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Q&A

Data & Leadership

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AWARDS CEREMONY AT HOTEL IRVINE January 31, 2019

[Q&A]

The Art of Being a CFO

OC Execs Focus on AI, Taxes

The Business Journal's Peter J. Brennan asked five local chief financial officers about the newest trends in corporate finance, and where their attention is focused. They spoke of leadership, the new tax law, vitality of data—and the ability to tell company stories using numbers.

Edited excerpts:

Joe DaMour
SVP, CFO
J.D. Power, Costa Mesa

First, the pro-business stance of the Trump administration has presented significant opportunities for companies agile enough to adjust. Second, the role of CFO as a key business adviser to the CEO has grown appreciably.

Recent reductions in the federal tax rates are generally beneficial, but those benefits are governed by the debt leverage assumed by individual companies. Specifically, the law limits the deductibility of interest paid on a company's debt to 30% of operating profit. Today, with many companies owned by private equity firms, this limitation and how to best optimize financial returns is a significant issue.

The thinking is still evolving, but a few things are clear.

First, the cost of carrying excess debt went up and the equity returns needed to justify this extra debt increased accordingly. Second, the issue is much less, if nonexistent, for publicly traded companies that rarely assume debt loads that would trigger this limitation. Because this issue starts as a financial question—but quickly creates broader shareholder implications—sage business advice from the CFO is critical for the CEO and the board.

The administration's pro-America trade stance has created a very fluid international landscape for many. Changes can manifest in various ways, from direct effect on the costs of products or services to effects on overseas revenue and profits driven by local currency movements.

Change creates opportunity for those CFOs and companies that are capable enough to recognize the changes—and nimble enough to take advantage. We're not nearly far enough along to draw conclusions and make recommendations, but the landscape of current trade disputes will endure and be worth investing time to analyze and make strategic changes in business structure.

Clearly, the role of CFO as a business adviser is fundamental for companies with global operations.

Chris Lawrence
CFO
American First Credit Union, Brea

The role of a CFO is becoming less about accounting and more about finance. Keeping the books in order is still necessary, but it's no longer sufficient.

Finance in the information age means data is paramount. We can no longer simply make intuitive decisions or rely solely on the balance sheet because the person with the best data that also tells a story is going to win. Fortunately, there is a multitude of publicly available data, as well as a lot of data about my clients in my very own systems. The catch is to mine it. This means user-friendly systems and the right processes to capture all that information.

From there, it's a dance with the data. Sometimes you have to take the lead and ask the right questions; sometimes you have to let the data take the lead and listen to what it's trying to tell you.

As for the tax law changes, I work for a nonprofit so it may seem like it doesn't affect us but we compete with institutions that pay taxes, so the new laws offer a relative competitive advantage to my for-profit counterparts. This means my company needs to be a little smarter now, which brings me back to my previous comments about data.

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[Q&A]

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Andy Mandell
CFO
CoolSys Inc., Brea

A tremendous amount of data arises from our tens of thousands of [heating and cooling system] service calls each month. We've developed a series of internal dashboards that allow management to view different cuts of this information to help manage our productivity and margins—but this has been limited to preselected data fields and hierarchy.

With the development of business intelligence software, we've begun to unlock the wealth of information we create every day. We've greatly expanded what is available for more focused reporting at almost any level.

We can now track performance of our technicians, vehicles and asset utilization at the individual level, as well as any combination above that. While starting with some "standard" views of the information, our internal users can easily manipulate the data to create user specific reporting, without technical support, highlighting areas of opportunity.

A pleasant surprise: some of our biggest supporters are some of our more tenured, less tech savvy managers who have seen what the power of the data provides when viewed on an exception basis instead of having to dig through reams of it and try to spot where the issues are.

It's early yet, so we haven't fully measured our return, but are confident it will increase productivity and pay for itself many times over.

Information is now also available for customers to identify opportunities to improve their systems' internal reliability. We now provide real-time monitoring of our customer equipment and sites to identify potential issues—before customers even know they exist and addressing them with the right technician response.

These services help us differentiate our offerings and provide more value to their businesses.

Debby Morris
EVP, CFO
Apria Healthcare Group Inc., Lake Forest

I'm a passionate believer in the power of data and data analytics, and I'm equally passionate about the power of teamwork and collaboration. Put the two together and you can create transformational change.

When true business partnerships are formed across functional areas and these partnerships are supported with good data, clearer, quicker, and better decision-making is enabled, better alignment across the enterprise is achieved, employees are more satisfied and customers are well-served.

Data alone is of little value. It's what people do with it and how people collaborate with it. I believe a key trend of the past five years is not just using data to drive decision-making, but a shift from functional silos to collaborative business partnerships throughout an organization.

In the "old" days, people were respected only for their direct knowledge and experience in a particular area. Today, they're valued for their relevant experience, their ability to see the bigger picture, their ability to apply skills and expertise to a broad array of business issues and their ability to collaborate effectively across the organization.

Financial data alone, similarly, is of little value to the business. Financial data is important for many reasons, but in driving business performance and value to customers, shareholders and employees, it shows nothing more than the outcome—it does not answer the question, "Why?"

It takes the trifecta—financial data, key operating data and collaborative business partners thinking beyond their function and providing real business insights—to drive results.

Erika Urbani
VP of Finance, CFO
R.D. Olson Construction, Irvine

The role of a CFO has evolved significantly due in part to new technologies, regulations and industry advances.

As CFO, my focus is not solely on revenue growth but organic growth. This means a shift in responsibilities from financial reporting, forecasting and budgeting, to leading the company strategically to ensure overall success.

Successful CFOs are strategists and our role has expanded:

■ Clear Path. CFOs go beyond keeping operations flowing by ensuring appropriate resource allocation, availability of productivity tools and compliance. This often requires us to revisit company policies and find creative solutions to expedite work. We identify ways to optimize the business—eliminate a step, a piece of paper, or a signature.

■ Think Big. Despite day-to-day issues that require our time and attention, supporting organic growth requires us to become strategic partners. Each month I meet with our president to discuss our pipeline of construction projects and we ask ourselves and our teams, "What are our barriers to success and peace of mind?" Once we identify these pain points, we find calculated solutions. For RDOC, the result has been financial stability and strategic growth.

■ Mentors and Succession. I'm often asked the best path to CFO. The truth is you don't learn the intricacies of being an accomplished CFO in school. While the strongest CFOs earn multiple degrees, it's the years of hard-earned and hands-on experience that qualifies them to make gut-based decisions and be successful leaders. Leadership tends to be an overlooked skill, but for a CFO it's more important than the transactional know-how, because it's what you don't see in the data that can bite you.

It's up to us to mentor our up-and-coming CFOs on how to be efficient leaders. Those that master the art of mentorship are not only rewarded with strong teams but hope for the future of their industry and confidence in passing the baton. ■

Costs rising but US privately-held companies stay on expansion drive, optimistic on US economy

PwC's Trendsetter Barometer® business outlook: Q3 2018 top findings

Costs pressures intensified for US mid-sized companies in the third quarter, rising to the highest level in two years, but with little sign of direct harm to the bottom line, the 300 US executives surveyed for PwC's Trendsetter Barometer of sentiment remain in expansion mode. Planned hiring is up: workforces are expected to grow by a net 4.1% over the next 12 months, according to panelists. This marks the highest outlook for full-time equivalent hiring since the onset of the financial crisis 10 years ago.

At the same time, worries over finding 'qualified workers' have surpassed pre-crisis levels with US unemployment rate now at a 49-year low. 72% of panelists believe labor shortages may act as a brake on their business growth over the next year. It is the top concern and near an all-time high in the 21 years of Trendsetter data. These findings suggest that mid-sized US businesses—in many ways the engine of the US economy—will be charting new territory as they seek to staff up in a tight labor market. "We have reached our ceiling. We need to find engineers as well as blue collar employees," said the president of a foods distributor.

Strategies will include higher pay: the mean expected increase in hourly wages over the next year rose to 4.2% in the third quarter, up from projections of future pay hike of 3.6% in the second quarter. Yet strategies are also likely to include more use of labor-saving technologies as well as boosts in benefits packages and incentives—such as offering paid leave to valuable employees, as an example—to ensure they can meet anticipated spike in demand.

Upbeat on US economic prospects

Optimism about the US economy remains near a historic high, even with a slight downturn in the third quarter, a net 76% of panelists are positive on conditions for business growth over the next year.* Panelists' views have served as a good leading economic indicator on where US GDP growth is likely to be in a year's time, our analysis of 20 years of the data show. Some are looking for an infrastructure development stimulus to keep the post-2008 recovery going. "Deregulation must continue. Domestic infrastructure programs are needed to rebuild the country," said the president of a transportation logistics company

Cost and pricing trends

A net 21% said their costs went up in the third quarter, up from 9% in the second quarter. Over the same period, a net 34% said their own prices went up vs. 27% in the second quarter. The pattern has held consistently since the start of the year—pricing power improves even as more panelists report higher costs. Business leaders believe these conditions will continue over the next year, even as wage expectations rise and as they navigate swings in demand for some domestic raw materials and other inputs as a result of a raft of new or threatened tariffs on imports. "Tariffs are a real concern, we need certainty in the markets," said the CFO of a construction firm. Of note: Concerns over higher energy prices—an important input cost for US industrial firms—have shifted higher since the start of the year, now seen as a potential barrier to business growth for 46% of panelists.

Ten years since the Financial Crisis: What's changed for privately-held US companies?

Trendsetter panelists are far more optimistic in the US economy: Demand is stronger, the number seeing a quarterly hike in prices on their products or services is at a 10-year high. On the other hand, despite the drop in the corporate tax rate and a rollback agenda in Washington, regulatory uncertainties are higher than they were during the heart of the financial crisis. Challenges posed by foreign competitors have also become more acute.

About the survey

2018 marks PwC's Trendsetter Barometer's 21st year. Panelists' views have served as a good leading economic indicator on where US GDP growth is likely to be in a year's time and whether employment numbers will rise or fall, our analysis of the data show. Third quarter 2018 results reflect the views of 300 CEOs/CFOs interviewed between July 2 and September 28, 2018, representing a cross-sector profile of US privately-held firms with average annual enterprise revenue of $387 million.

*PwC calculates net economic sentiment as the balance of panelists who are "optimistic" minus those who are "pessimistic" about how they feel about the US economy over the next 12 months. We exclude "uncertain" responses.

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BUSINESS INSURANCE IN 2019: PREPARING CFOs FOR THE YEAR AHEAD

WHAT WILL 2019 BRING FOR COMPANIES SEEKING TO MANAGE THEIR INSURANCE EXPENSES?

PROPERTY INSURANCE: More Losses, Tighter Pricing

In 2017, the devastation from hurricanes Harvey ($17 billion), Irma ($28 billion), and Maria ($28 billion), as well as the California wildfires ($13 billion), resulted in one of the biggest loss years in history for the U.S. property insurance industry. In California, 2018 was the worst fire-loss year in history. Claims and payouts were significant, but insurance companies appear strongly capitalized to take the hit.

IMPACT: The past two years have seen escalating insurance company losses. As a result, you'll see upward pressure on premiums across most lines of business. Thankfully, capital position of insurers is at an all-time high, so businesses should only experience slight to modest increases.

WORKERS' COMPENSATION: Year Over Year Reductions

If there is one bright spot in the year ahead, it's Workers' Compensation. The average rate paid as a percentage of payroll for Workers' Comp in California is at historic lows. In 2017, rates dropped 11.4%. In 2018, employers have benefited from another almost 16% reduction. Effective January 1, 2019 rates will be down another 8.5%.

There is some concern that Governor-elect Gavin Newsom may roll back some of the reforms passed by Governor Schwarzenegger on medical cost containment. If medical costs in the Workers' Comp realm increase, the market could turn in less than two years and premiums could begin to rise.

IMPACT: The big unknown will be the California State Fund. Over the past two years, procedures and systems have been changed. The Fund now operates more like a standard insurance company, with a goal of competing for more preferred business.

EMPLOYMENT PRACTICES: More Claims, More Problems

Employment Practices premiums are on the rise due to an across-the-board increase in claims. The number of sexual harassment suits brought by the EEOC is up more than 50%. California clients with claims activity could be hit with a 10% to 20% increase upon renewal.

In 2019, we are expecting an increased focus on pay practices and classification issues causing more interest in wage and hour insurance policies.

IMPACT: Next year, there will be lots of focus on the issue of privacy. The Tax Cut and Jobs Act of 2017 now prohibits employers from taking a tax deduction for sexual harassment settlements if the agreement has a nondisclosure provision. Employers will have to decide which is more important – the tax deduction or the publicity of the settlement. This could result in more litigated matters, rather than settlements.

KEY TAKEAWAYS

Property and Auto premiums are up

Cyber, Employment Practices, Executive Liability – flat to modest increases

Workers' comp rates are down

EXECUTIVE LIABILITY: Financial Strategy is Key

For Executive Liability coverage, the market is slightly firming for private company Directors & Officers insurance. Rates are expected to range from no increase to a 15% rate hike, depending on the company's financial strength and growth trajectory.

The one industry currently defying trends: Life Sciences. Newly public life science companies are seeing premiums triple from a year ago. Policy renewals are also taking place at a higher rate. This dramatic change is driven by a shrinking appetite for this kind of risk by insurers, combined with substantial claims related to life sciences companies reliant on FDA product advancement and approvals.

IMPACT: Insurance underwriters are carefully evaluating risk profiles. Public companies should work closely with their broker to clearly articulate strategy and financial outlook when engaging with insurers.

The Big Picture

The industry's capital cushion is preventing recent losses from turning into a hard, more expensive, market. The slowing of rate changes also indicates that carriers will hold off rate increases if a company is considered a good risk.

So what should companies do in a market like this?

It's important to take a strategic approach to risk management. That includes ongoing and comprehensive risk assessment across all of your operations, continually making adjustments to reduce risk, and shopping coverages if it makes financial sense.

Visit our website for the full report, including the outlook on auto and cyber: MMA-West.com.

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Together we'll go far

Labor Shortages Pose Long-Term Challenge for Middle Market

By Joe Brusuelas, RSM Chief Economist

At 3.7 percent, U.S. unemployment is at its lowest level in 30 years. Jobless claims are near a 50-year low, and the number of employed adults is at an all-time high. This should be good news, and for many households it is. But for the middle market, these historic numbers are creating significant growth challenges affecting everything from holiday hiring on the retail side, to commercial and residential housing construction, transportation, manufacturing and professional services—you get the picture.

Meanwhile, wage gains have been tepid, to say the least, with workers at the lower end of the income scale only recently beginning to see increases in their paychecks. The lack of a more significant pickup in wages, as unemployment heads toward our forecast of 3.5 percent, and possibly lower, is one of the major dilemmas facing policymakers and economists.

So what's behind this historically tight labor market? Why have wage gains been so stubbornly tepid? And will these hiring and wage challenges end soon? To get a sense of why we believe the tight labor market will persist for much longer than many expect, it helps to put how we arrived at this critical juncture in some perspective; the seeds for today's tight labor market were planted many, many years ago.

Since the advent of the consumer-driven economy at the end of World War II, the manufacturing sector has gone from employing 32 percent of the labor force in 1947 to less than nine percent of nonfarm workers in 2017. This shift occurred as consumer tastes changed and employment in local manufacturing was replaced by regional, and then global, supply chains.

During the same period, the service sector has more than doubled its share of the labor force from 19 percent of 1947 nonfarm payrolls to 45 percent today. Government employment has averaged about 16 percent of the workforce, drifting slightly lower since 1975. The finance and construction sectors have also been relatively stable, each averaging about five percent of nonfarm payrolls.

