

25

YEARS STRONGER TOGETHER

MOWERY
&
SCHOENFELD

2021 ANNUAL REPORT



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Twenty-five years ago, Keith Schoenfeld and I sat together over drinks lamenting all the ways we could “serve our clients and team better.” Fast forward a year, and Keith’s mom was answering the phone while we built a firm from the bottom up. Today, four of our partners were among our first dozen employees; our team spans around the globe; and we have over 3,000 clients. Our focus on doing it “better” has never wavered.

I believe there were two key factors that brought us to where we are today. First was our forward-thinking approach, which kept us disciplined during hard times on what the future could bring—and allowed us the mindset to bring our vision into reality. The second was our focus on building and retaining top talent who could provide the level of expertise we’ve now become known for.

There are new challenges of course. How to keep our team feeling entrepreneurial while instituting the policies and processes of scale. Hiring technical experts to support the critical functions of marketing and human resources that are not always natural to accountants. And, above all, remembering to keep growing—for our clients, for our employees, and for our Firm.

Whether you have been with us since day one or became a client last week—we would not be here without you. The partnerships I have with our exceptional clients make every day exciting. We look forward to growing with you for another 25 years to come!

Jeffrey A. Manning

OWERY & SCHOENFELD

OCTOBER 2001

Started recruiting broadly and ramped up our on-campus efforts

SEPTEMBER 2011

Named to Accounting Today's Best Firms to Work For list (the first of 10 times)

NOVEMBER 2017

Won Geneva Group International (GGI) Firm of the Year award

JUNE 2019

Moved into our new Lincolnshire space and opened a Chicago office

NOVEMBER 1996

Mowery & Schoenfeld opened its doors

AUGUST 2009

First acquisition, with five more to come in the following years

JANUARY 2017

Launched the Mowery & Schoenfeld Wealth Management brand

MAY 2017

Launched Transaction Advisory Service practice

AUGUST 2018

M&S Named to Inc. 5000's list of Fastest Growing Privately Held Companies

AUGUST 2020

Expanded our portfolio to include IT Services with the acquisition of Xamin

Onward to 25 more years...

Our Story

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, doubling our revenue and adding 18 team members. At the same time, we recognized the need 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 first named one of Accounting Today’s Best Firms to Work For. We have proudly earned this designation for ten consecutive years.

From 2012 through 2015, our growth was dynamic, 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 500 service hours during the summer work weeks 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, Keeping Families Covered, Bernie’s Book Bank, Girl Scouts of Northern Illinois, and others.

Made up of 16 partners and over 125 total employees, our Firm ranks among the top ten 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.



Our Services

We focus on helping clients solve problems each day. While we strive to 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 the following service areas, each designed to meet clients where they are and help them achieve financial success in the future.



Partners



Jeffery Mowery
Managing Partner
Founder
Executive Committee



Tom Keenan
Assurance Partner
Director of Assurance
Executive Committee



Jonathan Sniegowski
Tax Partner
EOS Integrator
Executive Committee



Michael Kidd
Consulting Partner
Director of Transaction Advisory Services
Executive Committee



Mike Deering
Tax Partner
Director of Taxes
Executive Committee



Jonathan Smith
Technology Partner
Director of Xamin
Executive Committee



Emo Dellanina
Client Accounting Partner
Director of Client Accounting Services



Matt Schoenfeld
Administrative Partner
Director of Administration



Keith Schoenfeld
Assurance Partner
Founder
Director of Wealth Management



Anthony Cullotta
Assurance Partner
Executive Committee



Stefan Beal
Assurance Partner



Brian Figenholtz
Tax Partner



Gary Hart
Tax Partner



Michelle Haines
Assurance Partner
Promoted in 2021



Matt Schoenholtz
Client Accounting Partner
Promoted in 2021



Jim Wascher
Tax Partner
Promoted in 2021

Directors



Andy Coutts
Director of Quality Control



Ann Kidd
Director of Marketing



Chris Madden
Director of IT
Promoted in 2021



Marie Zwayer
Director of Human Resources

Staff Promotions

Senior Managers

Cameron Richey | Assurance
Matt Smith | Tax
Nicole Zambetti | Client Accounting

Managers

Kasia Gorecka | Tax
Mark Hallgren | Transaction Advisory
Kelsey Nields | Assurance
Seth Points | Tax

