



MOWERY & SCHOENFELD

2019
Annual Report



Embracing change

Clients and friends,

This year, our leadership team looked around and realized we are no longer the local Firm we have identified as for the past two decades. Rather, we have grown into a firm focused on offering a full suite of best-in-class services and industry-leading specializations to our clients.

The idea of “growth mindset” is a popular one these days, popping up in schools and organizations all around. For us, this is a necessary reality to be embraced. When our Firm began, we had just three employees. At the end of this year, we will approach 100. Our client list spans industries from construction, to technology, to professional services; and niche services for international tax, search funds, and specialized business tax studies.

Our challenge in the coming years is clear - how do we maintain our nimble, accessible culture while also pushing our teams to grow? The following document outlines much of what we accomplished this past year, but also looks ahead as we continue to drive toward excellence. We are very happy to have you along for the ride!

Sincerely,



Jeffery L. Mowery
Managing Partner



OUR MISSION IS TO HELP
our clients *AND* our team

ACHIEVE SUCCESS

FOR OUR CLIENTS
we uncover solutions to business
and financial challenges using an
» ENTREPRENEURIAL
VISIONARY
A P P R O A C H

FOR OUR TEAM
we support a firm that encourages
PERSONAL GROWTH
AND professional development in a
COMFORTABLE &
REWARDING ENVIRONMENT

Our History



Our Firm was founded in 1996 by members of large firms looking for a new, more personal way to do accounting. With a focus on building a community of the highest-quality accountants – partnering each day with our diverse network of clients – we realize this vision.

The Firm's first growth milestone was a 2008 move to new office space in Lincolnshire to accommodate our nearly 20 employees. Shortly after, Jeff Mowery was named Managing Partner with the clear focus of Firm growth.

In August 2009, we completed our first acquisition of Katch-Tyson, doubling our revenue and adding 18 team members. At the same time, we broadened our focus to prioritize our people. With ambitious growth goals, attracting and retaining top talent became of the utmost importance. Our efforts were rewarded in 2011, when we were named one of *Accounting Today's Best Accounting Firms to Work For*. We have proudly earned this designation each year since.

From 2012 through 2015, our growth was expansive, averaging a merger each year. Revenue grew from \$5.8M in 2012 to \$12.5M in 2017, when we were named one of *Inc.'s 5000 Fastest Growing Private Companies in America*, as well as *Best of the Best* and *Fastest Growing Firms* by *Inside Public Accounting*, and *Member Firm of the Year* by *Geneva Group International*.

In 2014, we took on a new initiative to become a greater steward of our community. M&S Cares sets aside over 400 service hours during the work week for team members to come together and give back. With a focus on "Helping Charities Help Children," we now enjoy ongoing partnerships with Arden Shore, Feed My Starving Children, Twice as Nice Mother and Child, Bernie's Book Bank, The Sports Shed and others. We also are an active participant in the Illinois CPA Society's Day of Service.

Made up of 10 partners and over 85 total employees, our Firm now ranks among the top 10 in Illinois. We continue to grow our expertise, client base and employee count each year. Our founders and leadership team remain accessible and involved in the growth and support of all staff members. Our Firm is committed to offering exposure to multiple disciplines and projects, while providing the systems and support employees need. We pride ourselves on being nimble, entrepreneurial and looking at all projects and engagements through the lens of our clients.

Executive Team



Jeffery Mowery

Managing Partner

Founder
Specializes in complex business and international tax strategies



Keith Schoenfeld

Audit Partner

Founder
Practice leader for not-for-profit clients
Leads Firm recruiting efforts



Michael Deering

Tax Partner

Director of Taxes
Specializes in private client and wealth management services



Michael Kidd

Consulting Partner

Director of Transaction Advisory Services
Specializes in search funds, due diligence, and mergers and acquisitions



Emo Dellanina

Accounting Partner

Director of Specialized Accounting Services
Specializes in outsourced accounting and CFO functions for small businesses and entrepreneurs



Tom Keenan

Audit Partner

Founding member
Director of Assurance



Anthony Collotta

Audit Partner

Practice leader for manufacturing industry
Leads quality control efforts for the Firm



Matt Schoenfeld

Administration Partner

Director of Administration
Leads the administration, human resources and information technology efforts for the Firm



Gary Hart

Tax Partner

Specializes in private client services and tax planning and preparation



Jonathan Sniegowski

Tax Partner

Focus on specialized tax strategies for businesses and their owners

Staff Promotions

Senior Manager

Jed Ang
Senior Tax Manager

Michelle Haines
Senior Assurance Manager

Nicole Lindley
Senior Tax Manager

Ryan Olliges
Senior Assurance Manager

Pat Schreiber
Senior SAS Manager

Manager

Loren Thompson
Office Manager

Senior Associate

Brandon Boyle
Senior Tax Associate

Veronica Hejnar
Senior Audit Associate

Shannon Magnus
Senior Tax Associate

Jeff Mueller
Senior Tax Associate

Kelsey Niede
Senior Assurance Associate

John Proksa
Senior Assurance Associate

Jennifer Wolfe
Senior Tax Associate

Firm Resources

Growth is not only about the top line. It translates to the support and resources available to our team members and clients. We are always committed to staying one step ahead to ensure we are focused on being prepared for future growth.

