

## Upcoming National Events

A key value proposition of membership is the Networking opportunities offered to enrich your M&A network, increase dealmaking, and advance your career. AM&AA offers Chapter events throughout the year that are held in-person or virtually. These events include expert speakers or panelists and are organized by local Chapter leaders.

[Register for the Next Chapter Event Near You or Online!](#)

**November 29, 2022**  
**AM&AA TownHall: The Importance of Cybersecurity in Middle Market Deals**

**December 14, 2022**  
**Webinar: Know the Ins-and-Outs of Integration; Improve Your Deal Flow**

**February 8-9, 2023**  
**Winter Conference, St. Petersburg Florida**

**February 10, 2023**  
**Chapter Leader Workshop, St. Petersburg Florida**



# AM&AA MidMarkettalk

BROUGHT TO YOU BY THE ALLIANCE OF M&A ADVISORS

FALL 2022

## Letter From the Chairman

Greetings all, we hope your summer season and the first three quarters of 2022 have gone well for you. Despite challenging economic conditions this year, the M&A market continues to see robust deal flow across numerous areas and industries. The fourth quarter will likely see a sprint to close deals by the year's end, and to position new opportunities for a strong first quarter of 2023.

As noted elsewhere in this newsletter, the AM&AA Summer Conference was a rousing success. Attendees enjoyed networking, deal connections, and educational offerings, all presented at the historic Adolphus Hotel in downtown Dallas. Next year, we are excited to present the 2023 Winter Conference in St. Petersburg, Florida, on February 8-10 at The Vinoy Renaissance Resort & Golf Club. Join us for more opportunities for deal flow networking and the latest updates on the M&A market, presented by industry experts. Registration is now open, so don't delay and take advantage of early-bird pricing.

The National Advisory Council, which I am honored to chair, has been quite busy this year, working with national staff to further advance the mission that is the Alliance. The Council's Education Committee continues to present Certified M&A Advisor sessions via both webinar and in-person options, along with timely, topical town halls and market-relevant webinars.

The Membership Committee is working with AM&AA staff to enhance the benefits offered to Alliance members, developing additional benefit options to ensure current and new members receive the best return possible for their membership dollars.

The Chapters Committee has been active with onboarding new chapters, facilitating current chapters events and governance matters, and working closely with the Membership and Marketing/Communications Committees to spread the news to chapter leaders and others on why Alliance membership and chapter involvement are key value adds for those involved in M&A.

As Alliance membership continues to grow, our chapters are expanding to more markets around the country. Education and market-trending updates are increasing in frequency and presenting industry-relevant topics for M&A professionals within all transactional disciplines. We are just beginning to scratch the surface of how we plan to advance the Alliance as the premier organization in the M&A field. Join us at the Winter Conference, attend a chapter event in your area, or participate in a webinar, town hall, or M&A Access program to see for yourself how and why AM&AA is the place to be.

Warmest regards,

**Dave Asmus**

Advisory Council Chair; CM&AA



## The Inflation Reduction Act: What You Need to Know

*By Adam Naporadny, David Rainey, Yelena Sheremeta, and William Weatherford*

In August 2022, Senate Democrats passed the Inflation Reduction Act of 2022 (IRA) via the reconciliation process as a replacement to the Build Back Better Act. This bill includes many of the

*Continued on page 2*

## 5 Ways that Understanding Integrations Improves Your Deals

*By Steve Nunn*

Acquisitions and integrations are two parts of the same initiative: value creation. An acquiring client, the Deal Team, and the Integration Team are dependent upon each other to succeed. The Integration Team delivers the value that the client wants, based upon the Deal Team's strategy. All need the acquisition to be considered a success: otherwise, they are associated with its failure.

Those who understand integrations can apply that knowledge to improve the odds of success. Let's look at five ways that demonstrate how understanding integrations improves deal-making.

### 1. Forecast Revenues More Accurately

The acquisition process includes modelling the future state of the business, forecasting what revenues it will make, as well as when they will be

*Continued on page 5*

Democrats' social, energy, and tax policies. Here is a high-level overview of the tax provisions in the IRA.

