

Colibri Group Resolves Complex
Tax Issues and Remains Compliant
Amid Double-Digit Revenue Growth

Customer Profile

Colibri Group is a learning company that delivers education to licensed professionals across a variety of industries. This highly acquisitive, fast-growing firm has purchased 15 companies in the last four years and currently operates in every U.S. state. Along with double-digit revenue growth, this expansion has created unexpected sales and use tax compliance issues for Colibri. Working with Armanino has enabled Colibri to assess its tax exposure, mitigate risk and develop a holistic strategy that will help the company stay compliant on a go-forth basis.

Benefits

- Speed to complete the project
- Confidence in working with knowledgeable experts
- Certainty that taxes are accurately filed
- Clear understanding of SALT obligations as the company expands
- Staying ahead of potential liability and compliance issues
- Improved processes and procedures

Services



Tax



Consulting

Challenge

Colibri Group is a learning company that helps professionals earn or renew their certifications and licensures. From healthcare to real estate, Colibri serves 30 different professions. In the last four years, the firm has expanded into new verticals and purchased 15 companies across the United States.

While Colibri’s revenue has grown five times the 2019 levels, it created scale challenges given the tax issues that the company was not prepared to handle. As Chief Financial Officer Jim Fox points out, “Colibri tends to buy smaller companies...that didn’t have the means to effectively and efficiently comply with sales and use tax rules.”

As a company that delivers digital technologies, Colibri’s taxation varies on factors such as product format (e.g., live streamed vs. pre-recorded) and program type. In addition to this, the expansion into other states had increased the company’s state and local tax (SALT) compliance requirements, making it challenging for Colibri to file without systems and processes that scale.

With manual processes and a limited workforce, the finance team lacked the time and depth of knowledge needed to address the company’s increasingly complex tax situation. This, combined with frequent changes in tax regulations and variations among states, made it evident that Colibri needed to develop a scalable tax solution before it became a problem.

Solution

When Fox stepped in as CFO of Colibri, the current controller for one of Colibri’s entities was already working with Armanino to file sales tax returns for that entity. Fox encouraged the controller to expand the relationship with Armanino to include consulting services (e.g., nexus analysis). Fox was confident that Armanino could help Colibri solve the problem at hand and provide the tools Colibri needed to support future success.

WHAT THEY'RE SAYING

“ We didn't just solve a problem. We actually built a partnership that we can leverage as we acquire more companies in the future.”

Jim Fox,
Chief Financial Officer,
Colibri Group

The Armanino experts' experience in mergers and acquisitions plus their deep understanding of SALT provided the know-how that Colibri was looking for to clarify its tax obligations. By starting with a nexus review, Armanino was able to determine which of Colibri's business activities were triggering tax filing requirements and addressed them promptly. With the right interpretation of the rules and research capabilities, this process helped Colibri improve its compliance and address complicated tax situations.

During this collaboration, Armanino also put software solutions in place to support Colibri's new compliance strategy. "Armanino helped us develop a roadmap so we could get smarter and be more automated," Fox says. Using Avalara, Armanino implemented a tax matrix to manage Colibri's tax compliance and keep up with new requirements. This streamlined process put systems in place to avoid future problems and simplify the team's workflow.

Results

Throughout the process, Fox pointed out that Colibri has "been relying on Armanino as the subject matter expert and project manager to bring it all together." With ongoing teamwork, Armanino helped Colibri achieve accelerated results. According to Fox's estimates, Colibri was able to get the work done 30-50% more effectively than they would have without Armanino's support.

Thanks to the work done, Colibri's leadership team feels confident that they can stay in compliance with the dynamic sales and use tax landscape. Working with Armanino has set the foundation for Colibri's continued growth, while also improving the company's overall processes and procedures.

Next Steps

In the future, Colibri Group expects to continue acquiring companies and expanding its business. Thanks to the new systems in place, Colibri is able to plan and stay ahead of potential tax issues.

WHAT THEY'RE SAYING

“ Armanino has not only educated us on the challenges, they've also helped us mitigate the risks by finding the right interpretation of the tax rules as they apply to our complex business.”

Jim Fox,
Chief Financial Officer,
Colibri Group

As the company grows and pursues other businesses, Colibri will work with Armanino to periodically assess its operations and offer recommendations for constant improvement. This will help Colibri stay compliant as the company continues on its growth trajectory.

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