



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



Vision

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. Firms lacking solid succession plans, or the funds to buyout partners who are wanting to retire, are looking for options.

Entrepreneur Amanda Govaere has a strategy to grow her virtual accounting firm into a nationwide business. Her talent for automation and efficiency leaves her well-positioned for scaling her business, as well as integrating 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.

AMG Accounting



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.

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 2023 to 2024. In 2023, the firm had an overall profit margin of 15%, and an operational profit margin of 23% excluding investments that position the firm for long-term growth. Ms. Govaere has the business on track for 25% profit margin while driving significant growth, exceeding the industry average profit margin of 22-23%.

WHAT WE OFFER:



REAL ESTATE ACCOUNTING



TAXES



CLIENT BILLING



PAYROLL



ACCOUNTING & BOOKKEEPING

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. To further optimize efficiency, 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.



Challenge



The United States has more than 138,000 accounting firms. 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.

Certified Public Accountants (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. 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.

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 \$500k to \$2.5 million in annual revenues, approximately 150-200 clients, and 12-15 employees.



Competition

The accounting industry in the United States has plenty of small accounting firms. However, the fact that so many firm owners or partners have had to delay retirement speaks volumes about the lack of young CPAs who are prepared to step in and lead these companies into the future. Given the current market conditions, Ms. Govaere's bigger challenge will be selecting the right opportunities to ensure cultural fit and effective integration. To address this, each firm will be carefully evaluated and selected.

Acquisitions will be spaced out providing adequate time for onboarding the new business, balancing growth with stability for both employees and clients. AMG Accounting will continue growing organically with the engagement of a dedicated business development team to focus on engaging new clients.

A growing number of accounting businesses are moving to cloud-based platforms and a significant increase in accountants working remotely. AMG Accounting has embraced this philosophy as a virtual

"Businesses that use cloud accounting systems have **five** times more customers than businesses that don't."

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.

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. As acquisitions occur, the employees who are part of the acquired firm will become part of AMG. Operational efficiencies will support the management of the organic growth.

AMG Accounting's long-term strategy spans three core areas: packaged services for businesses, packaged services for micro businesses, and property management services.



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.


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, personnel that are part of the acquired businesses will be evaluated 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.





Ms. Govaere has optimized operational efficiency within AMG Accounting achieving strong profit margins. 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.



2019-2023	2024-2026	2027-2029
<ul style="list-style-type: none">• AMG Accounting founded• Significant year over year growth• Achieving strong operational profit margins	<ul style="list-style-type: none">• Raise \$5 million in funding• Build strong business development pipeline• Acquire first four accounting firms	<ul style="list-style-type: none">• Acquire two to three more accounting firms• Consistent new business growth, out with the clients gained through business acquisitions

Financials

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

Operating Statements	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Business Packages	883,743	2,148,460	3,007,844	4,210,981	5,895,374
Revenue	1,403,430	3,565,630	4,991,882	6,988,635	9,784,089
Cost of Goods Sold	-519,687	-1,417,170	-1,984,038	-2,777,654	-3,888,715
Micro Business Packages	0	376,948	527,727	738,817	1,034,344
Revenue	0	722,750	1,011,850	1,416,590	1,983,226
Cost of Goods Sold	0	-345,803	-484,124	-677,773	-948,882
Property Management Packages	0	1,090,624	1,526,874	2,137,623	2,992,672
Revenue	0	1,611,650	2,256,310	3,158,834	4,422,368
Cost of Goods Sold	0	-521,026	-729,436	-1,021,211	-1,429,695
Net Revenue	883,743	3,616,031	5,062,444	7,087,421	9,922,390
Operating Expenses					
Tech/ IT	75,000	75,000	90,000	108,000	129,600
Marketing & Client Relationships	50,000	50,000	60,000	72,000	86,400
Finance	9,500	9,500	11,400	13,680	16,416
Administrative	113,000	113,000	135,600	162,720	195,264
Staff	404,875	2,164,750	2,597,700	3,117,240	3,740,688
Total Operating Expenses	652,375	2,412,250	2,894,700	3,473,640	4,168,368
Pre-Tax Income	231,368	1,203,781	2,167,744	3,613,781	5,754,022

Source and Use of Funds

Source of Funds					
Investment	5,000,000				
Use of Funds					
Acquisition - Company A	-1,000,000	0	0	0	0
Acquisition - Company B	0	-1,000,000	0	0	0
Acquisition - Company C	0	-2,000,000	0	0	0
Acquisition - Company D	0	0	-2,500,000	0	0
Acquisition - Company E	0	0	0	-2,500,000	0
Acquisition - Company F	0	0	0	0	-2,500,000
Investor distribution (20% Pre-Tax Inc)	0	-240,756	-433,549	-722,756	-1,150,804
Optional token buy-back program	0	0	-500,000	-500,000	-500,000
	-1,000,000	-3,240,756	-3,433,549	-3,722,756	-4,150,804
Operating Income/ (Losses)	231,368	1,203,781	2,167,744	3,613,781	5,754,022
Total Operating Expenses	-768,632	-2,036,975	-1,265,805	-108,975	1,603,218
Net Change	4,231,368	-2,036,975	-1,265,805	-108,975	1,603,218
Cash at Beginning of Period	0	4,231,368	2,194,393	928,588	819,613
Net Change	4,231,368	-2,036,975	-1,265,805	-108,975	1,603,218
Cash at End of Period	4,231,368	2,194,393	928,588	819,613	2,422,830

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.

An investment in AMG Accounting is an investment in the right company, well positioned for growth, at exactly the right moment for the industry. **If only all investments could be this straightforward.**



The **right** company at
the **right** moment.

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