Technology

Our philosophy is to offer best-in-class technology solutions, systems and hardware for our teams and clients. We ensure our data and property are as secure as possible, while making the user experience as seamless as possible.

ACTIVITIES: IT strategy, risk management, operations, information security, system administration

Human Resources + Recruiting

We are focused on attracting top talent from the best accounting programs, and finding individuals who will thrive in our culture – supporting our team members through best-in-class benefits, competitive compensation, and a supportive and safe work environment for all.

ACTIVITIES: Recruiting, career management, benefits, compensation, performance management, continuing education, certifications, licensing, soft skills and personnel training

Marketing

Our efforts are grounded in the position that we are one Firm, with one voice, serving one client at a time. We do not sell products, we build relationships and help our clients solve problems.

ACTIVITIES: Marketing strategy, annual planning, branding, collateral development, employee engagement, digital presence, marketing and communications training, firm presentation

Quality Control

Mowery & Schoenfeld is committed to providing a superior work product, supported by both internal and external processes, as well as safe guards to ensure the highest standard of quality.

ACTIVITIES: AICPA Peer Review Program, internal multi-level peer review, dedicated QC manager

Training + Onboarding

As part of our growth culture, we want to prepare our people for success from day one. We support a comprehensive, structured onboarding process, as well as ongoing learning opportunities - both internally and through continued education and outside opportunities.

ACTIVITIES: Onboarding process, continuing professional education, certifications, advanced certifications or degree reimbursement, cross-functional internal training

Service Overview

We focus on helping clients solve problems each day. While we strive to always maintain our personal touch and entrepreneurial spirit, our services must be diverse and specialized to meet the needs of our clients. Our offices are divided into six service areas, each designed to meet clients where they are and help them achieve financial success in the future.



TAX

Business taxation
Specialized taxation
High-net-worth individual taxation
Estate, gift and trust taxation
State and local taxation
Tax transaction advisory
International taxation



TRANSACTION ADVISORY

Preparing for sale
Due diligence
Tax planning
Transaction structuring
Quality of earnings
Post-transaction support



WEALTH MANAGEMENT

Portfolio management
Financial planning
Family office support
Fiduciary support services



ASSURANCE

Audit, review, and compilation
Forecasts
Projections
Agreed-upon procedures



SPECIALIZED ACCOUNTING

On-site and cloud-based solutions
People and technology solutions
Outsourced CFO advisory



BUSINESS ADVISORY

Business and financial strategy
Risk management
Succession planning
International onboarding

International Partnerships



Geneva Group International (GGI)

As an active member in the Geneva Group International (GGI), a leading global alliance of professional service firms, we leverage the international capabilities and expertise of our member partners. Managing Partner, Jeff Mowery is the North American chairman of the GGI International Tax Practice Group and has presented at over 16 conferences in the past four years. In 2017, Mowery & Schoenfeld was named *Member Firm of the Year*, and in 2019 Jeff Mowery, was named *Most Innovative Presenter*.



605 members worldwide
126 represented countries
28.9K employees worldwide
\$5.6 billion in cumulative revenue



2019 Results

\$14.6 million

We saw organic revenue growth of 13% from fiscal year 2018 to 2019 – the strongest in the Firm’s history. Growth was due to three main factors. First, the Firm focused on providing new services to existing clients. Second, our Transaction Advisory group leads the industry in providing holistic accounting and consulting services throughout the fund lifecycle to the search fund community. Third, our tax department increased expertise and offerings with specialized tax planning, including cost segregation studies, research and development studies, and Wayfair analyses.

85 employees

The Firm grew its headcount by 33% from 64 to 85 employees this year. In addition to increased efforts and reach for entry-level hiring, we are focused on bringing in new lateral talent at middle and senior levels. We continue to prioritize internal development and promoted five team members to senior manager, one to manager, and seven to senior associate. We enjoyed our largest intern class to date, and are excited to welcome an additional 20 interns in the coming year. All of these efforts required a new position, and we welcomed a recruiting manager in August. Our plan is to employ over 100 team members by the end of the year.

