

**The Atlanta CPA firm that
treats your business like it's our own.**

Quality of Earnings and Financial Due Diligence Services



www.ckhgroup.com

Meet CKH Group:

Boutique Service, Big-Firm Capabilities



For over 20 years, CKH Group has been Atlanta's trusted CPA partner, delivering personalized service backed by resources and technology that scales as you do.



CKH Group isn't a one-person accounting office juggling too many hats, and we're not a giant firm where you're just another client file.



We answer the phone. We know your name. And we adapt with every change, leveraging resources most boutique firms don't have, and delivering the responsive, personal service big firms can't match.



That's how we solve problems before they become problems – by treating them as our own.



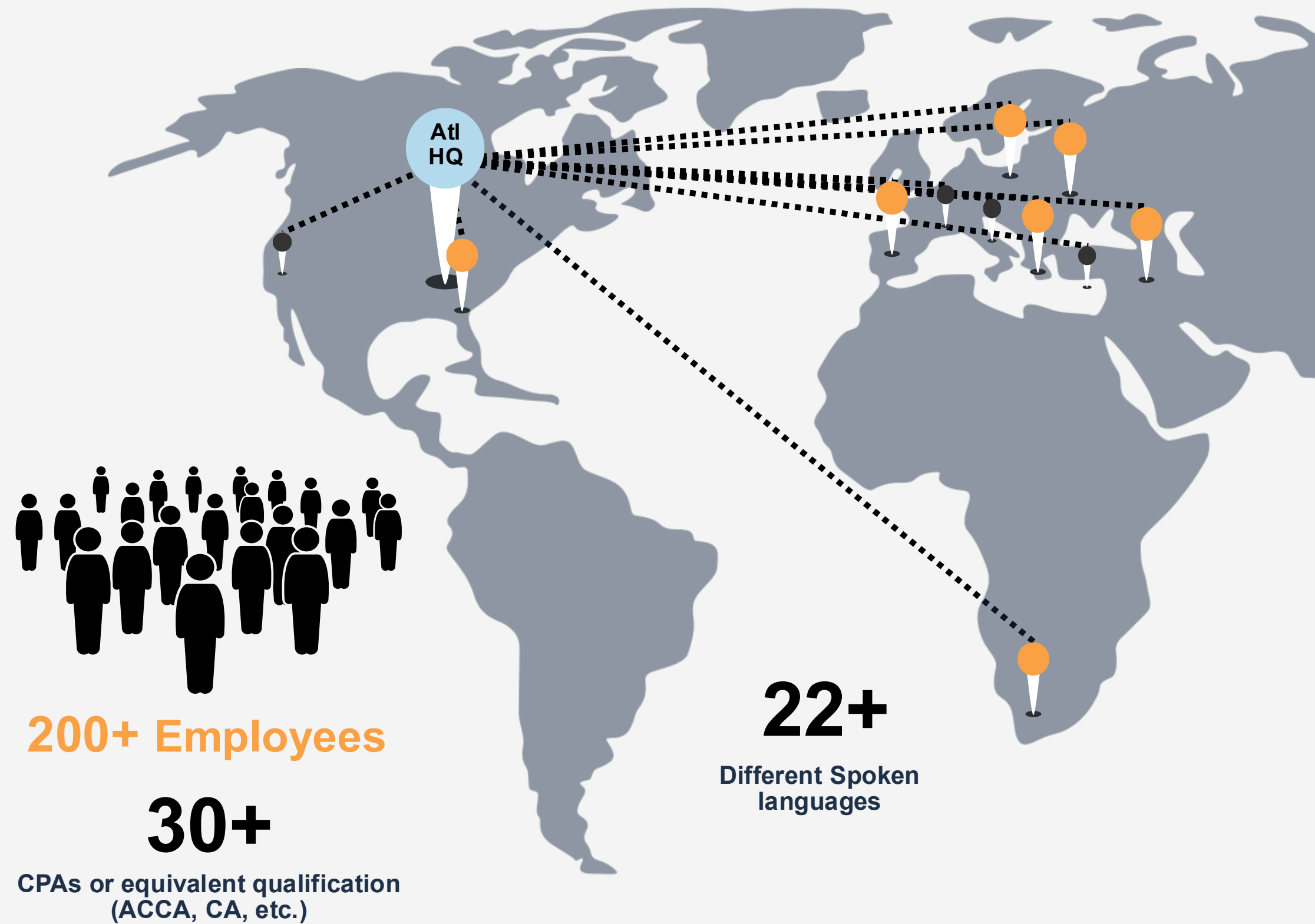
CKH GROUP CAPABILITIES

Our global structure employs a combination of on-site teams and remote employees across the world to give you around-the-clock support. This method gives us access to top talent across the world without the big-firm price tag.

Our team is already trusted by:

- Fortune 1000 companies
- Multinational brands
- Federal entities
- Companies with locations in 22+ countries
- Private Equity Firms

- ✓ **M&A**
- ✓ **Due Diligence**
- ✓ **Full-Scope Accounting**



QUALITY OF EARNINGS REPORTS

Negotiate Transactions Confidently



Full Report

A comprehensive report (typically 30 pages) ready to be shared with counterparties to facilitate securing the investment or loan.

This report includes our typical full scope of sections including an overview, financial statements, quality of earnings, financial performance, and working capital.



Limited Scope

Don't need a full report?

We can also accommodate a limited scope data book with only the items that you need. Just choose which sections to focus on.