Senior Associates

Kevin Barrett | Tax
Jason Eick | Client Accounting
Jessica Howland | Tax
Caitlin Hancks | Tax
Stephanie Jackson | Administration
Samantha Sroka | Assurance

KEY RESULTS

Financial Highlights

2021 was one of our strongest years to date. As with all great things, this success is because of our people and our clients. The past few years have reminded us of the importance of caring for each other and always approaching business from the perspective of a trusted advisor. We cannot argue with the results our Firm sees when we focus on the right priorities!

\$22M

Total
Revenue

16%

Annual
Growth

5-year
Growth

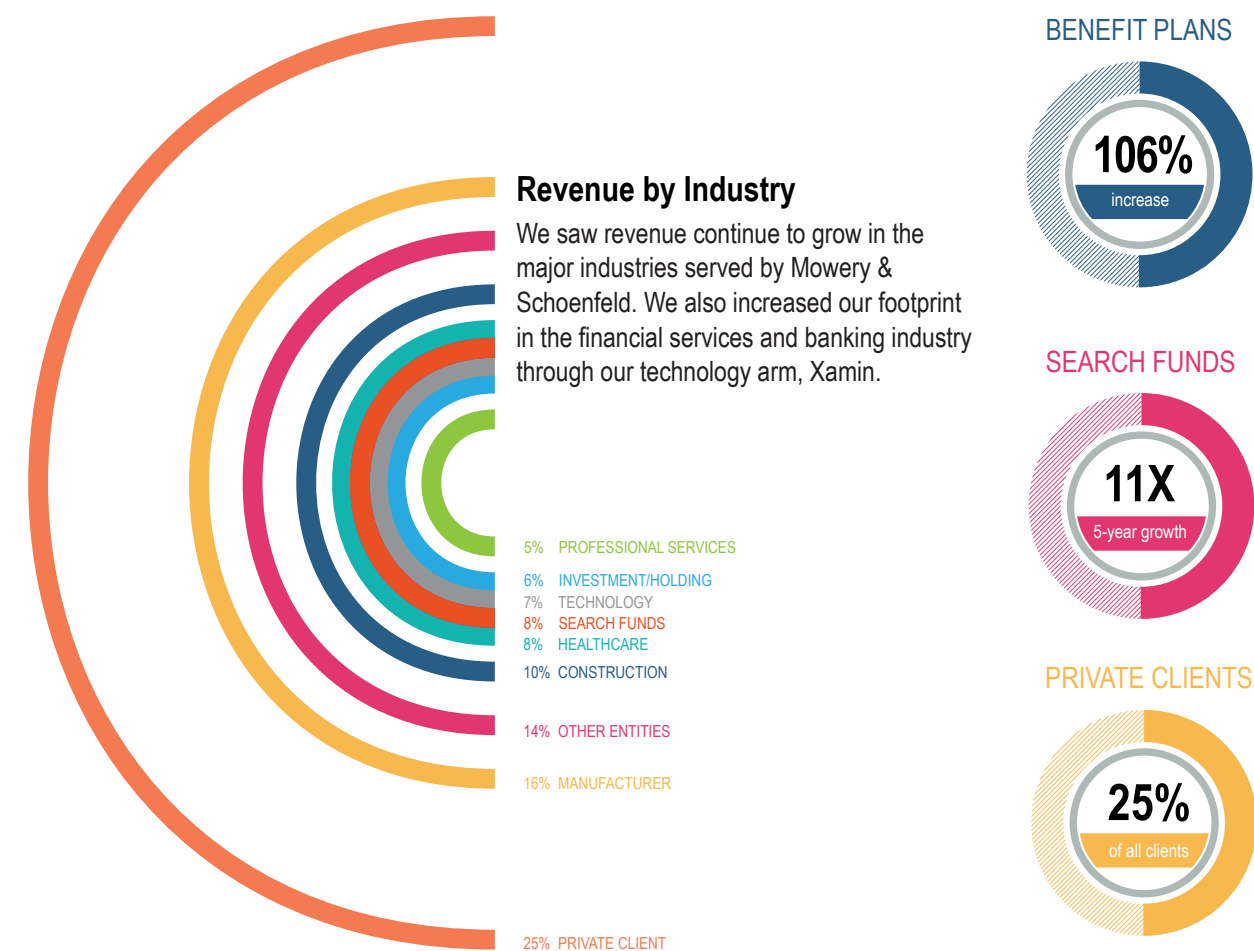
3.2X

Team
Members

120+

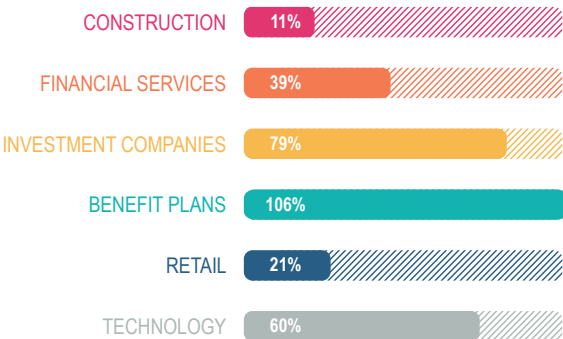
