

Public Nanomaterials Company Increases Financial Reporting Compliance Capabilities for Audit Season

How Nanophase Technologies increased bandwidth for their internal team and simplified the compliance process.



ABOUT THE COMPANY

Nanophase Technologies Corporation (NTC) is a public company founded in 1989. It is a global provider of engineered nanomaterials solutions across a broad range of markets, including cosmetics and medical applications.

THE OPPORTUNITY

The company experienced a downsize in 2020 during the early pandemic, which led to a leaner team. However, due to NTC's product of active ingredients for PCR tests for viruses, their business began to take off again later that year. Explosive growth during Q4 more than tripled their transaction volume during that time.

Jess Jankowski, president and CEO of NTC and its subsidiary, Solésence, needed specialized expertise to shore up the organization's reporting and increase bandwidth for their team.

“When we got lean, we went down to only me as the person with any financial reporting background in the business, and it was getting to be too much. Our auditors were saying, ‘Hey, you need someone with some expertise here.’”

–**Jess Jankowski, President & CEO**

The company engaged Paro fractional expert Bradley R. to support them with their GAAP/SEC filings to ensure regulatory compliance and accuracy during annual audits. This allowed the team to prepare for audit season with confidence, but also to focus internal resources on critical day-to-day functions and high-level strategy.

THE SOLUTION

Hiring a full-time CFO or controller was an unnecessary expense for the business's financial reporting needs. Partnering with Paro was a solution that allowed Jankowski and his team to get on-demand financial



reporting and compliance expertise without hiring or training a full-time employee.

Streamlined Financial Reporting Saves Time and Money

Prior to Brad's engagement, the company lacked the specialty knowledge around GAAP and SEC compliance, and was relying on their CEO's limited knowledge to get them through audit season.

Our auditors require fairly detailed memos with respect to things like revenue recognition and lease accounting. From the get-go, [Brad] had been supporting that, which took a lot off my plate, because it's time consuming, and it's not my area of current expertise. So, it takes twice as long."

–Jess Jankowski, President & CEO

Since working with the organization, Brad has taken over their lease accounting and revenue recognition, as well as creation of quarterly and annual financial statements, including compiling the schedules and accruals for the organization's lease footnote. With lease footnotes alone taking up to 12 hours to complete, having the right expertise was crucial to facilitate more efficient reporting.

Brad also reduced the internal team's work by identifying provisions within the regulations that scaled quarterly disclosure for certain accounting items, as well as reducing the work required for capitalizing PP&E.

Partnership with Fractional Expert Opens Bandwidth

The finance department at NTC consists of a small team that combines administrative and finance roles, which means that employees are responsible

for multidisciplinary functions. Jankowski and his team leveraged Brad's expertise to streamline their quarterly and annual financial reporting, and in doing so, relieved the pressure on the team to focus on other vital tasks within the organization.

As the company has grown over the last year, it recently hired an internal controller. But, rather than ending their relationship with Brad, they are using his expertise to support the new controller. The business views it as an opportunity to continue to improve their internal processes.

THE IMPACT

Having a specialized resource like Brad means that NTC's accounting processes now flow efficiently and smoothly throughout the year. The team can now address reporting needs early on in the cycle rather than at the ultimate deadline. Brad's work has also helped to appease company auditors who know that they have a go-to person for questions and concerns.

Jankowski is also able to focus more on financial analysis, planning and other revenue-driving tasks that couldn't get his full attention before engaging Paro.

“The consistency has been really nice—having someone consistently doing it a certain way. [Brad's] really smart.”

—Jess Jankowski, President & CEO

In the future, NTC expects to uplist on public trading platforms. Although this process will eventually require a greater lift, Brad has already started building the foundation for those requirements, which include locking down SOX compliance and procedural manuals.

“[Brad has] been working on that as we go, which is nice knowing that while it's not nearly done, it's not just gathering dust, and as we go to update it, it'll be much better than going at it cold when the time comes,” says Jankowski.

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