FARRELL ADVISORY INC.

Farrell Advisory provides professional and highly customized CFO & corporate advisory services.

Due Diligence on a Distressed Company
Presentation for Georgetown University MBA Class

GEORGETOWN UNIVERSITY

March 23rd, 2017

I. Introduction – Farrell Advisory

Farrell Advisory provides highly customized **CFO** and **Corporate Finance Advisory** services to business owners, boards of mainly private equity firms, corporations and banks with regards to promptly and efficiently helping companies **deliver shareholder value** through:

(i) **M&A/Refinancing Transactions** (i.e., **Buy-Side:** formal buy-side due diligence, strategic, project management, negotiation, disputes; **Sell-Side:** pre-sale diagnostic, staging a company for sale, carve-outs and project management; and **Merger Integration and Growth Initiatives:** project management, strategy, new business development, operational performance, executive and staff development); and

(ii) **Chief Financial Officer and Restructuring & Business Reengineering solutions offerings** for companies who are not operating optimally or in a stressed environment.

I. Introduction

Presentation on Due Diligence on Distressed Companies

The Objective of the Presentation is to provide you an understanding of why we focus more on certain key areas and what due diligence we typically perform on an acquisition of a distressed company (vs. a healthy company).

II. Deal Structuring

II. Deal Structuring

Key Main Strategic Questions

- **Why Acquire this Business?**
  - Platform vs. Add-on
    - Improve The Targets' And Acquirers Performance
    - New Customer Base
    - New Skills Or Technologies
    - Consolidate To Remove Excess Capacity From Industry
    - Defensive And Build And Buy Strategy
  - Diversification
  - Early Stage Companies
  - Cash flow or capital gains growth (which could be driven by tax reasons)
  - Buying Cheap Or Distressed Acquisitions
- **Value of Business to:**
  - Buyer (which could include synergies)
  - Seller (as standalone)
  - Does this buyer have any differentials
    - Speed of closing/certainty, experienced buyer, cash buyer
    - Type of buyer/preference of stakeholder
    - How are you going to finance business
- **What Do You Do with the Acquisition once you owned it?**
  - Conducting effective integration due diligence
  - Hold times

Understand

I. Meaning of Distressed
- Sector, location, technology, economic
- Balance Sheet vs. Operational,
- Pre- or Post- Chapter 11

II. Strategic Reasons for Acquisition

so Due Diligence is Focused.

II. Deal Structuring

Valuation Drivers (Guidance Purposes Only)

Technical Valuations (e.g., for Estate, Trust and Gift Planning, IRS Filing, 409A Equity Based Compensation, Life Insurance) from Anne Meltzer

- **The valuation of the Company is going to be impacted by:**
  1) The benefits and risks of current and potential contracts ("The Future").
  2) Comparable public company valuations.
  3) Comparable acquisition transactions.
  4) Discounted cash flow value.
- Before a formal valuation can be performed a detailed budget will need to be prepared

Vs.

Strategic Valuation – In Simple Terms – What is a Buyer Prepared to Pay and Why

- **The valuation of the Company is going to be impacted by:**

Adjusted Recurring EBITDA/Free Cash Flow

(Revenue (Quantity * ASP) less COGS (Quantity * Av. Cost * Efficiency) Less Overheads)

(e.g., As adjusted for add backs, potential synergies, benefits and risks of current and potential contracts)

Multiplied

Market Valuation Multiplier As Adjusted by Company Differentiators

- You can not adjust the market valuation multiplier (depends on issues outside your control) but you can differentiate your company to other businesses.

II. Deal Structuring

Importance of Understanding (EBITDA) Value Drivers

- Small business
- 8(a) and set-aside contracts
- Significant % of subcontracts
- Short-term contracts, weak backlog
- Less attractive service offering (e.g., pure staffing, faciliti… management)
- Commodity-ty…
- Low fu… te…

- Medium sized business
- > 50% prime con…
- Longer-ter…
- Rel…

…ns)
…an be

Focus Due Diligence on the Highest Valuation Drivers First!

- Lo…
- Les… (e.g.,…
- Subc…
- Comm…
- Departm… DOL, DO…
- Weak pipe…

…es
…DHS
…onal and financial reporting

- …and middle management
- …critical capabilities and entrenched IP
- …nrestricted prime contracts
- Highly cleared work (e.g., life style polygraph, counter intelligence) working for CIA, NSA, NRO, NGA, ODNI, DIA, Black Programs
- Intelligence/Health IT/Cyber/Data Analytics
- High function skills (e.g., policy advisor, system architect or program manager)
- Larger companies

II. Deal Structuring

Pre-Bankruptcy vs. Post Bankruptcy Fillings

- **Pre- vs. Post Chapter 11 Filing - Negotiate with Different Parties**
- **In the non-bankruptcy context, a buyer generally negotiates solely with the distressed target's management**
  - Need not deal with its creditors (except where the buyer is seeking amendments to debt documents or waivers, etc.).
- **In a Section 363 Sale context, however, there are a number of different constituencies often with disparate interests**
  - Potential Parties
    - Secured creditors (e.g., first-lien and second-lien holders),
    - Unsecured creditors,
    - Equity holders (e.g., preferred and common stockholders),
    - Bondholders, landlords, indenture trustees, etc.
  - Buyer must understand the debtor's capital structure and dynamics to keep parties "on board"
    - Generally require support of secured creditors unless the sale proceeds are adequate to pay them in full.
    - If there are first-lien holders and second-lien holders, and the first-lien holders will be paid in full, but the second-lien holders will not, the second-lien holders may be able to block the sale.
    - Moreover, equity holders and/or unsecured creditors will often oppose a Section 363 Sale if their interests have not been adequately addressed (e.g., if only secured creditors are being made whole by the sale) and they think a plan of reorganization would be more beneficial to them
      - Though a Section 363 Sale may generally be approved over their objection.

II. Deal Structuring

Deal Structure Impacts Due Diligence (1)

- **Equity:**
  - Capital gain treatment for sellers
  - Retain taxable losses
  - No step up in basis for buyer – loss of tax shield
  - Buyer has greater risk of exposure to contingent liabilities
- **Asset General Advantageous**
  - Ordinary income for seller (but may be able to offset against losses)
  - Difficult to transfer key contracts (assignment/novation)
  - Buyer obtains a step up of acquired assets
  - Minimize assumption of unwanted/unknown liabilities
    - Employee liabilities
    - Tax liabilities
    - Claims/lawsuits accruing pre-closing
- **Section 338(h)(10) – best of both?**
- **"S" versus "C" corporations**

Need to Understand

I. Seller vs. Buyer Objectives
II. Seller is to maximize net proceeds (e.g., after tax and costs) while minimizing risks and period of collection.
III. Buyer is to minimize net purchase price (e.g., after tax benefits, restructuring, fees), reducing liabilities and delaying payments.