The current U.S. political landscape is a reminder that for many American workers, the major story of the post-World War II era has not necessarily been the cultural shifts that society has undergone, but rather how sound investment decisions have resulted in a long-term hollowing out of the U.S. industrial base. So to the extent that employment opportunities are the basis for social discontent, we would have to look at the narrowing of employment opportunities in the manufacturing sector as a principal factor.

The share of employment in manufacturing declined on trend from 1947 until 2008, as increased consumer demand for high-end, cheaply produced foreign goods overwhelmed the demand for higher-cost and sometimes outdated, locally manufactured ones. Not only did production shift to offshore locations, but automation replaced domestic labor due to new technologies.

Ironically, a decline in the percentage of workers engaged in manufacturing durable and nondurable goods has moderated over the last decade and, in recent years, there appears to be a flattening out. Stabilization could very well be the result of demand for foreign-branded goods produced in domestic production facilities (e.g., German and Japanese autos manufactured in southern states) as well as renewed consumer preference for local products illustrated by farm-to-table and artisanal trends. All of this seems to have helped stop the bleeding, at least at the margins. From 2016 to 2017, durable goods manufacturing settled to house 5.3 percent of the workforce, while nondurable goods manufacturing has stabilized at 3.2 percent.

It is also worth noting that while U.S. manufacturers of durable goods have always employed more workers than those of nondurable goods, a bump up in durable-goods manufacturing employment coincided with increased demand for electronic products during the technology boom of the 1990s. Employment in nondurable goods manufacturing has been trending lower since that time.

Ideally, rather than trying to stuff the toothpaste back in the tube, domestic manufacturers could further transition from producing base materials to higher-end goods, using the economies of Japan and Germany as a model for continued growth and the health.

Wages, supply and demand for labor

From a macroeconomic perspective, access to a broader array of lower-cost goods has helped boost overall standards of living and the U.S. economy as a whole. On a human level, however, it has left many workers (formerly employed in the industry), and the regions and towns overly dependent on it, with reduced job prospects and more challenging local economies. By the 1980s, instead of guaranteed pension plans and lifetime health care, workers were left to fend for themselves as the industry began to flee union-friendly regions for right-to-work states, in pursuit of cheaper labor.

Employers also began to outsource tasks not considered direct inputs to production (e.g., cafeteria services, janitorial tasks) that could be easily replicated by lower-cost service providers. Even direct inputs began to be outsourced to lower-cost providers, which not only limited demand for local labor, but also likely contributed to the reduction in research and development and the decline in production efficiencies that would eventually allow foreign manufacturers to overtake domestic production.

As illustrated below, the period from 1981 to 1985 saw a sharp drop in hourly wages as the increased supply of low-cost labor led to "take it-or-leave-it employment opportunities" and then to low-wage growth thereafter. The global labor market had indeed taken hold in the new political environment.

Note that in recent years, hourly wage growth is once again moving higher, but remains at historically low rates of less than three percent per year. This implies that household income gains will just barely be enough to cover rising prices if inflation were to remain at the Fed's current two percent inflation target. Furthermore, the discontent that has dominated the post-crisis recovery era seems likely to linger unless industry and policymakers come up with a solution.

While all other industries have employed fewer workers over the past 17 to 18 years, it is ironic that the industries that have increased their share of manufacturing employment are those that use steel or aluminum, including transportation equipment, fabricated metal and machinery. The imposition of tariffs on the main inputs to production in those industries would threaten their ability to continue providing employment, further damaging the manufacturing sector of the economy.

Company profile:

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Joe Brusuelas

Joe Brusuelas has over 20 years of experience in finance and economics and specializes in analyzing the U.S. monetary policy, labor markets, fiscal policy, economic indicators and the condition of the U.S. consumer. He provides macroeconomic perspective to help clients anticipate and address the unique issues and challenges facing their businesses and the industries in which they operate. He also produces monthly economic reports for the middle market and for key industries within that market. For more information, please contact Joe Brusuelas at Joe.Brusuelas@rsmus.com.

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Update on the Reformation of CFIUS Review

In August 2018, President Donald Trump signed into law the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA), the first legislation since 2007 to reform the authority of the Committee on Foreign Investment in the United States (CFIUS). In the fall of this year, FIRRMA initiated a pilot program (Pilot Program), which is currently in effect and set to expire by March, 2020. Parties involved in mergers and acquisitions and capital raises, and companies currently with foreign investors, need to have a general understanding of the current review process and these new foreign investment rules.

Background

By way of background, CFIUS is a federal committee chaired by the Secretary of the Treasury, and its members include the heads of, among others, the Department of State, Department of Defense, Department of Justice and Department of Homeland Security. CFIUS has the authority to (i) initiate review of mergers, acquisitions, and other foreign investments that could result in foreign control over a U.S. business, (ii) impose mitigation measures to address national security concerns related thereto, and (iii) recommend that the President block pending transactions or void completed transactions. To mitigate against the risk of a transaction being stopped or voided, parties to a transaction may file a voluntary notice requesting pre-clearance from CFIUS for a pending transaction. In addition, there are certain transactions with foreign investment components which require a filing for pre-approval with CFIUS.

FIRRMA was proposed in November 2017 with bipartisan congressional support to modernize and strengthen the CFIUS review process in light of increasing national security concerns, particularly in the technologies sector. Most FIRRMA provisions will not go into effect until implementing regulations are passed, which must occur prior to February 2020. In the meantime, Congress empowered the Treasury Department to implement the Pilot Program to (i) quickly implement changes envisioned under FIRRMA, thereby avoiding delay in protecting sensitive U.S. technologies, and (ii) test-drive the regulations prior to any final rulemaking. Among others changes, FIRRMA expands CFIUS' jurisdiction to include (i) real estate transactions near military bases or other sensitive national security facilities, (ii) changes in an existing foreign investor's rights with respect to a U.S. business, and (iii) certain minority position investments related to critical technologies, critical industries, and sensitive personal data.

Major Changes Under FIRRMA

Real Estate Transactions

More real estate transactions now trigger CFIUS review. CFIUS previously held jurisdiction over a foreign investor's purchase of real estate in close proximity to military or other sensitive locations. Under FIRRMA, CFIUS' jurisdiction is expanded to include not only the purchase, but also the lease or concession, of real estate and vacant land that is sensitive to national security. FIRRMA permits CFIUS to set out other criteria related to the purchase or lease or real property, which will be expanded upon in future regulations.

Changes in Existing Investor Rights

CFIUS review may be required when a current investor's rights change, even if there is no new investment in the U.S. business. FIRRMA extends CFIUS review to include any changes to a foreign investor's rights with respect to a U.S. business that results in control over the U.S. business. For example, CFIUS review will be triggered if a foreign investor (new or existing) (i) gains access to material nonpublic technical information, (ii) obtains board rights (including mere observer rights) or the right to nominate an individual to such board position, or (iii) becomes involved in substantive decision making related to sensitive personal data, critical technologies, or critical infrastructure.

Minority Position Investments

FIRRMA broadened CFIUS' jurisdiction to include non-passive, minority-position investments in U.S. businesses that (i) own, operate, manufacture, supply, or service critical infrastructure, (ii) produce, design, test, manufacture, fabricate, or develop one or more critical technologies, or (iii) maintain or collect sensitive personal data of US citizens that could threaten national security.

Prior to FIRRMA, CFIUS review did not cover transactions that resulted in a foreign investor holding less than 10 percent of the ownership interests of a U.S. business as long as that investment was passive. Under FIRRMA the concept of passive investment is stricter, and does not rely merely upon any percentage of equity interest held by the foreign investor. Any investment resulting in foreign control over a U.S. business will trigger CFIUS review.

FIRRMA provides that critical infrastructure includes systems and assets that, if lost, would have an debilitating impact on national security. Historically, sensitive personal data has included personally identifiable information, financial information, health care and insurance information, and consumer data, particularly in bulk quantity. CFIUS will provide clarification on, and likely expand upon, the definition of the terms critical infrastructure and sensitive personal data in its final regulations.

FIRRMA updates CFIUS' definition of "critical technologies" to include emerging technologies needed for maintaining the technological advantage over countries of special concern with respect to national defense, intelligence, and other areas of national security. Specifically, under the Pilot Program, if the critical technology involves a particularly sensitive industry, CFIUS review (which had previously been a voluntary process) is now mandatory. The Pilot Program requires mandatory CFIUS filings for certain foreign investments in U.S. businesses dealing with critical technologies across 27 specified industries. These industries include, but are not limited to, research and development in battery technology, biotechnology, nanotechnology and wireless equipment, and manufacturing computer storage devices, aircraft engines, and guided missiles. Parties involved in these transactions should continually monitor whether their actions require mandatory or voluntary filings.

In conclusion, FIRRMA provides CFIUS broad discretion to determine whether or not a party complied with CFIUS regulations and to set penalties. While the final regulations still need to be implemented, FIRRMA has greatly expanded the scope of CFIUS' jurisdiction and will have a significant influence on structuring future transactions. Parties considering transactions involving sensitive real estate, resulting in a foreign investor gaining control over a U.S. business, regarding the technologies industry, or involving other CFIUS triggers, should carefully consider deal structure and be prepared to address CFIUS regulations during the negotiation and preparation of transaction documentation.

Christina McSparron

Christina McSparron works closely with individual and corporate clients across the country, at all stages in the life cycle of the business. In her practice, she regularly acts as general outside counsel and advises on diverse matters such as entity structuring, corporate governance, mergers, acquisitions, debt and equity financing, licensing, and general business operations. She regularly advises entrepreneurs and executives in the restaurant, food and beverage, building materials and manufacturing, automotive, and retail industries. She can be reached at 714-662-4652 or cmcsparron@rutan.com

Kelly Galligan

Kelly Galligan's practice focuses on mergers and acquisitions, private equity, and corporate finance. Kelly represents both buyers and sellers in strategic, private equity and other financing transactions. In addition Kelly serves as outside general counsel for corporate clients, providing private and public companies day-to-day counseling on a broad range of transactional and governance matters. Her practice touches a wide range of industries including private equity, apparel, financial services, food and beverage, health and fitness, construction, and entertainment. She can be reached at 714-338-1813 or kgalligan@rutan.com

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The Topline on Tax Reform: What Business Owners Need to Know

By Steve Sherline, The Private Bank at Union Bank

The Tax Cuts and Jobs Act of 2017 is anything but simple for all but a few groups of taxpayers.

But, there are potentially some big benefits written into the new tax law for business owners in particular. Here we give you a framework of the changes that most impact you.

Good News for Business Owners
One of the most significant changes to the tax code is the reduction in the tax rate for C corporations from 35 percent to a flat rate of 21 percent — the largest reduction in our nation's history.

But what if you're not a C corporation? Not to worry, a new tax benefit was also created to allow closely held businesses (typically formed as "pass-through entities" including limited liability companies, partnerships, S corporations, and sole proprietorships) to take a 20 percent deduction on the Qualified Business Income of their business.

This means that if you are currently at the top individual marginal tax rate of 37 percent, the 20 percent deduction will lower your effective tax rate to 29.6 percent. (At this time, the 20 percent deduction will sunset on December 31, 2025).

Steve Sherline

Qualified Business Income Defined
Qualified Business Income (QBI) is domestic income generated for each qualified trade or business in which a taxpayer owns an interest. To know whether you qualify for the new QBI benefit, there are a few restrictions to understand:

The tax code favors businesses that invest in machinery, equipment and other tangible assets subject to depreciation, such as manufacturing and distribution.
For high-income earners, this deduction is not available to "specified service businesses," which include health, law, accounting, actuarial science, consulting, financial services, and any business for which the principal asset is the reputation of its owners or employees.

It is also important to keep in mind that QBI is calculated at the ownership level, not the taxpayer level.

Tackling the Big QBI Questions
Determining whether you qualify for the QBI deduction can be a complex task if you own multiple pass-through entities. First, there is an asset-by-asset test that must be performed before the income from that asset can be factored into the overall QBI calculation.

Two criteria must be met. First, the asset is owned on the last day of the tax year; and second, the asset is not fully depreciated before the end of the tax year.

Next, QBI is determined on an entity-by-entity basis. For example, if you own one business in one LLC and a second business in another, you cannot aggregate these two LLCs in determining whether you qualify for the 20 percent deduction.

Calculating the QBI Deduction
Once you have determined your income based on the criteria above, you can take the 20 percent deduction, irrespective of the type of business, if your taxable income is less than $315,000 for married filing jointly or less than $157,500 for filing singly.

If your taxable income exceeds those thresholds and you operate a non "specified service business," then you must use one of two tests below:

The allowed QBI deduction is the LESSER of A or B:

A: 20 percent of QBI;

OR

B: Greater of Wage Test or Wage and Capital Test.

Wage Test: calculates 50 percent of your share of W-2 wages from the qualified business based on your ownership percentage.

Wage and Capital Test: calculates 25 percent of your share of W-2 wages from the business plus 2.5 percent of the unadjusted basis of all qualified property (determined immediately after acquisition).

If you do not qualify under the 50 percent or 25 percent of wage limitations, the 2.5 percent of unadjusted basis could be a deduction-saving alternative. For example, a $10 million unadjusted basis asset (acquired 15 years ago) x 2.5 percent = a $250,000 deduction. This can be an attractive compromise for business owners who primarily invest in real estate.

What to Include
Mortgage interest and asset depreciation should be included in your QBI calculation. However, QBI does not include:
• Short- or long-term capital gain or loss
• Dividend income (with the exception of qualified REIT dividends, which do apply)
• Interest income
• Wages or guaranteed payments received from the business
• International business income (only domestic income applies)

Not-So-Good News for Business Owners
30 percent Interest Deduction Cap: There is a 30 percent interest deduction cap for businesses based on "adjusted taxable income," which is income computed without including any interest, gain, deduction or loss that is not properly allocable to a trade or business. There is an exception for taxpayers whose businesses' average annual gross receipts for the prior three years did not exceed $25M.

Changes to employee withholding: The standard tax deduction has been doubled to the benefit of your employees. However, personal exemptions have been eliminated. Plus, as much as 28 percent of federal tax may be automatically withheld on any bonus, commission, or supplemental wages, up from the current 25 percent rate. At the present time, this provision does not sunset.

50 percent limit on deductions for food/beverage provided to employees: This provision will expire in 2025, after which there will be no deduction to offset the cost.

We're Here to Help
The new tax law has many twists and turns to navigate. If you need guidance, we can help. At the Private Bank, you can rely on our team of professionals to understand the intricacies of your complete financial picture. It would be our privilege to demonstrate that and become your financial partner for life.

For more information, contact Steve Sherline at Stephen.sherline@unionbank.com or visit us at www.unionbank.com/theprivatebank

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FIFTH THIRD BANK

Today's CFO: Less Bean Counter, More Strategic Advisor

The role of the CFO has undergone significant transformation in recent years, allowing companies of all sizes to be more strategic about operations and growth.

No longer are cloistered number crunchers, today's Chief Financial Officers (CFOs) assuming a more significant role in shaping the strategy, vision and even communication of their organizations.

Thanks to recent advances, such as continuous accounting, predictive analytics, and the increased complexity of today's businesses, there's a greater need for guidance from CFOs about what companies should prioritize from a strategic standpoint.

In a 2015 KPMG survey of CEOs, 63 percent said that the CFO's role would become increasingly important to them over the next three years. By 2017, that same survey reported that 34 percent of CEOs view CFOs as potential successors.

Here's a look at what has changed, and how CFOs can leverage their knowledge to positively impact the business.

Increased Strategic Input

CFOs and their finance departments traditionally spend a considerable amount of their time collecting, sorting, and distilling data for management. Today, sophisticated software does much of that work automatically, offering companies more accurate and timely indicators of how the business is performing relative to previous periods and targets.

