposal, and assign you a personal account manager.
- 2** Select a PCAOB auditor and have your financials audited for the last 2 years, if you haven't already done so.



The IPO Process

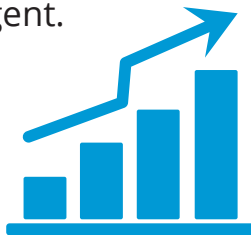
- 3** Select a lead underwriter and have your securities attorney review your underwriter agreement (if applicable).
- 4** Have your attorney prepare the Registration Statement (usually Form S-1) or Regulation A+ offering statement (Form 1-A) and select an EDGAR filing agent to file with the SEC.
 - This will officially begin your IPO process.
 - You will have a window between thirty and ninety days before your statement is effective.
- 5** During SEC comment period
 - Responding to SEC comments on your Registration Statement
 - Finalizing your offering structure
 - Train management on public reporting and corporate governance
 - Begin completing your stock exchange application if you haven't already done so ([see our stock exchange page for instructions](#))
- 6** The last leg
 - Registration Statement is nearing effectiveness
 - Craft a notice of offering for your company, finalize your offering documents, and setup escrow. We will collaborate with you, your counsel, and underwriter.
 - Bring in investors with a roadshow as coordinated through your underwriter.





IPO Closing

After months of preparation, it can seem almost anti-climactic that the actual IPO closes in one day. In order to offer your shares to those who wish to buy them, you will first need to release those shares into the account of your underwriter, who, by now, has priced them. From there they can be wired to your investors in exchange for shares issued by the transfer agent.



This is a straightforward, yet crucial step in the process of going public. As long as this goes well, you will be ready to conduct business as a publicly traded company. However, if something goes wrong here, you can end up leaving a bad impression.

For this reason, Colonial Stock Transfer will assist you during the entire IPO sequence. Not only will we help you prepare for the day, we will also be **present during your closing call**, which is a conversation between you, your counsel, underwriter and your underwriter's counsel, and where the final word is given and your shares are released. These conversations can be complicated, last-minute headaches, and it is **Colonial Stock Transfer's aim to help you through them flawlessly.**

Once your closing call has finished, your IPO will be over.



After the IPO

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After the IPO

“Ensure compliance, and be ready to be a public company”

Finishing an IPO is an achievement, but the work is not over when your shares begin to trade. When your business goes public it is subject to a complex system of securities laws and market regulations.

Colonial Stock Transfer provides **issuer services** to help ensure your compliance, and better honor your new status as a publicly traded company, along with our other convenient services for publicly traded companies.

Services



Transfer Agent & Registrar

- Public Company Services
- Private Company Services
- Initial Public Offerings
- Crowdfunding Offerings

Proxy & Annual Meeting

- Full Meeting Management
- Printing & Mailing
- Broker Integration and Proxy Tabulation
- Notice and Access & Online Voting



Equity & Employee Plans

- Employee Stock Purchase Plans (ESPP)
- Employee & Company Login
- Option and RSU Tracking Platform

Disclosure & Reporting

- SEC EDGAR and XBRL Filings
- Blue Sky Filing & Compliance
- Press Release Distribution
- Section 16 Filing Software
- Investor Websites



Paying Agent & Unclaimed Property

- Dividend Disbursements
- Tender Offers
- Escheatment/Unclaimed Property
- Post-Merger/Shareholder Cleanups

Capital Raising

- Cloudfunder Platform® for Reg D, Reg A+
- Accredited Investor Checks (via online)
- Escrow Agent Services





First Annual Shareholder Meeting

Part of being a public company is hosting an annual shareholder meeting. **Your first shareholder meeting is especially important** and represents a major event in the public life of your business.

There will likely be large amounts of preparation required, including the gathering and verification of financial records, market analysis, and potential future courses of company action, all of which can be cumbersome.

