



5th Avenue Capital
Private Funding from \$10M to \$2B



Business Strategy for Investors

There are over 45,000 accounting firms in the United States that fall under the realm of small businesses. Many of these companies have a limited partnerships that have spent years – even decades – delivering accounting and financial services to their clients. However, not all the firms have solid succession plans or the funds to buyout partners who are wanting to retire. These businesses will be looking for options.

Entrepreneur Amanda Govaere has a strategy to grow her virtual accounting firm into a nationwide business. This plan connects her growth strategy and the companies that are looking for retirement options. With an aptitude for embracing software and technology platforms, she has implemented operational efficiencies for her company and for her clients. This passion for automation and efficiency leaves her well-positioned for scaling her business, as well as integrations with businesses that AMG Accounting acquires.

For investors who are looking for a strong, consistent business to balance their portfolio, this is an opportunity to be part of a growing business with very strong profit and cash flow projections.

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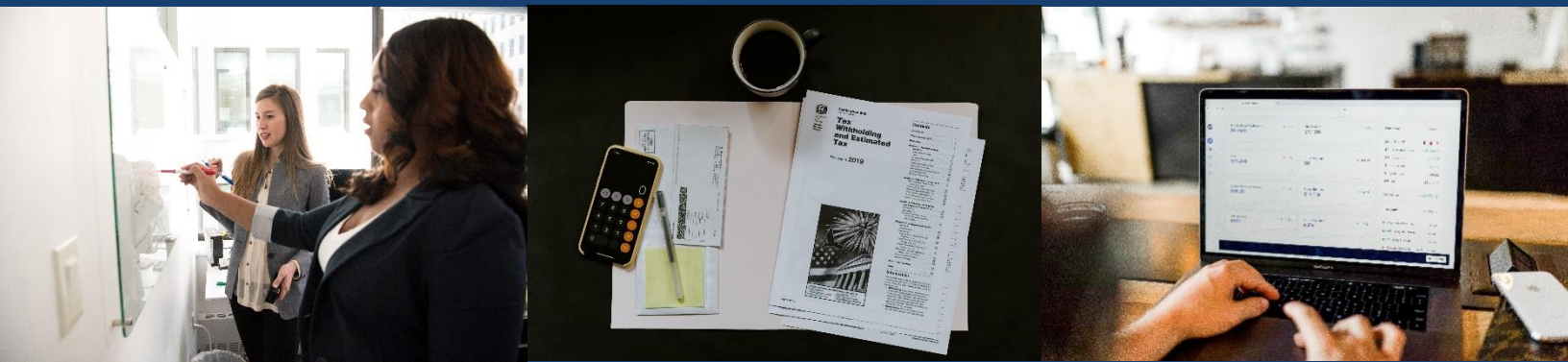
Executive Summary

Many start-up businesses do not realize the importance of the accounting. While accounting does not carry the excitement of marketing or social media, it is an essential part of every business.

Businesses of all sizes must consider whether their accounting needs are specialized enough to warrant paying extra for office space, equipment, and salaries to have an in-house accounting department. Accounting requirements are not limited to the financials associated with selling products or services, covering costs of resources required for sales, and establishing profit margin. It can be extremely complex from payroll, payroll taxes based on employee classifications, benefit calculations, lease agreements, costs of software required for business operations, sales tax on the products or services delivered, revenue recognition, and business taxes on a state and federal level... just to list a few examples. More than half of small business owners do not feel sufficiently knowledgeable about accounting.¹

"60% of small business owners feel they aren't knowledgeable when it comes to accounting."¹

Once many business owners realize the extent of accounting expertise required across the organization, they often turn to an accounting firm to bring critical financial knowledge. The solutions can be customized to business needs and are easily scalable as the company grows.



AMG Accounting can enable businesses of all sizes to save time and money. Owners of smaller businesses can focus on running the business and know that their financial needs are being handled by people who have the right expertise. Larger businesses may be able to reduce expenses associated with office space, payroll, and benefits.