We work harder so you can save smarter.
Get confidence and peace of mind when negotiating your M&A purchase terms.

- ✓ Analyze historical operating results and working capital needs
- ✓ Evaluate the “quality” and sustainability of a company’s earnings and normalized earnings (“adjusted EBITDA”), propose adjustments
- ✓ Review the revenue and perform a proof of cash reconciliation.
- ✓ Review application of accounting policies and principles.
- ✓ Analyze customer concertation
- ✓ Evaluate profitable vs. non-profitable product-lines



FULL REPORT

SECTION A - OVERVIEW

- A1.** Company overview and background (based on the research and the interview with the Seller)
- A2.** Description of accounting systems and department
- A3.** Explanation Of Accounting Practices Variation From GAAP
- A4.** Potential risks or concerns GAAP

SECTION B – FINANCIAL STATEMENTS

- B1.** Balance sheet:
 - Review of assets and liabilities and adjustments for overstated/understated items
- B2.** Revenue Analysis:
 - Revenue recognition policies and practices
 - Revenue trends and growth rates
 - Seasonality and cyclicalities
 - Deferred revenue analysis
- B3.** COGS and Gross Margin Analysis
 - COGS breakdown
 - Gross margin trends
 - Inventory adjustments
- B4.** Operating Expense Analysis
 - Detailed analysis of operating expenses
 - Personnel costs
 - Rent, utilities, telephone, IT and Software
 - Other significant expenses
- B5.** Non-operating expense analysis



FULL REPORT

SECTION C – QUALITY OF EARNINGS

C1. Net income to EBITDA reconciliation

C2. Diligence-Adjusted EBITDA:

- Normalization adjustments (timing etc.)
- Non-recurring income/expenses
- Owner's compensation adjustments
- Discretionary transactionsxx

SECTION D – FINANCIAL PERFORMANCE

D1. Proof of cash

D2. Vendor analysis:

- Vendor concentration
- AP aging

D3. Customer analysis:

