

An Advertising Supplement to the Orange County Business Journal • January 4, 2016

# CFO OF THE YEAR Awards



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Located in all major US markets, PwC's Private Company Services (PCS) provides customized tax, audit and advisory services to private companies, their owners and high net worth individuals. According to *Forbes 2014 America's Largest Private Companies*, over 50 percent of America's largest private companies are PCS clients.

A hallmark of PCS's robust thought leadership program is the *Guide to Tax and Wealth Management*. This comprehensive publication covers a broad array of topics ranging from tax planning, managing your investments, charitable giving, estate and gift planning, to business succession, family meetings, family offices, risk management, and cross-border considerations. The article below is taken from the Estate and Gift Planning chapter. To download a copy of the 2016 Guide and for additional information, please visit <http://www.pwc.com/us/wealthguide>.

### Estate planning—increased focus on income tax savings

In the past, estate planning focused primarily on making lifetime gifts and other transfers to reduce the amount of assets subject to estate tax at death. The emphasis on income tax planning as part of the estate planning process has increased in recent years due to several changes, including:

- Maximum federal income tax rates increasing from 15% on capital gains and 35% on ordinary income to 20% and 39.6%, respectively.
- Maximum federal gift and estate tax rates decreasing from 55% (60% in some cases) to 40%.
- The increase of the gift and estate tax exemption from \$675,000 to \$5.43 million with an annual increase for inflation.
- New option to elect portability of deceased spouse's unused estate tax exemption.
- Enactment of 3.8% Net Investment Income Tax (NIIT).

One thing that has not changed is that the basis of assets held at death is "stepped up" to fair market value, effectively eliminating the income tax on any appreciation. Conversely, a recipient generally receives a "carryover" basis in assets given away during life, meaning that the recipient's basis is equal to the donor's basis and will be subject to income tax on the appreciation when selling the asset.

### Estate planning before the changes

- Focus on making lifetime gifts to prevent estate tax from being imposed upon future appreciation. Due to the disparity between the estate and income tax rates, the estate tax savings on such appreciation tended to be greater than the increased income tax caused by the "carryover" basis associated with lifetime gifts.
- Lower estate tax exemption meant significantly fewer assets could be held until death to get an income tax basis "step-up" without an estate tax cost (increasing the potential benefit of lifetime gifts).

- Leaving assets generating income in respect of a decedent (assets that effectively do not get a "step-up" in basis, such as IRAs, 401(k)s and other retirement assets) to charity.

### Estate planning after the changes—increased income tax focus

- Decrease in focus on lifetime gifts. The combination of a decreased estate tax rate and an increased income tax rate lessens the difference between estate tax savings and the increase in income tax due to the loss of the basis "step-up."
- Larger estate tax exemption significantly increased the amount that can pass estate-tax free—increasing the amount of assets that can be held until death to get an income tax basis "step-up" without an estate tax cost.
- Gifts to shift income. Increased income tax rates and the NIIT may increase focus on gifts of assets to recipients in lower income tax brackets for future income tax savings.
- Increased focus on flexibility—such as using disclaimers and providing executors and trustees with greater discretion—to allow the plan to be more easily adapted to changing tax and other circumstances.
- Leaving assets generating income in respect of a decedent to charity.

### Conclusion

Though careful estate planning can be a complex undertaking, it delivers clear rewards—peace of mind for you now and security for your family down the line. By establishing a well-considered and comprehensive plan today, and updating it as needed, you'll help ensure that your wealth and your vision for it survive well into the future. For more information, please contact:



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# Anatomy of a CFO

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# BARNEY&BARNEY™

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## Employee Benefits: How High-Growth Tech Companies Can Compete

by Brian Hegarty, Principal, Barney & Barney, a Marsh & McLennan Insurance Agency LLC company

Small and mid-sized tech companies face many challenges, but none may be as difficult as attracting and retaining talent. The task is especially difficult given what these high-growth companies are up against in Silicon Valley. Consider the following:

- ▶ Google offers one-on-one consultations to new parents to help them find child care facilities
- ▶ Intuit has on-site fitness centers for employees and offers \$650 for gym memberships and exercise class fees
- ▶ Netflix now offers a year of paid maternity and paternity leave for salaried employees
- ▶ Twitter employees receive Zipcar discounts, access to in-office yoga and Pilates classes, and dry cleaning and laundry services

In addition to competing against cash-rich tech companies, smaller firms are grappling with increasing healthcare costs and are stuck in a new pricing system that doesn't allow for effective rate negotiation. According to a survey by Mercer, a Barney & Barney sister company, employers predict that health benefit cost per employee will rise by 4.2% on average in 2016 after they make benefit plan changes, such as raising deductibles or switching carriers. This is consistent with actual cost growth in 2014 (3.9%) and the expected cost growth for 2015.