Growing adoption of virtual payments, cryptocurrencies, and cloud solutions is making money more digital than ever. Yet there are still plenty of friction points when it comes to how companies manage finance internally.

"Going digital" doesn't instantly create independent, autonomous systems. Accounting, expenses, procurement, and finance functions may have embraced digital technologies, but their processes rely on spreadsheets, documents, receipts, and manual confirmations.

Digital solutions have helped shift back-office functions away from the paper-first way of doing things.

Take expenses for example: Professionals no longer need to complete paper forms and mail in physical receipts in order for finance to process reimbursements. Digital forms and receipt photos now suffice (and mobile cameras make the data-capture simple).

But while digital expense filing is fast and easy on the front end, approvals and reimbursements demand tons of manual effort.

Conducting line-by-line reviews to compare spreadsheets and numbers, for example, is a rote task that absorbs many hours of staff time. Delays can leave reports open—not to mention cash flow totals inaccurate—for longer than necessary.

A similar dynamic can rear its head essentially anywhere that data entry, routine processing, and data-janitor work absorb staff hours and days. These unfiled expenses, unclosed reports, and inaccurate books can eventually have a major impact on cash flow and resource allocation/ROI as a mid-market company grows.

Robotic process automation (RPA) comes in different forms and options — some are programmed at the enterprise level, others at the user level. The value of the technology remains the same for both: mimicking the repetitive activities a human would otherwise do to complete an assignment—only with the speed and accuracy of automation.

A More Integrated Function

For many of today's companies, sustainable growth is not simply centered around major product breakthroughs or large-scale operational changes. For an organization to truly thrive, silos have to be broken down — product development, finance, marketing, human resources, operations, and other functions all need to be on the same page.

Indeed, without a cross-functional view it can be difficult to optimize and move forward.

CFOs are now bridging the gap by turning data-driven insights into more complete narratives — framing not only what's happening now, but a leading the vision of what needs to happen in the future to remain competitive. Regulatory developments have also made integration essential. The advent of new measures for the Financial Accounting Standards Board (FASB) and International Financial Reporting Standards (IFRS) involve significant documentation and the transfer of information across multiple departments. Today's compliance measures necessitate integrated reporting with a traceable path across multiple departments.

Challenging Goliath With Part-Time CFOs

In an age of financial technology, smaller companies are able to punch far above their weight when it comes to measuring key performance indicators, generating reports, and forecasting with more precision.

This shift in the landscape has ratcheted up demand for outsourced CFO services among modestly sized enterprises. Why? It's simple: outsourced services give companies access to the expertise of seasoned financed professionals — as well as advanced finance and data analysis tools — without the typically significant expense of employing a CFO full time. Moreover, outside CFOs can often bring an unbiased perspective to the strategic table.

It's a new era in finance departments, and the changing CFO role is a sign of the times. The focus on innovation over obsolescence, embracing technology, and seeking new avenues to create value has the potential to generate more opportunity for businesses as a whole.

If you haven't already, it's time to rethink how the CFO — and your whole C-suite, for that matter — can integrate to keep your company moving in the right direction and help chart new channels for growth.

Joe Yurosek

Fifth Third Bank hired Joe in December 2017 as California Market President to lead the Golden State's commercial vertical and market expansion strategy. An Orange County native and long-time resident, Joe has more than 25 years of banking experience; he joined Fifth Third from Comerica, where he served as market president for the Orange County region. He also was responsible for corporate middle-market strategy in Orange County, Long Beach and San Diego and co-led sponsor coverage strategy for Southern California. Joe holds a bachelor's degree from California Polytechnic State University – San Luis Obispo and earned his MBA from University of Southern California's Marshall School of Business. For more information, please contact Joe Yurosek at (949) 576-3850 or joseph.yurosek@53.com.

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Fifth Third Bancorp is a diversified financial services company headquartered in Cincinnati, Ohio. As of Sept.30, 2018, Fifth Third had $142 billion in assets and operated 1,152 full-service Banking Centers and 2,443 ATMs with Fifth Third branding in Ohio, Kentucky, Indiana, Michigan, Illinois, Florida, Tennessee, West Virginia, Georgia and North Carolina. In total, Fifth Third provides its customers with access to approximately 53,000 fee-free ATMs across the United StatesFifth Third operates four main businesses: Commercial Banking, Branch Banking, Consumer Lending and Wealth & Asset Management.

CalCPA

Don't Let a Disaster Ruin Your Business

by Summer Taylor, CPA

The recent wildfires in Northern and Southern California should serve to reinforce the need for every business to have a disaster plan. Regardless of the size of the business—from a lone entrepreneur to a major corporation employing thousands—disaster planning should be routine. You should undertake measures to ensure the safety of employee, customer and financial records, business licenses, and other important documents, including photographs or video recordings of your property and its contents.

Ideally, this information should be stored offsite and accessible even if your facility is completely destroyed by fire, flood, tornado or earthquake. Fortunately, we live in an age where information can be digitized, stored in remote, offsite servers and accessed anywhere via the internet—as long as you remember your passwords, of course.

But while businesses should plan ahead for a physical disaster, they also need to have a plan for what to do after a disaster. How a business reacts to a disaster will determine whether it will ultimately survive or if it will disintegrate. Obviously, no one answer will apply to all. In some circumstances, no business can recover. While in others, it depends on the willpower and perspicacity of a business's key personnel.

If you plan to rebuild your business following a disaster, here are some steps you should consider taking.

Contact Your Employees, Customers/Clients, Vendors and Other Important Stakeholders.
Ideally, your offsite records have contact information for these entities that you can access via computer. Call or email them as soon as possible. Let them know that you intend to revive your business. Advise employees when they can come back to work. Make sure your vendors and creditors are aware of your situation and re-negotiate payment schedules. Use Facebook advertising, Twitter posts and other social media platforms to keep your customers and clients updated on your progress. Contact local government officials to let them know of your intentions. See that your website has the latest information about your business so that the public is aware of your existence. And, of course, talk to your bank and lenders regarding loans to rebuild.

Check with Your Insurer.
Don't dispose of debris or clean your facility until you have cleared this with your insurance agent. He or she needs to access the damage before you start recovery and rebuilding. You also may need to check with government authorities regarding removal of hazardous materials. Once you receive permission to clear your property, photograph or shoot video of your clean-up efforts. Such evidence may help to reinforce any insurance claims.

Take Care of Recurring Expenses.
Even if your building and equipment are totally destroyed, you still will owe property, income and sales taxes. You may also need to pay utility bills. Insurance usually does not cover such costs. Ideally, you will have established an emergency fund to handle between three and six months of expenses, as most financial advisers suggest.

Apply for a Disaster Loan from the SBA
If you are in a federally declared disaster area, you may be eligible for a disaster loan from the Small Business Administration (www.sba.gov). The SBA has two types of loans for businesses affected by a natural disaster. It may loan up to $2 million to a business to repair or replace physical property not covered by insurance. It also may lend up to $2 million for operating expenses.

Use Community Resources
Depending on the nature of your business, you may be able to temporarily operate in a loaned facility. Check with your Chamber of Commerce or county or municipal government to see if other businesses have space that they will loan to victims of disasters. They also may be able to lend you automobiles and equipment to get your business going again. And if you are one of the fortunate ones with a business that survived a major disaster in your area, consider helping your community by providing space in your facility for a business that lost everything.

Contact the Post Office
Even if you have to relocate your business temporarily, you should contact the post office to change your address. Likewise, you should provide that information along with any changes in telephone and fax numbers to essential stakeholders, including employees, key clients/customers and vendors.

Re-imagine Your Business
While a major disaster is not something to look forward to, it can be an incentive for a business to rethink how it operates. For example, would it be better for the business to move far away from the area rather than rebuild? If the business is a partnership, would now be the time for one or more partners to buy out the others? Should an LLC become an S corporation?

Develop a Business Continuity Plan
You shouldn't wait until after a disaster to create a business continuity plan, which simply is a guide for keeping your business viable not only if it is pummeled by a natural disaster but also if a key individual (e.g., CEO or CFO) dies or suddenly leaves or a major recession occurs. If you don't have such a plan before the disaster, create one as quickly as possible after it. The state of Oklahoma provides a good template at https://www.ok.gov/cio/documents/BusinessContinutiyPlanTemplate.doc.

Check with Your CPA and Other Advisers
Regardless, before you make any major decisions about the future of your business, check with your advisers, including your CPA and your attorney, first. They can provide counseling and help you view your situation from another perspective. Also, a disaster may necessitate revisions in your will and estate plan, and you may want to change beneficiaries on your insurance policies and your retirement accounts.

Following are some important websites you should check should a disaster occur.

The Federal Emergency Management Agency, www.fema.gov. While FEMA does not provide assistance to businesses, your home and personal belongings also may have been affected by the disaster. The FEMA site can connect you with grant programs and help you locate different types of assistance you may qualify for.

SCORE, the organization that provides free advice to small businesses, www.score.org. The site has a disaster planning guide, a disaster recovery kit checklist, podcasts and other material to help you rebuild.

United States Chamber of Commerce, https://www.uschamber.com. The Chamber has a Help Desk whose mission "is to help businesses mitigate disaster interruption and, after disasters, to enhance community economic recovery." It also provides guides for disaster preparedness and recovery.

California Society of CPAs, www.calcpa.org. Through the CalCPA website you can locate a CPA who can advise you regarding any tax deductions or credits you may be entitled to because of a disaster and assist you in planning your financial recovery.

Major disasters are traumatic for all those affected. Planning for a disaster—and how to handle its aftermath—should be an essential element of any business plan. The quicker you can regroup, the greater the likelihood your business will remain viable. So start your disaster planning now.

California Society of CPAs
Headquartered in Burlingame, California, the California Society of Certified Public Accountants (CalCPA.org) is the nation's largest state accounting organization and the largest CPA association in California. It serves 45,000 members in public practice, private industry, education and government. Through CalCPA Institute, a 501(c)(3) nonprofit, CalCPA members provide financial literacy programs to high schools and community groups.

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Are You Prepared for ASC 842?

ASC 842 produces a substantial overhaul of the current accounting treatment for leases, ASC 840, with the most significant change being that most leases will now be capitalized on the balance sheet. The goal of ASC 842 is to provide lenders and institutional investors with increased visibility into the leasing obligations of lessees.

Under the current US GAAP regulation, leases are classified as either Operating Leases or Capital Leases. While Capital Leases are recorded on a company's balance sheet, the Operating Leases are not. The new ASC 842 standard changes the types of classifications and the balance sheet treatment. With the new standards, both classifications of leases, Finance and Operating, will be on the balance sheet.

The transition period for most public companies begins with the accounting period starting on or after January 1st, 2019. Most private companies and some other entities have until 2020 to make the change.

Updated Disclosure Requirements: The new regulation requires extensive disclosures to increase transparency related to revenues and expenses regarding lease contracts. The new leasing standard changes the definition of a lease entities will now be required to identify whether a contract contains a lease when it is initiated. A contract is defined as a lease if it gives the lessee the right to "control" the use of property or equipment in exchange for consideration.

Control is considered to exist if the lessee has:

1. The "right to obtain all of the economic benefits from use of an asset."
2. The "right to direct the use of that asset."

This definition differs from the current guideline, GAAP, that requires the lessee to meet only the 1st requirement. Under the new standard, it's up to the entity to determine whether it obtains the "right to direct the use" of the asset.

A well-organized and comprehensive approach to compiling data and assessing completeness is crucial to helping auditors understand how organizations have reached their determinations regarding contracts and leases. A company will need to consider details not typically thought of as leases, including outsourced warehousing, data management, or supply arrangements. These may be subject to the new guidance and therefore require capitalization.

Recommended Four-Step Preparedness Process:

1. Impact Assessment and Data Preparation

Survey existing leases and business requirements. Early coordination with the tax function will help capture data to support both tax compliance and planning, enhancing the efficiency of the adoption process. The tax classification and cross border cash flows related to leased assets may also be impacted by new tax reform provisions, resulting in the opportunity to manage risk and increase opportunities.

2. Strategize the Path Forward

Determine whether a new lease management system is needed. Choosing the right lease management system is imperative to successfully transitioning to the new guidelines.

3. Design and Transform

Develop requirements and policies.

4. Testing

Data migration, regression testing, user acceptance testing (UAT), and training. Thoroughly test and review accounting to determine that accurate and verifiable reports can be produced

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Deloitte.

Financial Optimism Abounds, But Some Warning Signs Are Emerging

Each quarter, Deloitte surveys the thinking and actions of CFOs representing many of North America's largest and most influential companies to gauge their outlooks on the overall economy and the trends that are driving it. A majority of CFOs responding to the survey now foresee a future in which an increasingly tech-enabled workforce takes on more than the typical responsibilities of accounting, reporting and compliance to become more adept in analysis, prediction and decision support. On the whole, CFOs see this as a positive trend, with two-thirds expecting technology to enable enhanced productivity.

But it won't just be the work that changes. The types of employees doing this work are likely to change as well. CFOs reported that 8.3 percent of their finance workforce consisted of outsourced, contingent contract or gig workers, and that will likely nearly double in the next three years.

This growth could be especially impactful within the gig economy. CFOs expect their companies' participation in the gig economy to grow 88 percent in the next three years. However, CFOs expressed concern that during that time span the finance talent gap could continue to grow.

Where the actual physical work is taking place could also be changing as well. To address these shifting talent requirements, CFOs are indicating they will increasingly utilize shared service centers and offshore locales. However, CFOs were most divided on the future of telecommuting for finance work. While 41 percent believe that telework is not likely to increase dramatically, 31 percent believe that it will.

Optimism dips, but remains high

The last several quarters have been marked by unparalleled optimism, so it seemed inevitable that the upward trajectory would be interrupted at some point. Rather than start panicking at the notion that the health and trajectory of the most powerful economies in the world are in decline, it's important to take a deeper look at why confidence is still remarkably high while also understanding the trends that are contributing to a hint of creeping concern.

In the third quarter of 2018, survey respondents reporting optimism remained high at 89 percent. That figure represents a drop from previous measures only because the previous quarter's results yielded the highest results in the eight years Deloitte has been tracking these perceptions.

Additionally, dividend growth expectations enjoyed a spike to its highest level in eight years. This runs counter to trends CFOs were anticipating back in the first quarter of 2018. At the time, CFOs predicted tax reform would likely lead to higher spending on domestic operations and higher wages rather than to fund dividends.

While it's important not to become overly concerned when considering a "drop in optimism", it's equally important to understand that 89 percent optimism does not necessarily mean everything is rosy. It seems many respondents believe the economic boom that North America has been enjoying for years could come to an end sometime in the near future. Despite one of the longest bull markets in our nation's history, surveyed CFOs reversed their trend of the past two quarters and stated that markets were overvalued. Only 45 percent of respondents expect better conditions at the same time next year – the lowest number in two years. On a smaller scale, optimism in their own companies also declined for the second straight quarter, and now sits below the two-year average.

External factors, of course, play a role in both the initial surge in optimism and the more recent caution, as these companies have had to navigate tumultuous political times. Domestic tax reform, in combination with a steadily growing global economy, resulted in a surge of optimism at the start of the year. Now, CFOs are acknowledging new geopolitical forces are at play, and it's tempering their outlook.

Global trade policy topped the list of external concerns cited by CFOs, with the possibility of more tariffs and intensifying trade tensions with Europe, China and North American neighbors as having negative ramifications on corporate performance. Although looming trade wars have CFOs concerned, the third quarter marked the first time in 2018 that CFOs viewed internal risks as being a greater constraint to company performance than external ones.