+90 net promoter

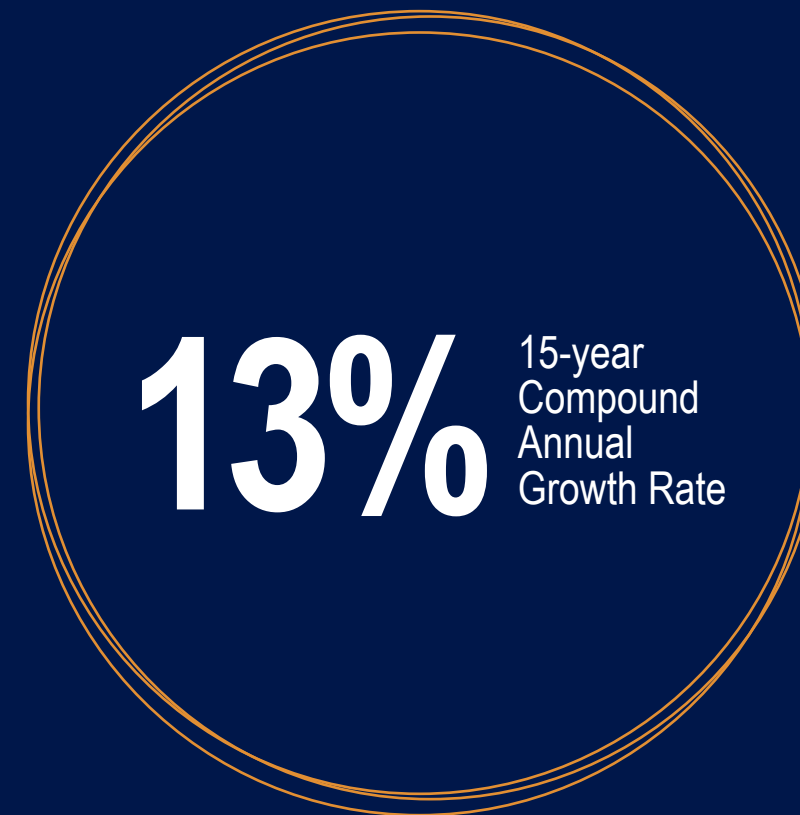
From day one, Mowery & Schoenfeld had a commitment to acting as a partner and advisor to our clients, not just a service provider. We are grateful for the referral work which fuels our business. Our net promoter score measures clients’ willingness to recommend Mowery & Schoenfeld on a scale of -100 to +100. We are proud that our efforts to make each client our top priority have resulted in a score of +90!

top place to work

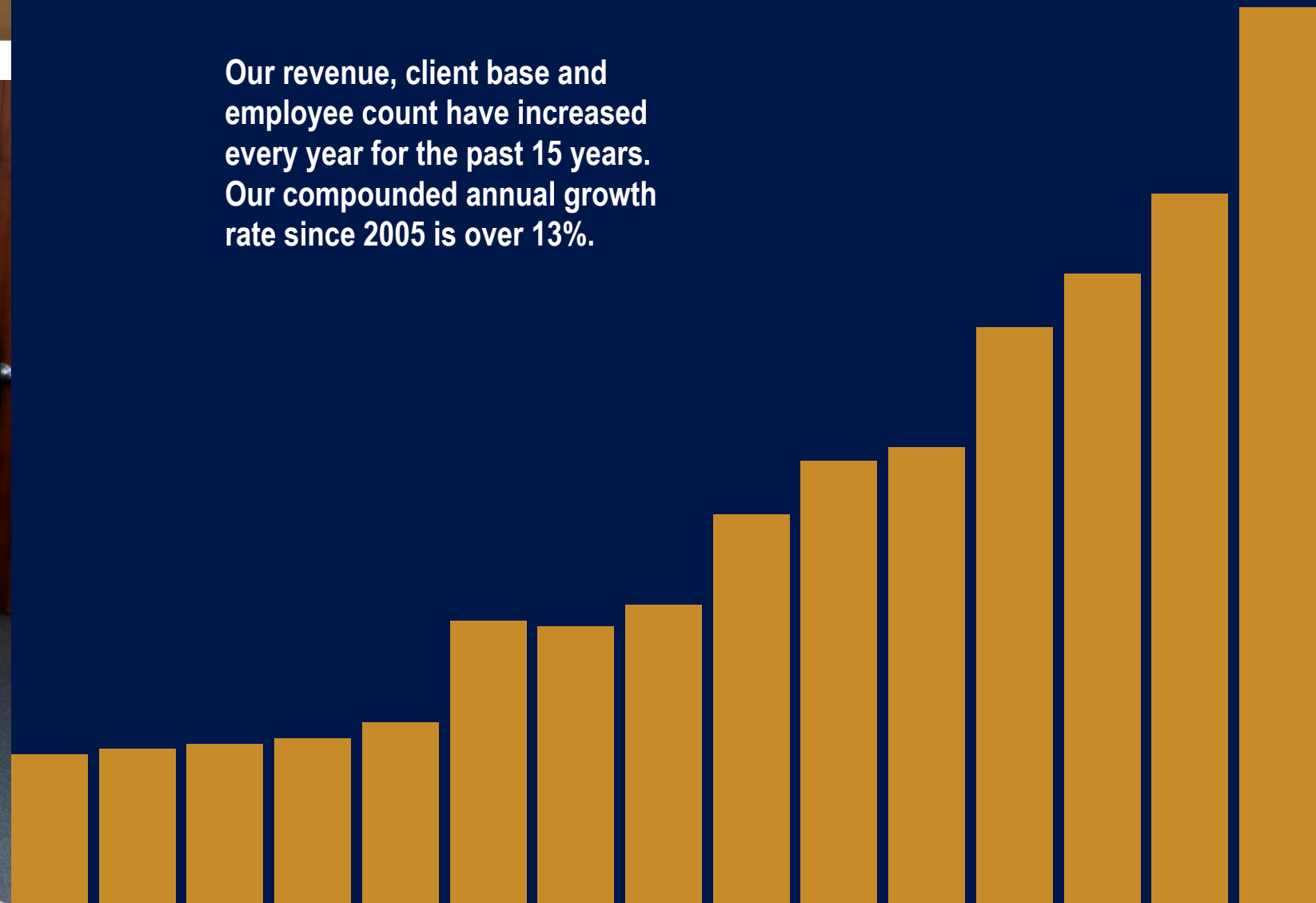
For the ninth consecutive year, Mowery & Schoenfeld was recognized as a top place to work. We are proud of the work we do to support and grow our team members. In building our new offices, we took the opportunity to think differently - designing spaces to drive collaboration, open lines of communication, create comfort, and give people some quiet places to regroup when needed.