II. Deal Structuring

Deal Structure Impacts Due Diligence (1)

- **Cash vs. Equity vs. Deferred/Earn-out Consideration vs. Loan Notes ($ and timing)**
- **Allocation of proceeds impacts**
  - Types of assets (e.g., working capital, long-term assets)
  - Types of Intangibles (e.g., Goodwill, employees, non-compete clauses)
- **Cash/debt free and working capital targets**
- **Indemnities and warranties**
  - Assessment of protection required
  - Impacts on the desired level of due diligence
- **Escrow accounts**
- **Non-competition clauses**
- **Management retention**
- **Buyer financing**

II. Deal Structuring

Prior to Chapter 11 Filling - Protection Against Fraudulent Transfer Challenge

- **Buyer faces subsequent fraudulent transfer challenge (prior to Bankruptcy)**
  - Under federal law, state law and/or the Bankruptcy Code, the sale can be avoided upon a showing by dissatisfied creditors or by a bankruptcy trustee subsequent to a bankruptcy filing that there was "actual" fraud (i.e., the sale was actually intended to hinder, delay or defraud creditors) or, more likely, "constructive" fraud (i.e., the sale was made for less than fair consideration or reasonably equivalent value and the target was insolvent at the time of, or rendered insolvent by, the sale).
  - Moreover, Section 544 of the Bankruptcy Code permits a bankruptcy trustee to utilize applicable state law to avoid such transfers for "reach-back" periods of six years or more.
- **To minimize this risk, a buyer must do two things:**
  - Build the best possible record that "fair consideration" or "reasonably equivalent value" was paid (e.g., by obtaining a fairness opinion); and
  - Require that:
    - The sale proceeds stay with (or be used for the benefit of) the target and not be distributed to the target's stockholders; and/or
    - Adequate arrangements are made to pay-off the target's creditors.

II. Deal Structuring

Prior to Chapter 11 Filling - Sign and Close Simultaneously

- **Possibility of Chapter 11 filing after the purchase agreement has been executed, but prior to closing.**
  - **Scenario A**
    - Target would have the right to "reject" the purchase agreement, and
    - Buyer would merely have an unsecured, pre-petition claim against the target for its damages (often worth pennies on the dollar).
  - **Scenario B**
    - Target would also have the right to "assume" the purchase agreement thereby locking the buyer into a deal that, perhaps, may not look so good after weeks/months of the deterioration of the target's business.
    - Buyer's claim for a purchase price adjustment and/or indemnification under the purchase agreement will be treated as an unsecured, pre-petition claim (again, often worth pennies on the dollar)
    - Possibility of a significant time delay in waiting for the target's decision of rejection/assumption.)
- **The best way forward**
  - Sign and close the acquisition simultaneously.
  - Guarantee from a creditworthy affiliate or stockholder of the target (difficult to obtain).
  - Larger escrow/holdback (typically 10% to 15% of purchase price for healthy acquisitions).

II. Deal Structuring

- **Section 363 Sale (Usually the Way to Go) vs. Debtor's Overall Plan of Reorganization vs. "Pre-Pack"**
  - **363 Sale more common method because it is faster and cheaper** (i.e., it avoids the plan confirmation process – with its complex disclosure and voting procedures) and therefore minimizes the risk of a decline in enterprise value and/or a shortage of working capital.
- **363 Sale**
  - From the buyer's perspective, **often more attractive than a non-bankruptcy acquisition**:
    - In most cases, the **bankruptcy court will approve the sale of the assets "free and clear"** of all liens and liabilities (other than those liabilities that the buyer expressly agrees to assume and, arguably, certain "successor" liabilities such as environmental and product liabilities claims).
    - The approval of the bankruptcy court s**hould bar any subsequent fraudulent conveyance challenge.**
    - The **buyer will be able to cherry-pick assets and contracts and assumed contracts will be "cleansed" of non-assignability or change-of-control provisions** (except for certain contracts such as personal-services contracts and certain intellectual-property licenses).
    - State shareholder-approval laws and bulk-transfer laws generally do not apply to a Section 363 Sale.

II. Deal Structuring

Chapter 11 Filing – 363 Sale – Stalking Horse

363 Sale

- A Section 363 Sale is subject to bankruptcy court approval after notice to interested parties and a hearing.
- To ensure that the debtor has obtained the "highest and best" price for its assets, an auction will usually be conducted under the supervision of the bankruptcy court.

It May Pay To Be the Stalking Horse

- Accordingly, the threshold question for a prospective buyer is whether it should play the role of the "stalking horse" bidder (i.e., be the initial party to execute a purchase agreement with the debtor) — or just wait to see the final sale terms approved by the bankruptcy court and then decide whether to make a higher bid (assuming it has such an opportunity).
- **There are a number of advantages** to being the stalking horse:
  - **More opportunity to conduct an adequate due-diligence investigation**;
  - The ability to set the threshold price and terms of the sale; and
  - The ability to negotiate certain deal protections and bid procedures.
- **The Major Disadvantage** to being the stalking horse
  - Bidding too high — i.e., locking into a deal that may not look so good at the time of the auction.

II. Deal Structuring

Chapter 11 Filing – Pre Pack

- **A “Prepackaged" Chapter 11 plans ("Pre-Packs") — which may include a Section 363 Sale "Pre-Pack" May Be a Good Alternative.**
  - Time is often the buyer's biggest (and least predictable) risk in connection with purchasing distressed assets in the bankruptcy context.
  - The debtor's filing may, for example, trigger protracted negotiations among the various constituencies, unexpected claims, litigation, etc.
  - Particularly in light of the increased costs and the difficulty of existing management to control the bankruptcy
  - Company has a sound business model, but is overburdened by debt
    - Pre-Pack may be particularly appealing to avoid the risks of purchasing distressed assets in the non-bankruptcy context, coupled with the lower approval thresholds of Chapter 11.

II. Deal Structuring

Key Approval Process

➢ Strategic

- Core management
- Board
- Banks
- Shareholder approval
- Financing

➢ PE

- Core Management (and may be from portfolio company)
- Financing
- Credit committee

Always important to understand the approval process so that you complete due diligence on time.

III. Assessing Value Through Due Diligence

III. Assessing Value Through Due Diligence

Challenges of Evaluating Distressed Businesses Can Be Especially Challenging!