### Band Together

So how does a promising tech company bring in the talent it needs when the tech giants are grabbing up the skilled employees with higher salaries, generous 401(k) plans, and impressive healthcare benefits?

One way small and midsized technology companies can compete is to take advantage of a small business trust. A relatively new way to lower employee benefit costs, tech companies are pooling their collective buying power to compete with the giants on robust healthcare benefits.

The Department of Labor (DOL) created small business trusts to assist emerging companies by allowing them to come together to lower the overall cost of employee benefits. These DOL-qualified trusts enable small employers—regardless of their size—to meet the requirements for large group rates.

This trust solution has already proven its value for the life science sector.

Since 2012, Barney & Barney's Beyond Benefits trust program has helped 154 life science employers save \$4.95 million in medical premium. More than 5,000 employees are covered by this small business trust program.

### Technology Trust

Barney & Barney is now offering the same opportunity to tech companies all over California through its Benefits Tech Trust.

The Benefits Tech Trust enables emerging tech companies to pool together to qualify for large group rates from the nation's best insurance companies.

A Barney & Barney employee benefits specialists can help your technology company design a program to meet your needs and allow you to access the wide range of services offered by Benefits Tech Trust. Those services include the following:

- ▶ Built-in online enrollment platform
- ▶ Consolidated billing
- ▶ In-house actuarial and compliance services
- ▶ iBenefits App
- ▶ Embedded HR Support Services
- ▶ Barney & Barney compliance resources
- ▶ COBRA and flexible spending administration
- ▶ Optional buy-up for 1094(c) and 1095(c) reporting
- ▶ Branded employee communications

The trust model can be the innovative solution for many tech companies not only looking to control benefits costs, but also gain access to better plans and simplify enrollment and administration.

As the tech industry continues its skyrocketing growth and the battle for talent wages on, banding together could be the key to competing when it comes to employee benefits.

### Brian Hegarty

Brian Hegarty is a Principal in Barney & Barney's Orange County office and specializes in employee benefits programs for mid-size to large companies in both Orange and Los Angeles counties. Since joining the firm in 2008, Brian has worked with clients to build employee benefit programs focused on improving the employee experience and driving retention and recruiting efforts, most notably in the competitive technology sector.



Most recently, Brian led the development and launch of Barney & Barney's Benefits Tech Trust – a Department of Labor-qualified small business trust designed to serve emerging technology organizations throughout Southern California.

Brian graduated from The University of Arizona in 2000 with a bachelor's degree in marketing and communications. He completed his General Benefits Associate Designation in 2009 and is actively involved in the Orange County YMCA.

### About Barney & Barney

Barney & Barney is one of the nation's leading insurance brokerages, offering a comprehensive line of risk management and employee benefit solutions. The firm specializes in commercial property and casualty insurance, employee benefits, workers' compensation, compensation consulting, executive liability, personal lines and surety. In 2014, Barney & Barney joined

Marsh & McLennan Insurance Agency LLC (MMA), a subsidiary of Marsh Inc., the world's leading insurance broker and risk advisor. Barney & Barney has offices in San Diego, Orange County, San Francisco, and Walnut Creek. For more information, visit [www.barneyandbarney.com](http://www.barneyandbarney.com) or call 800.321.4696.



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# RUTAN

## RUTAN & TUCKER, LLP

### 1031 Exchanges: Recent California Developments on “Drop-and-Swap” and “Swap-and-Drop” 1031 Exchanges Involving Partnerships and LLCs

by Jacqueline L. Maar, Associate, Rutan & Tucker, LLP

Investments in real property are often held through limited partnerships or limited liability companies (“LLCs”) taxed as partnerships for tax purposes (collectively, “Tax Partnerships”) for a variety of reasons, including certain tax advantages. By contrast, entities taxed as corporations tend to be a poor choice for holding real property due to, among other things, the difficulties of transferring real property out of the entity without recognizing taxable gain.