Industry Results

Mowery & Schoenfeld believes in a double-sided industry approach. First, learn as much as you can about a select number of industries to ensure depth of knowledge and the ability to truly support business growth for our clients. On the flip side, we also understand that a diversified client base will help protect against unforeseen changes in the overall economy or a specific industry. This approach has proven effective year after year.



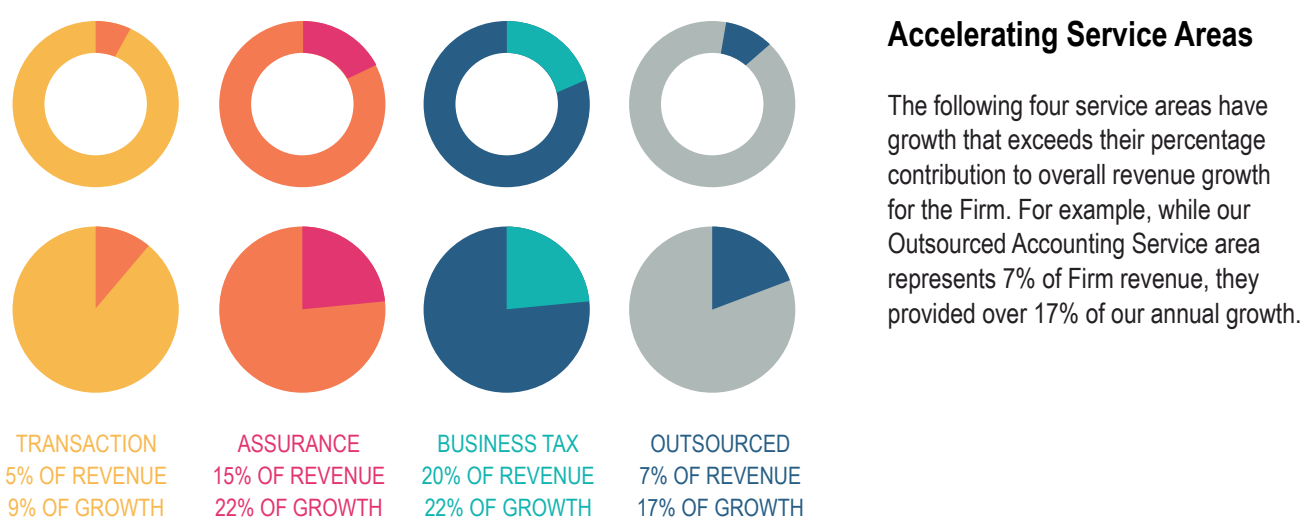
Fastest Growing Industries

This year, our Firm earned at least double-digit growth in six of the industries we serve. We look forward to continuing to build expertise to best support the unique challenges and opportunities of our clients.