- Customer concentration
- Customer profitability
- Aging AR
- Bad debt analysis

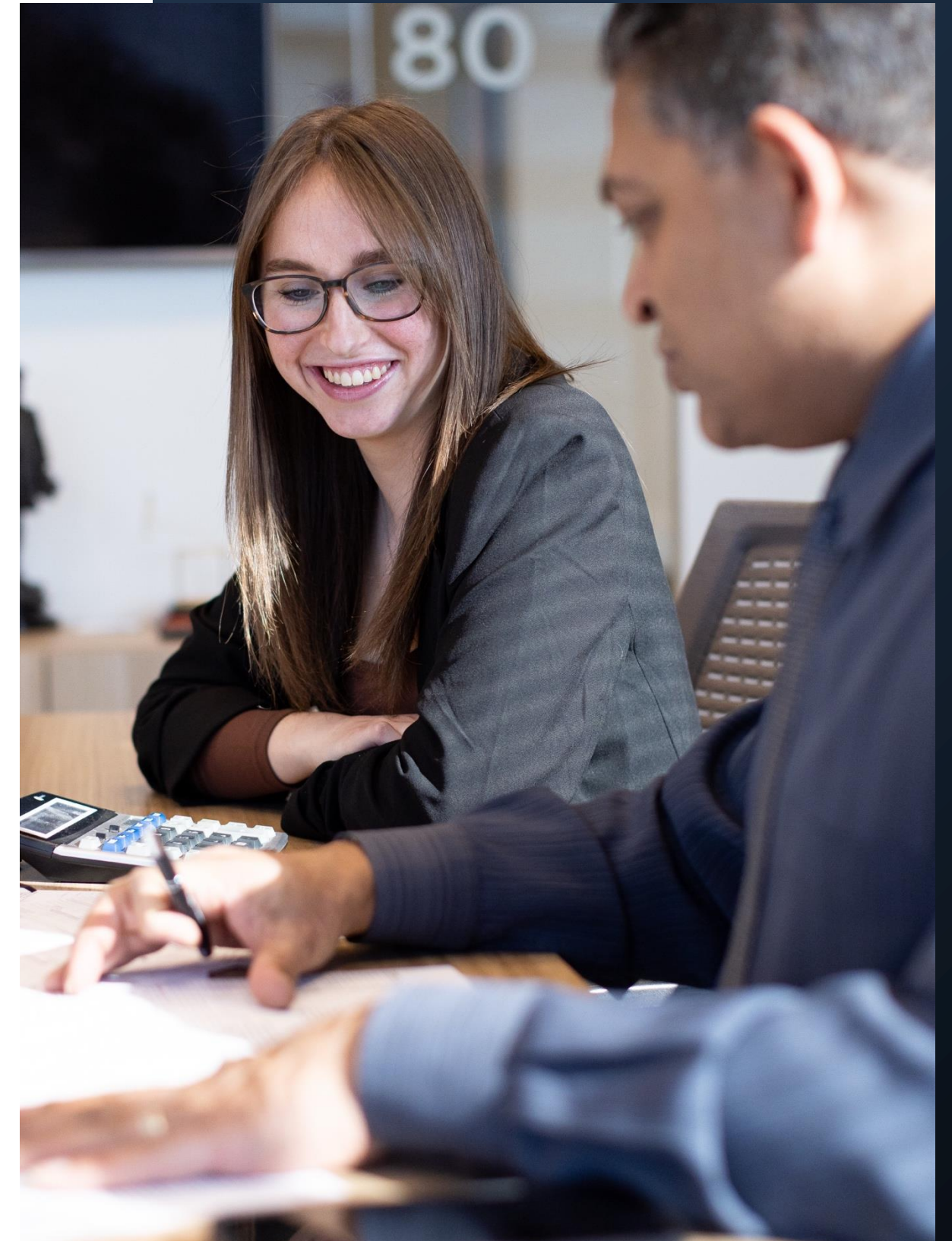
D4. Gross margin by product line

SECTION E – WORKING CAPITAL

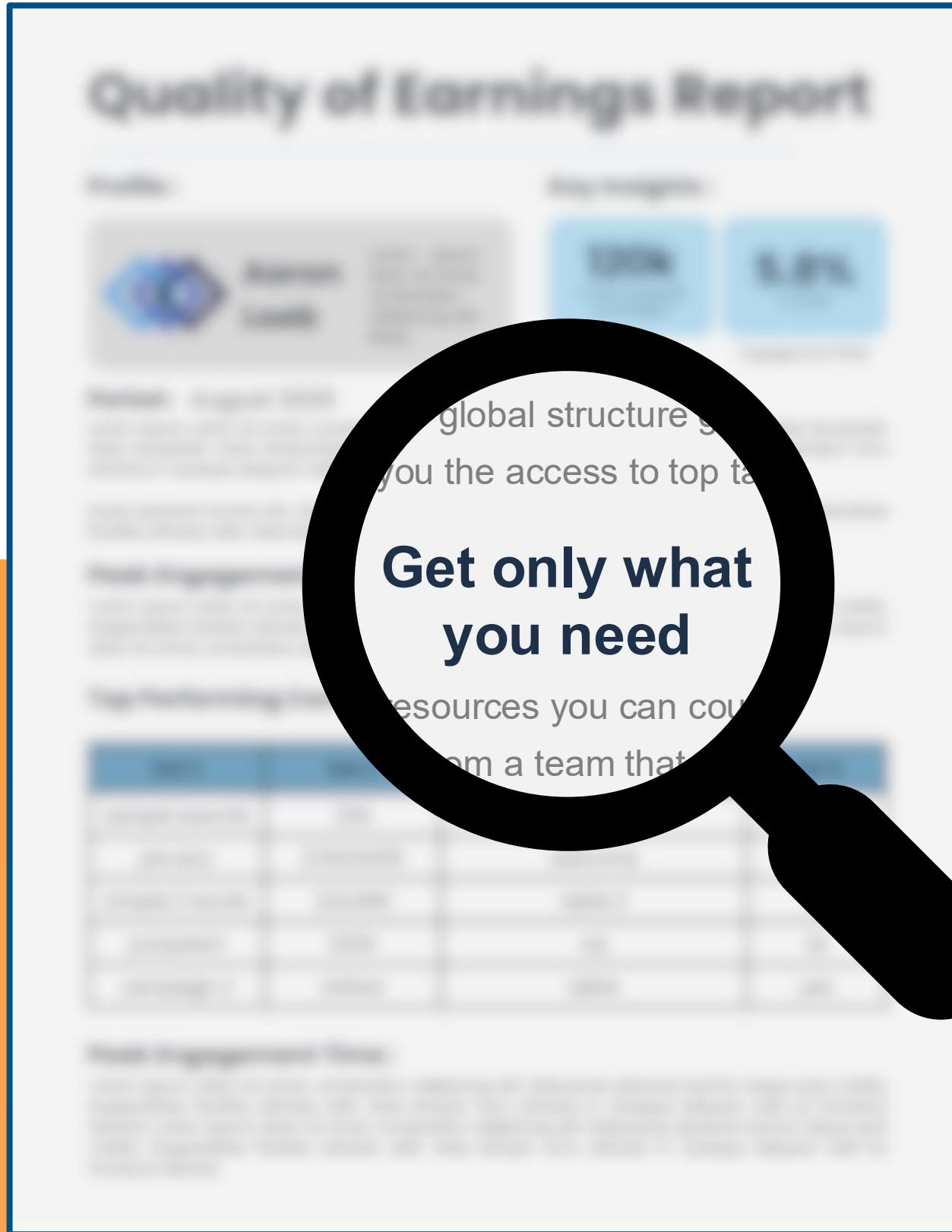
E1. Net Working Capital Analysis by month - Historical cash flow trends

E2. Working Capital Factors (DSO, DPO, DOH, Inventory Turns, Cash Conversion Cycle, other applicable ratios)

E3. Targets: 3 months, 6 months, 12 months



LIMITED SCOPE



Don't need a full report?

We can prepare a limited scope review/databook to meet your needs instead.

We can provide you with agreed-upon procedures (financial review).

Simply choose the sections from the full QOE report that you would like us to focus on and we will provide you with a custom quote. This is a great way to balance cost, speed, and confidence that you have the materials to negotiate for better purchase terms.