Eventually, all good things must come to an end, and certain tax complications may arise when a Tax Partnership wishes to dispose of its real property assets. It may be the case that the Tax Partnership simply sells its real property and distributes the proceeds from the sale to each of its owners in liquidation of their interest in the Tax Partnership. This transaction would be taxable to the owners of the Tax Partnership, typically at long-term capital gains rates subject to some exceptions. It is often the case, however, that the owners desire to take advantage of the tax benefits of exchanging the Tax Partnership’s real property in a transaction qualifying under Section 1031 of the Internal Revenue Code of 1986, as amended (“Section 1031”).

Under Section 1031, a taxpayer exchanging property for like-kind property in a continuation of its investment defers taxation on the gain or loss realized on the disposition of the property. Generally, to qualify as a Section 1031 exchange transaction (a “1031 Exchange”), a taxpayer must exchange property held for productive use in a trade or business or for investment for other like-kind property that is also to be held for productive use in a trade or business or for investment.

Notably, however, Section 1031 specifically prohibits a 1031 Exchange into or out of an interest in a Tax Partnership, including, for avoidance of doubt, an interest in an LLC taxed as a partnership. Therefore, an interest in a Tax Partnership cannot be exchanged in a 1031 Exchange for an interest in real property, or vice versa, without recognition of gain. This prohibition often makes it difficult to both accomplish desired business objectives and complete a 1031 Exchange.

One common structure historically used by tax advisors to plan around the prohibition against exchanging interests in a Tax Partnership is called a “drop-and-swap.” In one variation of a “drop-and-swap” transaction, the Tax Partnership dissolves, distributing all of its real property to its owners pro rata as tenants-in-common. Each co-tenant then either exchanges his or her real property interest for like-kind replacement property in a 1031 exchange or, alternatively, sells his or her real property interest for cash in a taxable transaction. It is important to note, however, that the difference between a tenancy-in-common and a partnership for tax purposes is often unclear, and questions often arise as to whether the ownership arrangement is truly a co-tenancy or a partnership for tax purposes.

Another common structure historically used by tax advisors to plan around the prohibition against exchanging interests in a Tax Partnership is called a “swap-and-drop.” In a “swap-and-drop” transaction, a taxpayer exchanges real property for like-kind replacement property in a 1031 Exchange, and then following the 1031 Exchange, the taxpayer contributes the like-kind replacement property to a Tax Partnership, in exchange for interests in the Tax Partnership.

California generally follows federal law with respect to its treatment of 1031 Exchanges, with certain exceptions. Notably, in recent years, the California Franchise Tax Board (“FTB”) has closely scrutinized both “drop-and-swap” and “swap-and-drop” transactions, and has challenged their treatment as 1031 Exchanges. In challenging “drop-and-swap” and “swap-and-drop” transactions, among other issues, the FTB has focused on the holding requirement for 1031 Exchanges, which requires that a taxpayer hold 1031 Exchange property for productive use in a trade or business or for investment. In a “swap-and-drop” context, the FTB has argued that a taxpayer does not satisfy the holding requirement if, following the receipt of replacement property in a 1031 Exchange, the taxpayer then contributes, or “drops,” the property into a Tax Partnership. In the FTB’s view, the transaction does not meet the holding requirement because: (1) the taxpayer’s exchange of property for interests in a Tax Partnership changed the taxpayer’s form of ownership in the investment such that the taxpayer could

not be considered to have held the property for investment prior to the purported 1031 exchange, or (2) the taxpayer has essentially impermissibly exchanged real property for interests in a Tax Partnership.

In a taxpayer-friendly decision published earlier this year, the California State Board of Equalization (“BOE”) issued a precedential decision in *Rago Development Corp.*, 2015-SBE-001 (June 23, 2015), reversing the FTB’s denial of 1031 Exchange treatment in a “swap-and-drop” transaction. In *Rago*, two groups of taxpayers sold their respective properties in a 1031 Exchange for a tenancy-in-common interest in replacement property. Pursuant to the terms of a loan agreement entered into by the taxpayers in connection with the purchase of the replacement property, the taxpayers were required to transfer their interests in the replacement property into a single-purpose LLC within seven months after acquiring the replacement property. After holding the replacement property as tenants-in-common for seven months, the taxpayers contributed their respective interests in the replacement property into a new LLC in accordance with the terms of the loan agreement. Following the transfer to the LLC, the taxpayers held the same percentage interests as they held as tenants-in-common, and the LLC’s sole asset was the contributed property.