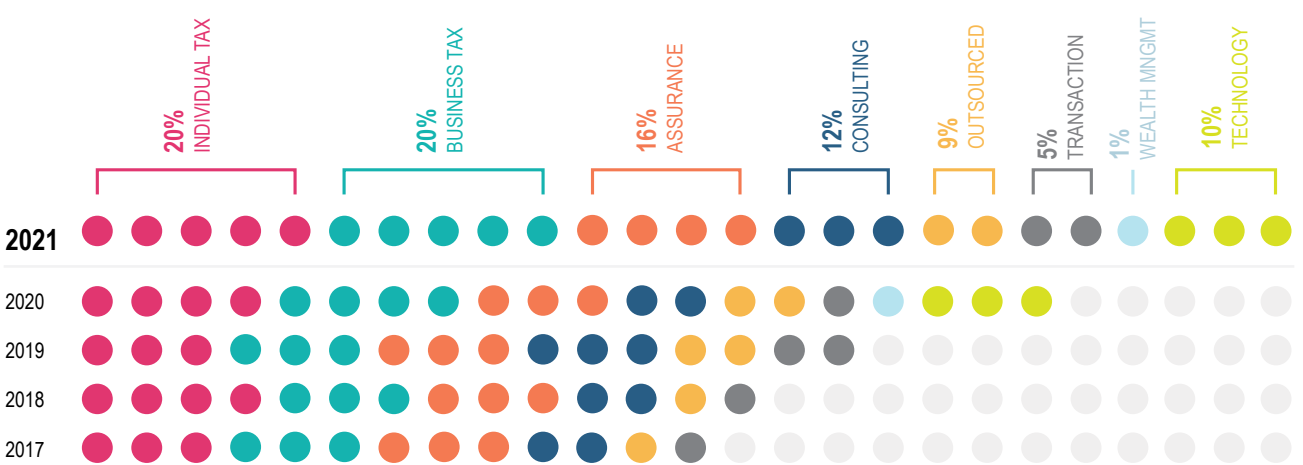
Service Results

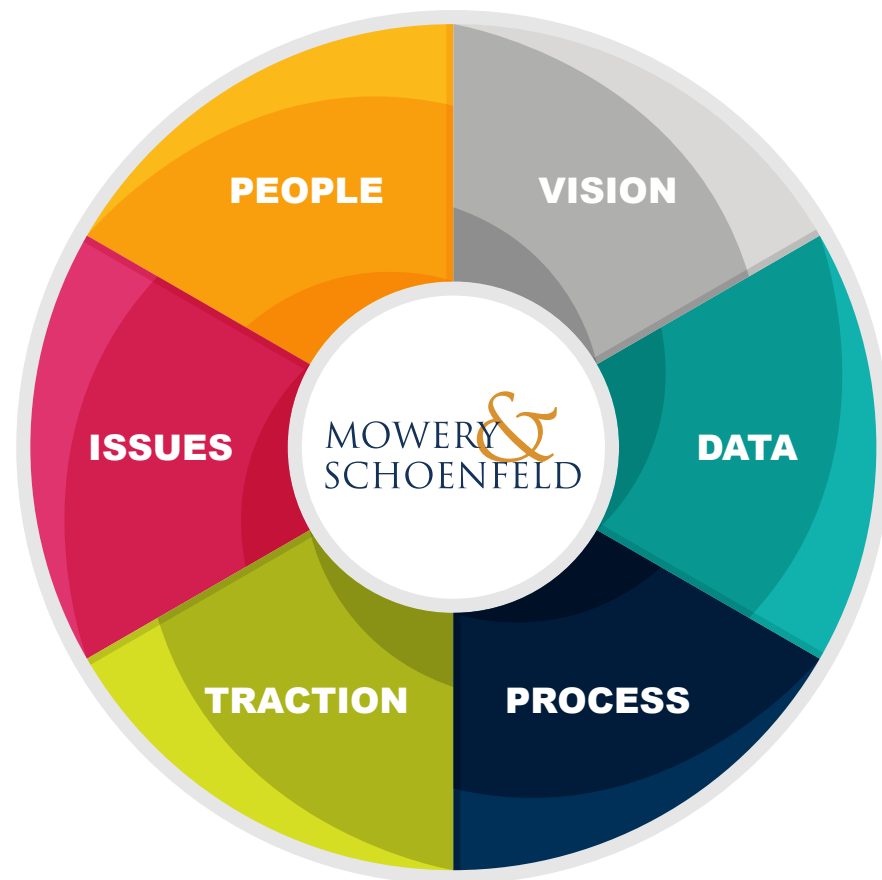
One of the foundational principals of our company is that we act as one Firm—struggling and growing together. We achieved collective success with every department enjoying significant year-over-year growth, resulting in an increase of just over 16% for the total Firm.