3,000 clients

Our client base continues to grow, but so do our unique engagements. In the past year, we focused on building relationships with our current clients to provide more holistic services – from tax to assurance to advisory. We continue to build expertise in key industries including manufacturing and distribution, construction, not-for-profit, high-net-worth individuals, search funds, professional services and technology.



Our revenue, client base and employee count have increased every year for the past 15 years. Our compounded annual growth rate since 2005 is over 13%.

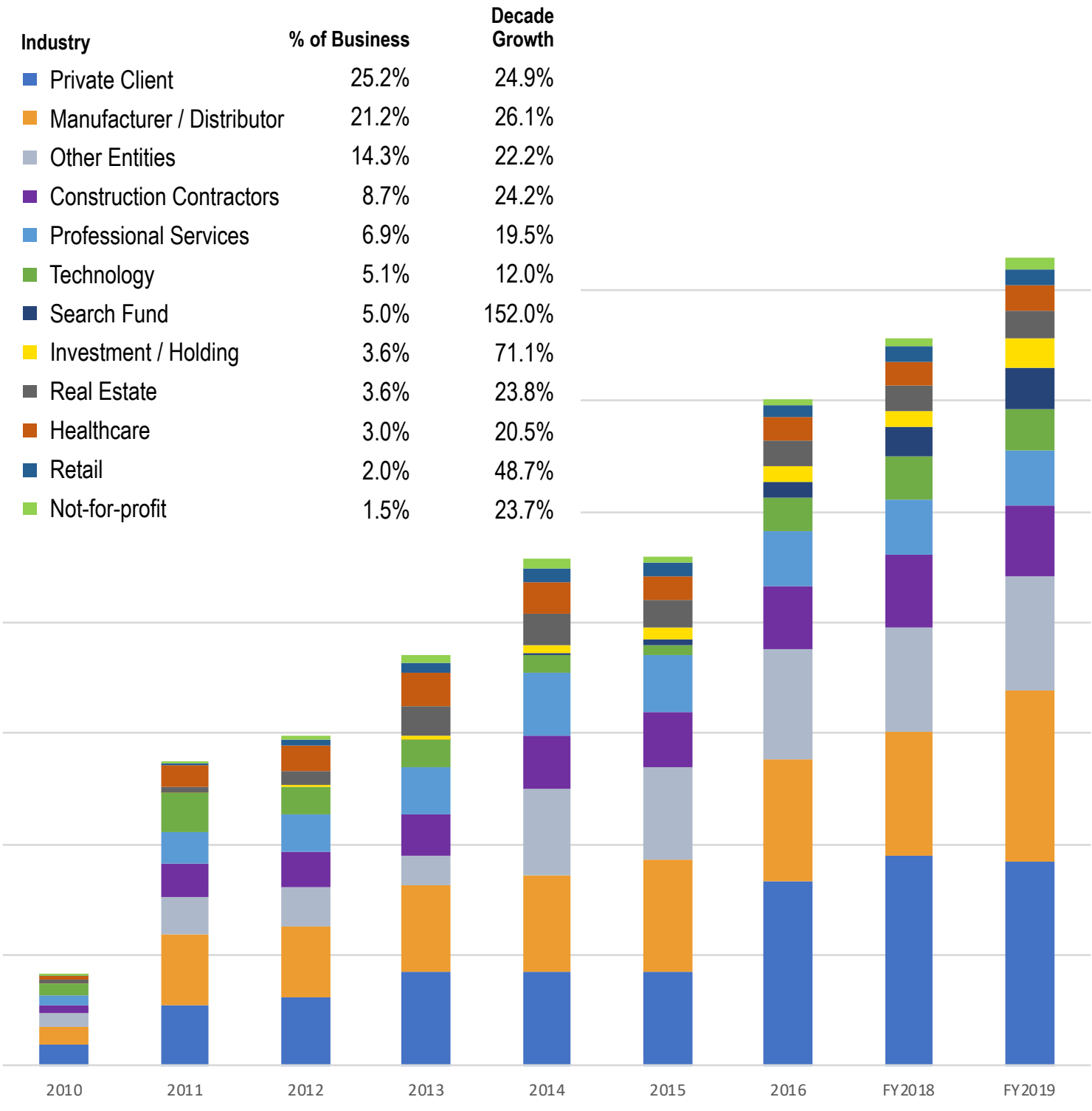


Industry Growth

Industry Expertise

Over time, we built a reputation and specialized service offerings for multiple industries. We are proud to have a practice lead dedicated to understanding the specific needs and concerns of the