- **Evaluating a distressed business can be especially challenging**
  - Operational vs. Balance Sheet Issues
  - Strategic vs. Implementation
  - Company (management, products) vs. industry vs. geographic specific vs. technological obsolete
- **Viability of the business itself may be questionable**
- **Historical run-rates of the business may not be reliable indicator of current or future performance**
  - Cost Savings and winning back customers are like "Tomorrow", it never comes!
- **The true cash costs of assumed or off-balance sheet liabilities may be difficult to assess and quantify (i.e., restructuring, self insurance plans)**
- **Loss of key personnel (or lack of incentives)**
  - Can slow information gathering
  - May have set up/no work competing businesses
- **Management may also be focused on several buyers, court filings, restructuring, and running the business with less resources**
- **Working Capital, Potential Liabilities and Cost Base for a much larger business**

Lack of warranties and indemnities, the uncertainty of the current economic environment, and the fast pace of recent 363 auctions has made the due diligence process all the more challenging while the "as is" nature of the transaction makes the due diligence effort all the more critical.

III. Assessing Value Through Due Diligence

What is Due Diligence?

- **The identification of risk through analysis of a company's historical and forecast (financial and non-financial) performance.**
- **Due diligence is as much an art as it is a science.**
- **Used by investors and lenders as a means to reduce investment risks through a focus on:**
  1) Strategic, Background and Market
  2) Financial
  3) Taxation
  4) Operational
  5) Business Development
  6) Human Resources and Cultural
  7) Systems
  8) Legal, Compliance, Insurance and Regulatory Issues
  9) Merger Integration and Synergistic Opportunities

Due Diligence is much more important in a distressed business due to likelihood of limited recourse post-closing. Importance of looking for both upsides and downsides.

III. Assessing Value Through Due Diligence

Why Undertake Due Diligence?

"According to a McKinsey Consulting study, of 115 large acquisitions in the early 1990s, 60 percent were considered failures within five years."

- Mergers, Acquisitions, and Organizational Effectiveness

- **Enhance opportunities to improve shareholder value**
- **Required by lenders or board of directors**
- **Verify key assumptions**
- **Use to bridge buyer & seller expectation gaps**
- **Used to validate assumptions**
- **Needed to identify and quantify synergistic opportunities**
- **Is purchase price supportable**
- **What is the buyer really getting (key customers, management, Intellectual Property)**
- **Country specific risks in cross border transactions**

Are you Maximizing Shareholder Value?
Issues can be weaknesses and opportunities, importance of being balanced.

III. Assessing Value Through Due Diligence

(1) Strategic, Background and Market

- **Strategic (Already Discussed)**
  - Why Acquire this Business?
  - Value of Business
  - What Do You Do with the Acquisition once you owned it?
  - How are you going to finance acquisition?
- **Background**
  - Company and management
  - Differentials
  - Products/services
  - What do customers and vendors think of company
- **Market**
  - Understand market, trends and potential
  - Size and growth (historical and forecast)
  - Competitors
  - Market thoughts
  - Changes and challenges (e.g., technology)
  - **Does buyer understand the market and industry sector particularly the trends?**

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence - Overview

Quality of Earnings

- Recurring Income
- Trends
- What is a normal base period or pro forma performance
- Analysis of revenue and costs
- Fixed cost base
- Break-even analysis
- EBITDA bridges

Forecasts

- Historical vs. Budgets
- Support/backlog
- Achievability/profitability

Working Capital

- Normalized levels
  - Minimum, maximum and average
  - New norm
  - What will turn?
- Individual Captions
  - Receivables
  - Inventories
  - Current Liabilities

Net Debt and Debt-Like Instruments

- Reorganization costs (accrued and committed)
- Cash and Securities
- Borrowings
- Operating Leases

Long-Term Assets

- PP&E
  - Capex (maintenance and growth)
  - Under investment in Capex and infrastructure
- Intangibles (minimal concern)

Long-Term Assets

- PP&E

Contingent Liabilities

- Leases
- Agreements
- Disputes
- Change of ownership clauses
- Commitments (e.g., Capex)
- Warranty/dispute/product liabilities

Internal Controls

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence - Typical Diligence Requests

➢ Typically information request lists are very detailed lists

- Prefer to see combined lists for all advisors
- Need to be properly project managed and follow up
- Use of electronic data rooms with data in Excel/Word preferred (rather than pdf)

➢ Key initial financial information requests

- Legal and organization chart
- 3 years audited results and correspondence (e.g., management letters) with auditors
- Detailed monthly results plus (financial and operational) statistics for at least 2 years plus trailing twelve months results (general ledger and monthly reporting packs)
- At least 18 months of forecasts
- Unusual or non-recurring items in financial statements
- Support for balance sheet captions as key balance sheet dates
- Capex and/or working capital requirements
- Customer and product / services analysis (e.g., summary of terms, expenditure, commitments, changes in relationships)
- Vendor analysis (e.g., summary of terms, expenditure, commitments, changes in relationships)
- Copies of key contracts
- Employee details and reconciliation of employee costs to income statement
- Summary of property
- Summary of trading and legal disputes
- Tax documenation for last 6 years

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence – Recurring Income

- **Differs from a financial statement audit which is traditionally focused on the balance sheet**
- **Financial due diligence is focused on the RECURRING income statement**
  - Revenues and expenses are reflected in the proper periods
  - Assess the TRUE earnings power of the business – "EBITDA"
- **Consider non-operating/non-recurring revenue or expenses such as:**
  - Normally look at last 2 trailing years
  - Distressed Situation
    - Focus on the trailing twelve months with a primary emphasis on the trailing 3 to 6 months to establish normalized current run-rate of revenues, production costs, and/or overhead costs
    - Obtain an understanding of the financial impact of executed and pending cost savings initiatives and the related costs to achieve these savings
    - Combining with another business
    - New management structure
    - Rejection of contracts

Focus on recent 3 to 6 month run rates to assess the current run-rate and then evaluate the fundamentals of the business, the industry and the economic environment.