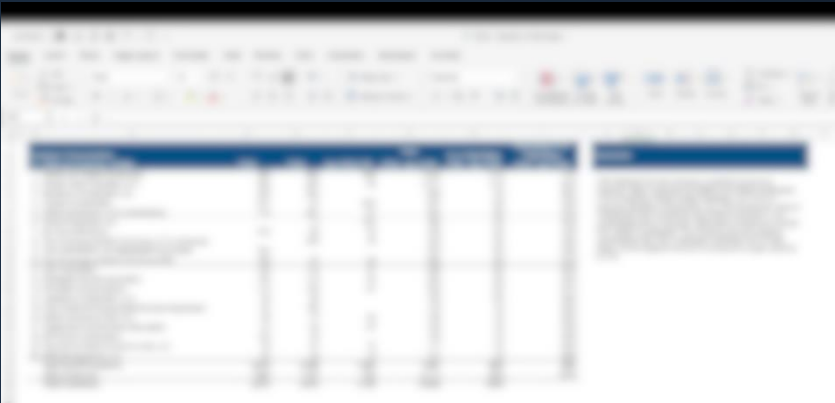
Example Databook (Excel)

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Introduction



Concertation



QoE



IS



BS



Graphs



PoC

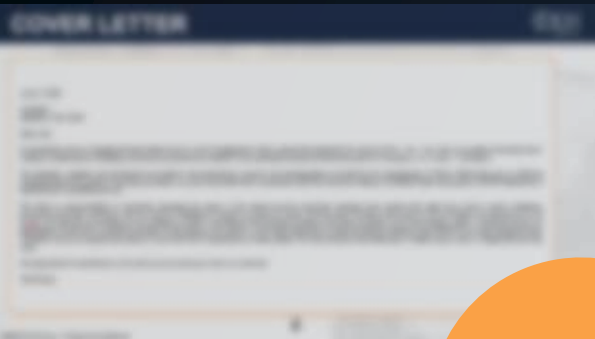


WC

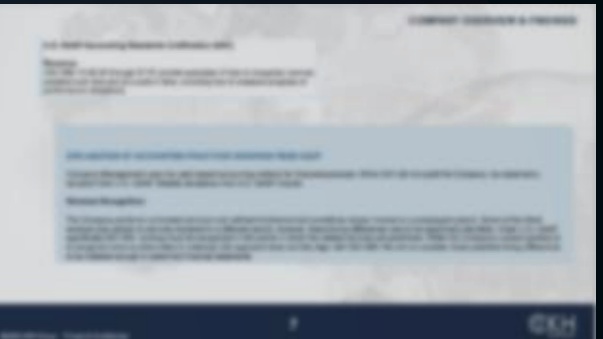
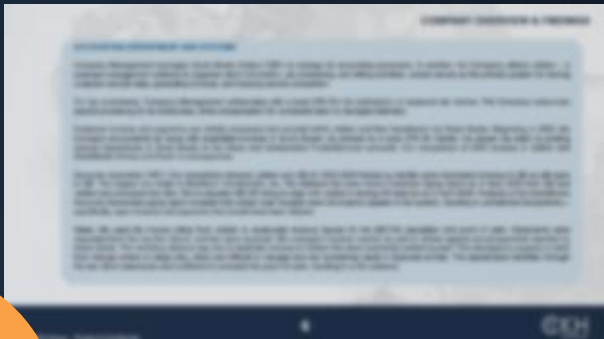


Example Presentation (Slide Deck)

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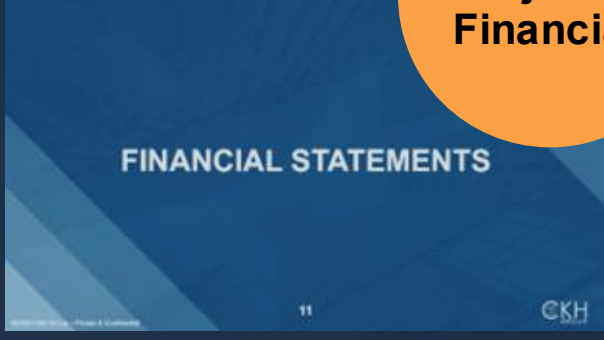
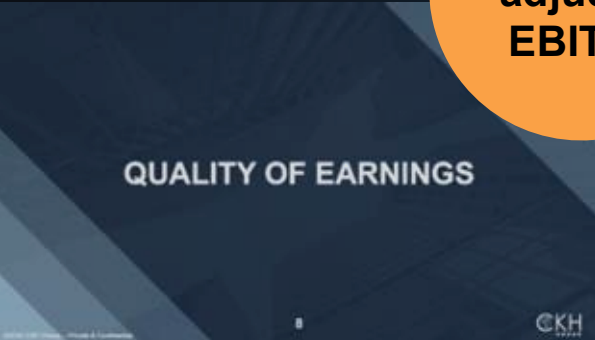