### 15% Corporate Minimum Tax

The IRA proposes a new 15% corporate alternative minimum tax (CAMT) on adjusted financial statement income, i.e., book income, for corporations with profits in excess of \$1 billion. This is similar to the proposal included in previous versions of the Build Back Better Act.

To determine if a corporation is subject to the CAMT, the IRA provides an "average annual adjusted financial statement income test," which is met if a corporation's average annual adjusted financial statement income for a three-year period ending with the year being tested exceeds \$1 billion (or since the corporation was formed, if less than three years). For global companies with book earnings exceeding \$1 billion, to meet the average annual adjusted financial statement income test, the companies must also generate at least \$100 million in U.S. revenue.

In determining the \$1 billion threshold, most portfolio companies may be counted separately from their owners, so that smaller companies are not inadvertently subject to the CAMT if their income was otherwise combined with unrelated businesses owned by an umbrella investment fund or partnership.

Aggregation rules are provided for U.S. corporations owned by a foreign parent and worldwide reporting groups. In addition, companies may reduce book income for the Base Erosion and Anti-Abuse Tax (BEAT), and there are certain rules for accounting for foreign income under Section 951.

In calculating a corporation's book income there are also special rules for adjusting for defined benefit pension plans, adding back federal taxes, investing in partnerships, and excluding income from tax-exempt entities included in consolidated financials that is not unrelated trade or business income. In addition, for property to which Section 168 applies, adjusted financial statement income can be reduced by Section 167 depreciation deductions, which is intended to benefit manufacturers subject to the CAMT.

The bill also establishes a new concept of a financial statement

# Effective January 1, 2023, the IRA imposes a 1% tax on the fair market value of any stock of a corporation that is repurchased by the corporation.

net operating loss, which is limited to 80% utilization and defined as the amount of net loss on the corporation's applicable financial statement for taxable years ending after December 31, 2019. As such, companies subject to the CAMT likely will need to calculate separate computations to determine book income for CAMT purposes.

The U.S. Department of the Treasury (Treasury) is directed to further flesh out exceptions to the CAMT when there is a change in ownership or the corporation does not meet the three-year average threshold test for a specified number of consecutive years.

The CAMT is effective for taxable years beginning after December 31, 2022.

### Stock Buyback Tax

Effective January 1, 2023, the IRA imposes a 1% tax on the fair market value of any stock of a corporation that is repurchased by the corporation. This applies to any corporation whose stock is traded on an established securities market, but there are exceptions for:

- Reorganizations where no gain or loss is recognized on the stock buyback;
- Repurchased stock contributed to an employer-sponsored

retirement plan or employee stock ownership plan;

- When the total value of the repurchased stock during the tax year does not exceed \$1 million;
- Security dealers in their ordinary course of business;
- Repurchases by regulated investment companies or real estate investment trusts; and
- Stock buybacks treated as dividends.
- Special rules are provided for purchases by affiliates and related corporations.

### Climate & Energy Tax Incentives

The IRA has numerous energy and climate provisions, including tax credits for clean energy and carbon, tax credits for clean fuels, tax credits for clean energy and efficiency for individual taxpayers, clean vehicle tax incentives, clean electricity and clean transportation incentives, and more.

Many of these credits also have new requirements that must be met to qualify for the full credit amount rather than the lower base amount. These new requirements include such things as meeting wage requirements by paying wages to contractors or subcontractors on projects at or above certain

levels, and apprenticeship requirements that are to be met by having a certain number of labor hours performed by qualified apprentices. Certain credits also have domestic content rules that either must be met to qualify for the credit or would lead to an increased amount of the credit if met.

### Excess Business Losses

The IRA also extends for two years the limitation on excess business losses for noncorporate businesses. Currently, such taxpayers can't deduct losses for tax years through 2026, but this bill extends the period through 2028.

### IRS Funding

The bill also includes \$80 billion for the IRS to fund

- Taxpayer services, including pre-filing assistance and education, filling and account services, and taxpayer advocacy services.
- Tax enforcement activities, including tax collection, legal and litigation support, criminal investigations, digital asset monitoring and compliance activities, and financial and tax crimes enforcement.
- Business systems modernization, including developing callback technology and other technology to provide a more personalized customer service experience.