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence – Recurring Income – EBITDA, As Reported to EBITDA, Adjusted to EBITDA, Pro Forma

- **EBITDA, Adjusted (exclude non-operating/non-recurring revenue or expenses)**
  - Revenue recognition
  - Non-recurring revenue/expenses
  - Out of period adjustments
  - Sustainability of margins
  - Expiration of key contracts
  - Employment agreements
  - Loss of key customers
  - Asset valuation – accounts receivable & inventory
  - Charitable contributions
  - Excessive owner compensation/benefits
  - Legal defense costs
  - Reorganization costs
  - Investment gains
  - CAPEX

- **EBITDA, Pro Forma (include cost savings & margin erosion and exclude loss customers)**
  - Focus on 3 to 6 months to establish normalized current run-rate
  - Executed and pending cost savings initiatives and the related costs to achieve these savings
  - New management structure
  - Rejection of contracts
  - Combining with another business

Very important to

I. **Provide fully adjusted/pro forma results**
II. **Break-even and marginal contribution rates**
III. **Identify loss making customers**
IV. **Identify unwanted contracts or unnecessary infrastructure.**

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence – Forecasts – Long-term

➢ Quality of Forecasts (2 to 5 years)

- Becoming a more critical part of the process
  - Income statement, balance sheet and cash flow
  - KPIs and operational targets
- Probability of Succeeding and When Cash Flow Neutral
  - Resist the temptation to forecast the proverbial "hockey stick" type growth
  - Can historical trends support future assumptions
    - Buyers need to look at the recent 3 to 6 month run-rates to assess the current run-rate
  - Revenue backlog and pipeline
  - New cost structure
    - Have costs savings been implemented or just planned
    - Cost of restructuring
  - Evaluate the fundamentals of the business, the industry and the economic environment
    - Determine what growth and operating earnings will look like in the medium-to-long term
  - Loss of management and customers
- Loan covenants

➢ EBITDA Bridge Historical Results to Forecasts

- Bridge (i) Volume and contribution from revenue; (ii) Volume and costs for Cost of Goods Sold; and (iii) SG&A.

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence – Forecasts – Long-term – Identification of Opportunities

- **Astute buyers of distressed businesses use the due diligence process to identify opportunities as well as risks**
  - The 363 sale process allows buyers to use the bankruptcy process to its advantage to renegotiate agreements with certain stakeholders such as employees and unions, reject contracts such as real estate or equipment leases, reduce balance sheet debt and leave behind a significant portion of liabilities
    - Cleanses the assets
    - Significantly reduces the cost structure of the business going forward
    - Earnings growth from reduction in expenses and/or revenue growth and/or margin improvement
  - Buyers must also be mindful as to which successor liabilities it may potentially be liable for, as "free and clear" is not universally true in U.S. courts
- **Integration costs**
  - Costs of RIFS and restructuring
- **New working capital requirements**
- **Synergies**
- **Trends**
  - Target's market growth is lower than expected
  - Target's market position is weaker than expected (e.g., pricing, quality, and loss of customers)
  - Industry margins are less than expected
  - Pricing of common customers may trend to lowest pricing terms

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence – Forecasts - Short-term Viability

13 Week Cash Flow Forecasts

- The buyer must get comfortable with the short-term viability of the business by evaluating liquidity and cash burn rates based on the company's 13 week cash flow forecasts and recent cash flow run-rates
- The actual-to-forecast variance must be assessed weekly to evaluate the reasonableness of the 13-week cash flows going forward.
- Certain outflows are more prone to underestimation than others:
  - For example, wind-down costs associated with closing a manufacturing facility or storefronts, costs associated with environmental remediation, and tax payments could all be larger than expected cash drains
  - To avoid encountering unexpected short-term viability issues, a buyer needs to realistically assess cash flows, incorporate appropriate cushions into the forecasts and diligently monitor actual-versus-forecasted performance

Understand:

I. **Cash Flow Negative or Positive.**

II. **Borrowing requirements to fund operations.**

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence - Working Capital

- **Net Working Capital Defined as:**
  - Current Assets – Current Liabilities = Working Capital
  - Typical exclusions:
    - Cash
    - Debt and debt like instruments
    - Income and deferred tax
    - Non-recurring items
- **Often deals are structured on cash free debt free basis and need to set target for completion**
- **Understand trends**
  - Normalized levels (absolutes and differentials for Minimum, Maximum and Average)
  - Seasonality and/or drivers (e.g., slow paying customers or vendors)
  - An indication of business health
  - Can also identify opportunities (e.g., reduce days accounts receivable outstanding)
  - Important to consider items not on the balance sheet (e.g., bonus accruals, one-time year end adjustments, PTO)
- **Consider what can turn**
  - Changes can impact cash needs (particularly for distressed businesses which have shrunk or obsolete products)
  - Aged creditors may require quicker payments
  - Warranty liabilities (cash payments can become very significant if distressed)

Understand

I. **Appropriate net working capital levels to run business post-closing.**
II. **What changes/ swings in working capital are expected.**
III. **Target working capital for closing.**

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence - Working Capital - Receivables

- **Accounts Receivable Review**
  - Summary of gross and net accounts receivable and DSO Days at key balance sheet dates
  - Aged listing by Customers at key balance sheet dates
  - Summary of aged listings for last 6 months and trends
  - Aged customer listings for last 3 months
  - Accounts in Dispute
  - Unbilled ("Where the Dead Bodies Are!")
  - Incentives (which have been coded to interest) for early payment
  - Customer concentration
  - Roll forward of bad debts and doubtful accounts allowance
  - Credit policy/approval of customers
  - Credit reports of key customers
  - Credit Polices vs. Industry
  - Credit notes issued, quality and speed of invoicing
- **Test**
  - Sales cut-off procedures
  - Cash after date testing
  - Reconciliation of sales to cash receipts
- **Miscellaneous Receivables**
  - Prepayments (aging and transferability)
  - Other advances particularly to related parties

Understand

I. **Recoverability of accounts receivable** (may be able to be collateral for lending).
II. **Quality of sales and invoicing.**
III. **If there are any operational issues.**

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence - Working Capital - Inventories

- **Inventory Review**
  - Summary of gross and net inventory and Inventory Days at key balance sheet dates
  - Compare book-to-physical inventory
  - Summary of aged listings for inventory
  - Monthly Inventory turns for last 12 months and forecast turns
  - Costing systems and methods for cost accounting
    - Analysis (third party costs, labor and overheads) of WIP and Finished Goods and compare at key balance sheet dates and to income statement
  - Differences between physical and perpetual
  - Accounting policies and controls
    - Inventory counts
    - Costing and reserves and how often updated
    - Consignment policies
    - Obsolete and slow-moving inventory
    - Roll forward of inventory reserves
  - Accounting for long-term contracts
- **Test**
  - Profitability and lower of cost and NRV
  - Physically observe inventory and locations
  - Perform random counts

Understand

I. **Value of Inventory (may be able to be collateral for lending).**

II. **If you can reduce inventory levels.**

III. **If there are any operational issues.**

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence - Working Capital – Accounts Payable

