Business Consulting for

Greater Profitability

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Consulting Services

- Consulting services are all the services DMJ provides outside of traditional Accounting, Auditing, and Tax.
- We hope these can be some of the most valuable services we provide.

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Consulting Services

- Transactional
- Financing
- Accounting Personnel
- Ownership, Compensation, and Governance
- Internal Accounting
- Other Considerations

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Transactional

1. **Succession Planning and Exit Planning**

   Exit planning is the overall process which explores all strategic options available to a business owner and includes succession planning and sales strategies.

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Transactional

1. **Succession Planning**

   Succession and exit planning is a highly personal process. Failure to plan can typically result in fairness issues, paying additional income and estate taxes, creating uncertainty for stakeholders.

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Transactional

1. **A well-designed exit plan enables business owners and management to:**
   - Control the process and timing of their business exit
   - Achieve their personal financial goals
   - Maximize their company's value
   - Facilitate their retirement
   - Explore all available options for their exit
   - Promote long-term growth and survival of their business
   - Minimize taxes on the transfer or sale of their business

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Transactional

2. Facilitation and Due Diligence on the Mergers & Acquisitions and Purchases Sales of Businesses

- What you need to learn from the letter of intent until closing
- Business Valuations
- Quality of Earnings Reports

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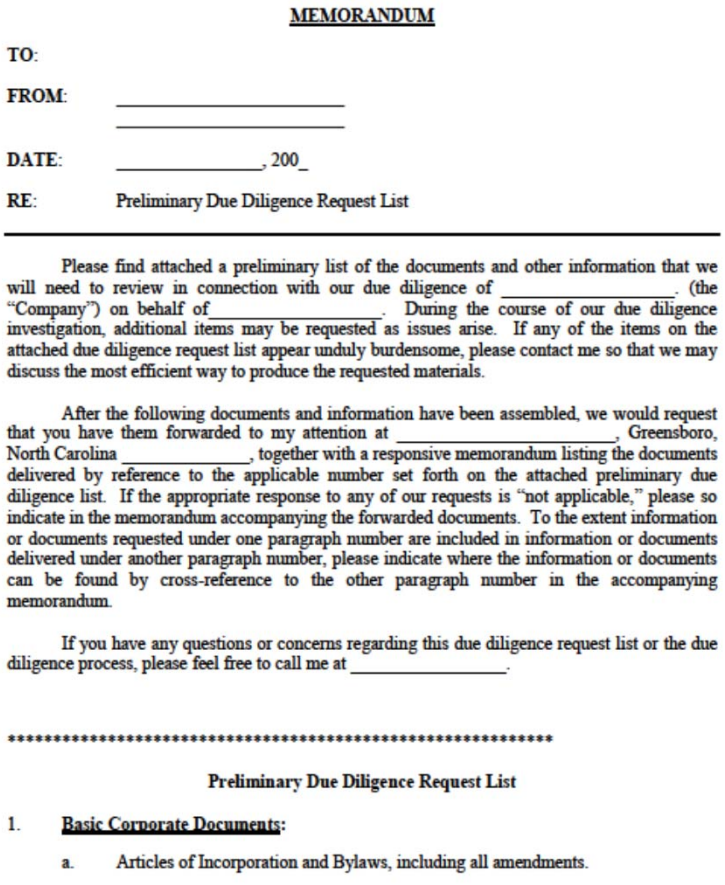
Transactional

Due Diligence Checklist for Purchase of a Business



MEMORANDUM

TO:

FROM: _____
_____

DATE: _____, 200_

RE: Preliminary Due Diligence Request List

Please find attached a preliminary list of the documents and other information that we will need to review in connection with our due diligence of _____. (the "Company") on behalf of_____. During the course of our due diligence investigation, additional items may be requested as issues arise. If any of the items on the attached due diligence request list appear unduly burdensome, please contact me so that we may discuss the most efficient way to produce the requested materials.

After the following documents and information have been assembled, we would request that you have them forwarded to my attention at _____, Greensboro, North Carolina _____, together with a responsive memorandum listing the documents delivered by reference to the applicable number set forth on the attached preliminary due diligence list. If the appropriate response to any of our requests is "not applicable," please so indicate in the memorandum accompanying the forwarded documents. To the extent information or documents requested under one paragraph number are included in information or documents delivered under another paragraph number, please indicate where the information or documents can be found by cross-reference to the other paragraph number in the accompanying memorandum.