The FTB challenged the transaction in *Rago* on grounds that the taxpayers did not hold the property for investment prior to the exchange because the taxpayers subsequently contributed the property to an LLC seven months after the exchange, and on grounds that the transaction was in essence an impermissible exchange of property for interests in an LLC.

In finding that the transaction qualified as a 1031 Exchange, the BOE in *Rago* rejected both arguments brought by the FTB. The BOE first found that the taxpayers intended to hold the property for investment, and that the taxpayer’s subsequent transfer of the property to the single-purpose LLC did not negate the taxpayer’s intent to hold the property for investment. In so finding, the BOE noted that the taxpayer’s intent was evidenced by the fact that the taxpayers in fact held the property for seven months as tenants-in-common prior to contributing the property to the LLC, and also by the fact that the transfer to the LLC was required by the lender under the loan agreement, and was not completed solely for tax planning purposes.

Next, the BOE found that the transaction could not be recharacterized as simply an invalid exchange of property for interests in an LLC, as each of the steps, the “swap” followed by the “drop,” of the transaction had independent economic significance.

In summary, the *Rago* case represents a taxpayer beneficial opinion that, as a cited precedential opinion, should guide the FTB in its evaluation of 1031 Exchanges going forward. Although beneficial, in light of the FTB’s willingness to challenge both “drop-and-swap” and “swap-and-drop” transactions and the fact that the decision only applied to a “swap-and-drop” transaction, there remains the possibility that the FTB may limit the *Rago* case to its facts and not apply similar reasoning in cases with different fact patterns. In any event, *Rago* represents a step forward, and “drop-and-swap” and “swap-and-drop” transactions remain viable options, if correctly structured, to satisfy the needs of owners desiring to liquidate their interests in a real estate investment through a Tax Partnership.

#### Jacqueline L. Maar

Jacqueline L. Maar is a member of the firm’s Corporate/Securities/Tax Section, where her areas of practice include taxation, business transactions and corporate law. She has experience in mergers and acquisitions, financings, tax planning and tax controversy. Ms. Maar can be reached at 714.641.3421 or [jmaar@rutan.com](mailto:jmaar@rutan.com).





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## You've Hired ... Now What?

### *4 Steps for New Hire Success*

by Ron Proul, CEO, Century Group

Many companies and hiring managers forget that interviewing, making a job offer and getting an acceptance is only *half* the work when making a successful hire. There is an entire checklist of actions that need to occur in order to *complete* a successful hire.

"Successful onboarding is the completion of the recruiting process, and if done right, studies show it can increase both the effectiveness and tenure of a new hire," says Lisa Chang, Century Group's Director Talent Acquisition. "The first impression is strategic in successful onboarding."

#### **Put the Welcome Sign Out**

In the weeks leading up to a new employee's first day, the company should continue to foster the developing relationship between themselves and the new employee. This transition is often a formal onboarding process that requires the completion of pre-employment paperwork. However, less formal measures should also be taken, such as communicating with the new hire right up to the first day.

Calling to check-in before a new hire starts is crucial. Sharing valuable information with them, such as where to park, how to gain access to the building, and even inviting them out for an introductory lunch contributes to this personal touch. A new employer needs to both stay in the forefront of the new hire's mind and help them through this transition. Don't fall prey to thinking that getting an acceptance is the end of the recruitment process.

Remember, the candidate you have selected is adding valuable skills to your department. They were also valuable to their former employer, and as the notice period ends, the value of the employee and the difficulty in replacing them will become apparent. A counter-offer may upset your best-laid plans, so the more welcoming and accessible you are to the candidate, the less likely they are to accept it.

#### **Make their First Day Special**

Your new hire was excited when they left their final interview, and they were excited when they accepted the job. It's important to keep that excitement alive right up to and beyond their first day by updating them about the latest company news, introducing them to the company in an upbeat manner, and helping eliminate any first-day anxiety.