- **Accounts Payable Review**
  - Summary of accounts payable and DSO Days at key balance sheet dates
  - Aged listing by vendors at key balance sheet dates
  - Summary of aged listings for last 6 months and trends
  - Aged vendor listings for last 3 months
  - Vendor concentration and key vendors
  - Accounts in dispute
  - Credit terms and changes in terms
- **Test**
  - Expense cut-off procedures and after date invoices and cash payments
  - Outstanding invoices
  - Accounts payable to general ledger reconciliations at key balance sheet dates

Understand

I. **Completeness of liabilities.**

II. **Undue pressure being put on vendors which might impact ongoing relationships.**

III. **Are present payment terms sustainable (could impact financing requirements).**

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence - Working Capital – Other Liabilities

- **Other Liabilities Review**
  - Summary of other liabilities at key balance sheet dates
  - Analysis at key balance sheet dates
  - Summary of for last 6 months
  - Disputes
  - Accruals misclassified and/or excluded
    - Accrued bonuses
    - Vacation/holiday pay
    - Warranties
    - Bonuses
    - Restructuring/pay-offs
    - Professional fees
    - Repayable grants e.g., job creation
- **Test**
  - Expense cut-off procedures and after date invoices and cash payments
  - Working papers to general ledger at key balance sheet dates
  - Correct aging of liabilities

Understand

I. **Completeness of liabilities.**

II. **If accruals have been manipulated to impact profitability.**

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence - Working Capital – Fixed Assets

- **Fixed Assets Review**
  - Summary of gross and net fixed assets (and as % of Gross) at key balance sheet dates
  - Compare fixed asset register to general ledger
    - Review fixed asset register
    - Redundant/under-utilized/ obsolete assets
    - Efficiency of plant
    - Identify potential assets to sell
    - Summary of aged listings for fixed assets
  - Capex levels (and assess under investment in Capex)
  - Repayable grants utilized to acquire plant
  - Recent valuation reports
  - Capitalizing expenses (e.g., maintenance, repairs, R&D)
  - Accounting policies and controls
    - Fixed asset existence
    - Depreciation
  - Roll forward of net book value for the historical periods
    - NBV b/f plus Capex less Disposals less Depreciation (which should agree to income statement) to NBV
- **Test**
  - Random test check existence of plant
  - Review auditors checks
  - Agree land/property to property deeds

Establish

I. Valuation risk.

II. Under investment.

III. If you can sell surplus assets.

IV. If could assets could act as collateral.

V. If there are any operational issues.

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence – Net Debt & Debt-Like – Borrowings, Leases and Cash

- **Review of Borrowings and Leases**
  - Summary of debt and leases at key balance sheet dates
  - Key current terms (e.g., interest rates, term, borrower, collateral)
  - Relationships with borrowers and compliance with covenants
  - Copies of agreements
  - Assets pledge
  - Borrowing capacity
  - Correct classification of borrowings
    - Current vs. non-current
    - Operating vs. finance leases
- **Review of Other Debt-Like Instruments**
  - Related part balances
  - Restructuring reserves
- **Review of Cash**
  - List of bank accounts
  - Bank account reconciliations as of key balance sheet dates
  - Cash Restrictions/Letters of credit
  - Schedule of Securities
  - Cash book review
    - Related parties
    - Unusual transactions

Understand

I. Bank compliance.
II. Borrowing capacity.
III. Cost effectiveness of present borrowings.
IV. Any unusual cash payments especially to connected parties.
V. Preference payments.
VI. Restructuring liabilities are like debt.

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence – Contingent Liabilities

Contingent Liabilities Review

- Post retirement benefits
- Self-insurance plans
- Potential liabilities for:
  - Litigation
  - Product Liability
  - Disputes
  - Tax Matters
  - Regulatory Issues
  - Pension Liabilities
  - Discrimination Issues
- Legal letters used for the audits
- Management discussions
- Legal expenses

Understand

I. **Completeness of liabilities.**

II. **If accruals have been manipulated to impact profitability.**

III. Assessing Value Through Due Diligence

(2) Financial Due Diligence – Internal Controls

- **Quality of Financials**
  - Monthly vs. Quarterly. Vs. Annual vs. Audit
  - Working Capital
- **Quality of Reporting**
  - Financial
  - Operational
  - KPIs
- **Accounting procedures manual**
- **Accounting policies/GAAP compliance**
- **Review audit work papers**
- **Reconciliation between**
  - Internal financial statements vs.
  - General ledger
  - Consolidating schedules
  - Audited financial statements vs. tax returns
- **Proof Of Cash**
  - Revenue
  - Purchases
- **Equity Roll Forward**
  - Income plus brought forward reserves equals reserves

Understand

I. Quality and accuracy of reporting.
II. Consistency of reporting by period.
III. Management capabilities.
IV. Opportunities for improvements.

III. Assessing Value Through Due Diligence

(3) Tax Due Diligence

- **Tax due diligence is focused on pitfalls as much as opportunities.**
  - Federal income tax (including international taxes)
    - Uncertain tax positions
    - Deductions
  - State and Local taxes – including State Nexus [HOT ITEM]
    - State Income and franchise taxes
  - Sales and Use taxes
  - Payroll (and 1099) taxes
  - Property taxes
- **Typically, consists of:**
  - Reconciling accounting to tax reporting (e.g., cash vs. accruals)
  - Profit distributions
  - Missed opportunities – special deductions, credits, other incentives
  - Tax compliance (income and other) and audits
  - Open tax years
  - Identification of contingent or off balance sheet liabilities (e.g., payroll taxes i.e., W-2 vs. Independent contractor)
- **Optimal tax deal structure and can you retain taxable benefits?**

Understand

I. If there were Accounting Issues, there is likely to be Tax issues.
II. Was taxable income incorrectly reported?
III. Tax cost for the errors(s)?
IV. Appropriate warranties and indemnifications.