Recent political and geopolitical upheaval has added some uncertainty to the economic environment. This can cause unease for CFOs who are often looking to mitigate and manage risk. This could explain why some financial leaders are hedging on their optimism as they look for warning signs amid extended periods of growth. Although there is more concern being expressed compared to earlier in the year, the overall outlook as we approach 2019 is strong.

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McDermott & Bull

From Financial Gatekeeper to the Boardroom: How Top CFOs Have Become a Force in the Marketplace

And What Smart Candidates do to Demonstrate Relevance

The role of the finance chief is highly complex, visible, and constantly evolving. From "bean counter" to the boardroom, today's top finance executives have evolved into business strategists, brilliant negotiators, and highly valued partners to the CEO and to the business. The most sought-after leaders know how to balance the past, manage the present, and look ahead to the future. The teams they hire and develop are a direct reflection of the strategic mindset these finance wizards have adopted, making them a powerful force in today's competitive business climate. Chris Bull, managing partner and co-founder of McDermott and Bull Executive Search, talked to Interviewer, Samantha McDermott of SaJo Advisors, about the trends he's seeing in the current CFO market.

Samantha: Chris, it is no secret that the market for strong CFOs is exceptionally tight right now. As someone who has been placing CFOs at many of Southern California's top companies for nearly 20 years, why do you think this is the case?

Chris Bull: I remember last year when we talked about this, I told you that I've never seen the recruiting market for CFOs more active than it is today. Right now, I can tell you the market is tighter this year than it was in 2017. The challenge we face as executive recruiters is that most of the truly accomplished CFOs will not consider new opportunities this year.

Samantha: Why do you think this is the case?

Chris Bull: As you know, we are plus or minus seven years into this recession recovery, and a lot of the folks we talk to have made two, or in some cases, three moves in the last seven years. It is not unusual for me to hear that it would be an unwise career decision to make another big move. Our job is much tougher now than it was a year or two ago since a lot of finance executives are worried that making another transition will hurt their professional "brand."

Samantha: Let's talk about hiring trends among institutional or Private Equity sponsorship.

Chris Bull: Sponsors continue to consume closely held businesses in Southern California at a fast clip, and we have seen no signs of slowing. I can easily see this firm engaging in even more CFO searches in 2019.

Samantha: What kind of deal can a CFO expect to see from Private Equity sponsors?

Chris Bull: It took a while, but CFO cash compensation is on the rise. It was more or less stagnant through 2015, but we've seen a 10-15 percent increase in base salaries over the last two-three years. For PE sponsored middle market companies that are performing well, we see CFOs receiving packages which include 1-1.25 points of equity in the company. For lower-middle market businesses, that percentage might go up to two points of equity.

Samantha: While a payday or the promise of an ultimate transaction seems like a good way to motivate someone to make a move, it sounds like recruiting someone who has moved a few times in the last six or seven years is still a huge challenge. Are CEOs and sponsors willing to consider less "seasoned" CFOs?

Chris Bull: Yes, and we're seeing more of an openness to consider first-time CFOs. Up-and-coming talent is intriguing for some sponsors and CEOs, and it has nothing to do with a motivation to save money. There is a perception (right or wrong) that many of these prospective "new" CFOs are more technologically savvy than their predecessors, faster to move, with a lot to prove. Those traits make them more desirable to sponsors and CEOs who are looking for fresh perspectives.

For instance, if we see an experienced VP of Finance or Corporate Controller who has played a key role at a large company, they may have the desired skillset required to see a sponsor company through to a successful exit. Frankly, finance leaders who have deal experience, post-acquisition integration experience, private equity experience, banking relationships and cross-functional leadership experience, are highly valued and have a leg-up over their competitors in the market.

Samantha: Let's talk a little bit about "looking the part." How do you advise qualified candidates who may not have an eye for style, and aren't sure what they should wear to an interview?

Chris Bull: This isn't something that comes up to frequently, but some of my male CFO candidates have asked about attire. To that I say, no more suit and ties. It can appear outdated or that they are trying too hard. However, I'm personally not a big fan of blazers either. It depends on the company and industry. I believe a suit and dress shirt with no tie is ideal, unless they are interviewing in a more traditionally formal environment. Banks, investment banks and insurance companies, may still have a more formal dress code in which case, I suggest they mirror the company's dress style. Early on in the search process, we will inform our candidates, both male and female, about the culture of the organization. Surprises aren't fun for anyone.

Samantha: A lot of businesses employ multiple generations of employees at all levels. From boomers to millennials, today's successful finance executives combine high talent with high energy. Let's say someone has been a CFO for a few decades. While they are more senior than their competition, they may not be perceived as someone who is as relevant as their more tech savvy junior counterparts. What are these CFO candidates doing to stand out both in person and on paper?

Chris Bull: If a candidate is looking to land a role at a cutting edge, fast-paced, growth company, it is important that they embody those traits in person and on paper. Bright and relevant candidates present better across the board. If a candidate has a hobby (or interest) such as: team-sports (current or at a collegiate level), community involvement, publications, notable achievement and/or awards, or extreme adventure sports (cycling, triathlons, etc.), they'll often include that on their resume. This tells the hiring manager that they may have qualities that fit well within the organizational culture. Other ideas may be to highlight up-to-date programs or apps, social media (i.e., link to Linkedin profile), and a "polished" resume. The role of the CFO is incredibly demanding. These are some ways for a candidate to demonstrate that they have what it takes to dive in and make a difference right away.

Again, those finance leaders who have significant deal experience, post-acquisition integration experience, private equity experience, banking relationships and cross-functional leadership experience, are highly valued at any stage in their career.

About Chris Bull:

Chris Bull serves as a co-founder and managing partner of McDermott & Bull, headquartered in Irvine, California. Bull has successfully built his own executive search practice catering to both private and public companies, private equity firms and their operating companies, such as: Altamont Capital Partners, Audax, Frontenac Company, Quad-C Management, Inc, and Riordan, Lewis & Haden, along with a variety of successful clients, such as: CoolSys, First American Financial, Irvine Company, Kelley Blue Book, Manhattan Beachwear, SC Fuels, Trojan Battery, United Way and Vizio, just to name a few.

Previously, Bull was an executive vice president in the Orange County office of DHR International, the nation's 6th largest executive search firm. Earlier in his career, Bull spent six years operating the company he founded, American Liberty Capital Corporation. American Liberty combined cutting edge technology with the standards of commercial and residential mortgage banking retail services to become one of the largest privately held consumer finance companies based in Southern California.

Bull currently serves on the Board of UCP of Orange County (United Cerebral Palsy) and has served on the Boards of Big Brothers Big Sisters of Orange County, Association for Corporate Growth ("ACG") and on the Ambassadors Board of Talk About Curing Autism ("TACA"). He resides in Coto de Caza, California, with his wife and four children. Chris received a Bachelor's Degree in Economics and Finance from the University of Texas at Austin in 1985.

Bull can be reached at: bull@mbexec.com or (949) 529-2690
For more information about McDermott & Bull, feel free to visit: mbexec.com

UMPQUA BANK

M&A Lending: Far From a Commodity Business in Orange County

Five Tips For Getting It Right

Todd Abboud
EVP Corporate Banking, Senior Managing Director
(949) 623-1628

Mergers and acquisitions remain a key tool for growth for mid-market businesses in Orange County. The region is one of the world's most vibrant economies, presenting unique opportunities for companies to amass market share and build efficiencies in extremely competitive industries. Yet since we're about a decade since into an economic recovery, chief financial officers need to be extra careful in order to account for surprises. A prudent and diligent strategy will affect what type of deals you pursue, how those transactions are structured, and what type of bank you should partner with for long-term growth.

If you are going to go down the M&A road, it's really important to have a banker and a bank who understand different approaches to acquisition financing. Here are some key pointers to make for a smoother acquisition:

Scrutinize the fit.

Make sure you are partnering with a firm with similar vision and character to that of your company. How do the cultures mesh? What does succession look like? Consider the cost of merging information technology systems. Is it worth the expense?

Conduct due diligence.

If you do the extra work up front and make sure that the financing is properly structured, you can avoid a major problem down the road. What would a combined balance sheet and income statement look like? You really need to test various scenarios to see how your cash flow and debt servicing are affected. Make sure to understand how the bank is modeling it, and be conservative with coverage ratios.

Consider covenants carefully.

This is one of the key areas where companies run into problems. Once a company is in covenant default, a bank can call the loan. How will the company metrics hold up against escalating tariffs, higher interest rates, occurrence of a natural disaster, or a slowdown of the economy?

Gauge the flexibility of prospect banks.

Is the bank you're considering willing to construct a financing vehicle that is truly specific to your company? Beware of "bank policy" as an excuse or getting pigeonholed into a specific product. Look for a partner that's willing to accept the unique challenges of your business, offering customized solutions.

Look for longevity with your bank.

Consider going with a bank that has the capability to meet increasingly complex needs as your business grows. That allows your company avoiding the hassle of changing its banking relationship just because the bank can't handle the work. It's a time-consuming proposition worth avoiding.

Keep in mind as your company grows by M&A, you have to really understand a bank's approach to lending, and what it means for the long term. Look for a bank that's stable, or on the upswing. An informed decision now, in choosing the right M&A partner, will pay dividends in the long run.

HMWC Celebrating 50 Years CPAs & Business Advisors

Business Exit Strategy: The Challenging Questions to Ask

by Glenn Carniello, CPA, CCIFP, HMWC CPAs & Business Advisors

When is the right time to sell your business? How does one go about monetizing the value of the company they've spent a lifetime building? One of the greatest challenges for investors is knowing when to sell their stock. This is no different when it comes to selling stock in your business. Generally, it is better to sell your stock when times are good. The challenge is that when times are good and you are making money, you feel less inclined to sell.

Planning for both good and bad times is best done when we aren't being reactionary. For example, I recommend creating a budget contemplating revenue declines of 20% or more and file it for when that eventually occurs. Similarly, you must also have a plan for exiting your business. I suggest that if you are in the latter stages of your career, ask yourself, "Am I willing to go through another downturn in the economy and spend the time and energy to rebuild again?" If you answered "Yes!" that's great and likely you've experienced going through downturns before. Experience aids in yielding better results in the future under similar conditions. However, if you answered "No!" you must either begin, or continue, to develop your exit strategy. If you are looking to exit your business on your own terms there is much you will need to consider (i.e. to whom/how, structure, terms, tax consequences, etc.). Proper planning will help maximize the likelihood of success, including achieving an acceptable valuation and a tax favorable transaction.

Glenn Carniello

There are a number of different avenues one can take in terms of exiting their business and extracting the value created. The owner can sell to an outside party, sell/transfer to key internal people/family members over time or in one transaction, form an ESOP, etc. There are many good options that can be evaluated to determine the best pathway, dependent on one's specific objectives and circumstances. HMWC is well experienced in helping business owners develop exit strategies. It would be our privilege to discuss options and help you develop a strategy that befits a smooth transition.

For more information, contact Glenn Carniello at glenn.carniello@hmwccpa.com or visit us at hmwccpa.com.

HMWC CPAs & Business Advisors was founded in 1968 and specializes in serving the financial and tax needs of privately-held businesses and their owners throughout Southern California. We serve clients in a variety of industries including real estate, construction, healthcare-physicians, and dentists. HMWC is the largest accounting firm in Tustin, and ranks 13th largest out of 56 accounting firms in Orange County. The depth and breadth of our expertise make us a valuable member of our clients' management team. At HMWC, we are more than accountants - we are trusted business advisors.

INNOVATIVE PIECES THAT CELEBRATE EXCELLENCE

PRESENTED BY LUGANO DIAMONDS

"We are what we repeatedly do. Excellence, then, is not an act, but a habit." As we celebrate our community's exemplary business leaders and entrepreneurs, Aristotle's words ring true. Excellence is not fleeting; it is a routine practice.

Moti Ferder, CEO and design director of Lugano Diamonds, believes reliability is key. *"It is paramount we consistently create exquisite works of art. Our clients expect stand-out, beautifully crafted, one-of-a-kind pieces of jewelry. It's critical to the success of our business that we deliver – if not over deliver – with each bespoke piece."*

In the spirit of success and innovation, Lugano Diamonds introduces jewelry that inspires all year long.

Vibrant Blue and Titanium Pair for Success

In the mid 19th century, fashion accessories and jewelry joined forces to create modern and acceptable men's jewelry: the cufflink. To this day, sleek and colorful links add the final touch to a man's ensemble. Lugano Diamonds Blue Titanium Cufflinks offer a subtle burst of vivid blue titanium surrounded by elegant round brilliant collection VS diamonds. From board meeting to evening networking, these links will complement your confidence and astuteness.

Polygons Aren't Just for Geometry

Your work style need not be subdued or expected. It should be exceptional. Lugano Diamonds Hexagon Drop Earrings are anything but expected. The drops dangle more than three carats of rare hexagon cut diamonds with outstanding color. Radiating from the center stone are three polygon layers of round brilliant collection VS diamonds. Each drop is suspended from asscher and baguette collection VS diamonds all accentuated in 18k white gold. Like you, these earrings offer their own presence and innovative approach.

Lasso Your Dreams

Commemorate and celebrate with Lugano's Lariat Necklace. With this necklace there are no limits, and possibilities are abundant. This piece is tremendous with carats and carats of astounding beauty. Nearly 20 carats of elegant black jade, 350 carats of Pacific blue sapphire beads paired with more than 15 carats of briolette blue sapphires culminate with close to 26 remarkable carats of round brilliant collection VS diamonds. Magnificent inside out.

LUGANO® DIAMONDS

An experience as remarkable as our collection

We welcome you to view our stunning collection at the Lugano Diamonds Grand Salon located at 620 Newport Center Drive, Suite 100, Newport Beach, and our additional locations in Aspen and Palm Beach. Please call 866.584.2666 or email info@luganodiamonds.com for more information.

6 Tips for Automating Your Cash Management

By Frank Rojas, City National Bank

Many small business owners devote extensive time and energy trying to manage and speed up accounts receivable and accounts payable. Their time can be better spent sealing business deals and bringing in new clients.

What many are learning is they can operate more efficiently if they automate their cash flow, freeing-up their leaders to explore new markets and take the company to the next level.

What to Look for in an Automated Cash Management System
Online platforms that link bank accounts to accounting software, such as Quickbooks® or NetSuite®, can help eliminate the need to do double-entry for invoices and streamline the process of paying vendors and getting paid by clients.

When deciding to automate your cash management system, there are a few key elements to look for to ensure you're making a worthwhile investment.

Easy-To-Use Software
Seek out a software that has an intuitive, user-friendly financial interface that is easily accessible from mobile devices. It should integrate with your accounting software and allow you to view transactions in various phases of processing and approval.

Even a small thing can be a great help, like having easy access to the company's cash balance on an online dashboard. Because accounting employees often start their workdays by checking that balance, the dashboard becomes a gateway into figuring out if they need cash or if they have excess cash, and it sets the agenda for what they need to do from there.

Electronic Deposits
Scanning checks to deposit them in your account electronically ensures that your business has access to the cash you need when you need it.

Small businesses may have a pretty slim cash margin to deal with. The ability to automate a deposit can allow a business to receive money faster and have cash on hand to pay their obligations sooner, preserving good relationships with their vendors.

Visibility into Transaction History
Quick and easy visibility into transaction history for specific vendors as well as on an aggregate "big picture" level gives you the ability to run reports for auditing purposes and request customized reports for specific needs. Because these insights could help you identify areas where spending could be better monitored or areas for potential business growth, this is extremely important for all business owners to have and review regularly.

Transaction Matching Capabilities
Another feature to look for is transaction-matching. This capability shows which transactions have cleared your account and compares them to a list of approved payments. The matching process must be completed on a daily basis and analyzed for any discrepancies to avoid financial losses. Automating this process not only saves a substantial amount of time, but it also reduces the likelihood of error that is common with manual entry.