Meghan Geraghty, Century Group's Associate Director of Recruiting, reminds clients to "make sure they are set up in the company's systems. Provide a tour of the facilities and introduce them to the rest of the team. Make the new employee feel at home in their new space. Let them know you are prepared and you have your act together."

The first day is a great day to go over the job expectations and objectives during the transition. You may think you've covered everything during the interview, but there is an overload of information when starting any new job. The first day of work can set the tone for a long-term relationship and has a tremendous impact on the new hire's future success with the company.

#### **Give it a Human Touch**

Assign your new employee a go-to person who can answer their questions. All employees experience some degree of difficulty in making a transition during the first 90-to-120 days, which is a common period to lose a new hire. Learning about both a new job and a new company culture, as well as creating a new routine in their daily life, can be stressful for anyone.

Anything you can do to help ensure their success is a plus. A candidate who doesn't feel they have been set up for success at your company is susceptible to returning to a prior job or inquiring about another opportunity they had been pursuing. It could even be the former boss they used for a reference who says, "Let me know how that new job works out, because we may have something coming up for you." Good candidates are good candidates, period.

#### **Keep Them in the Loop**

Managers need to let the new hires know when and how they will garner feedback on their job performance. A regular, monthly meeting can let a candidate know they have access to you as a resource, they are important, and they are able to get help. Shelly Kim, Century Group's Associate Director of Recruiting, even goes as far as to recommend setting up a schedule for the entire first week. You may think you are providing constant feedback, but having a pre-arranged meeting is always a good policy.

Periodic reviews are also crucial. You would be surprised how many times we hear, "Well, I haven't had my annual review, so I am not sure what that means." You think it means they are doing fine. They think it means, "I am (or my job is) not a priority for you."

Finally, ask for your new hire's feedback. This is helpful for their assimilation into the organization, and it will help you improve the process for future hires. If you only ask for feedback during a resignation, you are closing the barn after the horse.

You may say, "I am so busy, I am not sure how I will fit this in." Well, ask yourself... if you are *that* busy, how are you going to fit in another recruitment process?

#### **Ron Proul**

One of Southern California's foremost executive recruiters and a noted expert on executive search, Ron Proul is CEO of Century Group. During his 26 years with the firm, he has completed more than 500 CFO, executive and management searches for clients in various industries. He has also contributed to leading business publications, served on numerous committees and boards, and is a judge for the LA CFO of the Year Awards.



#### **About Century Group**

Century Group is a premier recruiting and interim services firm focused exclusively on professional, mid-management and executive level roles in Accounting and Finance through four Southern California offices. With over

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## JPMorgan Chase Supports Economic Growth in Orange County

by Rick Nogueira, Market Manager, Chase Commercial Banking, Orange County and Inland Empire

As one of the world's leading banks, JPMorgan Chase & Co. believes it has a fundamental responsibility to use its global reach, expertise and relationships to support and help grow the communities it serves.

This is central to how we do business. We work with municipal governments to finance investments in infrastructure, education and economic development. But also, we are focused on economic development for individuals and families.

### Workforce Training

We believe that one of the best ways to advance opportunities is through job training. That's why we are investing in a five-year global initiative called *New Skills at Work*, to help workforce training organizations offer skills training in important fields such as medicine and technology.

As California's economy continues to recover, there is still more demand for people to fill middle-skill jobs — positions that require more than a high school diploma but less than a Bachelor's degree — than there are people with the necessary skills and training to meet the need.

The JPMorgan Chase *New Skills at Work* initiative is the largest ever private-sector effort aimed at addressing the skills gap that exists across many industries.

In Orange County, working with partners like Taller San Jose, we are attempting to tackle the skills gap locally. Our \$275,000 grant to Taller San Jose this year, for example, will allow it to increase its efforts to provide workforce training in the medical and construction trades and expand programming to North Orange County.

Likewise, our \$100,000 grant to Growth Sector will support its STEM Core Initiative in Orange County, a bridge program designed to expand the number of community college students pursuing careers in the high-growth fields of engineering and computer science. About \$25,000 of the Growth Sector grant will support OC STEM, a program to encourage women living in affordable housing units to pursue careers in engineering and technology. Growth Sector partners with Skills for America's Future at Aspen as well as local employers and colleges. The program works with colleges to create work-based learning.