Revenue by Service Area

Our comprehensive tax services (individual, corporate, trust, etc.) continue to comprise the majority of our Firms services, making up just over 40% of total revenue; followed by Assurance services at 16% of revenue; and then our Advisory focused services of consulting, outsourced, advisory and technology rounding out the remaining 40%. We believe our Wealth Management division has great potential and will be an opportunity for significant investment in the coming year.





At Mowery & Schoenfeld, we are focused on becoming a Top 100 US Firm in the next five years. We are excited for you to join us on this journey.

EOS at M&S

We are focused on aggressive growth. This means getting the day-to-day operations, accountability chart, and decision making structure setup for success.

The Entrepreneurial Operating System (or EOS) is a set of concepts and practical tools to clarify, simplify, and achieve a company's vision. We have watched a number of our clients and peers roll out EOS to great effect in their own organizations.

This year, our leadership team embraced this new structure. We have continued to learn and adjust to what works best for our organization—but are already seeing the results.

Women’s Initiative

This year, we launched our women’s initiative GLOW—or Growth and Learning Opportunities for Women. Our mission is to create a community that fosters personal connections and growth for the women at the Firm. Our leadership team recognizes the importance of providing women with opportunities to lead and grow to avoid having women exit mid-career—a trend that plagues the accounting and financial industries. This program was developed and nurtured by the women and men in our Firm, industry leaders, and those in our community. We host professional speakers and coffee chats, offer conferences and training, and create group events aimed at elevating, educating, and supporting women.

Hiring and promoting women into leadership positions isn’t just good for personal development—it’s good for business.

Gender diverse companies financially outperform others by 25%.

Companies in the top quartile of gender diversity on executive teams were 25% more likely to experience above-average profitability than peer companies in the fourth quartile.

Companies with more women in leadership roles are more profitable.

Twenty-five Fortune 500 firms with the best record of promoting women into high positions were 18 to 69 percent more profitable than the median firms in their industries.

Companies with more women in leadership roles are more competitive than their peers.

Thirteen Fortune 500 companies led by a woman outperformed the S&P 500 (companies primarily led by men) by 25%.

