

**About Magoosh** In 2009, a group of MBA students at UC Berkeley created Magoosh to offer an affordable, convenient and enjoyable way to study for standardized tests. Since then, Magoosh’s multimedia platform has helped thousands of customers improve their scores. The tech startup offers web and mobile applications to help students prepare for the GRE, GMAT and SAT. Customers pay a one-time, upfront fee for a SaaS subscription—typically six months of access.

*Magoosh is a play on the Persian word “magush,” which means one who is highly learned, wise and generous.*

**An Unexpected Challenge** In December 2011, devastating news befell the Magoosh team. Co-founder and visionary leader, Hansoo Lee, was diagnosed with a rare form of lung cancer. Because Lee required intensive medical care before his passing, he had to step away from Magoosh’s operations, and co-founder Bhavin Parikh took over Lee’s responsibilities.

As the new CEO, Parikh suddenly was in charge of overseeing the company’s finances. So he reached out to the two firms that had been handling Magoosh’s accounting and tax filings. Often, they didn’t respond adequately to his inquiries or follow through on his requests. Parikh sensed that Magoosh was barely a blip on their radar, possibly one of hundreds of faceless clients. “I felt in the dark,” he recalled.

As tax season approached in early 2012, Parikh felt the need to find a more reliable CPA. And as the business grew, Parikh came to realize that Magoosh needed a higher level of accounting support.

**The Real Deal** In February 2012, Parikh met Glenn Ballard, a fellow Berkeley MBA alum, at a founders networking event. Ballard is the founder of Marpé Finance & Accounting, a firm that specializes in serving start-ups and early-stage companies. Marpé provides accounting, financial reporting, tax consulting and business valuation services. Soon after Parikh met Ballard, Magoosh engaged Marpé to clean up its books and bring its accounting up to date.

From the start, it was clear to Parikh that Marpé would serve as a business partner—not just an accounting firm. Ballard dissected every aspect of Magoosh’s business model, operations and growth strategy. He asked many questions the previous accounting firms had never asked before, such as

- *What are your obligations to your customers?*
- *What are the various functions of your employees?*
- *What percentage of their time do employees spend on each function?*

“He really wanted a holistic understanding of the business,” Parikh said. “He was definitely thorough and rigorous.”

As Parikh and Ballard communicated back and forth during the initial cleanup, the process ultimately served as Parikh’s financial management boot camp. Ballard explained complex accounting issues like revenue recognition, accounting for convertible debt and accounting for equity.

These days, Marpé produces Magoosh’s monthly and annual GAAP financial statements, as well as operating cash flow reports for management. The firm also handles the company’s tax filings and periodic 409a valuations. For over two years, Ballard has served Parikh as his outsourced, part-time CFO.

“He’s been much more than an accountant,” Parikh said. “He truly wants us to succeed.”

**Relationship for the Long Haul** Since working with Marpé, Parikh has developed a better understanding of Magoosh’s operating cash flows and the business impacts of various investment decisions. He’s even garnered praise from the company’s investors. They’ve expressed their appreciation for receiving professionally prepared financial reports every month.

Ballard continues to communicate regularly with Parikh and ask insightful questions—especially when the numbers indicate something out of the ordinary has occurred. This kind of diligence assures Parikh that the company’s financial reporting is always rock solid.

As Parikh said to a friend and fellow tech entrepreneur, “I’ve never been more confident in Magoosh’s books and have never had a better handle on our finances than I do now that we’re working with Marpé.”

“Longer term, I feel like Magoosh is in a better place because of Marpé,” Parikh said. “In the event of an acquisition, I’d feel confident about how our financials are done.”

## CASE STUDY

**COMPANY:** Magoosh Inc.

**EMPLOYEES:** 14

**INDUSTRY:** tech, online education

**NEEDS:** accounting, financial reporting, financial management, private company stock (409a) valuations, tax compliance

**RESULTS:** reliable and accurate accounting, insightful financial reporting, professional financial management, deferred tax savings, strong business partner, one-stop shop solution for accounting, tax, financial reporting and valuation services

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