

## GFA Guidance/Recommendations-2019-21

- Created tax and cash flow analysis analysis for principals in anticipation of a liquidity event for operating business and real estate
- Developed a comprehensive marketing presentation to market the business to strategic or financial acquirors. Included comprehensive financial analysis and forecasts vetted by board.
- Met with several investment bankers, PE funds and family offices. Definite interest in Q4 2020 then pandemic hit.
- In light of CARES Act 2020 which permitted tax loss carry backward advised clients to aggressively write down assets to create tax losses. Creating defacto dividends in the form of tax refunds.
- Developing long term key employee incentive program-crafted outline and basic term sheet, review with President, tweaks, review with corporate counsel, need to address couple 409A issues, seek board approval, then draft , present to key people and implement.
- Wrote the business presentation for operators/co investors company is seeking for its targeted cities retail distribution platform rollout. Flagship story operating above optimistic target levels.
- Responding to inbound calls seeking to acquire the company.
- Reconnecting and restarting discussions with several target companies to roll up. Sellers want to monetize and exit business with no internal succession plan option, provide employment/ownership for key employees, retain rental real estate income then exit. Work with sellers and buyers.

## Impact

- Ready to GTM when appropriate
- Eliminates unnecessary distractions for CEO
- Generated \$400k defacto dividend distribution
- CEO outlines an objective-Key Employee Retention and Incentive program
- WE GET IT DONE!

Existing Client: President/Founder  
National Frozen Food Importer and Distributor

## GFA Guidance/Recommendations-2018

- Initiated and oversaw banking relationship for operating business and commercial real estate. Initially replaced basic lending program with asset based lender.
- Ran process to improve banking relationship, credit facilities and term loan.
- Three banks participated, able to increase LOC by \$5.0mm, reduce reporting requirements from monthly to reporting, reduce collateral. Replaced an asset-based lender with money center bank.
- Created tax and cash flow analysis analysis for principals in anticipation of a liquidity event both operating business and real estate.
- Oversaw the acquisition of a West Coast frozen food distributor. Successfully completed purchase. Introduced a tax strategy that reduced at closing sellers taxable gain by \$750k. **RESULT: able to successfully close with a lower sales price but higher net for seller.**

## Impact

- Increased LOC by \$5.0mm and real estate loan by \$3.5mm

Existing Client: President/Founder  
National Frozen Food Importer and Distributor

# Case Study Clients: Business



## Client

Founder -  
Distribution  
Company  
(2015-2017)

## GFA Guidance & Recommendations

### I. BUSINESS:

#### A. Overall Goals and Objectives:

- Develop, Integrate and coordinate income tax mitigation, key person buy-in and business succession (death, disability, disagreement and retirement), strategic investor minority interest acquisition/governance, buy-in of a foreign national under EB-5 to newly created majority owned LLC, risk management (key person, E&O/D&O, buyout, commercial, etc.).

- Introduced and co-managed/negotiated asset based regional bank lender and third party lease financing options.

- Work with existing counsel(ultimately advised to replace) and accounting/audit firm, recommended responsive and cost effective legal counsel.

#### B. Ongoing Initiatives:

- Introduced owners to significant distributor in Southern Florida market with facilities to store clients product as well as to develop co-distribution with access to 1000 restaurants and hotels.

- Working with client on various acquisitions including meeting with targets, negotiating with owners, developing basic valuation models (adjusted EBITDA, multiples), outlining business issues, developing relationship, supporting and spearheading process, etc. family planning Inc. overseas assets, income tax mitigation, etc.

## Impact

- Coordinated and integrated business and personal “**Financial Blueprints**”-clients making informed decisions, Gross is “go to guy”
- Facilitated and coordinated financing, legal, strategic, accounting etc. “**Global Quarterback**”
- Saved \$25k legal fees
- Expanded distribution opportunity
- Company growth coupled with coordinated/integrated process, ongoing review

# Case Study Clients: Business



## Client

Distribution Company  
(continued)

## GFA Guidance & Recommendations

### C. Income Tax Mitigation:

- Eliminated AMT consequences of existing buy-sell insurance.
- Converted from a “C” Corp to “S”, avoid Dbl taxation (income and sale of interests) and Bardahl formula.
- Redistributed approx. 24% company to key employee (used treasury stock), buy in including financing, structure, etc.
- Advised on using portfolio interest expense to offset taxable income.
- Purchased interest from related entity at discounted value, financed with note, sale to strategic with step up, recommended national valuation firm, facilitated and guided process with quick turnaround; located 2016 tax allocation error.
- Structured new FL based pass through entity-EB 5 visa, operating agreements.
- Worked with principals, accountants and counsel-sale of 3 interests/entities to Strategic “C” Corp acquisition, structure in light of strategics' desire to own an interest in an LLC.
- Negotiated with strategic distribution of proceeds to Principals “grossed up” to fund ordinary income taxes.
- Worked with accountants on allocation and realization of expenses, including “swap” costs, deductibility (current vs. amortize).