top industries we serve. Many of our practice leads are active members in industry associations, act as advisors or board members, and have years of experience gaining relevant knowledge.

The charts below give a visual representation of our current revenue by key industry, as well as growth during the past decade.

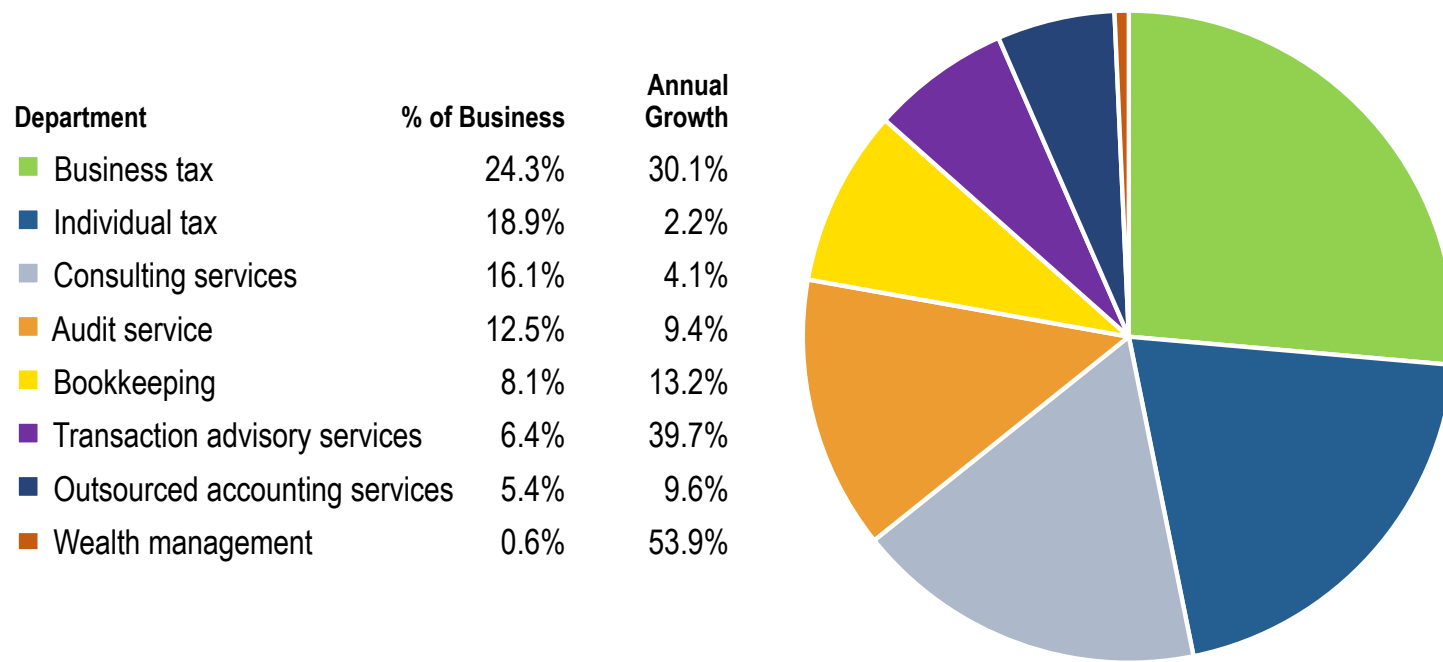


Service Growth

Service Expertise

Mowery & Schoenfeld is a comprehensive accounting firm with eight defined service areas - business tax, individual tax, consulting, audit, bookkeeping, transaction advisory, outsourced accounting and wealth management. Collectively, we serve over 3,000 clients each year. We focus our growth strategy on industry drivers as well as our team's expertise.

The charts below give a visual representation of our current revenue and growth by department for the past year.