Fraud Detection
When you're looking at options, ask about the safety and security of services provided. You want to ensure your business - as well as your employees, partners and clients - are protected. Fraud detection features help employees to confirm that a check has been cashed by the payee - and for the correct amount. If something isn't right, under certain circumstances the business can elect to not have an item paid and have its account credited.

Security functions, like requiring a payment approver to use a passcode, are designed to help keep fraudsters from accessing the company's banking services and emptying its bank accounts.

Variety of Payment Options
The ability to easily select bills to pay, schedule payments and choose a payment method, such as check, ACH or wire transfer can help stop minor inconveniences from turning into major disasters.

Small companies often have one person handling accounts payable. If that person is out sick or forgets to send that week's accounts payable file in advance of the due-date, vendors won't be paid.

Automated cash management can save the day with a well-timed same-day ACH or wire transfer payment. The system sends an email alert that a payment is awaiting approval online. The approver can then log in via mobile phone or tablet and click "approve" from almost anywhere in the world.

Personalized Assistance
Make sure that your bank or service provider is equipped to provide quick, high-quality assistance with your questions or service issues. When technology fails, or you need further assistance, it's crucial that your business has access to the assistance it needs to keep operating efficiently.

When thinking about automating your cash management, you should also consider how to improve your accounts receivable collections.

City National's treasury services division offers these and many other product solutions for businesses on The Way Up.

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SVP/Regional Sales Manager
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Advantex Professional Services

The Market for Finance and Accounting Consultants is Strong and Growing

Recently there has been more and more mention of the “gig” economy, but most professionals, managers and executives don’t really know what it might mean for them. Many times, we experience people who either don’t consider it seriously or make unreasonable assumptions regarding the benefits of consulting. The market for consulting services continues to strengthen and develop, and will likely be considered as an option for most professionals at some time during a career. However, given that consulting in finance and accounting is evolving, there are things that most people don’t know. This article first defines “consulting” in finance and accounting, then compares the pro and cons, provides some best practice reminders and finishes with a discussion of the current market for resource consulting in Southern California.


Ken Tudhope

There are generally three types of consulting in finance and accounting: interim or resource, freelance and results based. Interim or resource consultants are non-exempt w-2 employees of staffing firms like Advantex, who work for third-party clients, in the clients’ offices, using clients’ systems and resources and managed client personnel. This is the vast majority of consulting in finance and accounting and the consultants provide expertise and work product, but not necessarily a defined result. Freelance consultants or independent contractors provide work “corp-to-corp” on a 1099 basis and are technical experts who work on an hourly basis, independently for multiple clients (even at the same time) using their own systems, resources and working hours and location. As labor laws tighten, the compliance requirements for independent contractors have become increasingly detailed and onerous. Significant research into the requirements and/or consultation with a labor attorney is recommended before entering into an independent contractor agreement. Results consulting firms (and their employees) work on a lump-sum basis and assume the risk of producing a pre-defined result. Whereas resource consultants and independent contractors are individually focused, result consulting is firm focused. Good examples are the strategic consulting firms like Mc Kinsey, Bain and the Boston Consulting group.

Given that Advantex provides resource consultants and this type of consulting is most often considered by professionals in finance and accounting, the following is a listing specific pros and cons of resource consulting.

Pros:

1. Flexibility- True experts are in demand and can often pick when and where they work.

2. Pay for all hours – Resource consultants are generally paid hourly and receive an OT premium.

3. Variety – Each project will provide a new variety of people, systems and issues.

Cons:

1. Limited focus – clients want true expertise which means that consultants will only be selected for projects in which they have recent and deep experience.

2. Demanding Work – resource consultants are often assigned to otherwise difficult tasks and sometimes for work that direct-hire employees simply don’t want to do.

3. Chaotic work environment – chaos often drives the need for additional, temporary people.

4. Compensation / benefits – rates are market driven and fluctuate rapidly; benefits are limited.

5. Limits Job Searching – it is difficult to conduct a serious job search while on a consulting project.

Across time and markets, all the pros are increased and cons are decreased by true technical expertise. Unlike direct-hire employment, there is little time for professional development, as resource consultants are expected to be able to add value immediately. Clients demand expertise and are willing to pay a premium for it.

The demand for resource consulting in finance and accounting in Southern California in 2019 will be the strongest in years. This is caused by four primary factors: technical changes in GAAP, increasing demand for transaction support, ERP Implementation and very low unemployment. Changes in GAAP always drive demand for resource consultants in the middle market where companies need to change but likely don’t have available technical expertise. In 2019, the new lease and revenue recognition standards will go into effect for private companies in the middle market. Demand for M&A transaction work is increasing and we are seeing demand for consultants to support those transactions, often working alongside the accounting firms. There is constant demand for short-term help with new ERP implementation. Finally, with record low unemployment there is demand at all levels and functions for resource consultants. The two top sources of demand are for growth and turnover. The direct hire process is taking longer and longer and many times hiring managers are forced to hire resource consultants to do the work during the search for the direct-hire replacement.

People considering resource consulting work need to respect the differences between being an employee and being a consultant. The following is a short list of best practices for resource consultants:

1. There is no second chance to make a first impression. Resource consultants are always under the magnifying glass and even more so in the first few hours and days of any assignment. Be early, dress sharply and be prepared with the necessary tools: paper, pen, calculator, lap-top, etc.

2. Your work is being billed by the hour, act like it and always remain productive. Cell phone calls should never be taken while on billing.

3. Keep track of your time precisely. There is never an excuse for over or under billing.

4. Always ensure you understand the needs and expectations of the clients. Immediate productivity is expected so ask questions and then reconfirm. Working on the wrong requirement is the same in the client’s mind as not working at all. Progress checks early on any assignment are a good way to stay on the right work.

5. The paying client is always your first priority, but don’t forget you are the employee of Advantex. The more smoothly your project goes, the better the reference will be and the more chance you will have to be selected for future projects and/or direct-hire searches. We recommend that you learn time tracking system and timing, and include Advantex on project progress updates. As an hourly employee, there are legal requirements for break times, meals and overtime; non-compliance can cause serious issues for Advantex and the client company and has cause termination in some cases.

Advantex Professional Services is a division of Kimco Staffing Services, Inc. founded in 1986. The company was built on the foundation of integrity, innovation, excellent service, and a genuine concern for people. Today, Kimco has several staffing practices providing local and national recruitment and staffing solutions across the country.

Advantex is an award-winning recruiting firm specializing in accounting, finance, and information technology. Our winning formula blends advanced recruiting resources and technology with a personal touch. The result is the Advantex Hiring Advantage: expertise, personalization and specialization.

A True "90 Point" Wine is in Laguna Beach

Finally, a first class "Napa Valley style" tasting room is opening its doors next to the Sawdust Festival in Laguna Beach this January. This is not an ordinary winery by any means. Frankly, it is like nothing else we've seen in Orange County. McClain Cellars is an amazing new winery from the Santa Ynez Valley. What makes them different from other wineries in Orange County is where the wine is made and where it comes from. Founded by Jason & Sofia McClain, McClain Cellars grows, harvests and makes all of their wine in the Santa Ynez Valley. After it is bottled and ready to release, they bring all the wine to Orange County where it is released to the public.

Their winemaker, Dean Guzman, who spent time working for Fess Parker, is an artist when it comes to creating a balanced wine that is truly amazing. McClain Cellars sets itself apart by combing amazing art and unique names with wines that rate at 90 and 91 points according to Wine Enthusiast magazine. The truly interesting thing about these ratings is that they are from McClain Cellars first release of their 2016 wines.

Until now, getting a bottle of McClain Cellars has only been available online at their website (www.mcclaincellars.com) or at a local tasting event. In January 2019, McClain Cellars is opening their doors in Laguna Beach. The new address is in the HIVE at 849 Laguna Canyon Road, Laguna Beach, CA next to Kitchen in the Canyon and the Laguna Beach Beer Company. The new tasting room is going to be second to none. The McClain family is going all out to create a space to not only showcase their amazing wine but also offer Orange County a wine rafting experience that will soon become a local favorite. Their new tasting room will showcase all of their wines, music, charcuterie as well as an olive oil tasting and an artisan popcorn tasting. Until the grand opening, be sure to check them out online. They even offer free delivery in Orange County when ordering six or more bottles from their website.

McClain Cellars' guest reviews are off the charts. 5 out of 5 stars on Facebook and the same for Google. They are truly making a mark in Orange County and are already one of the fastest growing labels in town. With wines like Sacred Love, Painted Dreams and the much sought after, Faithful Friend, McClain Cellars has made a mark that is here to stay.

Laguna Beach will never be the same again.

For more information contact Christen Barley at (949)590-9980 or Jason McClain at (949)484-4459 or visit www.mcclaincellars.com

HASKELLWHITE
CERTIFIED PUBLIC ACCOUNTANTS | BUSINESS ADVISORS

New Year Brings Barrage of New Challenges for Businesses

In 2019, business leaders are confronting new challenges at a quickening pace. Disruption is coming in all forms – economic, regulatory, fiscal, staffing, cultural, and technological — you name it. To thrive in this changing landscape, you must develop a strategy that helps your business grow stronger with every challenge.

Many organizations are more vulnerable to economic headwinds or other disruptions than executives may realize. To fortify against these inevitable changes, executives need the right tools to navigate the challenges and build a company which will survive – and even thrive – in a challenging environment.

This requires a shift in the mindset to start seeing problems as opportunities for improvement. Additionally, middle-market business leaders must focus on specific weaknesses with laser-like precision and implement a solution to these problems with the same level of intensity.

Most process improvements involve an elemental change to your normal way of doing business, creating a risk that it won't be successful. After all, research suggests only a 30 percent chance of success when implementing a company's change initiative – usually due to the trial-and-error approach adopted by many organizations that tend to waste time, reduce confidence, lose money and squander resources. By understanding the factors that contribute to success, you can increase your chances of successfully implementing new initiatives.

Change Success

Preparing for change success will not happen overnight. It is a layered process that involves looking closely at many aspects of your organization and rolling out plans to reinforce your strengths and mitigate your weaknesses. However, with support from your teams, clear accountability processes and effective tools from your business advisory services provider, the hard things feel easy – and the future becomes more exciting.

Tools Available to Streamline your Strategic Planning

In the resources section of www.hwcpa.com, we have two diagnostic tools. The first is the Business Diagnostic Tool, which gauges a business's health by asking 25 questions that should take about five minutes to answer and analyzing a variety of success factors.

By identifying the top three areas for improvements and implementing positive actions to fix a problem, you will accelerate your growth and elevate your profit. Conversely, it exposes negative actions that contributed to the problem so that it can be eliminated or significantly reduced.

We help management incorporate these steps into the company's internal processes through a one-page plan, an internal implementation team, and accountability coaching from our advisors. When these updates are made and your management team is trained to solve similar problems quickly, you are strengthening your business against future issues of any kind.

The second is the Change Success Diagnostic, which helps identify any issues that may stand in your way of implementing real change. The report delivered from the diagnostic also provides your team's change scenario and strategies to improve.

Even though the idea of "the future" seems to be coming earlier and more often these days, you can still "future proof" your business. In 2019, future-proofing is all about flexibility and having the mechanisms in place to adapt to sudden change.

Haskell & White is one of the largest independently owned accounting, auditing and tax consulting firms in Southern California. Haskell & White works with companies in a broad range of industries including real estate, manufacturing, distribution, life science, technology, and retail. www.hwcpa.com

Wayne Pinnell, CPA

Wayne Pinnell is the managing partner of Haskell & White, one of Southern California's largest independent CPA firms. Wayne's clients include publicly traded and privately held firms, ranging in size from small, family-owned businesses to multi-national corporations. He has experience in a wide variety of industries, including technology, life sciences, manufacturing, wholesale distribution, retail, real estate, nonprofit and specialized services.

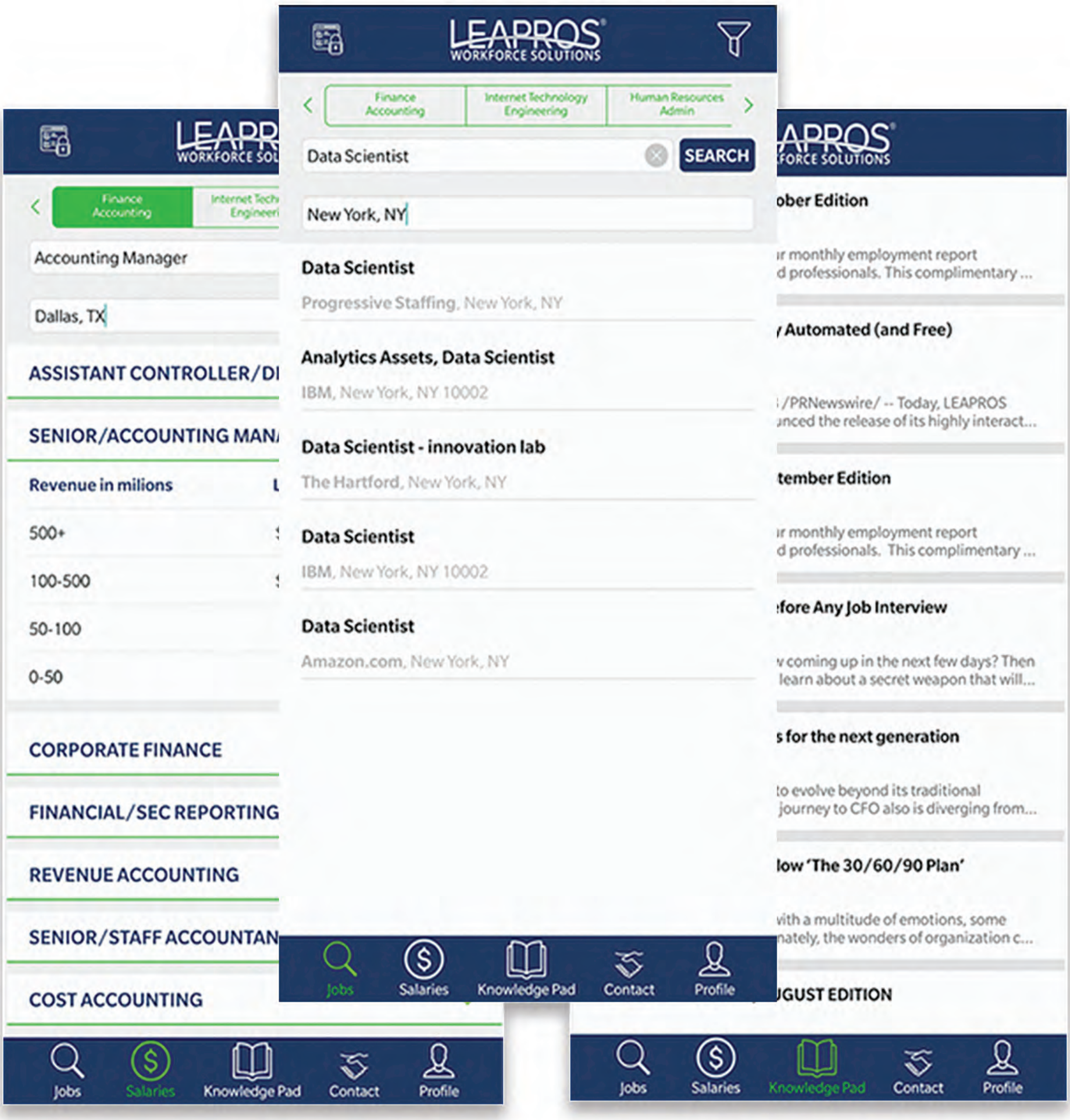
Wayne has also consulted with a number of companies on their general business operations including workflow, waste reduction, strategy, and growth/profit initiatives.