SECTION	PAGE
Company Overview & Findings	4
Quality of Earnings (EBITDA)	9
Financial Statements	11
Financial Performance	16
Working Capital	23



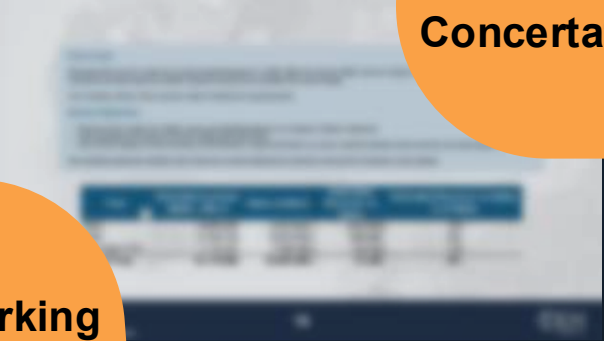
Accurately adjusted EBITDA

Adjusted Financials



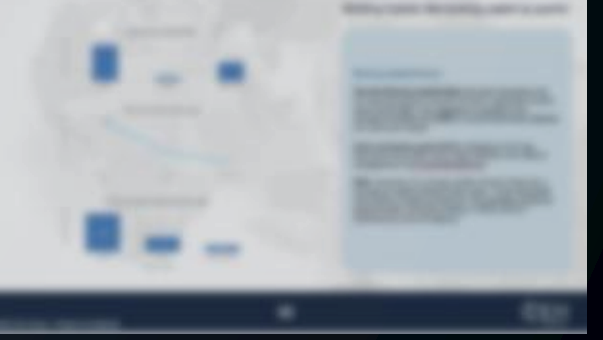
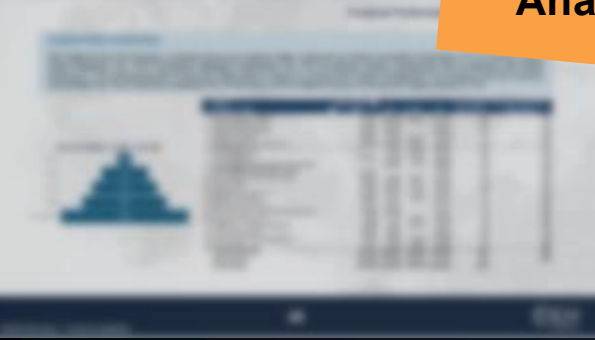
Adjusted Balance Sheet


Vendor Concentration



Customer Concentration & Aging Analysis

Net Working Capital



A woman with long brown hair and black-rimmed glasses is sitting at a white desk in an office. She is wearing a light-colored button-down shirt and is smiling broadly at the camera. She is holding a black pen over a laptop. On the desk in front of her is a white mug. To her left, there is a dark bag. The background shows a window with white curtains and a view of the outdoors.

For a small to mid-sized company,
**Receive your read-to-share report in
just 22 days** from the date all necessary
information is received

**This range is an estimate and do not indicate a contractual obligation. A more accurate timeline will be presented upon receipt of your target company's accounting system details and Balance Sheet and P&L statements for the past two years.*

We'd love to work with you
Let's talk about next steps.

1

Discovery call leads to
a quote and an
engagement letter

2

We gather all necessary
information

3

We perform the QofE
analysis

4

Receive your QofE
report



Let's Stay in Touch



1-770-495-9077



info@ckhgroup.com



Headquarters:

5 Concourse Parkway Ste #2800
Atlanta, GA 30328



www.ckhgroup.com