As your transfer agent, we will provide administration and management services for you meeting, including:

- ✓ Setup and plan your meeting dates, logistics and more
- ✓ Conduct broker search services
- ✓ Edgarize your proxy statement and proxy notices
- ✓ Coordinate printing and mailings with brokers and DTC
- ✓ Assist with ordering of NOBO and DTC security position lists
- ✓ Hosting of materials for Notice and Access compliance
- ✓ Online, telephone and mail voting options
- ✓ Tabulation reports by proxy vendor, broker and registered holder
- ✓ Serve as Inspector of Elections at your meeting
- ✓ Provide mailing affidavit certifying results
- ✓ Coordinate with proxy solicitation provider
- ✓ Transparent fees
- ✓ Document warehousing and management of full-set fulfillment inquiries



Employee Plans

Many businesses find that it is in their best interest to offer stock at discounted rates to their employees. Here are a couple of reasons:

First, when an employee is encouraged to become a partial owner of the company they work for, they tend to feel more valued and empowered by management.

Second, when an employee establishes a concrete connection between their employer's market success and their own compensation, they are often possessed of a greater personal motivation to perform.

Unfortunately, designing and implementing an **employee stock purchase plan (ESPP)** can be complicated, and the monitoring of it can be resource intensive. That is why Colonial Stock Transfer offers to collaborate with you to design and implement an ESPP, and to monitor it for you afterwards. Our services for you and your employees include:

- Online access for company administrative portal and investors
- Easy online enrollment options
- Distribution of plan materials to employees
- Execution of share trades
- Preparation and filing of 1099 forms with the IRS
- Tracking the IRS annual \$25,000 employee contribution limit
- A dedicated account representative to help you manage your plan
- Integrated escrow for cash payments to holders





Book Entry Shares

Anymore, investors find paper stock certificates to be old fashioned, and largely obsolete. There may be those situations where an investor prefers to hold a physical record of their shares, or the added voting responsibilities of a registered holder, but most prefer the convenience of a digital tracking system.

We provide access to such systems for your investors. We do this by issuing your securities in book-entry form which is a paperless digital format for tracking your securities in a compliant manner with the SEC.

There are **two ways** for an investor to hold stock.

First, they can purchase it and receive a **physical stock certificate** as proof of their holding. This is an uncomplicated process which grants the investor the title of registered holder, and all privileges associated.

The second way to hold it **electronically, or in book entry** form with an SEC & IRS cost basis compliant statement.





SEC Reporting

As a publicly traded business, you will be required to file several reports to the SEC each year. These reports are publicly distributed documents which contain useful financial information for both your current investors and your potential investors.

As the names indicate, **quarterly reports** are issued four times per year, while **annual reports** are issued once a year these can be exciting opportunities to show the growth your business has been making, but they can also create stressful pinch-points for you and your employees.

To reduce your burden during these times, Colonial Stock Transfer through its subsidiary [Colonial Filings \(colonialfilings.com\)](https://colonialfilings.com) can file quarterly and annual reports on your behalf, thus allowing you to hone your focus and better run your business.

- Filing of all EDGAR, XBRL, iXBRL form types for all types of entities
- Full turn-key service
- Easy Edit Technology
- Flat-rate unlimited EDGAR and XBRL filing packages
- Superior customer service



Cap Table Management

As a public company, it is very important for you to keep accurate, detailed shareholder records. Much of this information is stored in a capitalization table, or cap table for short. The name is derived from the data being tracked in the ledger table—that of your issued and unissued shares, cost basis, and owner data.

We offer cap table management services, which allow you to access an accurate version of your cap table remotely, and in real time. Our online platform includes but not limited to the following features:

- View shareholder, transaction and cap table reports in real-time with the option to sort, search, export, and edit data
- Manage and edit cap table
- Create issuances, grants and more
- Manage stock awards and view reporting
- Create and manage your shareholder meeting campaign
- Review dividend reporting
- Manage Cloudrise® offering campaign

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