He can be reached at (949) 450-6200.

LEAPROS® WORKFORCE SOLUTIONS

LEAPROS® Releases Innovative Salary and Job Search Mobile App with National Search Capabilities

LEAPROS®, a specialized workforce solutions company known for crafting industry-shaping strategy through the development of transformative technology, has released a highly innovative mobile application designed for employers, job seekers, and employment enthusiasts. The LEAPROS® Mobile App is the first mobile app that provides a combination of specialized salary data, as well as job search listings, for all major markets in the United States. The app provides employers with region-specific and national salary data for specialized positions in finance, accounting, information technology, engineering, human resources, administration, supply chain, operations, sales and marketing. The app also provides job seekers and employment enthusiasts access to jobs anywhere in the US, as well as actionable information such as interview tips, job market updates, and career-related news. "In recent years our customers communicated to us the difficulty in the market to obtain specialized salary data and searchable job listings without the burden of ads, spam, and pricing barriers," says Joseph Ruiz, LEAPROS® President and Chief Empowerment Officer. "Further, as a specialized workforce solutions company, we recognized that many professionals routinely pivot from job search to hiring mode and vice versa. To solve this problem, we created the first mobile app designed to empower job seekers and employers to accomplish their job search and hiring objectives by providing a confluence of specialized salary data, job listings, and employment content in one single (and free) mobile app."



Some of the innovative features of the LEAPROS® Mobile App include:

Specialized Salary Guide
- Access to national and region-specific salary data
- Projected 2019 starting salaries for positions in finance, accounting, information technology, engineering, human resources, administration, supply chain, operations, sales and marketing
- Great guide for payroll budgets, merit reviews, or discovering your earning potential!

Powerful Job Search Management Tool
- Job search aggregator providing access to job listings anywhere in the US
- Easily apply to or share job listings using keyword or category searches
- Job search and application histories are automatically stored in the app, allowing job seekers to manage and organize their search activity more efficiently
- Saves job seekers time and keeps their search confidential

Knowledge Pad
- Access career news, job search and interview tips
- Stay abreast of national and regional job market conditions and industry trends
- Designed to empower job seekers to interview like a champ!

Availability
The free iPhone and iPad mobile app is available now in the Apple App Store. The free Android mobile app is also available now in the Google play and Android market. An online version, which includes downloadable salary data and job descriptions, can be found at www.leapros.com/mobile-app.

About LEAPROS® Workforce Solutions:
LEAPROS® strategically links employers and professionals through innovative workforce solutions, industry-shaping strategy, world-class customer service, and transformative technology that catalyze growth for impact. Operating on a national and virtual operating platform, the company provides executive and professional search, along with interim and project staffing solutions, for a variety of specialty areas. Areas of concentration include finance and accounting, information technology and engineering, human resources and administration, supply chain and operations, sales and marketing. To learn more about LEAPROS® and their workforce solutions, visit www.leapros.com or call 866-920-LEAP (5327) and ask to speak with one of their experienced recruitment partners.

For more information or to Leap Smarter, please contact 1-866-920-LEAP or leap@leapros.com. Visit LEAPROS.com.

Congratulations
CFO of the Year Nominee

Aaron Coley, CFO

MemorialCare proudly congratulates Aaron Coley, Chief Financial Officer for Orange Coast and Saddleback Medical Centers as a nominee for CFO of the Year. Mr. Coley is an experienced leader who contributes to MemorialCare's success and to the region's growth, stability and well-being.

MemorialCare™
Orange Coast Medical Center

MemorialCare™
Saddleback Medical Center

CFO of The Year Award Nominees

Jim Balas, CFO
CoreLogic, Irvine

James 'Jim' Balas joined CoreLogic as the senior vice president of Finance and controller in 2011, one year after the company was founded. Upon joining CoreLogic, Balas led the transformation of the finance function and served as a key leader in various strategic initiatives, resulting in margin expansion of nearly 900 basis points (bps) and significant shareholder returns of more than 250 percent. In 2016, Balas was appointed to CFO and has since led the company's finance transformation initiative which yielded annual cost savings of more than $15 million per annum and included the re-design and implementation of process improvements that enhanced quality, efficiency, and insights to better drive value creation. As CFO, Balas is responsible for leading the CoreLogic accounting, financial reporting, SEC reporting, treasury, risk management, and corporate tax functions. He also plays a key role in strategic initiatives including mergers and acquisitions and capital allocation. Additionally, Balas oversees long-term tax planning cost management policies, control and reporting operations.

Chris Carr, CFO
Dendreon Pharmaceuticals LLC, Seal Beach

Chris Carr is CFO at Dendreon, a start-up enterprise with an established product and over $300 million in sales. Carr has been responsible for reestablishing Dendreon as a standalone organization, after its split from their parenting company, which required that virtually every function be built from scratch, including finance, accounting and the IT organization. In addition, Carr has helped create a 20-person finance team from scratch and expanded the IT organization by 19 in four months. Carr has over 25 years of financial experience in the pharmaceutical and biotech industries. Prior to Dendreon, he spent more than 13 years in the Vision Medical Device group at Abbott Laboratories and more than 10 years at Genzyme Corporation, which included a role as a divisional controller for the publicly traded oncology business.

Phil Carter, VP Controller
Skyworks Solutions, Inc., Irvine

In less than two years at Skyworks Solutions, Phil Carter has helped build a high-quality accounting team and has significantly improved the quality of the company's policies and processes. Skyworks Solutions is a global company with highly innovative analog semiconductors, connecting people, places and things spanning a number of new and previously unimagined applications within the aerospace, automotive, broadband, cellular infrastructure, connected home, industrial, medical, military, smartphone, tablet and wearable markets. Carter has a bachelor's degree in accounting from the California State University, Fullerton as well as a master's degree in business administration from the University of Southern California. Prior to his position at skyworks, Carter spent over eight years at Broadcom.

Scott Carter, Executive Vice President
Sports 1 Marketing, Irvine

Scott Carter is the co-founder and executive vice president at Sports 1 Marketing. Sports 1 Marketing is a global sports and entertainment marketing agency that leverages the relationship capital. Carter manages and develops multi-million dollar marketing and advertising relationships with a variety of companies across many industries, with one of the biggest being L'Oreal. He is also responsible for spearheading the creation of Sports 1 Marketing's Nonprofit Toolkit, which was founded to help charities across the country by improving their marketing efforts, growing their support-base, and increasing the number of contributions they receive.

Julie Chassagne, VP & Corporate Controller
Alteryx Inc., Irvine

In 2016, after 17 years, Julie Chassagne left the public accounting industry and joined Alteryx Inc. as the corporate controller. Her first major project was assisting with its initial public offering, which was completed in March 2017. She was instrumental in the transition of the company from privately held to public, and in creating and enforcing Alteryx's policies, processes and practices to comply with regulatory requirements. She was also involved in the secondary offering that was completed in September 2017. Chassagne works tirelessly to support the company's strategic initiatives, including two successful acquisitions that closed in the first half of 2017. She is active in the company's international expansion initiative, and responsible for setting up and managing the accounting and transactional activities for newly created entities in Europe and Asia. She has also continued to develop and build her team, almost doubling it in size with a commitment to preserve Alteryx's reputation as one of the "Best Places to Work in Orange Country."

Melanie Chomchavalit, CFO
FGPG - Freddie Georges Production Group, Huntington Beach

In 2001 Melanie Chomchavalit, played an integral role assisting Ms. Freddie Georges, with the launch of two separate, yet industry-related corporations, FG|PG an exhibit and experiential marketing agency and The Shop@ShowReady, an exhibit and scenic fabrication company. As a principal and partner, Chomchavalit not only handles CFO responsibilities, but she continues to be instrumental in the development and formation of general business policies, accounting infrastructure, and overseeing HR departments for both companies. In 2015, to accommodate business expansion and growth to nearly 100 employees, Chomchavalit directed the relocation and transition of FG|PG and The Shop@Show Ready corporate headquarters from La Palma, CA to an 81,000 square-foot state-of-the-art design and production facility in Huntington Beach. Chomchavalit has served as CFO for seventeen years and continues to successfully oversee all corporate financials, managing and sustaining positive YoY growth from less than $4 million in year one to $36 million for 2018 — a remarkable 800 percent growth.

Aaron Coley, CFO
MemorialCare Orange Coast Medical Center and MemorialCare Saddleback Medical Center, Fountain Valley

Aaron Coley is chief financial officer at MemorialCare Saddleback Medical Center (SMC) and MemorialCare Orange Coast Medical Center (OCMC), both part of MemorialCare, an integrated health care delivery system. In 2018 SMC, under Coley's direction, came in 2.5 percent under its annual operating expense budget of $286 million. Working side-by-side with SMC and OCMC chief executive officer Marcia Manker, Coley ensures that the two nonprofit hospitals have a strong financial foundation to support their shared mission of providing high quality, compassionate care for patients and families at every stage of their lives. To expand the community's access to high quality healthcare, Coley collaborated with leadership and the medical staff to drive the investment in additional medical specialties and technology, including cardiovascular surgery, joint replacement and emergency services.

Suzy Cottle, CFO
Passco Companies, Irvine

As CFO of Passco, Cottle is responsible for the financial review of all acquisitions and dispositions, and the accounting for the firm's more than $2.6 billion in assets under management. She led the negotiations to increase Passco's Equity and Corporate credit lines with KeyBank, a game-changer for the real estate investment firm. Cottle spearheaded the revamping of Passco's third-party reporting systems, which has led to significantly increased efficiency and accuracy, improving firm operations overall. She is also deeply involved in the development of project portfolio management that is both SEC and FINRA compliant. Further demonstrating her keen ability to improve processes and drive accuracy, she streamlined Passco's investor tax return preparation, completing all 150 entity returns by February 28 each year. Prior to joining Passco, she served as director of Corporate Finance for Steadfast Companies, where she developed innovative systems to enhance reporting timeliness and accuracy. Cottle was also responsible for financial reporting for more than $2 billion in real estate assets owned by institutional pension funds during a 10-year tenure with PM Realty Advisors.

Brent Cranmer, Senior Director Finance & Treasurer
Bal Seal Engineering, Inc, Foothill Ranch

Brent Cranmer is a seasoned executive leader of corporate finance, accounting, and operations. Cranmer has diverse industry experience in the fields of manufacturing and professional service companies ranging in size from $20 million to $150 million. Cranmer has held successive positions that include tax accountant (PWC), auditor (PWC), plant controller, plant manager, corporate controller, and director of finance operations, and most recently was appointed treasurer of the board of directors. Cranmer's current role is with a diverse $100 million, multi-national manufacturing company. As a key member of the executive leadership team, Cranmer manages the entire finance and accounting department and works closely with the senior management team, and the board of directors to set and execute the annual operating plan, the five-year vision plan, as well as the financial budgets. Additionally, Cranmer is responsible for leading various cross functional teams that produced a combined $8 million in cost savings and marked gross margin improvements.

Sandra Crouch, Controller
Greater Irvine Chamber, Irvine

Sandra Crouch handles all aspects of financial affairs for all four Chamber entities: Greater Irvine Chamber of Commerce, Business and Economic Development/Destination Irvine, Irvine Chamber Education Foundation and Greater Irvine Prosperity Political Action Committee. As controller, she is responsible for overseeing risk management, and for three years, prior to outsourcing the HR management, she managed all aspects of HR, including making significant revisions to the employee handbook in collaboration with the Chamber's legal counsel. In her nearly five years with the Chamber, she has had only one audit adjusting journal, has created an Investment Committee to manage investment reserves for best ROI, and manages employee benefit plans, including vendor selection and compliance. Other accomplishments include, increasing cash holdings from a three-month reserve to a seven-month reserve in a four-year span, largely by identifying key non-essential expenses to be eliminated.

Donald D'Ambrosio, CFO
MYnd Analytics, Inc., Mission Viejo

Prior to joining MYnd Analytics, Inc. in 2017, Donald E. D'Ambrosio founded and built Oxygen Funding, Inc., an asset-based lending company that specialized in providing working capital to small businesses, where he served its president, CEO and CFO between 2007 and February 2017. Oxygen Funding grew to fund over $100 million of client receivables. From 1996 to 2007, Mr. D'Ambrosio served as senior vice president, controller and, ultimately, chief financial officer of BNC Mortgage, Inc. (NASDAQ: BNCM). As BNC's CFO, Mr. D'Ambrosio played a key role in the company's IPO, raising $35 million, its listing on the NASDAQ, and was also intimately involved in taking the company private through a $52 million management acquisition by Lehman Brothers. D'Ambrosio played a key role of BNC Mortgage Inc's acquisition of certain assets and liabilities and the origination platform of America's Lender, Inc. As a subsidiary of Lehman Brothers, BNC Mortgage, Inc. was ultimately closed in 2007 as part of the financial crisis. Mr. D'Ambrosio has been a featured speaker for the Small Business Association and a writer for Commercial Factor magazine. D'Ambrosio holds a Bachelor of Business Administration degree with an emphasis in accounting from Temple University.

Allan Dicks, CFO
Montrose Environmental, Irvine

Allan Dicks has led the top line revenue growth of Montrose Environmental with an average ~25 percent year over year revenue growth over the last two years. He has also helped

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complete 15 acquisitions over the last three years while successfully integrating each of these into the company's operations and processes. Mr. Dicks' leadership has also been integral in building out the company's finance and accounting team over the last three years. Prior to joining Montrose, Mr. Dicks held CFO positions at several companies, including a public Canadian healthcare company, a large privately held security services company, and billion-dollar divisions of Dole Food Company, Inc. and Land O' Lakes, Inc.; he also held a VP Finance position at HD Supply, Inc. Mr. Dicks also spent nine years with PricewaterhouseCoopers, both in the assurance group and as senior manager in the mergers and acquisitions group. He received his bachelor's degrees in commerce and accounting from the University of the Witwatersrand in South Africa and is both a Chartered Accountant and CPA (inactive).

Larry Gwilt, CFO
Orange County Rescue Mission, Tustin

Larry Gwilt entered the CFO position for Orange County Rescue Mission and Hurtt Health Family Clinics with no prior FQHC (Federally Qualified Health Center) experience and quickly learned and applied financial functions and reporting requirements to meet filing deadlines. Gwilt joined the Orange County Rescue Mission after a 30-year career in Corporate Accounting and Finance. His most recent position was as Western Region Finance Director for Suddath Relocation Systems. During his time as CFO he has enlisted support of all managers in yearly budgeting process, streamlined accounting processes for accuracy and efficiency, and upgraded effectiveness of accounting staff through training and full department cooperation.

Eileen Haubl, SVP & CFO
Mission Hospital, Mission Viejo

Eileen Haubl serves as senior vice president and chief financial officer at Mission Hospital. In this role, she oversees the planning, development, implementation and management of all administrative functions and services within the revenue cycle departments. These include the business office, patient access, staff productivity, materials management, and service line operations improvement. She also oversees the operations of Mission Surgery Center. Haubl joined Mission Hospital in 2001 and has greatly impacted fiscal operations by increasing net revenue per adjusted discharge, increasing total annual cash collections, and directing financial turnaround at Mission Surgery Center. Her leadership of Mission Surgery Center has led to consecutive accreditations by the Accreditation Association for Ambulatory Health Care, which recognizes organizations that are compliant with quality care requirements. Haubl has also successfully led implementation of the Meditech client server, which supports increased patient safety with electronic health records, computerized physician order entry, electronic nursing documentation, and bedside medication verification.