In addition, the IRS is directed to establish a task force to design an IRS-run, free, mobile-friendly "direct-file" tax return system, and to provide an initial report to Congress within nine months.

### Impact on M&A transactions

The provisions included in the IRA are not expected to have a significant impact on middle-market M&A. What is notable about the IRA is what it didn't include—the proposed furthering of the restriction on carried interest by expanding the holding period from three years to five. Although carried interest serves as a useful foil for certain politicians, the proposed change was only expected to raise approximately \$14 billion in new revenue over a 10-year period, which was fairly inconsequential as compared to the other revenue-raising provisions (the corporate alternative minimum tax is expected to raise more than \$200 billion over the same period).

# Welcome, New Members

On behalf of the AM&AA we would like to welcome our newest members to the association. Membership in AM&AA means lending your voice to the strength AM&AA. We look forward to working together in growth and relevancy in our industry to make this an enriching and rewarding experience for all members.

## The keys to success are:

- Stay current by visiting the AM&AA website regularly
- Attend as many local and national conferences and events
- Consider the educational certification opportunities
- Membership Guide: take full advantage of this research tool
- Participate in sponsorship opportunities: get your name out there
- Read the weekly emails regarding industry updates, market trends, and upcoming events

First Name	Last Name	Company
<b>Arizona Chapter</b>		
David	VanSlyke	Bankers Trust
<b>Atlanta Chapter</b>		
Sylvester	Ford	Alternative Finance and Business Strategies LLC
William	Graham	Wm Graham and Associates
<b>Dallas-Fort Worth Chapter</b>		
Hunter	Allemand	Moriah Consulting
Mark	Avery	Hajjar Peters, LLP
Robert	Banowsky	Platt Cheema Richmond PLLC
Callie	Blankenau	The Stephens Group
Jonathan	Dorsey	Vector Advisory Services, LLC
Tony	Enlow	CohnReznick, LLP
Stephanie	Erwin	Polaxis
Marc	Farmer	UMB Bank
Rosco	Graves	Polaxis
Renick	Hall	TEG Capital Advisors
Aaron	Handler	
Kimberly	Harrison	Vertess
Jim	Johnson	Cadence Business Finance
John	Ledyard	Higginbotham.com
Brooks	Morrow	360 Wealth
Blake	Peart	Vertess
Gene	Quigley	Vertess
Sterling	Smith	Moss Adams
<b>DC/MD/VA Chapter</b>		
Katy	(Herr) Hew	Audacia Strategies
Chris	Ayers	Sterling Point Advisors
Edward	Bortnick	SKMB, P.A. CPA'S & bBUSINESS vALUATORS
Sarah	Bothner	The Capital ESOP Group at UBS
Scott	Fischer	Denny Adams, LLC
Brian	Kellenberger	DFIN
<b>Houston Chapter</b>		
John	Bradford	Liskow
Kevin	Davis	BNY Mellon
Joeanthony	Leyva	Fifth Third Business Capital
Bennett	Williams	West Shore Home
William	Wu	Expense Reduction Analysts
<b>Long Island Chapter</b>		
Todd	Bass	Center For Wealth Preservation, a MassMutual Company
Cristina	Givelechian	City National Bank
<b>Midwest Chapter</b>		
John	Fullerton	Transworld Business Advisors Omaha S
William	Kettering	Diesel Forward
Elijah	McCray	Pursant, LLC
Patrick	McDaniel	Hylant
Drent	Shields	PKF Mueller
Matt	Uhl	Calder Capital
<b>NE Ohio Chapter</b>		
Katie	Chryst	Hylant
Michael	Ella	
Paul	Gallagher	Rising Tide Ventures
Sasha	Herzig	KeyBank
Tina	Huang	HK Vet Care
<b>New England Chapter</b>		
Doug	Corrigan	Iconic Advisers, LLC
Jen	Goldman	Jen Goldman Consulting LLC
Linh	Johansson	Flippa.com
Angela	Martin Schnellinger	Devine, Millimet & Branch, Professional Association
Cory	Melnick	Atlantic Management Company
R. Gregg	Nourjian	Mid-Market Securities LLC
Jason	Perloth	Southfield Capital
Joseph	Wik	Policastro & Associates, LLC