If you have any questions or concerns regarding this due diligence request list or the due diligence process, please feel free to call me at _____.

****

Preliminary Due Diligence Request List

1. **Basic Corporate Documents:**

   a. Articles of Incorporation and Bylaws, including all amendments.

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Financing

3. **Evaluating bank financing packages and terms; negotiating with banks on terms**
4. **Lease/Buy Decisions**

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Financing

Lease Buy Analysis

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Traditional bank financing equipment

Compound Period ..... : Monthly

Nominal Annual Rate .... : 5.000 %

CASH FLOW DATA

	Event	Date	Amount	Number	Period	End Date
1	Loan	01/01/2015	50,000.00	1		
2	Payment	02/01/2015	1,498.54	36	Monthly	01/01/2018

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	01/01/2015				50,000.00
1	02/01/2015	1,498.54	208.33	1,290.21	48,709.79
2	03/01/2015	1,498.54	202.96	1,295.58	47,414.21
3	04/01/2015	1,498.54	197.56	1,300.98	46,113.23
4	05/01/2015	1,498.54	192.14	1,306.40	44,806.83
5	06/01/2015	1,498.54	186.70	1,311.84	43,494.99
6	07/01/2015	1,498.54	181.23	1,317.31	42,177.68
7	08/01/2015	1,498.54	175.74	1,322.80	40,854.88
8	09/01/2015	1,498.54	170.23	1,328.31	39,526.57
9	10/01/2015	1,498.54	164.69	1,333.85	38,192.72
10	11/01/2015	1,498.54	159.14	1,339.40	36,853.32
11	12/01/2015	1,498.54	153.56	1,344.98	35,508.34
2015 Totals		16,483.94	1,992.28	14,491.66	
12	01/01/2016	1,498.54	147.95	1,350.59	34,157.75
13	02/01/2016	1,498.54	142.32	1,356.22	32,801.53
14	03/01/2016	1,498.54	136.67	1,361.87	31,439.66
15	04/01/2016	1,498.54	131.00	1,367.54	30,072.12
16	05/01/2016	1,498.54	125.30	1,373.24	28,698.88
17	06/01/2016	1,498.54	119.58	1,378.96	27,319.92
18	07/01/2016	1,498.54	113.83	1,384.71	25,935.21
19	08/01/2016	1,498.54	108.06	1,390.48	24,544.73
20	09/01/2016	1,498.54	102.27	1,396.27	23,148.46
21	10/01/2016	1,498.54	96.45	1,402.09	21,746.37
22	11/01/2016	1,498.54	90.61	1,407.93	20,338.44
23	12/01/2016	1,498.54	84.74	1,413.80	18,924.64
2016 Totals		17,982.48	1,398.78	16,583.70	
24	01/01/2017	1,498.54	78.85	1,419.69	17,504.95
25	02/01/2017	1,498.54	72.94	1,425.60	16,079.35
26	03/01/2017	1,498.54	67.00	1,431.54	14,647.81
27	04/01/2017	1,498.54	61.03	1,437.51	13,210.30
28	05/01/2017	1,498.54	55.04	1,443.50	11,766.80
29	06/01/2017	1,498.54	49.03	1,449.51	10,317.29
30	07/01/2017	1,498.54	42.99	1,455.55	8,861.74
31	08/01/2017	1,498.54	36.92	1,461.62	7,400.12

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Financing (cont'd)

Lease Buy Analysis #2

36 month lease of equipment, first month upfront, FMV buy

Compound Period ..... : Monthly

Nominal Annual Rate .... : 5.535 %

CASH FLOW DATA

	Event	Date	Amount	Number	Period	End Date
1	Loan	01/01/2015	50,000.00	1		
2	Payment	01/01/2015	1,250.00	1		
3	Payment	02/01/2015	1,250.00	35	Monthly	12/01/2017
4	Payment	02/01/2018	10,000.00	1		