¹ <https://goremotely.net/blog/accounting-statistics/#:~:text=37%25%20of%20accounting%20personnel%20will,%2416%20or%20more%20per%20invoice.>

The United States has more than 138,000 accounting firms.² The Accounting industry in the U.S. is ripe for mergers and acquisitions. There has been a notable increase in M&A activity across firms of all sizes, notably to help address succession issues that have been arising as partners and company leadership look to retire.³

CPAs as a demographic are aging, meaning that there are more CPAs who are nearing retirement than there are CPAs at the beginning of their career. This is a key issue impeding retirement planning for many companies in the accounting industry. The situation is so significant that it is considered a contributing factor in why some solo owners are delaying retirement.⁴ As a challenge that has been impacting the industry for years, leaders from small firms who have been pushing that retirement milestone will be reaching a point where they will simply *need* to retire.



AMG Accounting is well-positioned as a thriving firm, led by an experienced entrepreneur and seasoned industry leader, to jump in and deliver the essential solution. Amanda Govaere will seek out accounting firms who have leadership looking to move into retirement. She will carefully identify those organizations that would be ideal acquisitions based on the opportunity to transition operations onto AMG's technology platforms and virtual business model while offering stability in client service offerings and optimizing profit margins.

Company Overview



AMG Accounting was started in 2019 by Amanda Govaere and endeavors to become one of the top 10 virtual accounting firms in the U.S. within the next decade. Full-service accounting is the core service offering for clients. In addition to covering the range of financial services required and guiding business leaders through planning for long-term goals, AMG also offers support with selecting the right financial technology solutions based on the client's business needs.

Services

The company offers services inclusive of accounting & bookkeeping, payroll, client billing, taxes, and real estate accounting. AMG Accounting is on track to double revenue from 2021 to 2022. With a confident

² <https://big4accountingfirms.org/the-top-accounting-firms-in-the-us/>

³ <https://www.thomsonreuters.com/en-us/posts/tax-and-accounting/rosenberg-accounting-firm-survey/>

⁴ <https://www.journalofaccountancy.com/issues/2016/sep/cpa-firms-struggling-with-succession.html>

profit margin of 27% for 2021, Ms. Govaere has demonstrated operational savviness exceeding the industry average profit margin of 22-23%.⁵

WHAT WE OFFER:



REAL ESTATE ACCOUNTING



TAXES



CLIENT BILLING



PAYROLL



ACCOUNTING & BOOKKEEPING

Firms that would be a good fit for acquisition would be similar in structure to AMG Accounting, as virtual accounting businesses with a majority of the revenue generated from recurring monthly accounting services. The initial target companies will have approximately \$2 million in annual revenues, approximately 150-200 clients, and 12-15 employees.

Technology

AMG Accounting engages a range of software programs that their clients use as part of their business operations, such as solutions for tracking bill payment, sales transactions, and payroll. Most companies will use three programs and will still need to physically send in information. Many businesses use mobile devices to improve efficiency. One statistic sights a savings of \$16 *per invoice* where businesses leverage accounts payable automation software.⁶

Ms. Govaere is leading an initiative to develop a software application (app) that could be installed on a mobile phone and linked to each program a client needs as an automated integration for sending files. This directly caters to the way clients work and helps clients optimize the way that they are working in way that is scalable as they grow. It simultaneously delivers operational efficiency for AMG Accounting helping to reduce the effort to combine information from different programs, as well as layering in custom functionality that can minimize physical documentation requirements.



⁵ <https://www.forbes.com/sites/sageworks/2013/03/29/profitability-of-accounting-firms-high-among-industries/?sh=3362c394c441>

⁶ <https://goremotely.net/blog/accounting-statistics/#:~:text=37%25%20of%20accounting%20personnel%20will,%2416%20or%20more%20per%20invoice.>



Market Position

Accounting firms range in size from small companies with one practitioner to massive organizations like Deloitte and KPMG. Over 45,000 accounting firms in the United States are qualified as small businesses. Many of these companies are built around one or two practitioners with limited staff.⁷

A growing number of accounting businesses are moving to cloud-based platforms and a significant increase in accountants working remotely.⁸

Some of the most effective and rapidly growing companies in digital banking have not been the traditional players, but the banks that established themselves exclusively on a virtual basis.