In 2016, the Orange County Business Council will release a skills gap report for Orange County which was commissioned by JPMorgan Chase.

### Financial Capability

Helping households increase savings, improve credit and build assets is another priority for us. We now have more than 1,000 branches in California with bankers and tools available to help people secure a good mortgage, manage their household budget and plan for their retirement.

In the community, our \$100,000 grant to the Orange County United Way will help 350 low- to moderate-income families increase financial stability. The United Way SparkPoint OC is an economic self-sufficiency program that provides financial coaching, workforce development, tax preparation, housing stability option and other services countywide. Coaching is offered in multiple languages to accommodate the growing and diverse needs of Orange County residents. Participants will be expected to improve their credit scores, increase their savings and reduce their debt.



A separate \$58,000 grant to the Housing Opportunities Collaborative will enable it to build and expand its Virtual Counseling Network (VCN) across Southern California. The VCN will provide regular financial coaching workshops and will serve as a point of entry for enhanced counseling services for individuals. The VCN is currently available in kiosks in public facilities, via phone and soon, via mobile app.

### Small Business Lending

In addition to focusing on financial capabilities, our expanding branch network in California is also opening the door for more small business lending. We are a top SBA lender in the United States.

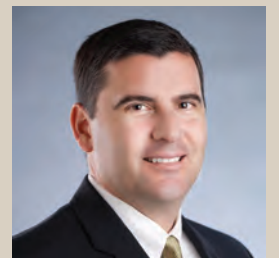
Locally this year, we provided a \$60,000 grant to the CDC Small Business Finance's Community Lending Program in Orange, Riverside, San Diego and San Bernardino counties. The grant will fund 68 loans and result in 321 jobs created or retained.

### Our Commitment

JPMorgan Chase is proud to serve Orange County. We will continue to use our size, scope, relationships and expertise to make a difference and be a real, positive contributor to this beautiful region.

To learn more about our firm's initiatives or discuss ideas with our team, please feel free to reach out to me.

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# GUIDING CLIENTS TO SUCCESS



Representation of Performance Team Freight Systems, Inc. in connection with a recapitalization & financing with Comerica Bank



Represented Fontis Solutions in its acquisition by Safeguard Acquisitions, Inc.



Represented owner in connection with the acquisition of Sacramento Kings for \$550 million



Represented Shrimpman, Inc. in purchase of Certi-Fresh Foods



Represented the world's largest wholesale rental company in its \$119.1 million secured credit facility



Represented Overhill Farms, Inc. (NYSE MKT: OFI) in \$80.9 million sale to Bellisio Foods, Inc., and stockholder class action litigation challenging the sale



Represented buyer in acquisition of Rockford Corporation for approximately \$82.6 million



Represented Collider, LLC in its acquisition by Yum Brands



Represented Reaction Design, a leading developer of chemistry simulation software, in sale to ANSYS (Nasdaq: ANSS)



Represented agent in \$110 million senior secured loan to training and compliance business



Represented private equity group and its portfolio company in acquisition of Ascender



Represented PICS Auditing, LLC in equity investment by Norwest Venture Partners. Terms not disclosed



Represented DAQRI in connection with a \$15 million private equity commitment by Tarsadia Investments



Representation of Universal Turbine Parts, Inc. in connection with its sale to Goldner Hawn Johnson Morrison, a private equity group. Terms not disclosed



Represented DxTerity Diagnostics in connection with a credit facility from SWK Funding, LLC



Represented buyer in connection with acquisition of D.E.E.P. Oil and Gas Lease



Represented Health Essentials and 5 other affiliated companies in their recapitalization transaction involving SV Life Sciences and Bessemer Venture Partners



Represented sellers, including Riordan Lewis & Haden Equity Partners, in their sale of CyberCoders to On Assignment, Inc. (NYSE: ASGN) for \$105 million



Representation of Pacific Precision Products in connection with its sale to Zodiac US Corporation. Terms not disclosed



Represented buyer in connection with acquisition of TEG Oil & Gas U.S.A., Inc.



Represented private investment group in connection with equity raise and debt financing for acquisition of Aliso Creek Inn & Golf Course



Representation of Alignment Healthcare in connection with \$125 million in initial capital infusion from General Atlantic, a private equity group



Represented sellers in connection with sale of business to CIC Partners for approximately \$38.5 million



Representation of FMH Investors in connection with its sale to IGP Industries, Inc.