Growth Areas

In addition to focusing on key industries, we have made strategic choices around specialized services where we see opportunity and can offer expertise. For the coming year, our teams are focused on building out unique knowledge around:

Transaction Advisory Services

As a generation ages and boomers begin to divest their businesses, there is substantial demand for transaction services in the marketplace. Our engagement approach is designed to help clients through the buy/sell experience and provide unique financial transparency throughout the process.

Annual growth of 39.7%
Annual revenue of \$1 million

Specialized Accounting Services

Our Specialized Accounting Services group has seen significant growth in both bookkeeping services (+13.2%) and outsourced accounting services (+9.6%). We work with our clients to augment or replace their internal accounting staff to lower costs and improve outcomes.

Annual growth of 11.7%
Annual revenue of \$2 million

Business Tax

As part of the 2017 Tax Cuts & Jobs Act, many businesses are eligible to take advantage of new strategies. Our teams have built expertise and specialization around optimal entity and transaction structuring, cost segregation studies, R&D credits, and Wayfair analyses.

Annual growth of 30.1%
Annual revenue of \$4 million

- 
- 1 Support and build the Mowery & Schoenfeld brand among all key stakeholders
 - 2 Act as a key partner for our clients, helping solve problems rather than simply providing services
 - 3 Develop a team of the highest-caliber professionals with a focus on community and growth

Key Objectives

Our growth efforts in 2019 were centered around three key objectives. Rather than focus on specific industries or tasks, we asked ourselves, “How can we best serve our key stakeholders - our clients, our community and our people?” This focus provided clarity around resources and activities and resulted in our best year ever!

Support the brand

As a service provider, it is critical that the voice of our company is consistent and strong. Early in the year, we completed a marketing and communications audit, strategy development, and a process and tactical plan. Our overarching goal is to support and build the Mowery & Schoenfeld brand among our clients, community and employees.

KEY ACTIVITIES:

Development of brand standards, templates and key messaging documents
Ongoing collateral refresh (print, digital, website, etc.)
Complete refresh of all recruiting and onboarding materials
Communications and marketing training for all employees, including personal marketing plans
Expanded sponsorship and speaking opportunities
Annual client and recruiting event kickoff

Act as a partner

While it is easy to get tangled in the weeds of compliance work, we must remember this is not where the value lies for our clients. It is our strategic objective to enter every engagement with a problem-solving mindset, keeping our client’s goals and needs at the forefront. To achieve this result, we have organized resource centers to help clients proactively understand relevant legislative changes. We have implemented communications trainings and revamped client-facing language to focus on underlying clients issues. We diligently remind each other to frame every client touch from the perspective of a problem-solver; rather than a service-provider.

PROACTIVE APPROACH

While many firms focus on a specific task – our approach is different. At Mowery & Schoenfeld, we will work with clients to continually assess any opportunities or concerns, providing counsel as needed.

PROBLEM SOLVERS

We see our main role as that of problem solvers. We want to be the first call when our clients have a problem or need. We focus our services on those that help our clients achieve their goals.

INCLUSION

We work to build a deeper relationship with our clients through frequent communications. We are implementing technology improvements for a simpler, more direct client experience.

TRANSPARENCY

We help our clients track engagements, and are always available to answer questions or take a quick call. We make it a point to ensure clients understand the underlying process, as well as the end product of any engagement.

Develop our team

Our people are our most valuable asset. To grow, we must invest in our team. It is our goal to develop the highest-caliber professionals who share our focus on growth and community. To achieve this, we created three independent and complimentary plans – for recruiting, development, and employee engagement. In addition, when designing our new office, we incorporated many shared workspaces, building a sense of community and encouraging teamwork.

RECRUITING

To attract the best people, we hired a full-time recruiter to build out lateral hiring capabilities and support our on-campus efforts. We created new communications materials specifically designed for young professionals and added key early career benefits to our package.

DEVELOPMENT

Another new role for our company was a full-time training and development manager. This role is responsible for creating consistency for all onboarding and training, as well as communication around our already robust development.

EMPLOYEE ENGAGEMENT

We have a group dedicated to ensuring our employees feel this is their second home. We created an employee engagement calendar that includes employees in planning company events, celebrating individual and collective wins, and participating in service projects.

New Offices

Part of this year's efforts included the literal growth in office space. We moved to a new main office space in Lincolnshire and opened our second office in the Chicago Loop. As we began the process, we outlined four key criteria for our new spaces to ensure they meet our needs today and support our teams into the future.

- Promotes collaboration
- Bright and open
- Forward looking
- Supports employees

Lincolnshire, Illinois

In June, we moved from our offices on the second floor to the fifth floor of our building. Our new space was built to meet the needs of our team and our clients. With floor to ceiling windows, glass walls, and plenty of common areas, our new space is designed to be functional and support working together. Collaboration spaces with white board walls and large screens are scattered throughout. We have adjustable stand-sit desks for each employee. We created a special space for nursing mothers, to ensure they feel supported when returning to work. On a clear day, you may even spot the Chicago skyline from our stocked break room.