III. Assessing Value Through Due Diligence

(4) Operational Due Diligence

- **Organizational structure**
  - Management capability
  - Operational statistics (especially for government contractors)
  - Capacity restraints, over capacity, efficiency, bottlenecks and under investment
    - Marketing and Sales
    - Production/Operations
    - Distribution
    - Purchasing
    - R&D
    - Capex
- **Vendors**
  - Unreplaceable vendors
  - Standard and Special terms (e.g., minimum purchases)
  - Changing in terms of trading
  - Opportunities for improvements
- **Availability to Resources**
- **Function-Specific Due Diligence** (e.g., Government contracting, Healthcare & Energy)

III. Assessing Value Through Due Diligence

(5) Business Development Due Diligence

- **Customers**
  - Concentration of customer base
  - Stickiness of customers
  - Pricing and terms
- **Pipeline and backlog**
  - Supports projections
  - Deal shaping and capture processes
- **Account management organization**
- **Identify loss making contracts**
- **Thought leadership in market place**
- **Present and future market conditions and growth expectations**
  - Competitive landscape
  - Changing customer requirements
  - Technology threats
- **Funding (e.g., budgets from Local and State Governments)**

III. Assessing Value Through Due Diligence

(6) HR Due Diligence and Cultural Due Diligence - Assessment

- **Labor Relations (Employee Surveys) and Employee Turnover**
- **Employee Remuneration and Competitiveness**
  - Do employees know the value of benefits and long-term incentive plans
  - Pay vs. benefits
    - Stock vs. non-equity incentives
    - Employee Benefits and Post Retirement Benefits
  - Employment contracts including non-competition and protection of IP clauses, notice periods and term requirement (term and delayed incentives especially after a sale)
- **Background checks**
- **Organization**
  - Restructure senior management team and elevate key people?
  - Profile key skillsets in the organization chart
- **Assess and Develop and document an employee retention incentive program for Executives**
- **Enhance talent management**
  - Targets, incentives and performance evaluation
- **Cultural Due Diligence**
  - "Rock Star" vs. "Team" approach
  - International transactions

III. Assessing Value Through Due Diligence

(6) HR Due Diligence and Cultural - Policies

- **Develop standardize HR policies and procedures**
  - Employee handbook
  - HIPPA Regulations
  - Insurance/benefits
  - E-Verify
  - Non-competes
  - Non-discrimination training
  - Email, website and social media use
  - Talking with third parties
- **Corporate Policies and Compliance**
  - Code of business ethics and conduct
  - Conflict policies
  - Diversification
  - Record retention
  - Purchasing

Understand

I. Will Target fit in with Acquirer?
II. Assessment of workforce
III. How should they merge the workforce
IV. Merging remuneration and benefits?
V. New employee procedures and policies?

III. Assessing Value Through Due Diligence

(7) Systems

- **Assess systems, capacity and connectivity**
  - Accounting/ERP systems
  - Communication and telephones
  - Operations
- **Improvements and efficiencies**
- **Licenses**
- **Age and appropriateness of equipment**
- **Level of expenditure and capex**
- **Future developments**
- **Management structure and assessment**
- **Documentation**
- **Intellectual property**
- **Backup**
- **Cybersecurity and disaster recovery plans**
- **Standard Reporting and Procedures**

Understand

I. Adequacy of systems/ lack of investment?
II. Assessment of key vendors.
III. Can the systems be maintained?
IV. Ongoing costs and Capex
V. Should systems be merged with Target or improved and at what cost?

III. Assessing Value Through Due Diligence

(8) Legal, Compliance, Insurance and Regulatory Due Diligence (1/2)

- **Legal Structure**
- **Fillings Completed**
  - Company properly formed (especially for S Corps)
  - Federal and tax
  - Tax
  - Business filings
  - SEC
- **Feedback on company and key executives on website/social media**
- **Disputes identification and resolution**
  - Assess and resolve outstanding legal issues/customer/vendor issues
  - Review of The Foreign Corrupt Practices Act ("FCPA")
- **Intellectual property protected (trademarks, copyrights and patents)**

Understand

I. **Reputational risk.**
II. **$ amount of disputes.**
III. **Operational risks?**
IV. **Strength of ownership of key IP.**

III. Assessing Value Through Due Diligence

(8) Legal, Compliance, Insurance and Regulatory Due Diligence (2/2)

- **Contracts**
  - Change of control
  - Expired or outdated contracts
  - Assess and design standard terms
  - Warranties and liabilities, indemnities, limitations of liabilities
  - Assignment of contracts
- **Property leases**
  - Assess property lease issues e.g. end of term lease obligations, expiring leases
  - Complications when owner owns property through another vehicle (e.g., pension plan)
  - Environmental reviews
- **Insurance and liability protection reviews**
- **Change of control issues**
- **Competition/anti trust issues**

Understand

I. **Quality and risks of contracts.**

II. **Property lease liabilities.**

III. Assessing Value Through Due Diligence

(9) Merger Integration and Synergistic Opportunities Due Diligence – Overview

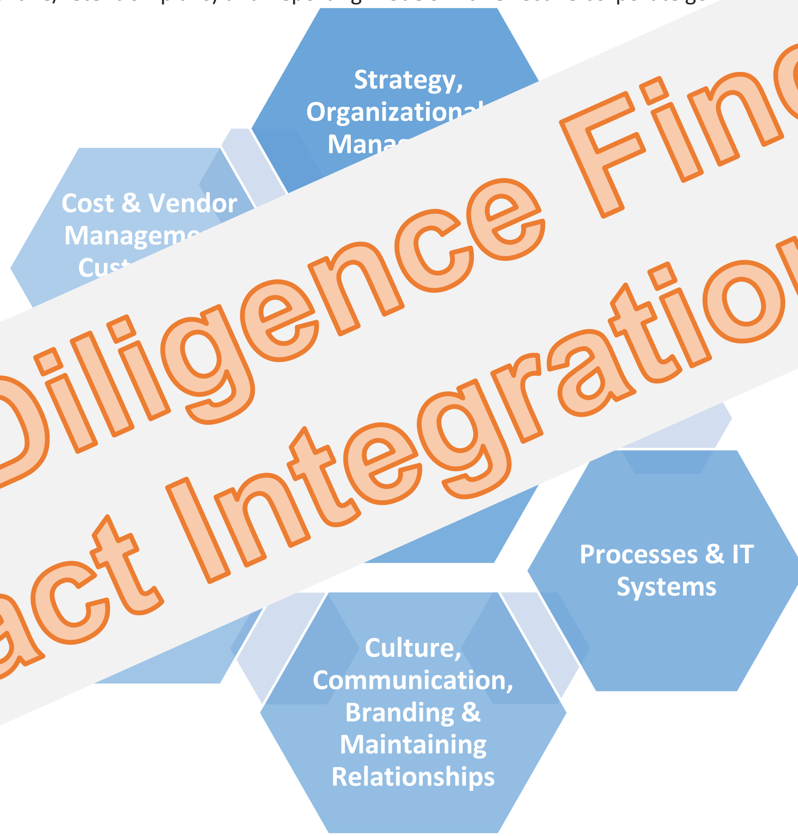
A merger integration team provides a **disciplined** and **fast-paced project management** approach to the **integration process** to improve shareholder … g use of **disciplined and prioritized** planning; delivering a **well-coordinated** launch; and keeping a relentless **focus** on **results** and the key **value drivers** …

Alignment of Strategies, Structure and Integration Plans. Design of Organization (structure of multiple business un… equity/debt structure and revised budget), Operating (integration teams, allocation of responsibiliti… incentive/retention plans) and Reporting models with effective corporate gover…

To quickly boost profitability, streamline operations and maximize returns, evaluate all aspects of a business to determine the appropriateness of cost allotted to each area and the ROI of each expense decision for the company. We recommend a 'zero' based budgeting approach to costs, customers/ products, location… procedures/ tasks.