AMG Accounting has embraced this philosophy as a virtual company. Ms. Govaere has built the company with technology as part of the core infrastructure, and her optimal clients are those that will be just as focused on attracting technology across their own businesses. Clients that use cloud accounting systems are simply more likely to be successful.⁹

“Businesses that use cloud accounting systems have **five** times more customers than businesses that don’t.”⁹

The firm is currently adding new clients on a monthly basis based on client referrals, professional networking, and connections from a lead generation firm.

Ms. Govaere is pursuing a growth strategy which includes a combination of acquiring companies where the leadership or partners are looking to retire, as well as cultivating a pipeline of new clients through dedicated business development personnel and focused SEO. The business development team will be geographically dispersed to enable local networking and relationship building, while the majority of business operations will continue expanding on a virtual basis.

Team



Amanda Govaere is the CEO and Founder of AMG Accounting. She holds a Bachelor’s in Business Management from Mars Hill University in North Carolina, and a Master’s degree in Accounting and Financial Management from DeVry/ Keller Graduate School in Virginia.

⁷ <https://www.accountingtoday.com/opinion/art-of-accounting-small-firms-outnumber-large-firms-91-to-1#:~:text=There%20are%20around%2046%2C000%20CPA,could%20be%20considered%20small%20businesses.>

⁸ <https://goremotely.net/blog/accounting-statistics/#:~:text=37%25%20of%20accounting%20personnel%20will,%2416%20or%20more%20per%20invoice.>

⁹ <https://goremotely.net/blog/accounting-statistics/#:~:text=37%25%20of%20accounting%20personnel%20will,%2416%20or%20more%20per%20invoice.>

While attending school she started work as a leasing consultant for multi-family real estate. Following completion of her Master’s degree, she continued her career in real estate covering accounting and financial management of commercial and multi-family property.

Ms. Govaere started AMG Accounting in 2019. She has outlined a progressive roadmap for the business which is well-positioned to take advantage of acquisition opportunities available based on the volume of industry practitioners who are ready to retire.

As AMG grows, she will be assessing personnel that are part of the acquired businesses to identify upcoming talent within the organization and leverage the expertise to round out her team. Business development staff will also be hired to focus on marketing efforts to continue expanding the client portfolio.



Milestones

Ms. Govaere has optimized operational efficiency within AMG Accounting achieving a strong profit margin of 27% (2021). She will take advantage of the current industry environment where a number of firms have partners who have delayed retirement due to lack of a succession plan.

Engaging a parallel growth track, a business development team will be created with specific targets for bringing in net new business. This new client growth, in combination with acquiring businesses and optimizing operational efficiency, will create the ideal balance for AMG Accounting to successfully hit growth targets.

2019-2021	2022-2024	2025-2027
<ul style="list-style-type: none">• AMG Accounting founded using virtual service delivery model• Significant year over year growth• Achieving above-average profit margin of 27%• Setting the stage for several years of significant growth	<ul style="list-style-type: none">• Engage CAFE model to raise \$5 million in funding• Build strong business development pipeline• Acquire first two accounting firms each with approximately \$2 million in annual revenue and EBITDA of 20%	<ul style="list-style-type: none">• Acquire two to three more accounting firms, targeting firms with \$1.5+ million in annual revenue and EBITDA of 20%• Consistent new business growth, out with the clients gained through business acquisitions

Financials



5 Year Projections

Financial projections over the next five years demonstrate the pattern of acquisitions, the operating expenses, the CAFE investment model, and the resulting cash flow. Target firms for the first two

acquisitions will have approximately \$2 million each in annual revenue, and an EBITDA of 20%. Target acquisition price will use a multiplier of approximately 1.1-1.3 of Net Income. There are several factors that would need to be considered for each circumstance, including the level of operational efficiency that already exists, as well as the maturity of the technology and automation engaged.