Chicago Loop

As our client and team needs evolve, so does our need for a downtown office space. For the past year, we enjoyed a satellite office in a co-working building. We are excited to take the next step and open an official Chicago office. In addition to a permanent space for some employees, this will support our downtown clients and networking opportunities. Our Chicago office will feature the same open floor plan and community spaces, along with a beautiful lake view.



About our Firm

Our Culture

We want to be the place our employees start and stay. This means creating a culture focused on personal and professional support, continuous learning, and growth. Our teams should feel engaged, challenged and part of something bigger than their day-to-day tasks. Additionally, we want to make sure our people have the flexibility they need to balance and support life — from unlimited PTO to paid parental leave; from CPE to tuition reimbursement; from retirement savings to pet insurance.

Support

We are dedicated to supporting our people from day one. A comprehensive benefits package is not enough. We believe it is our job to set our people up for success. This means each member is paired with a career advisor, mentor and buddy from day one to help teach skills, but also guide growth. We offer a benefits package that provides our team with plenty of personal time and autonomy, and helps relieve the stress that can come from major life events and saving for the future.

Learning

Our leaders are focused on creating learning opportunities for our team whether they are here for their first job shadow or preparing to become a partner. We encourage and make time for personal, community and professional organizations. We have a policy of saying “yes” to good ideas, and encouraging our people to push themselves and our Firm.

Growth

Taking on big ideas is just as important as staying nimble. This means rewarding employees who take risks. It means, focusing on our current employees, helping them develop the skills necessary to take the next step in their career. It means providing transparency and involvement in Firm growth, people processes and business development for all employees from day one.





Best place to work

We take culture seriously!

For nine years, Crain's Chicago Business and Accounting Today have recognized our Firm as one of the top places to work. We believe it is this commitment to our team which allows us to continue to receive recognition. It is our job to not only focus on supporting our clients, but also the men and women who make up our diverse and talented family.



Commitment to Caring

We call the Chicagoland area home, and one of our corporate priorities is to make a positive impact on our community. Each year, our team donates over 400 service hours, focusing on charities that help children and promote financial literacy. Team members can participate throughout the summer months during weekly volunteer opportunities during the day, as well as occasional charity events on weekends and evenings. We also join in a number of holiday drives and opportunities to give back.



Hiring and Development

This year, we tore our recruiting efforts down to the studs and rebuilt everything from our processes to our swag to reflect the growing Firm we have become. We are focused on getting to know our candidates through a multi-year pipeline from job shadow, through internship, to full-time associate!

Over 75% of our
interns accept full-time
positions with the Firm.

Job Shadow and Internship

The goal of our job shadow program is to provide early, real life exposure to the accounting profession. Our participants spend a day in our office with members of different teams; learning about the life of an accountant and getting to know our Firm. We host job shadows each December and June.

Most internships require students with limited exposure to the profession to select a specialty (tax, assurance, advisory) for their internship. The goal of our program is to provide exposure to a variety of public accounting work, giving our interns the confidence to select a career path. We offer a unique program during which interns will have the opportunity to do meaningful work across practices. Interns are paired with a mentor and buddy to provide support and feedback throughout the process. Our paid internships during winter busy season and summer months are rated highly and fill up quickly.

2019 Campus Efforts

Actively recruited at 11 schools
Over 25% of current employees
participate in recruiting efforts
Completed over 68 interviews

2019 Internship Program

Internship slots filled by October of
the prior year
Made offers to 95% of interns; with
over 75% accepting positions

New Hire Experience

We offer growth opportunities with a local firm culture. Our associates work on challenging engagements that provide the exposure they need to progress in their careers. Each employee will work with a personal team to determine a career path and long-term plan. We offer many benefits designed for this first stage in life - such as flexible reimbursements, a first promotion bonus, pet insurance and schedule/location flexibility.

Mentoring and support

Each new hire is assigned a buddy, mentor and career advisor to help guide their progression. Mentor and advisor meet with individuals regularly to set personal and career goals; as well as provide feedback. Buddies ensure everyone has a place to go for support and answers to day-to-day questions or concerns.

Training and education

Continuing professional education is a critical piece of maintaining one's CPA certification and deepening industry knowledge. We support and cover the cost of career and management training, continuing education, as well as internally-developed programs, external growth opportunities, and professional memberships.

Evaluation and feedback

It is critical to our workplace that employees feel supported and heard. Each employee will have an annual review and bi-annual goal mapping meetings to ensure timely feedback and development. They will have the opportunity to review management through upward evaluations each year. We also welcome broader satisfaction feedback through engagement surveys.