Deep insi… an…

p… das… info… streng… and ac…



… and … ayable; careful … ory; and improving … ble for cash collection … ies culture should be careful … nitored by KPI's and incentivized by realignment of management incentives (e.g., salesmen for cash collections rather than on orders).

Integration should encompass an honest and intense appraisal of the best operating processes (e.g., Operations/Production, Business development, marketing, purchasing, HR (including employee welfare, remuneration, benefits, assessment and training), finance, IT, e-mail, intranets and accompany policies and producers) and value delivery culture. Improvements have to be institutionalized quickly, sometimes via executive coaching, while still maintaining uniqueness qualities.

Managing and regular communication with energy of "right first time" changes in vision, culture, structure and goals and then performance against goals are fundamental to success and trust which bonds employees to organizations. Changes and perceived uncertainties will be quickly judged and rebelled against via irrational actions if deemed poor leading to loss of employees and customers. Stakeholders expect change post acquisition and it is always best practice to make change quickly, efficiently and in a transparent manner while seeking constant feedback.

Due Diligence Findings Impact Integration Plan.

III. Assessing Value Through Due Diligence

Due Diligence – The Easy Way

Goddard Cartoon ©PharmaVentures; all rights reserved

IV. Common Deal Killer Issues During Due Diligence

IV. Common Deal Killer Issues During Due Diligence

Ill-Conceived Due Diligence Leads To Disaster

Due Diligence is an Art and not a Science

Ask the hard questions and demand well-reasoned answers. Ensure that due diligence plays a central role in any acquisition strategy you pursue and you likely will avoid a failed acquisition.

No deal is complete until the Sale and Purchase Agreement ("S&PA") is signed and cleared funds received; then the focus is on post completion work e.g., working capital and opening balance sheet, integration, assessing claims related to S&PA.

IV. Common Deal Killer Issues During Due Diligence

Overview (1/2)

- **Inexperienced Buyer and/or Seller Teams with Excellent Technical and Industry Skills**
- **Lack of Understanding of Strategy, Valuation and Structure for Acquisitions**
- **Poor Project Management of Due Diligence Process**
- **Mismatch of Expectations**
  - Uneducated buyer
  - Seller's initial guidance was wrong or conflicting
  - Poor or good Management unwilling to remain
  - Versus forecasts
    - Importance of making sure you meet your initial forecasts which can be assessed during the due diligence
  - Adverse change in business trading
  - Working capital shortfalls
  - Post Completion issues
- **Poor Project Management by Seller**
  - Structure data room
  - Poor quality of data (e.g., audited results, adjusted earnings, signed contracts)
  - Too much or too little data and timing of release of data
  - Adequate preparation of management

IV. Common Deal Killer Issues During Due Diligence

Overview (2/2)

- **Process takes too long and distracts management from running business**
- **Access to management (not just investment bankers)**
- **Buyer just interested in data collecting**
- **Lack of focus on key issues**
- **Buyer unable to manage process/uncertainty with ability to complete**
  - Financing
  - Obtaining approval from stakeholders (e.g., investors and management)
  - Own takeover issues
  - Quality of management and business
- **Balanced Approach**
  - Weaknesses can also be an opportunity
    - Distressed deals
    - Performance improvement
    - Buying "On the Cheap"
- **Look for the right answer, do not just be negative**
  - Too negative, can not find financing!

IV. Common Deal Killer Issues During Due Diligence

A Good Team Is Required

- **Excellent technical and industry skills**
- **Good communication skills with other team members**
- **Certain Good Soft Skills**
  - Integrity, Integrity and Integrity
  - Respect in that if you treat people well, by and large, they will treat you well.
  - Intellectual Curiosity which drives the Passion for Learning, Excellence and Innovation.
  - High Tempo with a Will to Win as we are personally accountable and responsible for delivering on our commitments in a timely and efficient manner.
  - Professionalism and Client-Centric Commitment which leads to stronger long-term relationships with and better empathy for clients.
  - Transparency with an open culture and honest and direct communication so that everyone has the ability to promptly judge performance and improve.
  - Trust and Support for the Team so there is confidence to collaborate and excel within a team.
  - Passion as life is too short not to do what you believe in.
  - Attention to detail while still seeing the big picture.

IV. Common Deal Killer Issues During Due Diligence

Good Communication and Project Management

Good communication and project management between members of deal teams essential so that can deal with due diligence by either withdrawing from process or via:

- ✓ Price reduction
- ✓ Structure (cash vs. stock vs. earn-outs vs. escrow accounts)
- ✓ Legal protection
- ✓ Insurance
- ✓ Corrected via merger integration/performance improvement initiatives
- ✓ Assessment of findings (e.g., cost of putting right or integrating business and impact on projections)

V. Wrap Up and Questions

V. Wrap Up and Questions

Questions

VI. Farrell Advisory

VI. Farrell Advisory

Overview of Corporate Finance & Growth Advisory Services

Mergers & Acquisitions

- Define strategy and structure.
- Pre-Sale Diagnostics ("Staging for Sale"):
  - Assess readiness for sale.
  - Maximize valuation.
  - Tactical, strategic and implementation advice.
- Transaction Advisory Services:
  - Buy-side due diligence;
  - Operational carve outs;
  - Lender due diligence;
  - Tax due diligence;
  - Sell-side due diligence.
- Project manage acquisitions and divestitures.
- Negotiate with third parties.
- Legal issues (i.e., working capital, earnings, and accounting).
- Integrate acquisitions.

Integration and Growth Initiatives

- Growth strategy.
  - Define companies key strategic objectives.
  - Assessment of strategic alternatives for shareholder value maximization.
  - Articulate actions plans to implementation.
- New business development.
- Operational performance:
  - Define plans to improve performance, increase efficiency, reduce cost of production/ delivery of service.
  - Align management's remuneration with other stakeholders' objectives.
- Executive and staff development.
- Solution/product development.