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	01/01/2015				50,000.00
1	01/01/2015	1,250.00	0.00	1,250.00	48,750.00
2	02/01/2015	1,250.00	224.86	1,025.14	47,724.86
3	03/01/2015	1,250.00	220.13	1,029.87	46,694.99
4	04/01/2015	1,250.00	215.38	1,034.62	45,660.37
5	05/01/2015	1,250.00	210.60	1,039.40	44,620.97
6	06/01/2015	1,250.00	205.81	1,044.19	43,576.78
7	07/01/2015	1,250.00	200.99	1,049.01	42,527.77
8	08/01/2015	1,250.00	196.16	1,053.84	41,473.93
9	09/01/2015	1,250.00	191.30	1,058.70	40,415.23
10	10/01/2015	1,250.00	186.41	1,063.59	39,351.64
11	11/01/2015	1,250.00	181.51	1,068.49	38,283.15
12	12/01/2015	1,250.00	176.58	1,073.42	37,209.73
2015 Totals		15,000.00	2,209.73	12,790.27	
13	01/01/2016	1,250.00	171.63	1,078.37	36,131.36
14	02/01/2016	1,250.00	166.65	1,083.35	35,048.01
15	03/01/2016	1,250.00	161.66	1,088.34	33,959.67
16	04/01/2016	1,250.00	156.64	1,093.36	32,866.31
17	05/01/2016	1,250.00	151.59	1,098.41	31,767.90
18	06/01/2016	1,250.00	146.53	1,103.47	30,664.43
19	07/01/2016	1,250.00	141.44	1,108.56	29,555.87
20	08/01/2016	1,250.00	136.32	1,113.68	28,442.19
21	09/01/2016	1,250.00	131.19	1,118.81	27,323.38
22	10/01/2016	1,250.00	126.03	1,123.97	26,199.41
23	11/01/2016	1,250.00	120.84	1,129.16	25,070.25
24	12/01/2016	1,250.00	115.63	1,134.37	23,935.88
2016 Totals		15,000.00	1,726.15	13,273.85	
25	01/01/2017	1,250.00	110.40	1,139.60	22,796.28
26	02/01/2017	1,250.00	105.15	1,144.85	21,651.43
27	03/01/2017	1,250.00	99.87	1,150.13	20,501.30
28	04/01/2017	1,250.00	94.56	1,155.44	19,345.86
29	05/01/2017	1,250.00	89.23	1,160.77	18,185.09

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Financing (cont'd)

5. Cost Segregation Studies

Name of Client:	**Cost Segregation Example LLC**	
Year & Type of Study	**2014 Purchase Piece Allocation**	
Name of Property:	**example**	
Location of Property:	**Greensboro, NC**	
Year Placed in Service:	2014	
Present Year:	2014	
Component:	**Cost:**	
Purchase Price	2,600,000	
Less: Estimated Land Value	550,000	
Building / Land Improvements	2,050,000	
Tax Basis For Study	2,050,000	
Cost Segregation		
39 Year Property:	1,417,500	70%
15 Year Property:	375,000	18%
7 Year Property:	250,000	12%
5 Year Property:	7,500	0.4%
Total	2,050,000	
Total Professional Fees:	8,750	
Assumed Regular Tax Rate:	45%	
Assumed AMT Tax Rate:	28%	
Assumed Discount Rate:	6%	
NPV of after tax depreciation benefits - YEAR 1	$16,727	
NPV of after tax depreciation benefits - TOTAL	$100,266	

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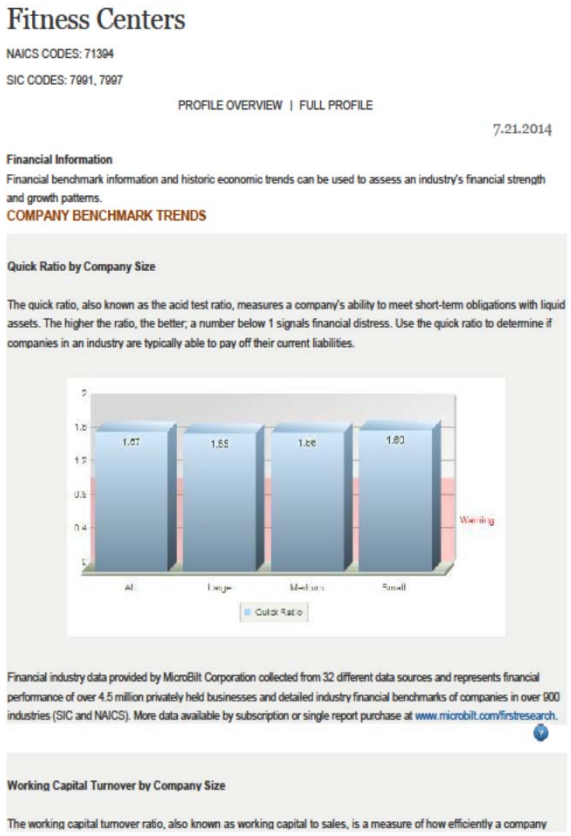
Financing