Financial projections leverage cash for payment of all acquisitions to demonstrate confident positions for buying power. After the first couple of acquisitions, each subsequent transaction will be evaluated to weigh the benefits of covering payment using a combination of cash and debt.

Operating efficiencies will be part of the key success metrics in the 12-24 months following each acquisition. This will include consistency across software platforms, use of automation, and platform-to-platform integrations where possible. Net new clients will be covered in the first instance by any excess personnel capacity after implementation of operating efficiencies. This will help minimize the amount of employee recruiting required.

Operating Statements	Year 1	Year 2	Year 3	Year 4	Year 5
AMG Accounting					
Revenue	2,550,000	4,930,000	5,099,000	7,068,700	7,354,310
Commission	-25,500	-49,300	-50,990	-70,687	-73,543
Net Income	2,524,500	4,880,700	5,048,010	6,998,013	7,280,767
Operating Expenses					
Staff	2,217,750	2,863,775	3,150,153	4,047,964	4,452,761
Operations (systems, travel, legal, etc)	144,500	200,500	217,300	244,830	264,263
Sales and Marketing	30,000	40,000	44,000	48,400	53,240
Total Operating Expenses	2,392,250	3,104,275	3,411,453	4,341,194	4,770,264
Pre-Tax Income	132,250	1,776,425	1,636,558	2,656,819	2,510,503
Source and Use of Funds					
Source of Funds					
CAFE	5,000,000				
Use of Funds					
Acquisition 1	-2,925,000				
Acquisition 2		-2,925,000			
Acquisition 3				-2,275,000	
Acquisition 4					
Acquisition 5					
Equity Buy-Back Option			-163,656	-265,682	-251,050
Dividends					
(est at 30% of Pre-Tax Income)	0	-532,928	-490,967	-797,046	-753,151
Dividends for CAFÉ (25% equity)	0	-133,232	-122,742	-199,261	-188,288
Dividends for Primary Owners	0	-399,696	-368,225	-597,784	-564,863
	-2,925,000	-3,457,928	-654,623	-3,337,728	-1,004,201
Operating Income/ (Losses)	132,250	1,776,425	1,636,558	2,656,819	2,510,503
Total Operating Expenses	-2,792,750	-1,681,503	981,935	-680,909	1,506,302
Net Change	2,207,250	-1,681,503	981,935	-680,909	1,506,302
Cash at Beginning of Period	0	2,207,250	525,748	1,507,682	826,773
Net Change	2,207,250	-1,681,503	981,935	-680,909	1,506,302
Cash at End of Period	2,207,250	525,748	1,507,682	826,773	2,333,075

Investment Model: CAFE

AMG Accounting will be offering this investment opportunity by using an exciting new investment model called the Continuous Agreement for Future Equity (CAFE). The minimum investment is 500 tokens at \$10 per token, and the investor must hold these tokens for a minimum of 12 months before reselling.

Ms. Govaere is seeking to raise \$5,000,000 through Angel Investors, or from mission aligned private lenders and accredited investors. With a successful raise, the first two accounting firms can be acquired within Year 1 and Year 2, with more acquisitions following in the subsequent years. The pace and size of the acquisitions will be managed carefully to ensure stability across the organization to the benefit of key stakeholders – clients, employees, and investors.

The \$5,000,000 raised using CAFE will equate to 25% equity in the company. Dividends will be paid as a percent of net profit. Starting in Year 3, a percentage of the profit each year will be allocated to an optional CAFE token buy-back program. Investors who have purchased CAFÉ tokens will have the option to sell a limited amount (up to the allocated budget) back to the business.

12 Reasons a CAFE is a Better Fundraising Option

For Entrepreneurs

- ☐ Perpetual Offering
- ☐ Fixed Dilution
- ☐ Seamlessly integrated with company website
- ☐ Operates standalone or in tandem with other fundraising activities
- ☐ Diverse investor community
- ☐ Unlimited, unrestricted solicitation

For Investors

- ☐ Invest frequently
- ☐ Digital tokens registered on the Blockchain
- Automated market system:
 - ☐ •Fast-track verification
 - Liquidity
 - 24/7/365 Reporting



Conclusions

AMG Accounting is a thriving business in an industry which is ideally positioned to welcome companies and leadership that are growth focused. While some service sectors experience significant fluctuations in demand, accounting for businesses represents a strong consistency.