Chief Financial Officer Function

- Interim CFO.
- Develop strategy, budgets and business plans.
- Develop performance analytics.
- Optimize performance reporting.
- Transform financial operations.
- Align organization and define and implement cost reductions and RIF planning.
- Valuation advisory services and expert witness consulting.
- Tax advisory service.
- Corporate governance and board roles.

Restructuring & Business Reengineering

- Perform business diagnostic assessments for banks and other stakeholders on distressed businesses.
- Turnaround and restructuring.
- Define plans to improve performance, increase efficiency, reduce cost of production/delivery of service and aligned management's remuneration with other stakeholders' objectives.
- Transform business operations.
- Negotiate and evaluate new terms of lending.
- Project manage and liaise with key stakeholders.

VI. Farrell Advisory

David Farrell, President

David Farrell

Professional Involvement:

- The Institute of Charted Accountants in England and Wales (Qualified as Chartered Accountant and in Corporate Finance).
- Member of Association of Insolvency & Restructuring ("AIRA").
- Association of Corporate Growth ("ACG"), National Chapter.

Community Involvement:

- Board Member and Former Treasurer, Higher Achievement.
- Board Member and Treasurer, National Capital Poison Center.
- Board Member and Treasurer, Capital for Children.

David Farrell has over twenty years of experience in Transaction Advisory Services (buy-side and sell-side due diligence and carve-outs) and Restructuring & Business Reengineering either as a consultant (Partner and Managing Director) at Big 4 (KPMG), international consulting practices (FTI Consulting) and national accounting firms (Cherry Bekaert, a Baker Tilly network firm) or as principal (CFO or Strategic roles) at listed and Management Buy-Out ("MBO") businesses, covering both the strategic as well as the transactional side of the business, with deep knowledge of the U.S., European and emerging markets. Among David's achievements are:

- Led over 138 transactions with revenue exceeding $68 billion across multiple sectors and countries with companies ranging from small to very large, from family owned to publicly listed, from local to multinational corporations.
- Significant experience in technology and telecommunications, government contracting and defense, manufacturing (industrials), distribution, asset rental, health and energy, franchise and business service sectors.
- Performed over 31 significant U.S. engagements (e.g., buy-side due diligence, business diagnostics and performance improvement) in the government contracting sector including multi-million dollar performance improvement engagement to multi-billion global government services provider in support of U.S. national security and foreign policy objectives.
- Extensive experience helping companies improve their performance by increased efficiency, better control of their working capital, reduced cost of production/delivery of service and by focusing on their profitable parts of their business.
- Led over 23 significant creditor and debtor side restructuring and business diagnostic engagements (revenues in excess of $14B) assisting SunTrust (LandAmerica), Bank of America, Lewis & Bockius, counterparties of Vitro, S.A.B. de C.V., Landis Rath & Cobb, and Kodak with their strategic options.
- Led and performed three major sell-side and carve out consulting engagements for Sara Lee, BP and Delphi.
- Served in multiple CFO and strategic roles at corporate head offices with a focus on M&A (20 transactions), performance improvement, merger integration, carve outs of non-core businesses and alignment of management's remuneration with shareholders' objectives.
- Included within his significant experience in over 45 IT M&A transactions, David managed the disposal of a European listed company, with over $500 million of revenue in technology and financial services businesses, the repurchase (and subsequent sale of several businesses) of the technology group of businesses via a Management Buy-Out vehicle and a reverse take-over of a AIM listed technical training business.

VI. Farrell Advisory

Examples of Clients from Prior Firms and Current Clients – Over 138 Transactions with Revenue Exceeding $68B

Private Equity Firms

The Halifax Group
Cerberus Capital Management, L.P.
Wynnchurch | Capital
LBC Credit Partners
Ares
H.I.G. Capital
BOE Black Orchid Equity
ACP Arlington Capital Partners
Bilgola Capital
Goldman Sachs
The Gores Group

Corporations

DynCorp International
Delphi
BAE Systems
Rice Industries, Inc.
Sara Lee
PSS Preferred Systems Solutions
Kodak
bp
Summation360™ a TWI innovation

Banks

Bank of America
SunTrust
PNC
M&T Bank
Regions

VI. Farrell Advisory

Prior Firms and Current Clients – Over 138 Corporate Finance Transactions with Revenue Exceeding $68B

Dawsongroup plc

Strategic and Interim CFO roles including carve out of 50% of business and negotiation of M&A contracts, due diligence & merger integration.

Lynx plc

Sale of listed group to Skandia, MBO of technology businesses, reverse take-over of AIM listed company, several M&A transactions and Interim CFO & Strategic roles.

WC WYNNCHURCH | CAPITAL

Due diligence on merger of two window companies with ~ $200M of revenue.

WC WYNNCHURCH | CAPITAL

Due diligence on pipe manufacturer with $375M of revenue.

LBC Credit Partners

Due diligence for $150M media and distribution company.

Cerberus Capital Management, L.P.

Due diligence of coal mine ($370 m revenue).

Lender (confidential)

Due diligence of talent management IT company ($130M of revenue).

Peet's Coffee & Tea

Due diligence on Stumptown (roaster, coffee bars and distributor of coffee)

Portfolio of PE Firm (confidential)

Integration & business diagnostic review of $150m energy cleaning service company.

The Halifax Group

Due diligence for buyer of U.S. home healthcare franchise

Portfolio of PE Firm (confidential)

Performance improvement of $3.5B government contractor.

Portfolio of PE Firm (confidential)

Due diligence of a carve-out of an international home land security company ($140 m revenue).

BAE SYSTEMS

Due diligence of United Defense ($4B in revenue).

SunTrust

Business diagnostic review of distressed government contractor ($70M of revenue).

Bank of America

Business diagnostic review of distressed government contractor ($180M of revenue).

Atrium Windows and Doors

Creditors advisor for unsecured creditors of $530M housing parts manufacturer.

LandAmerica

Creditors advisory for SunTrust on LandAmerica with $2.7B of revenue.

Kodak

Debtors restructuring advice for $6.5B company.

Vitro The Glass Company

Creditors advisory for $2.4B distressed international glass manufacturer.

DELPHI

Carve-out & pro-forma new cost base and sell-side due diligence of $1.3B revenue companies in Chapter 11.

FARRELL ADVISORY INC.

Global Standards Driving Customized Solutions

David Farrell
Farrell Advisory Inc.
1621 35th Street, N.W.
Washington, D.C. 20007 U.S.A.
david@farrelladvisory.com
Direct: +1 (202) 525-2055
Cell: +1 (202) 436-2629
www.farrelladvisory.com