

MONETIZING YOUR COMPANY INVESTMENT - BUSINESS VALUATION & FINANCIAL ADVISORY SERVICES IN A BUSINESS SALE TRANSACTION

Monetization refers to the conversion of an investment such as a business enterprise into cash, which usually happens via a liquidity/sale event.

When investors, such as venture capital or private equity firms, invest in a private company, they expect to get their money back plus a specified return on their investment within a certain period of time, usually 3-7 years.

The investors/Buyers may flow some cash out via dividends, however, the primary way in which the investors realize their return is by monetizing their investment through a subsequent sale of the business.

Monetization can occur in several ways, but the more common ones include:

1. Selling to or merging with another company,
2. The seller takes cash from the sale transaction, and then invests a portion of the sale proceeds in a minority equity position in the acquiring company (the “**NEWCO**”); and as typical with large transactions ->
3. Taking the acquired company public via an initial public offering (IPO).

The Business Valuation and Financial Advisory Firm provides such services as the Company may reasonably request, which may include, among others, working with Company management to perform the following tasks:

- Meet with Company owners/ and or senior officer(s) to determine the Company’s goals and objectives with respect to the Company, and establish an acceptable marketing plan and transaction structure;
- Prepare a **Business Enterprise Valuation (“BEV”) Report** for the Company describing the acquisition opportunity and the Company’s fair market value based on market comparable transactions, that is, recently completed purchase transactions in the Company’s operating niche (direct market data method);

- Work with the Company to identify parties such as private equity firms, hedge funds, venture capital firms, and others, etc. that represent potential “Buyers” of the Company involving:
 - (a.) Acquisition of substantially all of its assets, or a controlling interest in the Company; or
 - (b.) Merger or consolidation of the Company.
- Identify, analyze, and review information relating to prospective Buyers of the Company, and prioritize those companies as potential acquirers for the Company;
- Invite prospective Buyers to make presentations, and begin the dialogue between the interested parties;
- Assist in the selection of one or more Buyers to determine the level of interest in acquiring the Company, and determine if they would be credible Buyers that can consummate a purchase transaction;
- Assist the Company’s legal counsel negotiate a Purchase Letter of Intent with a selected Buyer of the Company;
- Assist Company management and accountants in due diligence meetings;
- Assist Company’s legal counsel in the creation of definitive asset sale, and financial structuring documents; and
- Assist in closing the Transaction.

Recently Completed Business Sale Transaction - Background

The Company was founded in the mid-1940s and is located in a historic southern New England City, and is the largest manufacturer and distributor of United States military decorations, medals, insignia and uniform related accessories.

The acquirer (a private equity firm) formed a new Delaware corporation (the “**Purchaser**”) and acquired approximately 80.0% of the stock/LLC interests in the Company and a majority of the Company’s reporting subsidiary entities, as well as acquired real estate, during April 2016.

The purchase transaction involved stock and an asset purchase transaction approximating a value of \$44.0 million excluding assumed debt.

See links below for merger and acquisition (M&A) experience:

<http://www.foxboro-consulting.com/clients/business-combination-valuations/>

See links below for resumes of key executives:

<http://www.foxboro-consulting.com/ronald-j-adams-c-p-a-a-b-v-c-v-a-c-b-a-c-f-f-v-s-c-g-m-a/>

For more information on Business Valuation & Financial Advisory Services, please feel free to contact us directly at: (774) 719-2236, or e-mail us at: adams.r@foxboro-consulting.com .

Management and Staffing

Ronald J. Adams, CPA, CVA, ABV, CBA, BCA, CFF, FVS, CGMA, Managing Director – Valuation Services Group, will serve as the Executive-in-Charge and Client Service Executive. In this position, Ron will manage, direct, review and approve all critical aspects of the work and will maintain communications with the Company on this engagement. Mr. Adams is both a certified public accountant (CPA) and a certified valuation analyst (CVA) credentialed by the National Association of Certified Valuators & Analysts (NACVA). He is a certified business appraiser (CBA), credentialed by the Institute of Business Appraisers (IBA), and certified by the International Society of Business Appraisers (ISBA). He is also accredited in business valuation (ABV), and he is certified in financial forensics (CFF), he is certified in forensic & valuation services (FVS), and he is a chartered global management accountant (CGMA) all designations sponsored by the American Institute of Certified Public Accountants (AICPA).

He has advised numerous clients in specialized areas of business enterprise and intangible asset & intellectual property valuations, bankruptcy processes & proceedings, mergers and acquisitions, income tax planning, financial accounting and reporting, asset divestiture, financial and operational due diligence, gift and estate tax

planning, fraud investigations, shareholder dissent lawsuits, new business planning and development, equity buy/sell business negotiations, valuation of marital assets in dissolution proceedings, and economic and financial feasibility studies.

Mr. Adams has managed numerous valuation engagements involving intangible assets & I/P, stock and option valuations, ASC 805 - Business Combinations & Goodwill Impairment - valuations for financial accounting & reporting, income tax planning & reporting, gift and estate tax planning, and in merger and acquisition situations for companies including General Electric, Provant Health Systems (located in East Greenwich, RI), Industrial Growth Partners, Bridgeline Software, Inc., Baystate Psychological Associates, Inc., South Bay Mental Health LLC, Cambridge Health Alliance, Northeast Health Systems, Perkin-Elmer, Thermo-Fisher Scientific, Waters Corporation, Sorono Laboratories, Millennium Pharmaceuticals, BioPure Corporation, InterMed Health Technologies, Inc., Adams Harkness Asset Management, Hospitality Properties Trust, Raytheon Company, Hancock Capital management, LLC, Fidelity Management Research (FMR), SeaChange, Inc., Ipswitch Software, Ascential Software, Progress Software, Inverness Medical Technology, Sitara Networks, and BJ's Wholesale Club.

Prior to joining Foxboro Consulting Group Partners, Mr. Adams was the Managing Director – Valuation at Capstone Partners, LLC, and Newbury, Piret & Co., mid-level investment banks located in Boston, MA, and Regional Director of the New England region for American Appraisal Associates.

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