6. Ratio analysis and benchmarking to industry averages and trends



Fitness Centers

NAICS CODES: 71394

SIC CODES: 7991, 7997

PROFILE OVERVIEW | FULL PROFILE

7.21.2014

Financial Information

Financial benchmark information and historic economic trends can be used to assess an industry's financial strength and growth patterns.

COMPANY BENCHMARK TRENDS

Quick Ratio by Company Size

The quick ratio, also known as the acid test ratio, measures a company's ability to meet short-term obligations with liquid assets. The higher the ratio, the better; a number below 1 signals financial distress. Use the quick ratio to determine if companies in an industry are typically able to pay off their current liabilities.

Financial industry data provided by MicroBilt Corporation collected from 32 different data sources and represents financial performance of over 4.5 million privately held businesses and detailed industry financial benchmarks of companies in over 900 industries (SIC and NAICS). More data available by subscription or single report purchase at www.microbilt.com/firstresearch.

Working Capital Turnover by Company Size

The working capital turnover ratio, also known as working capital to sales, is a measure of how efficiently a company

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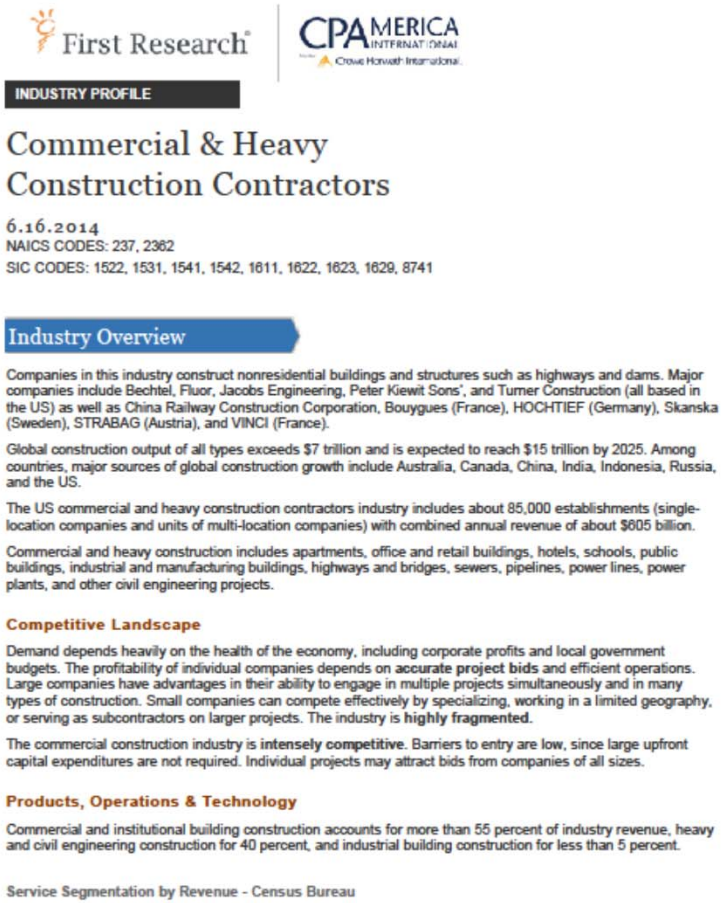
Financing

Commercial & Heavy Construction Contractors



First Research | CPAMERICA INTERNATIONAL

INDUSTRY PROFILE

Commercial & Heavy Construction Contractors

6.16.2014
NAICS CODES: 237, 2362
SIC CODES: 1522, 1531, 1541, 1542, 1611, 1622, 1623, 1629, 8741

Industry Overview

Companies in this industry construct nonresidential buildings and structures such as highways and dams. Major companies include Bechtel, Fluor, Jacobs Engineering, Peter Kiewit Sons', and Turner Construction (all based in the US) as well as China Railway Construction Corporation, Bouygues (France), HOCHTIEF (Germany), Skanska (Sweden), STRABAG (Austria), and VINCI (France).