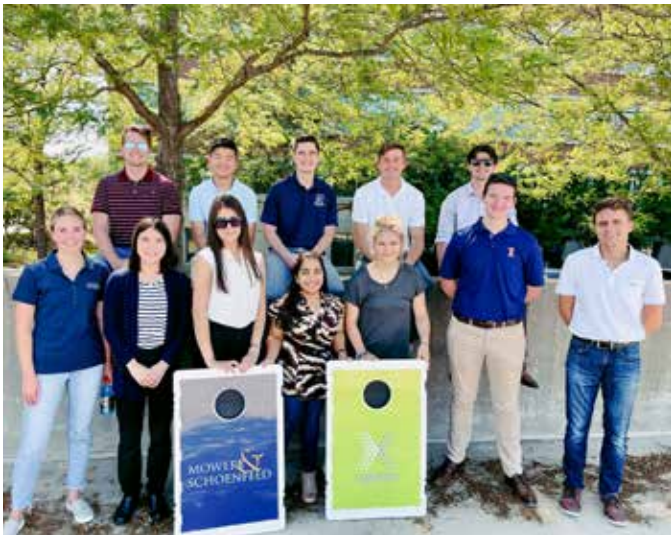


Unexpected Upside

The pandemic changed the way our Firm does business—forcing us to take a hard look at our systems and practices and make changes to accommodate both hybrid and work-from-home models. Embracing these changes afforded us the opportunity to widen our talent pool. Mowery & Schoenfeld hired a number of exemplary employees in the past months—across the country and abroad.

PH Team

This year, we invested heavily in our Philippines office, hiring 14 new associates and managers. The office is led by Senior Tax Manager Jed Ang (CPA, MST) who joined the Firm after graduating from the University of Illinois at Urbana-Champaign and later relocated to Manila. This team works daily with our Chicagoland advisors to support tax and accounting services.



Team Expansion

We expanded our technical expertise, welcoming new accountants, associates, and managers across the board. We revamped our quality control efforts with a new Director of Quality Control and hired our first Internal Accounting Manager to spearhead reporting and access to financial data.

Our marketing team also expanded to include a full-time Content Developer, Graphic Designer, Employee Experience Coordinator, and Client Experience Manager. This team continues to focus on providing an exceptional experience for our clients and team members.

+36
EMPLOYEES

2021 was a year of exponential growth for all of our teams—regardless of level, discipline, or location. We welcomed 18 full-time Mowery & Schoenfeld employees, 4 Xamin members, and 14 Philippines employees to our teams this year.

12
INTERNS

Our 2021 summer internship program was the biggest yet, with 12 new faces joining our team for 10 weeks. Over 90% of our interns were extended offers for future internships or full-time opportunities with the Firm.



Xamin

Xamin joined forces with Mowery & Schoenfeld in 2020, and operates as a subsidiary of Mowery & Schoenfeld. Jonathan Smith, founder of Xamin, continues to lead the Xamin team, while also operating as a partner of Mowery & Schoenfeld. Xamin provides managed IT solutions and advisory including infrastructure, security, data protection, cloud, and other IT related professional services. The team works with organizations in multiple industries including financial, healthcare, legal, accounting, manufacturing, and construction.

The combined organization allows each business to focus on what they do best individually, while increasing reach, resources, and solutions. Today’s technology is ever-changing, which is why Xamin is constantly evolving. We invest deeply in being best-in-class and differentiate ourselves through:

SOC 2 Certification

The AICPA developed the Service Organization Control (SOC) 2 report to provide annual oversight of a technology service provider. A third-party audit firm must complete a full review of the company—requiring IT partners to not only establish procedures, but also follow strict security policies.

Xamin holds a SOC 2 certification with a perfect audited record for the past decade. Less than 1% of all managed service providers maintain this standard.

White Glove

Our service is characterized by attention to detail, convenience, and efficiency. We tailor our approach and services to each customer’s specific needs. We begin every engagement by designing a custom approach.

Whether our clients’ organizations need one-time consultations, a thorough strategic IT review, or something in the middle, Xamin strives to help them create actionable timelines, strategies, and expectations that lead to success.

Proven Process

Xamin has a history of working with the most reputation-sensitive companies such as banks, financial institutions, and health care providers. This background helps us ensure the most effective and stringent security products for our clients in all industries.

We walk each client through our proven process to develop a security baseline, and then build technical and operational solutions to help me achieve the clients strategic goals.

Cybersecurity

For ten consecutive years, the cost of a data breach has continued to rise. In 2021, the average cost of a data breach in the US was \$9.05 million. Breaches took more than 200 days to fully identify and another 87 to contain. Nearly 17.5% of all breaches in 2021 were at least, in part, caused by a remote workforce.