## New Member Highlights (continued)

New York City Chapter		
Jeffrey	Goldman	PKF O'connor Davies
Daniel	Graham	PKF O'Connor Davies
Frank	Mancuso	Two Roads Partners
Rocky Mountain Chapter		
Jessen	Gregory Perko	RUDDY GREGORY PLLC
Shahab	Maslehati	Seed Money Consulting
Megan	Mciver	
Spencer	Williams	Madfarm LLC
South Florida Chapter		
Chris	McCarty	First Business Bank
Rob	Regan	Boyne Capital
Chierno	Skinner	Ocean Bank
Southern Nevada Chapter		
Aaron	Wilcox	RubinBrown
Tampa Bay Chapter		
Jonathan C.	Ferro	Synovous Bank
Mike	Shea	Shea Barclay Group
Doug	Sullivan	Sullivan Business Advisors, LLC
Patrick	Watkins	Osceola Capital
Utah Chapter		
Tyler	Gatherum	Bernstein Private Wealth Management
Diana	George	KeyBank Family Wealth
Nathan	Hurlbut	Greenberg Traurig LLP
Jace	Johnson	KeyBank
Ethan	Lee	Cooper Norman
Zak	Nugent	Scalar, LLC
Michael	Sauer	Scorpion
Austen	Sybert	Delta Trail Capital, LLC
General Membership		
Dan	Bensema	Luna Venture Partners
Dan	Bowlzer	Octopoda.uk
David	Broussard	VERTESS
Aston	Brown	Phoenix Park Gas Procesors Ltd.
Madison	Brown	ACT Capital Advisors
Manuel	Chalbaud Castellanos	Chalbaud & Co
Alvin	Dookie	Phoenix Park Gas Processors
Clifton	Drew	Five Talents Financial Group
Anna	Elliott	Vertess
Dante	Fichera	Independent Investment Bankers Corp.
David	Ford	Ford Law Firm LLC
Garrison	Glisson	ACT Capital Advisors
Robert	Hartman	M&A Business Advisors
Scott	Hartwig	Hartwig Consulting
Taylor	Kendall	Lutz
Johanna	Knight	Joni Knight Realty Group Inc
Michael	Lipschutz	Kreischer Miller
Patton	Lowe	Smith Leonard PLLC
Charles	Marshall	Priority Metrics Group
Joseph	May	Adelphi Capital Partners LLC
Darren	Mills	Kelleher + Holland, LLC
Jacob	Orosz	Morgan & Westfield
Joshua	Park	Truck Pro LLC
Chris	Podlasek	AmeriTex Pipe & Products
Jeffrey	Potts	Gold Country Advisors, Inc.
Alexander	Radetich	Alertgy
Ken	Saddler	B2B CFO Partners
Jean	Sartor	SRT Brasil
Joseph	Sexton	American Healthcare Capital
Vic	Sibilla	
Mohd Faizan	Siddiqi	Legalo Explore LLP
Matthew	Sprague	Hedman M&A Advisors
Kristoffer	Stapelmann	Aquisis LLC
Rick	Thomas	First Generation Advisors, LLC
Samuel	Tsui	Actual Consulting Limited
Lori	Van Dyke	Riverview Advisory Group
Jack	Welch	ACT Capital Advisors
Aimee	Werner	Lutz
Michael	Yi	Newport Valuations, Inc.

### **5 Ways that Understanding Integrations Improves Your Deals**

Continued from page 1

realized. If revenues are late, it devalues the deal. Knowledge of how integrations work help you forecast accurately and negotiate favorably the terms of the deal.

For example, if you appreciate what is involved in merging all the product lines together, you can predict the merged products' market release date. When you know these milestones, you can forecast the revenues of the combined business more accurately.

### **2. Get More Value From Due Diligence**

If you understand integrations, you can look at due diligence beyond validation of the seller's disclosures and potential risks. Where could the problem areas of this integration be? You can identify costlier projects, longer timelines, or both, which helps to predict revenue timelines.

For example, your synergies depend upon moving employees from both businesses into a single building. When you examine the office leases, you realize that capacity is insufficient, requiring a different plan and higher costs. With this knowledge, you

can adjust the terms of the deal.