Global construction output of all types exceeds $7 trillion and is expected to reach $15 trillion by 2025. Among countries, major sources of global construction growth include Australia, Canada, China, India, Indonesia, Russia, and the US.

The US commercial and heavy construction contractors industry includes about 85,000 establishments (single-location companies and units of multi-location companies) with combined annual revenue of about $605 billion.

Commercial and heavy construction includes apartments, office and retail buildings, hotels, schools, public buildings, industrial and manufacturing buildings, highways and bridges, sewers, pipelines, power lines, power plants, and other civil engineering projects.

Competitive Landscape

Demand depends heavily on the health of the economy, including corporate profits and local government budgets. The profitability of individual companies depends on **accurate project bids** and efficient operations. Large companies have advantages in their ability to engage in multiple projects simultaneously and in many types of construction. Small companies can compete effectively by specializing, working in a limited geography, or serving as subcontractors on larger projects. The industry is **highly fragmented**.

The commercial construction industry is **intensely competitive**. Barriers to entry are low, since large upfront capital expenditures are not required. Individual projects may attract bids from companies of all sizes.

Products, Operations & Technology

Commercial and institutional building construction accounts for more than 55 percent of industry revenue, heavy and civil engineering construction for 40 percent, and industrial building construction for less than 5 percent.

Service Segmentation by Revenue - Census Bureau

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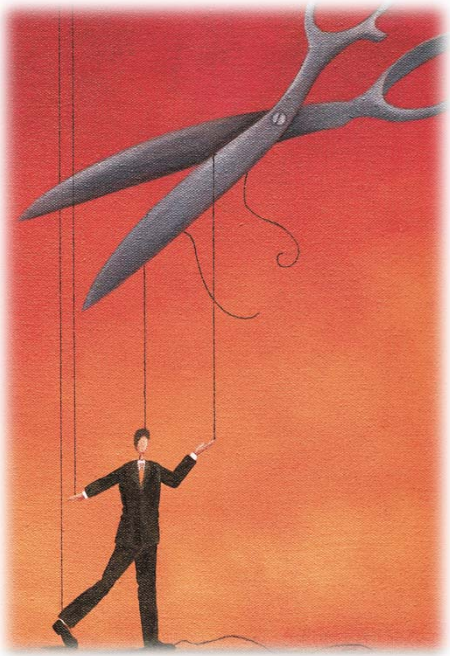
Accounting Personnel

7. **Recruiting of CFOs/controllers and other accounting personnel**



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Accounting Personnel

Bookkeeper Job Description

Job Title: Bookkeeper

Job Summary:

The bookkeeper handles financial tasks related to accounts payable, accounts receivable, and other financial and general administrative functions.

Essential Duties and Responsibilities:

- Process accounts receivable
- Preparation of bank deposit, reconcile bank statements
- Prepare client billing
- Preparation of fee applications
- Process accounts payable, write checks
- Assist with year-end close process
- Prepare reports and summaries
- Generate and distribute new hire enrollment forms
- Maintain office supplies
- Assist with telephone coverage
- Other duties as assigned

Education, Experience and Abilities:

- Associates Degree in Finance or Accounting
- 2-4 years of bookkeeping or general accounting
- High degree of accuracy and integrity
- Superior ability to handle confidential matters
- Strong verbal and written communication skills
- Self-starter, ability to work with minimal supervision
- Attention to detail
- Intermediate proficiency in computer skills & MS Office (Excel, Word and Outlook)
- Competence in the operation of office equipment
- Ability to prioritize and multi-task
- Effective people skills

Physical Requirements:

- Majority of the day requires sitting and use of office equipment and computers
- Light lifting of supplies and materials
- Frequently required to stand and walk
- Daily use of vision and verbal communication

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Accounting Personnel

Bookkeeper Advertisement

BOOKKEEPER

Our client, a thriving general practice law firm, is searching for a fulltime bookkeeper to join their Greensboro, NC office. The successful candidate should be a highly motivated self-starter with the ability to prioritize and multi-task and must have a high degree of accuracy and integrity. This position will perform a variety of financial tasks related to A/R, A/P, and other financial and general administrative functions.

