

We turn expertise into results.

Financial Services Industry Practice Overview

*Providing value-added services
to help our clients maximize
their opportunities*

J.H. Cohn: *Services for Funds and Their Advisers*

Recent economic challenges and heightened regulatory and investor scrutiny have placed alternative investment vehicles under the microscope. It is more important than ever that your organization works with a firm that has the partner involvement, deep-rooted expertise, and critical mass necessary to weather the challenges you face.

J.H. Cohn LLP, with more than 170 partners and 1,000 staff, provides the resources and expertise that help clients maximize their opportunities. The Firm's Financial Services Industry Practice specializes in providing value-added services for clients including hedge funds, fund of funds, private equity funds, Registered Investment Advisers, broker-dealers, asset securitization entities, and Small Business Investment Companies ("SBICs").

Our highly specialized financial services team of dedicated partners and staff services alternative investment vehicles ranging from emerging managers to funds with assets over \$1 billion.

Founded in 1919, J.H. Cohn has offices in New York, New Jersey, Connecticut, Massachusetts, California, and the Cayman Islands. To provide global reach and satisfy client requirements across international borders, J.H. Cohn is a member of Nexia International, a global network of independent accountancy, tax, and business advisers, and the tenth largest provider of audit and advisory services worldwide.

J.H. Cohn is registered and inspected by the Public Company Accounting Oversight Board, which allows us to provide audit services to broker-dealers, investment vehicles managed by Registered Investment Advisers, and public companies.



Hedge Funds and Fund of Funds

Existing funds benefit from our hedge funds specialists' intimate knowledge of tax laws and evolving tax legislation, U.S. accounting pronouncements, International Financial Reporting Standards ("IFRS"), securities laws, and market tactics that affect investment decisions.

Among the services provided to funds are:

- Annual audit of financial statements and reporting under U.S. Generally Accepted Accounting Principles ("GAAP") and IFRS;
- Consultation on partnership agreements, private placement memoranda, and other offering documents;
- Domestic and international tax planning and entity structuring;
- Performance examinations;
- Preparation of partnership tax allocations;
- Preparation of tax returns and partners' Schedule K-1s;
- Quarterly compilation or review of financial statements;
- Structural and tax advice; and
- Surprise examinations to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940.

Our clients' funds, comprised of domestic, offshore, private equity, real estate, and venture capital funds, are invested in a variety of financial instruments and other vehicles, including:

- Alternative assets such as life settlements, solar energy credits, lottery financing, and loan origination;
- Commercial and residential real estate;
- Derivative financial instruments;
- Distressed securities;
- Foreign securities;
- Portfolio companies;
- Traditional domestic debt and equity securities; and
- Other investment partnerships (fund of funds).

Additionally, during a fund's start-up phase, J.H. Cohn provides valuable structural and tax advice and expertise and collaborates with the fund's general partner and legal counsel on partnership agreements, private placement memoranda, and other offering documents.

Registered Investment Advisers

Our Registered Investment Adviser clients manage billions of dollars of assets. They invest in a wide variety of financial instruments such as equity and debt securities and alternative investment vehicles, including hedge funds and fund of funds. In addition to audit and tax services, we consult on alternative investments and their related tax implications. We also provide our clients with guidance in the regulatory and reporting aspects of the industry and support "surprise exams," SOC 1 examinations—also referred to as Statement on Standards for Attestation Engagement ("SSAE") 16, formerly the American Institute of Certified Public Accountants ("AICPA") Statement on Auditing Standards ("SAS") No. 70—and internal control reports under AT 601 of the AICPA attestation standards.



Private Equity Funds

Private equity funds receive from J.H. Cohn the fund-level resources and expertise they need through all phases of fund development and growth. J.H. Cohn's vast experience works well with general partners of private equity funds relating to the audit of the valuation of their portfolio companies, as well as the different equity allocations found within private equity fund structures.

In addition to standard fund services, J.H. Cohn can assist with the following during the start-up phase:

- Partnership agreements;
- Private placement memoranda;
- Structural and domestic and international tax advice; and
- Other offering documents.

For mature funds, J.H. Cohn can assist with:

- Audits of portfolio companies;
- Due diligence and structuring of potential investments; and
- Interfacing with a client's valuation department in connection with the audit of fair value.



Broker-Dealers

Our experienced professionals provide the highest level of quality service to broker-dealers. From auditing year-end financial statements and net capital requirements to auditing internal controls or recommending tax structures, we understand the challenges facing broker-dealers. We provide services to introducing brokers operating as third-party marketers, mergers and acquisition firms, mutual fund advisers and distributors, and subsidiaries of foreign parent companies.

Asset Securitization Entities

Our clients in this category include special-purpose entities, cash management vehicles, single-seller conduits, multi-seller conduits, structured finance transactions, and asset-based lenders. Funding sources are typically commercial paper but also include senior-secured debt, mezzanine finance, and private equity. The conduits transact in and carry foreign currencies and use interest rate swaps, foreign currency forwards, total return swaps, and other derivatives. Our securitization clients range from \$200 million to over \$6 billion.