Michael Henry, CFO
Tilly's, Inc., Irvine

Mike Henry is responsible for all finance, accounting, risk management, legal, loss prevention and distribution functions of the publicly-traded, 200-plus store youth culture retailer. In September 2018, he helped complete the $117 million secondary offering of TLYS stock. During his time as CFO of Tilly's, Henry has helped achieve seven consecutive quarters of year-over-year store traffic growth and nine consecutive quarters of improved year-over-year operating income. In 2015, he and the CEO made the decision to halt new store growth to focus on improving existing store performance, resulting in a significant improvement in business. In 2018 they re-initiated store growth with the opening of 12 new stores and four pop-ups. Prior to his time at Tilly's, Henry was senior vice president and global controller of Quicksilver from July 2012 to 2015 and senior vice president and CFO of Pacific Sunwear from 2008 to 2011.

Erik Higgins, CFO
Five Point Holdings, LLC, Aliso Viejo

As an integral member of the FivePoint executive team, chief financial officer and vice president, Erik Higgins oversees all financial aspects of designing and executing upon land development plans and entitlements for the largest developer of mixed-use communities in coastal California. Higgins has more than 25 years of experience in real estate and has dedicated his career to managing the financial aspects of developing mixed-use planned communities. In 2016, Higgins played an integral role in an initiative to combine ownership and merge FivePoint's regional assets in Orange County, Los Angeles County and the San Francisco Bay Area into a single entity called Five Point Holdings, LLC. The merging of assets and independent entities created operational efficiencies and enhanced employee collaboration statewide. In 2017, under Higgins' leadership, FivePoint raised approximately $1 billion in capital through an Initial Public Offering, Senior Notes offering and establishment of an unsecured corporate revolving line of credit.

Tom Hillebrandt, CFO
Home Franchise Concepts, Irvine

Tom Hillebrandt joined Home Franchise Concepts (HFC) in 2016, as CFO, he leads all aspects of financial strategy and is responsible for accounting, finance, tax, treasury and IT for HFC. Hillebrandt serves as a trusted advisor and provides strategic input to the CEO and leadership on the strategy and direction of HFC with a financial and operational focus. He also acts as a key interface with the board and our investors. He brings over 25 years of senior financial management experience to HFC working for a diverse group of companies ranging from Big-four public accounting to start-ups to a billion dollar plus global manufacturing business. His industry experience includes technology, consumer


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products and retail businesses with extensive mergers and acquisition experience. During his time with HFC he has: reorganized the finance and IT functions with new leadership to meet the elevated expectations of the new ownership, established regular monthly board packages and management reporting, established an annual budget process to help HFC achieve its budget objectives every year, brought in BDO as auditors, and launched the process to revamp the franchisee's operational IT platform.

Jerome Kaiser, CFO
SeneGence International, Lake Forest

Jerome Kaiser has served as SeneGence chief financial officer since September 2016. Kaiser has navigated the organic growth of Senegence to over six-times in 24 months and has the helped international expansion and development of Canada, Australia, Mexico and Hong Kong markets. In addition he assembled a department of 30 staff from three in 12 months. Prior to SeneGence he served as the chief financial officer of Stemtech HealthSciences and ORYXE International, Inc.® Kaiser began his career in public accounting at PriceWaterhouseCoopers and has served in financial management positions with such notable companies as Liz Claiborne, Mikasa, Meguiar's®, and Ultramar. He is a Certified Public Accountant and is a member of the California State Society of Certified Public Accountants and the American Institute of Certified Public Accountants. Kaiser received his master's degree in business taxation from California State University and graduated with honors from Pepperdine University with a Bachelor's degree in Accounting.

Khalid Kakish, Vice President of Finance
BDS Marketing, LLC, Irvine

During his 14 years with BDS Marketing, Khalid Kakish has built strong partnerships with business unit leaders and well as the heads of each corporate support department. He has developed a fundamental, detailed understanding of BDS which has enabled him to become a trusted advisor for leadership across operations, human resource, facilities, information technology and, of course, finance. Kakish has also played a key role in the growth of BDS through strategic acquisitions, in all aspects from acquisition vetting, to due diligence through the integration of the business into BDS. In addition, Kakish has made significant contributions to providing visibility, new tools and processes to support not only the BDS business, but the overall BDS Solutions Group parent company. Kakish has exceptional financial spreadsheet skills and because he sees the overall business with such clarity, he can quickly develop models and analysis to help every team make better decisions.

Stacey Kato, CFO
Kingdomway USA

Stacey Kato is the chief financial officer of Kingdomway USA (KW) the U.S. division of Xiamen Kingdomway Group Co., Ltd, a leading supplier of raw materials for nutritional supplements, contract manufacturing services and branded consumer nutritional supplements. In addition, he serves as the chief financial officer for its two largest U.S. investments, Doctor's Best Inc. (DRB) and Vitabest Nutrition Inc. (VB). In addition to serving as the key business advisor to the CEO, he is also responsible for accounting; finance; customer service and fulfillment operations (DRB); and administration, including human resources and information technology. In 2011, Kato was originally hired as the chief financial officer of DRB by its founder with primary responsibility for preparation and sale of the company. In addition, he was assigned responsibility for supply chain operations. Kato was instrumental in the 2013 sale to a private equity firm, as well as the 2014 sale to KW at above-market premiums as part of KW's U.S. vertical integration initiative. During Kato's tenure, sales and adjusted EBITDA have grown at a compound annual growth rate of 27 percent and 41 percent, respectively.

Ken Kruis, CFO
RiverRock Real Estate Group, Newport Beach

Ken Kruis joined RiverRock in 2004 just one year after its founding. At that time there were less than 20 employees. Today, RiverRock has over 110 employees, a growth trajectory that Kruis has played a significant role in achieving. With a successful track record of delivering accounting and financial solutions, Kruis is responsible for profitability, controlling costs and enhancing efficiency. In his position, he handles all corporate accounting, financial planning & analysis, and financial management for RiverRock. Kruis's role is critical to effective property management accounting. Industry-wide, RiverRock's accounting department and procedures, established in house by Kruis, are widely respected and sought-after by clients. Kruis strives to ensure his staff delivers "zero defect" accounting, resulting in RiverRock being hired to provide accounting-only services for property development, operations and in some cases, RiverRock provides "back-office" solutions for their clients. RiverRock takes pride in the 100 percent favorable audit results of its accounting procedures, policies and controls.

Scott Lamb, CFO
ICU Medical, San Clemente

Scott Lamb became ICU Medical's chief financial officer in April 2008. During his tenure in this executive position, ICU Medical's revenue grew 51 percent through fiscal 2010, operating income more than doubled and net income increased 34 percent compared to fiscal year 2007. Lamb also helped lead the acquisition of the Hospira Infusion Systems business from Pfizer, increasing revenue from $380 million to over $1.2 billion. He contributed to continued improvements in operation and company performance, driving stock price increase from $55 in 2014, to more than $210 and a $4.25 billion market cap

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today. ICU Medical is one of the world's leading pure-play infusion therapy companies, with global operations and a wide-ranging product portfolio that includes IV solutions, IV smart pumps, dedicated and non-dedicated IV sets and needle-free connectors, along with pain management and safety software technology designed to help meet clinical, safety and workflow goals.

Sally Leisegang, CFO
Lindora LLC, Costa Mesa

As CFO of Lindora in 2018 alone, Sally Leisegang has: created an entirely new financial infrastructure, KPI reporting and operational metrics, ledthe implementation of a new ERP system (NetSuite) in half the typical time and expense, managed the acquisition of new debt financing and growth capital, and line of credit, led lease negotiations and oversaw expansion plans for seven new clinic locations, managed a comprehensive audit with new auditors (EY), drove in six million in positive EBITDA and 30 percent growth in 2018, and helped drive 85 percent engagement score. Lindora is one of the largest, medically supervised weight loss, wellness and consumer products companies in the United States. Lindora operates 34 clinic locations in Southern California. The company is owned by Solis Capital Partners and Innovate Partners, both located in Newport Beach, CA. Prior to her time at Lindora, Leisegang worked at Solis Capital Partners for six years and seven years at Rand Merchant Bank. Leisegang earned a degree from the University of Witwatersrand in South Africa.

Bruce MacCallum, CFO
Mission Critical, Huntington Beach

Bruce MacCallum has played a pivotal role in helping turn Mission Critical around in revenue and in locating operational efficiencies to strengthen synergies throughout the organization. In addition, he has had multiple successful exits and has a history working closely with board members, management, banks, CPA's, auditors, insurance providers, attorneys, vendors and other third parties. Mission Critical Electronics, LLC ("MCE") a multi-site private equity owned company, which represents a platform of distinctive brands and products focused on industrial electronic and electrical applications where durability, reliability and performance in hostile environments is essential. Through well respected organizations and brands under the names Newmar Power, LLC, ASEA Power, LLC, Kussmaul Electronics, LLC, Power Products, LLC and American Battery Charging, LLC, they provide high value critical system application products for commercial marine vessels, mega yachts, DC control, standby power, railroad passenger cars, wireless networks, emergency vehicles and public safety communication markets.

Tom Magee, CFO
Virtium LLC, Rancho Santa Margarita

Thomas Magee leads the finance team ensuring strong and stable financial performance and structure to support Virtium's business. Magee has continued to lead the finance and administrative functions as a partner with the CEO and Board to help grow Virtium three times during his four year tenure. His efforts have included completing the company's first external audit, instituting management and board reporting and controls as well as on-going capital management and a new ERP system to support unprecedented growth. Magee has more than 25 years of executive, operational and financial management experience with leading organizations. He has served as VP Finance, CFO, or a business unit leader for a range of technology and professional service firms including International Rectifier (NYSE: IRF), a global manufacturer of power semiconductors; EY where he was an executive in the Center for Strategic Transactions in Palo Alto and the San Jose accounting organization; Accenture Strategic Services, a global management consultancy, where he advised clients on operational and strategic matters as well as ARCO (British Petroleum), the global refining and marketing firm.

Andy Mandell, CFO
CoolSys, Brea

Since joining CoolSys two years ago, Andy Mandell has played a significant role in the company's revenue growth of over 60 percent. In this short period, he was a major force in successfully orchestrating six acquisitions, with several others currently under LOI. With mergers & acquisitions continuing to be a key growth strategy, Mandell established an in-house Mergers & Acquisitions Team. Additionally, he overhauled our financial team with the addition of a new VP of Accounting & Finance, a new VP of FP&A, as well as new managers of Payroll, Accounts Payable, Treasury, and Credit and Collections. He also moved CoolSys's banking relationship to JP Morgan Chase and implemented a fully-integrated solution for all banking and credit card needs across their entire platform of operating companies.

Jessica Moeller, Director of Accounting and Finance
Casco Contractors, LLC, Irvine

Jessica Moeller has worked at Casco Contactors for over 11 years and is currently responsible for overseeing all aspects of the company's finances including accounting and reporting, forecasting, budgeting, banking, surety, and risk management. Some of her accomplishments include: implementing an automated WIP statement saving one to two days a month, implementing automation in the A/P process to reduce time and errors and participating in the payroll conversion dropping the payroll processing time from two days a pay period to 1.5 hours. In addition, Moeller has created: an automated company metric dashboard, monthly sales/billing reports which allow for more effective project management sales reviews, and automated plotting expenses to hit the projects so they can be recouped.

Anthony Nardo, CFO
Reborn Cabinets, Anaheim

Anthony Nardo is the CFO of Reborn Cabinets Inc. He partners in duties with the company's president, including the training of upper management, especially in the area of customer service and satisfaction. He directs financial strategies, planning and forecasting. He holds the primary responsibility for the managing the financial risks, decisions and management of the company. Nardo has helped budget/plan and achieve a 28 percent revenue increase for the company. Reborn Cabinets is a thirty-five year old family run manufacturing and remodeling company. Nardo is a certified kitchen designer, is licensed as a general contractor, and holds a master's degree in Finance and Accounting.

H. Lan Nguyen, CFO
Rauxa, Costa Mesa

H. Lan Nguyen has over 25 years of accounting experience, providing accurate, action-oriented reporting. As CFO, she does more than accounting and number crunching, including helping plan overall business strategies, financing and operations at Rauxa. Nguyen's accomplishments include leading the execution of lease agreement for 50,000 square-foot office space in New York, and facilitating profitable growth of Rauxa over the 13 years with the agency. In 2005 Rauxa had $44.2 million in revenue with 89 employees and three offices, and in 2017 Rauxa had $104.6 million in revenue with 219 employees and six offices. Rauxa is the county's largest woman-owned independent advertising agency with more than 270 marketing professionals in seven locations across the county. Rauxa applies data, technology, and content to create measurable impact at maximum speed for clients that include Gap Inc., TGI Fridays, and Verizon.

Lynda Nguyen, Corporate Controller
Razor USA LLC, Cerritos

Lynda Nguyen joined Razor in 2006, and it has since more than tripled in size and sells in all major countries around the world. She went to Razor with the mission to institute an accounting infrastructure that would be able to support Razor's growth and fulfill the absence of financial reporting and analysis, allowing the owners to focus on growing the company through their creativity and entrepreneurial spirit. She began by improving the quality of the accounting records and restored data integrity into the system. She implemented stronger internal controls and established procedures, enabling the shortening of the monthly close from more than 20 days to five days.

Elizabeth Pagliarini, CFO
Summit Healthcare REIT, Lake Forest

Elizabeth Pagliarini is a seasoned executive with over 20 years of experience in financial services and investment banking having held positions including chief executive officer, president, chief financial officer, and chief compliance officer. Her background includes experience in finance, accounting, operations, compliance, securities litigation, and executive management. Prior to joining Summit Healthcare in 2014, she served as a principal at The Elizabeth Group, a company she founded to provide out-sourced chief financial officer services to registered investment advisers and broker-dealers, as well as services relating to securities litigation consulting. From 2005 to 2008, Pagliarini served as chief financial officer and chief compliance officer of an investment bank. Prior to that, she founded a boutique investment bank and registered broker-dealer, and served as chief executive officer and chairwoman of a Nasdaq-listed investment brokerage subsidiary. Summit is a publicly registered non-traded REIT that is currently focused on investing in senior housing real estate located throughout the United States. The current portfolio includes interests in 12 long-term triple-net leased healthcare facilities.

Gary Payne, CFO & COO
Irvine Barclay Theatre, Irvine

Gary Payne has worked at The Irvine Barclay Theatre for 17 years and has overseen nine straight years of budgets for the company. He fiscally guided the organization through a turbulent change in leadership in 2015-16 and helped to keep the organization stable. Since then, he has helped to grow the Barclay's operations from a $3.5 million annual budget in FY 2015-16 to $5.2 million in FY 2018-19. He has been instrumental in working with the City of Irvine and the University of California, Irvine on the Barclay's behalf, giving their public partners confidence in Irvine Barclay Theatre's operations and guaranteeing a stronger financial footing. He negotiated some much-needed maintenance with The City that had been ignored in past years. His out-of-the box thinking led to a new agreement with UCI to hook up the theatre to the UCI power grid, providing benefits to both organizations. Like many nonprofits, staff members have more than one role. In addition to being the Barclay CFO, Gary is also the COO and oversees facility operations.

Nim Purewal, CFO
Synamedia, Costa Mesa

Nim Purewal is the CFO of Synamedia Americas and Global Head of Commercial Finance – Synamedia is the world leader in Video Software with more than 200 customers including AT&T, Charter, Comcast, Disney, Liberty Global, Rogers, Sky, Tata and Vodafone. In 2018 Purewal played the lead financial role for the carve out of Cisco Inc. Video business to private equity group Permira, establishing the new Americas HQ in Costa Mesa and playing a key role in building the company's financial processes and teams from the bottom up. With experience of over 20 years in the industry, Purewal has also held senior finance roles with Cisco Systems Inc. and before that the NewsCorp subsidiary NDS. Purewal is a fellow of the Association of Chartered Certified Accountants, having started his career in audit in the UK with technology startups. Purewal moved to California in 2007, where he is now happily settled with family, and as a Lakers season ticket holder is ever optimistic about the future.