Requirements include:

- Associates Degree in Finance or Accounting preferred
- 2-4 years of bookkeeping or general accounting
- Ability to work with minimal supervision
- Intermediate proficiency in MS Office (Excel, Word and Outlook)
- Detailed with attention to accuracy
- Superior ability to handle confidential matters
- Strong verbal and written communication skills
- Must have own transportation

This position offers a stable work environment with a Monday through Friday work schedule and a complete benefits package that includes health, dental, life, disability, and retirement. Qualified candidates please send cover letter, resume, and salary requirements to:

Davenport, Marvin, Joyce & Co., LLP
Attention: Human Resources #0901
PO Box 9258
Greensboro, NC 27429-0258
Email: hr@dmj.com

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Ownership, Compensation, and Governance

12. **Partner/Shareholder Compensation Models and Executive Compensation Planning**
13. **Planning and Structuring Buyout of Shareholders and Partners**

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Ownership, Compensation, and Governance

14. Buy/Sell Agreements

Reasons to have buy/sell agreements:

1. Restrictions on transferring shares or granting security interests over shares
2. Pre-emption rights and rights of first refusal in relation to any shares issued by the company
3. Minority shareholder protection provisions.

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Ownership, Compensation, and Governance

14. *Reasons **to have** buy/sell agreements: (cont'd)*
    Protecting the competitive interests of the company which may include:
    - restrictions on a shareholder's ability to be involved in a competing business to the company
    - restrictions on a shareholder's ability to poach key employees of the company
    - key terms with suppliers or customers who are also shareholders

Ownership, Compensation, and Governance

14. *Reasons **to have** buy/sell agreements: (cont'd)*

5)Control and management of the company, which may include:

- power for certain shareholders to designate an individual for election to the board of directors
- imposing super-majority voting requirements for "reserved matters" which are of key importance to the parties
- imposing requirements to provide shareholders with accounts or other information that they might not otherwise be entitled to by law

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Ownership, Compensation, and Governance

14. *Reasons **to have** buy/sell agreements: (cont'd)*

6) Making provision for the resolution of any future disputes between shareholders, including:

- deadlock provisions (Russian Roulette clause)
- dispute resolution provisions

7) Setting price for transfer of shares in event of death, disability, retirement, or termination of employment

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Ownership, Compensation, and Governance

14. *Reasons **to have** buy/sell agreements (cont'd)*

8) Setting the terms of payment for a departing shareholder, often giving the company or the other shareholders extended payment terms

9) In addition, shareholders agreements will often make provision for the following:

- the nature and amount of initial contribution (whether capital contribution or other) to the company
- the proposed nature of the business

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Ownership, Compensation, and Governance

14. *Reasons **to have** buy/sell agreements (cont'd)*
    - how any future capital contributions or financing arrangements are to be made
    - the governing law of the shareholders' agreement
    - allocation of key roles or responsibilities
    - Provides a roadmap for ownership succession

Ownership, Compensation, and Governance

14. Types of Buy/Sell Agreements

1)Redemptions - the company is the buyer of the shares in a trigger event

2)Cross Purchase - the other shareholders are the buyers of the shares in a trigger event

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Ownership, Compensation, and Governance

15. **Corporate governance structure and planning Board of Directors guidance on structure, agendas, and running meetings**
16. **Attend board and officer meetings as consultant**
17. **Strategic planning**
18. **Retreat facilitation**
19. **Mediate Shareholder/Partner disputes**

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Other Considerations

20. **Litigation Support**
21. **Multi-State Nexus Studies, Registration, and Licensing**
22. **International Business Planning and Consulting**
23. **IT Evaluation of RFPs for Accounting Hardware and Software**

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Questions?

Mike Gillis, CPA
Managing Partner
Davenport, Marvin, Joyce & Co., LLP
PO Box 9258
Greensboro, NC 27429-0258
Phone 336-275-9886
mgillis@dmj.com

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