### **3. Talk With Authority About Integration Costs**

Understanding the process—and the problems that can hinder an integration—empowers you to talk with authority about integration costs. This puts you in a stronger negotiating position when adjusting purchase prices.

For example, the target business has a separate marketing team for each product, and the acquirer needs to create a single team. The time needed for the marketing teams' integration will be prolonged, as you merge the different org charts, processes, technologies, and cultures of the teams. This will affect the Go-To-Market Plan and hence the revenues.

### **4. Redefine How Success Is Measured**

With larger deals, success is usually measured in financial terms, typically revenues, profits, or share price. Alternatively, smaller businesses are acquired for their future potential. These integrations should be considered a success when they have completed "building blocks" towards that future.

Examples of success mea-

asures could be:

- Release of a merged product line within six months of the acquisition
- Opening new offices in a desired area within a projected timeline
- Retaining 90% of the acquired staff and doubling the size of the R&D team within a projected timeline
- Surveys showing an improvement of customer success by a projected percentage

### **5. Readiness for the Next Deal**

Delivering integrations requires navigating complexities in interdependencies, accommodating unexpected discoveries, business culture differences, and more. Understanding how workstreams complete integration tasks helps you plan for the subsequent acquisitions.

If you are about to acquire a business while there is an integration still underway, your business plan should consider that deliverables could be delayed while resources are dedicated to the current integration.

For example, a prospective acquisition has eCommerce spread across three platforms. The plan is to consolidate them

under a single platform, but the teams that would do this are still working on an earlier integration. The Deal Team's forecasts must take account that eCommerce revenues will be delayed.

Steve Nunn is the CEO of Intista, a company that helps acquirers of lower-mid and mid-size businesses integrate their acquisitions by building their in-house integration teams or providing the resources for them. With more than 15 years' experience in post-merger integration and decades in operations, project management, training, and staff development, he has led or participated in acquisition integrations in size from five to 38,000 staff. His industry experience includes technology, healthcare, life sciences, engineering, architecture, heavy industry, retail, staffing, and academia. He has worked in more than 20 countries and is based in Florida. Contact him via [steve@intista.com](mailto:steve@intista.com).

Intista offers certification in integration with its Certified Acquisition Integration Manager (CAIM) program. AM&AA members and their clients benefit from a \$500 discount to the CAIM. For more information on the CAIM program, contact [info@intista.com](mailto:info@intista.com) or look for the member benefit on the AM&AA website.



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# AM&AA Summer Conference

This July, the AM&AA Summer Conference was held at the historic Adolphus in Dallas, Texas. It was a hub of networking, learning, and nurturing important relationships. Over 700 meetings were reported via the conference app, with many impromptu meetings taking place as well. Highlights from the event included the Market Update, led by Graeme Frasier, the opening reception, and Deal Connect.



# AM&AA Chapter Update



## ATLANTA CHAPTER

Two CM&AA graduates joined forces to begin the Atlanta Chapter, bringing the value of a local chapter to the Atlanta market. Subsequently, these two joined one another in launching an investment banking firm, which highlights the strength of connections formed through AM&AA. The first Atlanta event was held in April with guest speaker Bill McAlpin from Dealware presenting regional results from the recent AM&AA deal survey. This event hosted a strong initial turnout, and the chapter looks forward to serving the Atlanta market with future events.

## HOUSTON CHAPTER

The Houston Chapter was revived with the first meeting on April 28 with a networking event re-introducing AM&AA to the Houston marketplace. Christine Hollinden, Founder of Hollinden Marketers, was integral in the relaunch of this chapter, as she identified several local M&A leaders who were good prospects to participate. They have already had four events, averaging 40 local M&A professionals, as well as recently starting a six-part series of educational events on the "Deal Lifecycle Series."

## UTAH CHAPTER

For quite some time, AM&AA members in Utah were traveling to Denver for the Rocky Mountain Chapter events. The newly formed Utah Chapter became a growing necessity as the group size doubled in strength. The Utah Chapter is led by Executive Committee members Cameron Cole, Tyler Gatherum, and James Morgan. They have hosted their first two events with strong attendance and member interest.

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