Amanda Govaere is seeking an investment of \$5 million to progress the initial acquisitions and set the stage for sequential acquisitions over the next decade.



Contact:

Reagan Rodriguez

Reagan@5thaavc.com

800.201.3143



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Appendix A: 10 Year Projections

Financial projections over the next ten years demonstrate the pattern of acquisitions, the operating expenses, and the resulting cash flow.

Operating Statements	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
AMG Accounting										
Revenue	2,550,000	4,930,000	5,099,000	7,068,700	7,354,310	12,225,603	12,708,284	18,335,769	19,151,500	20,211,950
Commission	-25,500	-49,300	-50,990	-70,687	-73,543	-122,256	-127,083	-183,358	-191,515	-202,119
Net Income	2,524,500	4,880,700	5,048,010	6,998,013	7,280,767	12,103,347	12,581,201	18,152,411	18,959,985	20,009,830
Operating Expenses										
Staff	2,217,750	2,863,775	3,150,153	4,047,964	4,452,761	5,731,436	6,304,579	8,126,798	8,939,478	9,833,425
Operations (systems, travel, legal, etc)	144,500	200,500	217,300	244,830	264,263	294,789	317,618	352,980	381,128	417,341
Sales and Marketing	30,000	40,000	44,000	48,400	53,240	58,564	64,420	70,862	77,949	85,744
Total Operating Expenses	2,392,250	3,104,275	3,411,453	4,341,194	4,770,264	6,084,789	6,686,618	8,550,640	9,398,554	10,336,510
Pre-Tax Income	132,250	1,776,425	1,636,558	2,656,819	2,510,503	6,018,558	5,894,583	9,601,771	9,561,430	9,673,320
Source and Use of Funds										
Source of Funds										
CAFE	5,000,000									
Use of Funds										
Acquisition 1	-2,925,000									
Acquisition 2		-2,925,000								
Acquisition 3				-2,275,000						
Acquisition 4						-5,850,000				
Acquisition 5								-6,500,000		
Equity Buy-Back Option			-163,656	-265,682	-251,050	-601,856	-589,458	-960,177	-956,143	-967,332
Dividends										
(est at 30% of Pre-Tax Income)	0	-532,928	-490,967	-797,046	-753,151	-1,805,567	-1,768,375	-2,880,531	-2,868,429	-2,901,996
Dividends for CAFE (25% equity)	0	-133,232	-122,742	-199,261	-188,288	-451,392	-442,094	-720,133	-717,107	-725,499
Dividends for Primary Owners	0	-399,696	-368,225	-597,784	-564,863	-1,354,176	-1,326,281	-2,160,398	-2,151,322	-2,176,497
	-2,925,000	-3,457,928	-654,623	-3,337,728	-1,004,201	-8,257,423	-2,357,833	-10,340,708	-3,824,572	-3,869,328
Operating Income/ (Losses)	132,250	1,776,425	1,636,558	2,656,819	2,510,503	6,018,558	5,894,583	9,601,771	9,561,430	9,673,320
Total Operating Expenses	-2,792,750	-1,681,503	981,935	-680,909	1,506,302	-2,238,865	3,536,750	-738,937	5,736,858	5,803,992
Net Change	2,207,250	-1,681,503	981,935	-680,909	1,506,302	-2,238,865	3,536,750	-738,937	5,736,858	5,803,992
Cash at Beginning of Period	0	2,207,250	525,748	1,507,682	826,773	2,333,075	94,210	3,630,960	2,892,022	8,628,881
Net Change	2,207,250	-1,681,503	981,935	-680,909	1,506,302	-2,238,865	3,536,750	-738,937	5,736,858	5,803,992
Cash at End of Period	2,207,250	525,748	1,507,682	826,773	2,333,075	94,210	3,630,960	2,892,022	8,628,881	14,432,873