2020 plans



2020 Strategic Focus

1. Embody a growth mindset

We ask all of our team members each day to be open to growth and change. As such, we accept failure as part of the process - but we also reward big ideas and support those who rise to the challenge and build our brand and portfolio. Through our strategic efforts, we have identified the following four areas of service growth deserving of additional resources and effort. We want to go big! We are building our internal knowledge and specialization to become the experts of choice; with business development goals for our teams to reward these focused efforts.

Transaction Advisory

Our Transaction Advisory team is focused on expanding reach and building internal capacity in the new year. We want to invest in people to help build subject-matter expertise and capabilities to meet the increased demand, while continuing to expand our reach.

Business Tax

As part of the changes in tax law associated with the 2017 Tax Cuts & Jobs Act, many businesses are now eligible to take advantage of new strategies or tax accommodations. Our teams will continue to build internal expertise and specialization. We will proactively identify and engage customers to take advantage of these strategies.

Outsourced CFO

Our outsourced accounting and CFO services will revamp the engagement process to onboard new clients more efficiently. Evaluation, implementation and steady-state teams will provide clients with the customized information needed to build their business.

International Onboarding

We are active members in the Geneva Group International (GGI) - a professional organization connecting services around the globe. As businesses outside of the country purchase entities or establish locations within the United States, we are focused on providing the resources and partnership to onboard into the U.S. including entity structuring, tax planning, compliance, system support and ongoing advice.

2. Attract the best and brightest

New Onboarding Process

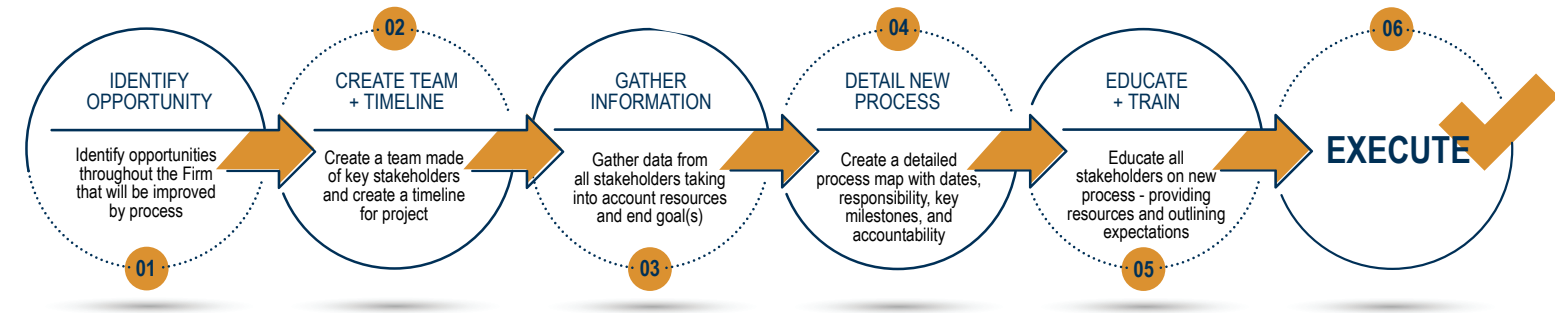
You only get one chance at a first impression. As we continue to grow our team, we believe it is critical to setup clear onboarding processes. This includes consistency in communication, scheduling, training materials and presentation, and career development; as well as planned events, gear and team building to help incorporate new employees into our culture.

Campus Partnerships

In 2019, we completed a refresh of all recruiting materials. This year, we plan to focus on strengthening our existing campus relationships, while also building our presence at new schools. This will include additional on-campus sponsorships and speaking engagements and in-class opportunities.

3. Improve process management

As we continue to grow, process and project management become critical for consistency and time management. We created a cross-functional team made up of members at all levels to develop and oversee our new process management improvement initiative. Below is the framework we will follow:



4. Develop technology solutions

Technology provides the tools to work and communicate most effectively with our teammates and clients. Every year, we review our technology needs and client service aspirations. We are committed to providing tools to help us do our best work, while ensuring security for our clients, staff and company.

Tax Technology

We will implement a new tax portal for all clients in the coming year. This resource will allow clients to access historic data, upload documents, provide financial information and forms, review tax files, and e-sign returns all in one, secure dashboard. This solution will provide more ownership and transparency to clients, while streamlining efforts for our team.

Online Bill Pay

To streamline payments and provide additional options to our clients, we will create an online payment portal. Clients will be able to pay via credit card, EFT, or setup a payment plan. Our goal is to create options that meet our clients' needs.

Security

Security is the top priority of our technology team. All employees undergo mandatory security training. A few of our current efforts include implementation of password managers and multi-factor authentication for all employees. For all incoming and outgoing emails, our security software scans content, attachments and links to flag and remove any malicious content.

Practice Management

By the end of 2020, we will implement new practice management software. This will consolidate work-flow, scheduling, time and billing, and CRM functionality. This investment will set us up for future success and growth.



“ Our people are our most important asset. We want everyone to be **engaged**, **supported** and have **opportunities to grow.** ”

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