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Orange County Middle Market Banking

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Benjamin Reynolds, CFO

AMPCO Contracting, Inc., Anaheim

Benjamin Reynolds is accountable for the administrative, financial, and risk management operations of AMPCO Contarcting, including the development of a financial and operational strategy, metrics tied to that strategy, and the ongoing development and monitoring of control systems designed to preserve company assets and report accurate financial results. Some of his other duties include: diversifying risk portfolio, segregating labor pools into affiliate company preserving AMPCO EMR .67, enhancing bank revolving line of credit more than $1 million, securing more than $6 million in equipment funding capacity, and reduction of more than $1 million in GSA on the P&L through introduction of new technology systems and revised policies and procedures.

Ken Richards, CFO

Advanced Bifurcation Systems, Newport Beach

Ken Richards has over 30 years of experience as a finance executive. As the CFO of both public and private firms, he has consistently shown his ability to grow companies while delivering impressive financial results. At the same time, he brings to ABS strong regional and international relationships with the financial community through his time in banking, private equity and angel investing. This background is a perfect fit for ABS and has made Richards the ideal executive to drive ABS forward to commercialize our platform-based technology and pursue regulatory approval. Prior to joining ABS, Richards was CEO, and co-founder and partner of York Bridge Capital, a private equity firm with offices in Toronto, Los Angeles and Seoul, and an associated boutique real estate brokerage, advisory and investment firm. Previously, he held the role of managing director at CIBC World Markets in Los Angeles and Toronto, where he was responsible for a $5 billion debt portfolio. Throughout his career, Richards has completed large debt, high yield and equity financings, in both North America and across the globe.

Brian Robins, CFO

Cylance Inc., Irvine

At Cylance, some of Brian Robins' most significant accomplishments include redefining and testing non-GAAP financial measures, completing a company three-year plan, building out detailed predictive models for cash and revenue, implementing a corporate governance/IPO process and closing an extensive credit facility with Silicon Valley Bank. Prior to his tenure at Cylance, Robins was executive vice president and chief financial officer of Verisign, and was responsible for managing all worldwide operations related to finance, accounting, financial planning and analysis, tax, treasury and investor relations. During his tenure as chief financial officer, Verisign sold off 50-plus companies that were non-core assets, resulting in approximately $2.5 billion in proceeds; Robins spearheaded a $1 billion bond deal, approximately $4 billion in stock buybacks and more than doubled the market cap of the company. Cylance is revolutionizing cyber security with products and services that proactively prevent, rather than reactively detect the execution of advanced persistent threats and malware.

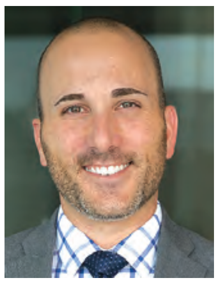
Jeffrey Schmehr, CFO

HdL Companies, Brea

As chief financial and administrative officer of HdL Companies, a Southern California-based professional services firm, Jeffrey Schmehr is responsible for the financial and management operations of the consulting company. Schmehr has been with the company for 13 years where he has been a growth leader, helping the company triple its size, acquire new companies and transition to an ESOP (Employee Stock Ownership Plan). Schmehr brings over 20 years of business operation and management experience to his executive leadership role at HdL. When Schmehr first started at HdL in 2005, it was a mature 7.5-million-dollar company. He was hired to be in control of high-level operations, administrative duties, and spearhead the finances of the company. Now in 2018 with Schmehr's support, HdL Companies has tripled in size in a matter of 12 years. HdL Companies to date has 85 employees spanning five offices where their focus continues to be maximizing local government revenues by providing compliance audits in California and Texas.

John Paul Sciammarella, CFO

Emmes Group of Companies, Irvine



The Emmes Group of Companies (EMMES) is a vertically integrated real estate advisory firm with over $1 billion in assets under management. EMMES is also a registered investment advisor with the Securities Exchange Commission. John Paul "JP" Sciammarella joined EMMES in September 2015 when an opportunity arose to join a long-standing company that was on the heels of a restructuring whereby two former partners spun out to form their own business. Sciammarella's role primarily focuses on the establishment of strategic plans, annual operating objectives and organizational strategies for EMMES. In his first year, the focus was on building a scalable back office, which included the development and design of an Accounting and Finance Function/Department. As his tenure at EMMES has expanded, Sciammarella has managed the relationships with outside service providers; including banks, independent public accounting firms and tax advisors. Looking to 2019 and beyond, Sciammarella is focused on capital and investor relationships.

Kris Sennesael, Senior VP & CFO

Skyworks Solutions, Inc., Irvine

Kris Sennesael is senior vice president and chief financial officer of Skyworks Solutions, Inc. He joined the company in August 2016, and since then he has rebuilt the accounting and finance teams - and transitioned the teams from being based in Boston to Orange County. Since he joined Skyworks the company has experienced over 15 percent revenue growth and 30 percent stock price growth. Prior to joining Skyworks, Mr. Sennesael served as chief financial officer for Enphase Energy, a semiconductor-based energy solutions provider. Earlier, he served as chief financial officer at Standard Microsystems, a designer of mixed-signal connectivity solutions, and prior to then hed increasingly responsible financial positions at ON, AMI Semiconductor and Alcatel Microelectronics. Mr. Sennesael holds bachelor's and master's degrees in economics from the University of Ghent, Belgium, as well as an MBA from the Vlerick Management School.

Guita Sharifi, CFO

Radiant Health Centers, Irvine

Guita Sharifi, chief financial officer of Radiant Health Centers (formerly AIDS Services Foundation Orange County), has over 15 years of CFO experience in the nonprofit healthcare sector. With extensive expertise in fiscal oversight and operations, Sharifi supports RHC's board and CEO in meeting the agency's vision and strategic goals through cost-saving insights and efficient financial and operational oversight. With new HIV cases occurring steadily at a rate of six per week in Orange County, the former ASF had begun evaluating its services and the best approaches to get that number down to zero. The former ASF began evolving its services to improve and ease access to medications and health services for at-risk populations. Sharifi identified funding strategies to help the 32-year-old local nonprofit expand its services to help Orange County's vulnerable LGBT population. The first of these was the expansion of vital mental health services which began in 2018 for qualifying members of the LGBT community facing a mental health crisis or are in need of counseling. Sharifi also continues to oversee the organization's financial operations that fund its comprehensive social services for people living with HIV.

Ed Stokx, CFO & CAO

MBK, Irvine

Edward Stokx joined MBK in 2017 as chief financial officer and chief administrative officer, directs and oversees all financial and corporate operational activities of the company, including enhancing the infrastructure and platform in the finance, technology, and operations departments. Additionally, Stokx assists in creating the company's long-term business plan and strategy, including developing new business. Stokx began his career in public accounting with Deloitte, serving both public and private real estate clients. After which he transitioned to Center Trust as Controller, a publicly traded REIT that owned and managed retail shopping centers. At Center Trust, Stokx was subsequently promoted to CFO. During his tenure, he played an integral role in the company's 2003 merger with Pan Pacific Retail Properties, Inc. In his most recent role, Stokx was CFO of PS Business Parks, a publicly listed REIT that owns and manages industrial and office parks throughout the U.S. When he started, the company had a portfolio of about 13 million square feet and over his tenure; it grew to its present 28 million square feet.

David Sunderland, SVP Finance

Emerald Expositions, San Juan Capistrano

David Sunderland currently leads the FP&A organization for Emerald Expositions, the

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The Leonard Cancer Institute at Mission Hospital is slated to be finished this year. #missionpossible

Congratulations, EILEEN HAUBL, Chief Financial Officer at Mission Hospital, for your nomination for 2019 CFO of the Year.

Thank you for sharing your knowledge and talent to improve the health of our communities.

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CFO of The Year Award Nominees

largest Trade show producer in the U.S. Sunderland led the build out the FP&A organization when Onex completed the carve out of Nielsen Expositions in 2014. From 2014 through 2017, they implemented a new financial planning system, a new back end analytical platform, integrated 15 tuck in acquisitions, and supported various strategic processes which led to Emerald's IPO in April of 2017. Prior to Emerald Expositions, Sunderland led a business analytics team at Oakley focusing on product strategy and analysis, supply chain analysis and inventory optimization. In addition to Emerald Expositions and Oakley, he worked for a variety of companies including HSBC, Gateway, The Thomson Corporation, and Black & Decker leading teams focusing on financial analytics, corporate planning, M&A and strategy.

Jesse Timmermans, CFO
Revolve Clothing, Cerritos

In the 18 months that Jesse Timmermans has been CFO at Revolve, he has increased profitability by 100 percent, and increased topline by 26 percent. He has filed an S1 to take the company public in the near future. Prior to joining Revolve, Timmermans worked for Jobaline, Blue Nile, T-Mobile and KPMG. He earned his bachelor degree from Central Washington University. Revolve is an ecommerce startup that was founded in 2003 and is headquartered in Cerritos, California. REVOLVE is the virtual home for an unrivaled collection of over 700 of the world's most-coveted established and emerging brands in women's and men's designer apparel, shoes, and accessories.

Cort Townsend, CFO
Kofax Inc., Irvine

Cort Townsend was instrumental in the sale of Kofax (formerly the Lexmark Enterprise Software division of Lexmark) to private equity firm, Thoma Bravo. The deal garnered a higher than expected premium and included the carve-out and simultaneous sale of Perceptive Software, a subset of the Kofax business, to Hyland Software (an existing Thoma Bravo portfolio company). Two and a half years prior to the acquisition by Thoma Bravo, Townsend led the due diligence effort on the sale of Kofax to Lexmark culminating in an auction process among multiple potential buyers. This resulted in a purchase price of over $1 billion and nearly doubled the size of the Lexmark Enterprise Software business to approximately $700 million in revenue. Kofax is a leading provider of software to simplify and transform the First Mile™ of business. Kofax delivers its information capture, robotic process automation, financial process automation and customer onboarding solutions through its direct sales and service organization, and a global network of more than 1,300 authorized partners in more than 70 countries.

Robert Vreeland, CFO
Clean Energy Fuels Corp, Newport Beach

Clean Energy Fuels' performance is directly tied to diesel prices, they build and operate natural gas fueling stations. Their product is an alternative to diesel, when petroleum prices are high, Clean Energy's products are an attractive environmentally-friendly energy alternative. Bob Vreeland was able to dramatically improve the financial health of the company despite an environment of low oil prices when the company had expanded with building new fueling stations and took on debt to do so. The company had to recapitalize debt through this trend. For example, in 2012 Clean Energy has $620 million of debt and about $240 million of net debt. Today, that debt is $128 million of debt and net debt is a -$16 million (essentially zero). Clean Energy took on a significant investment by a foreign investor and added a strategic partner, and other strategic transactions that were successfully executed. Vreeland was able to dramatically improved operating expenses as well. For example, in 2013 SG&A was $138 million in 2013, and now it is $77 million, nearly cut in half.

Daniel Wiegand, Director of Finance
AutoGravity, Irvine

Daniel Wiegand is an experienced finance professional and member of AutoGravity's founding team. As director of finance he leads accounting, FP&A, corporate finance and business intelligence & data analytics at AutoGravity. He joined AutoGravity as one of the first employees and grew the company to a size of over 130 employees. He designed and built out the entire Finance function at AutoGravity and secured over $110 million in equity funding and $20 million in debt funding. He has multiple years of global work experience in Asia, Europe, and the Americas. Prior to AutoGravity, Wiegand was working at Mercedes-Benz Financial Services Korea where he led FP&A and Portfolio Management efforts and managed a $3 billion portfolio. Prior to Mercedes-Benz Financial Services Korea, Wiegand advised automotive and retail clients on strategy and pricing in Germany. Wiegand holds a Master of Science degree in Management from the University of Mannheim and is a recipient of the Heinz Nixdorf scholarship for future German business leaders.

Andre Wright, CFO
Verify Inc., Irvine

Andre Wright has served as chief financial officer for Verify since 2008. Over its 40-year history, Verify has emerged as the global leader in supplier performance management solutions to the high-technology industries – enabling quality products to be delivered on time. Verify's leadership team has executed against its historical business growth plans and has established a foundation for future expansion through investments in its customer and supply chain facing applications and new service offerings. In addition, following a very challenging ERP implementation, the Verify team worked together to restore its financial strength, enhance its operational capabilities, and restructure its debt and financing capabilities.

ORANGE COUNTY BUSINESS JOURNAL

CFO OF THE YEAR Awards

The 2019 CFO of The Year Awards are presented to financial professionals in Orange County for outstanding performance as corporate stewards for the preceding fiscal year.

Congratulations 2019 Nominees

Outstanding CFO of a Private Co.

Chris Carr - Dendreon Pharmaceuticals LLC
Melanie Chomchavalit - Freddie Georges Production Group
Suzy Cottle - Passco Companies, LLC
Allan Dicks - Montrose Environmental
Tom Hillebrandt - Home Franchise Concepts
Jerome Kaiser - SeneGence International Inc.
Stacey Kato - Kingdomway USA Corp.
Ken Kruis - RiverRock Real Estate Group
Sally Leisegang - Lindora LLC
Bruce MacCallum - Mission Critical
Tom Magee - Virtium LLC
Andy Mandell - Coolsys
Anthony Nardo - Reborn Cabinets
H. Lan Nguyen - Rauxa
Benjamin Reynolds - AMPCO Contracting Inc.
Ken Richards - Advanced Bifurcation Systems
Brian Robins - Cylance Inc.
Jeffrey Schmehr - HdL Companies
J.P. Sciammarella - Emmes Group of Companies
Ed Stokx - MBK Senior Living
Jesse Timmermans - Revolve Clothing
Cort Townsend - Kofax Inc.
Andre Wright - Verify Inc.

Outstanding CFO of a Public Co.

Jim Balas - CoreLogic
Donald D'Ambrosio - Mynd Analytics Inc.
Mike Henry - Tillys
Erik Higgins - FivePoint
Scott Lamb - ICU Medical
Elizabeth Pagliarini - Summit Healthcare REIT
Kris Sennesael - Skyworks Solutions, Inc.
Bob Vreeland - Clean Energy

Outstanding CFO of a Not-for-Profit Organization

Aaron Coley - MemorialCare Medical Centers
Larry Gwilt - Orange County Rescue Mission
Eileen Haubl - Mission Hospital
Gary Payne - Irvine Barclay Theatre
Guita Sharifi - Radiant Health Centers

Outstanding Corporate Controller

Phil Carter - Skyworks Solutions, Inc.
Julie Chassagne - Alteryx Inc.
Sandra Crouch - Greater Irvine Chamber
Lynda Nguyen - Razor USA LLC

Rising Star

Scott Carter - Sports 1 Marketing
Brent Cranmer - Bal Seal Engineering, Inc.
Khalid Kakish - BDS Marketing
Jessica Moeller - Casco Contractors Inc
Nim Purewal - Synamedia
David Sunderland - Emerald Expositions
Daniel Wiegand - AutoGravity

Dinner & Awards Gala

January 31, 2019 from 6:30 p.m. - 8:30 p.m.
HOTEL IRVINE
Tickets*: $275 / Table of Ten: $2,600

Master of Ceremonies

Murray Rudin,
Managing Director
Riordan, Lewis & Haden Equity Partners

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Tickets are non-refundable. Ticket price includes self-parking and a six-month subscription to the Orange County Business Journal ($15 allocated to the subscription). New subscribers only. Current subscribers may gift the subscription to a colleague.