To help protect our clients and meet the needs of the market, we launched a new three-tired Cybersecurity Consulting offering this year. We believe strongly that in order to have success in your business, it is important to have technology that is secure, adaptable, and forward-thinking.

\$9.05M

Average Cost of a data breach in the USA

28%

Percentage of breaches targeting small businesses

287 days

Average time to identify and contain a breach

85%

Percentage of breaches due to human error

A place to start and stay...

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. It is our goal to provide support, flexibility, and balance—from unlimited PTO to paid parental leave, from CPE to tuition reimbursement, from retirement savings to pet insurance. We have always maintained that happy people lead to happy clients. Our philosophy has made us a recognized place to work in the industry.



OUR CULTURE



People Matter

After a year of virtual gatherings, video conference calls, and remote working, it was great to be together again. We kicked off the summer with a luau, and joined each other outside for a treat every Thursday all summer. From taco trucks to donuts there was something for everyone! Mini golf, basketball, bags tournaments, and a Cubs game are just a few ways we found to have fun together—safely.



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 500 service hours, focusing on charities that help children and promote financial literacy. Last year, we did not let the pandemic slow us down. We hosted several events at our office to benefit our community partners including these highlights.

Hoops for Hope

Our summer intern group and staff joined forces and broke into teams, competing to see who would make the most free throws—each successful shot resulted in a donation to one of our charity partners. They made over **2,000 free throws!**

Care Packages

While we couldn't venture out into the community for our service hours this year, we were proud to host multiple packing events at our office, purchasing and organizing supplies for our partner charities, including:

900 period supply kits
for girls facing period poverty through our partnership with Keeping Families Covered

20 reunification baskets
for children moving home through our partnership with Arden Shore Child and Family Services

Community to campus

We want to get our potential future team members involved in the act of giving back. This year, we **partnered with UIUC's BAP chapter** to pack 50 kits for the residents of Cunningham's Children's home, including necessities such as a duffel bag, toiletries, and basic supplies.

A Mile in Their Shoes

In a new tradition born of our need to meet outside, we gathered for a **mile-long group walk/run and picnic** in honor of our five partner charities, Arden Shore, Bernie's Book Bank, Feed My Starving Children, Girl Scouts of Northern Illinois, and Keeping Families Covered.

Donation Drives

2021 was the biggest year for donation drives yet for M&S Cares. We collected over **5,300 diapers, 550 books, 150 holiday gifts for kids, and 90 pairs of back-to-school shoes.**



2022 PLANS

Focus on the Future

Inspiring the next generation of leaders is important both for the growth of our Firm, but also as part of our commitment to helping children within our broader community. In the coming year, we are focused on creating three new programs within our organization to develop a new set of leaders:

CPA Success Framework
Business Development Accelerator Program
Girl Scouts Business Badge Bash

Right People, Right Seats

The first step in the EOS process is identifying the right seats for your organization. *Who should make decisions? What are the roles critical to achieving your one-, three-, and five-year goals?*

In the coming year, **we are focused on structuring our current team and our hiring based on our growth plans and strategic goals**. This will require a refresh of our employee experience, hiring practices, and mix of on-shore and off-shore employees. We plan to keep our recruiting team busy!

Aggressive Growth

In 25 years, we have six acquisitions under our belt. And we're not about to slow down. With an aggressive growth goal over the next five years, Mowery & Schoenfeld is planning for **additional partnerships, acquisitions, and mergers in the coming year**. We are excited to continue to bring new services and expertise to our wonderful clients.

Service Expansion

We believe in growing strategically to meet the changing needs of our clients. As we continue to build personal connections with our high-net-worth clients and their families through tax and estate planning, we recognize an opportunity to continue this relationship. As such, we are planning to **invest in new wealth management services, people, and resources** to help our clients build wealth—today and for future generations.

the best
is yet to
come...

Thank you for your partnership

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