## Impact

- \$1.96M exposure eliminated
- Significant tax savings
- Defer capital gain on \$772k sale
- Net annual tax saving \$2.5k
- Saved \$5k fees; additional \$272k cash flow to sellers
- Able to realize \$2.54 mm sale proceeds and \$230k in tax savings
- Increased cash flow to sellers \$150,000
- \$75,000 tax savings sellers

# Case Study Clients: Business



Client	GFA Guidance & Recommendations	Impact
Distribution Company (continued)	<p><b>D. Tax and Cash Flow Analysis:</b></p> <ul style="list-style-type: none"><li>• Developed forecasts for sale of varying interests, worked with accountants on actual tax payment funding.</li><li>• Considered alternative financing for equipment.</li><li>• Secured an additional \$1.0mm real estate funding from recommended lender.</li></ul> <p><b>E. Business Succession:</b></p> <ul style="list-style-type: none"><li>• Co-developed MOU for strategic investor, co-advised client on negotiations, secured additional six figures in funding, coordinated with bank who was simultaneously doing DD, etc. (kept the wheels on the bus).</li><li>• Recommended to counsel to take Master Buy Sell approach, advised on terms(drafting, implementation and funding) to cover various entities-"S", LLC, foreign, domestic, voting, nonvoting, governance, etc.</li><li>• Estimated enterprise value of various entities for planning purposes (sale, family wealth, 3rd party)</li><li>• Recommended highly ranked national valuation firm, supported and expedited process</li><li>• Coordinated educating, drafting ,modifying and executing various legal agreements, change of ownership buy-sell provisions, family wealth, compliance with governance and transfer restrictions.</li></ul> <p><b>F. Risk Management:</b></p> <ul style="list-style-type: none"><li>• Complete third party review of E&amp;O, D&amp;O, building, product liability, other commercial risk.</li><li>• Recommendations to enhance coverage, contract definitions, plug gaps, reduce costs even retaining existing carrier(new broker) etc.</li></ul>	<ul style="list-style-type: none"><li>• Secured additional \$272k cash flow(CF)</li><li>• Potential \$450k additional CF (not covenant restricted)</li><li>• Additional \$1.0mm debt financing</li> <li>• Reduced drafting and complexity</li> <li>• Education</li><li>• \$5k savings</li><li>• Supported founder saving \$25k legal fees</li> <li>• \$15k potential annual savings</li></ul>

# Case Study Clients: Personal

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## Client

Distribution  
Company  
(continued)

## GFA Guidance & Recommendations

### II. PERSONAL

#### A. Overall Goals and Objectives:

- Defined family goals and objectives, integrated with “**Company Financial Blueprint**”.
- Responsible for understanding and articulating founders goals, communicating with spouse and children of a “blended” family.
- Integrated domicile issues of current wife (non-US) second marriage and separation agreement issues (some not addressed) income tax mitigation, family wealth planning, protecting family in event of death or disability and protecting assets against adverse events e.g. lawsuits, accidents, creditors, etc.).

## Impact

- Integrated and Coordinated Analysis and Planning – “**Personal Financial Blueprint**”

# Case Study Clients: Personal



## Client

Distribution  
Company  
(continued)

## GFA Guidance & Recommendations

### B. Income Tax Mitigation:

- Reclassified non-deductible interest expense and made deductible.
- Reallocated taxable income generating assets into tax deferred accounts.
- Outlined benefits of change of domicile to zero income tax state and req. documentation.
- Presented to and worked with accountant on marginal tax analysis, extraordinary compensation, basis, etc. and communicated the appropriate withholding level on payroll.

### C. Tax and Cash Flow Projections:

- Detailed forecasts outlining family current and future needs, anticipated events e.g. sale of business, impact on net worth, unexpected events i.e. death or..... varying return assumptions including inflation and attendant consequences/impact.

### D. Estate and Family Wealth/Protection:

- Coordinated 2<sup>nd</sup> marriage family needs with children from first, “Blended Family”, new wills structured around this context and driven by the patriarchs goals.
- Evaluated divorce agreement to ensure compliance, was not in one area and rectified.
- Addressed spousal citizenship status/domicile status to avoid/mitigate taxes at first death, disinheritance issues, balancing of assets, encouraged seeking US citizenship, ongoing.
- Discount/froze growth of privately held assets for “Next Gen”, set up trusts to protect heirs against themselves (potential personal issues), divorce, creditors, etc. as well as to own life insurance funded by trusts owning business issues, etc.
- Integrate US planning with overseas holdings and business interests, comply with US disclosure current tax filings and foreign trusts, transfer and tax issues. Working with US counsel to coordinate valuation, transfers, coordinate and integrate with bilateral tax treaties.

## Impact

- Savings \$2.5k pa.
- Defer 40% income taxes on taxable income
- \$185k additional CF
  
- Family adequately protected
  
- 2<sup>nd</sup> wife comforted she and child protected, prior as well
- \$1.0mm term need funded-low cost/top carrier
- Deferred \$2.5mm potential estate taxes
- Protect against alienation, mitigate taxes
- \$1.5mm assets at risk-tax treaty analysis