Small Business Investment Companies ("SBICs")

J.H. Cohn's SBIC clients work with a dedicated team of accounting, tax, and consulting professionals who are:

- Knowledgeable in SBIC financial reporting and compliance requirements;
- Fluent in the reporting differences required by GAAP and the U.S. Small Business Administration;
- Skilled in the unique tax attributes of SBICs;
- Experienced with Form 468 software; and
- Members and sponsors of the:
 - Small Business Investor Alliance; and
 - Northeast Regional Association of Small Business Investment Companies.

Tax Services

J.H. Cohn's tax services for its financial services clients include domestic and international tax planning and entity structuring. Other tax services include:

- Insight regarding pending tax legislative changes;
- Preparation of partnership tax allocations;
- Preparation of tax returns and partners' Schedule K-1s;
- Representation before the Internal Revenue Service and state and local tax authorities;
- State and local tax planning and compliance;
- Tax planning and preparation for individuals, management, and general partners; and
- Transfer pricing studies.

IT Audit Services

J.H. Cohn has a dedicated group of professionals who provide information technology ("IT") audit services, including SOC 1 examinations and AICPA attestation standards, and AT 601 examinations. SOC 1 examinations serve as a "report card" on service organizations and provide information on factors an independent auditor should consider when auditing the financial statements of entities that use service providers to process transactions. An unqualified SOC 1 report is the industry standard for showing your clients that you maintain sufficient internal controls. AT 601 of the AICPA attestation standards is also an acceptable examination to satisfy the SEC custody requirements.

Additional Services

J.H. Cohn offers financial services organizations additional services from our Business Investigation Services Group including:

- Bankruptcy support and consultation;
- Fraud investigations and forensic accounting; and
- Mergers and acquisitions due diligence.

J.H. Cohn's Cayman Islands office enables us to provide audit services for Cayman Islands-registered funds.

About J.H. Cohn LLP

One of the top 20 accounting and consulting firms in the United States, J.H. Cohn LLP, founded in 1919, specializes in audit, accounting, tax, and business consulting services. Its Financial Services Industry Practice delivers value-added services to clients including hedge funds, fund of funds, private equity funds, Registered Investment Advisers, SBICs, asset securitization entities, and broker-dealers. Recognizing that organizations increasingly need to think and act across international boundaries, J.H. Cohn is a member of Nexia International, a global association of independent accountancy, tax, and business advisers and the tenth largest provider of audit and advisory services worldwide.

J.H. Cohn has offices in New York, New Jersey, Connecticut, Massachusetts, California, and the Cayman Islands.

Financial Services Industry Practice Professionals



Jay D. Levy, CPA, Partner
Co-Director, Financial Services Industry Practice
jlevy@jhcohn.com
646-254-7412



Philip S. Mandel, CPA, CFP, Partner
Co-Director, Financial Services Industry Practice
pmandel@jhcohn.com
973-403-7986

Hedge Funds and Private Equity Funds

Jay D. Levy, CPA, Partner
Co-Director, Financial Services Industry Practice
jlevy@jhcohn.com ■ 646-254-7412

Philip S. Mandel, CPA, CFP, Partner
Co-Director, Financial Services Industry Practice
pmandel@jhcohn.com ■ 973-403-7986

William D. Pidgeon, CPA, Partner
Audit Practice Director
wpidgeon@jhcohn.com ■ 973-403-7998

Warren D. Abkowitz, CPA, JD, MST, Partner
Tax Practice Director
wabkowitz@jhcohn.com ■ 973-618-6269

Asset Securitization Entities

Mark Alimena, CPA, CFE, CFF, Partner
malimena@jhcohn.com ■ 203-399-1902

Small Business Investment Companies

Christopher Aroh, CPA, Partner
caroh@jhcohn.com ■ 860-368-5284

CALIFORNIA

Los Angeles
11755 Wilshire Boulevard
17th Floor
Los Angeles, CA 90025
310-477-3722

San Diego
9255 Towne Centre Drive
Suite 250
San Diego, CA 92121-3060
858-535-2000

Warner Center
21700 Oxnard Street
7th Floor
Woodland Hills, CA 91367
818-205-2600

CAYMAN ISLANDS

P.O. Box 1748 GT
27 Hospital Road
George Town, Grand Cayman
877-704-3500 x7839

CONNECTICUT

Glastonbury
180 Glastonbury Blvd.
Glastonbury, CT 06033
860-633-3000

Farmington
76 Batterson Park Road
Farmington, CT 06032
860-678-6000

New London
125 Eugene O'Neill Drive
Suite 120
New London, CT 06320
860-442-4373

Stamford
1177 Summer Street
Stamford, CT 06905
203-399-1900

MASSACHUSETTS

Springfield
One Monarch Place
Suite 2020
Springfield, MA 01144
413-233-2300

NEW JERSEY

Roseland
4 Becker Farm Road
Roseland, NJ 07068
973-228-3500

Eatontown
27 Christopher Way
Eatontown, NJ 07724
732-578-0700

Metro Park
333 Thornall Street
Edison, NJ 08837
732-549-0700

Princeton
103 Carnegie Center, Suite 311
Princeton, NJ 08540
609-896-1221

NEW YORK

Manhattan
1212 Avenue of the Americas
New York, NY 10036
212-297-0400

Long Island
100 Jericho Quadrangle
Suite 223
Jericho, NY 11753
516-482-4200

White Plains
1311 Mamaroneck Avenue
White Plains, NY 10605
914-684-2700



877-704-3500
www.jhcohn.com

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