Rutan & Tucker, LLP has the knowledge and expertise to structure, negotiate and close all aspects of domestic and international mergers and acquisitions, financings and securities transactions. These are just a few of our recent notable transactions. We have experience covering a broad spectrum of industries and sectors, such as healthcare, education, software, construction, food and consumer products, aerospace, and oil and gas, among others. Whether you are a private business owner contemplating an exit or growth transaction, a private equity fund expanding or realizing on your portfolio, or a public company making strategic moves, we look forward to being your partner and trusted advisor in achieving your business objectives.

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## Online Fraud Protection: Best Practices for Businesses

by Peter Fitzpatrick, Senior Vice President/Group Manager for Orange County Middle Market Banking, Comerica Bank

When we talk with our clients about some of their most pressing challenges, more and more are expressing their concerns about cybercrime. Over the past few years, we've seen numerous big-box retailers become victims of hackers, but they're not the only ones.

Small and midsize companies are also very attractive to hackers because they're going after data, such as customer contact information and credit card data.

Cybercrimes are not new; cyber-criminals employ various technological and non-technological methods to manipulate or trick you or other victims into divulging your personal or account information. Such techniques may include performing an action such as getting you to open an email attachment, accept a fake friend request on a social networking site, or visit a legitimate, yet compromised, website that installs malware on your computer(s).

Modern cybercrime is about money. Cyber criminals are targeting the financial accounts of owners and employees of small and medium sized businesses who are not cyber savvy, resulting in significant business disruption and potential monetary losses. Don't panic! You want to be sure you are doing everything you can to protect your business online, right?

Having protection software is only half of the equation. No single layer of protection is enough; you need a layered security approach. Below you'll find best practices for businesses to avoid online fraud.

### Protect

Minimize the number of, and restrict the function for, computer workstations and laptops that are used for online banking and payments. Better yet, consider using a stand-alone computer that isn't connected to your network to perform your online banking transactions. A workstation used for online banking should not be used for general web browsing, e-mailing, and social networking.

Install and maintain realtime anti-virus, anti-spyware, firewall, and malware detection and removal software. Use these tools regularly to scan your business network and allow automatic updates for your operating and software systems. Do not ignore warning messages from security software that a potential virus has been detected. Take immediate action.

Have a contingency plan to recover files on your business computers that were lost due to a catastrophic system/hardware failure. What if there is no preservation of data and everything was erased? Develop a scheduled weekly or daily plan to back-up important business files and secure the back-up disks or external hard drives. Don't forget to test your plan and verify your data will be restored.

Do not use public Internet access points (e.g., Internet cafes, public Wi-Fi hotspots such as airports and government buildings) to access accounts or sensitive business information. If this type of access is needed, employ a Virtual Private Network (VPN) and make sure your transmissions are encrypted.

Do not share your secure User ID and password with anyone, even with a co-worker. Make sure key employees have a trained backup in the event of an absence, who have their own ID and password available to continue banking business as usual. Don't forget to delete employee IDs and passwords when they leave the business or change responsibilities.

Initiate ACH and wire transfer payments under dual control using two separate computers. For example: one person authorizes the creation of the payment file and a second person authorizes the release of the file from a different computer system. This helps ensure that one person does not have the access authority to perform both payment functions. Additionally, dual control will ensure that one person cannot give themselves additional authority, or create new user IDs.

Consider enlisting the help of an Internet service to automatically block sites that employees do not need to access for business purposes (i.e., social networking sites, blogs, instant messenger, and free software sites) to reduce the risk of downloading malware or spyware.

Regularly review an active access list and determine any changes to privileges that may be needed. Create strong passwords, not something that is easily guessed. Try using a sentence with punctuation, special characters or a mix of



letters and numbers. Change your passwords at least once a month.

### Detect

Monitor and reconcile your accounts regularly. That will enable you to quickly detect unauthorized activity. The quicker this activity is detected, the sooner you can take action to prevent or minimize losses. If you detect suspicious activity, immediately cease all online activity and disconnect the Ethernet cable and/or any other network connections (including wireless connections) to isolate the system from the network. Immediately call your financial institution to report the suspicious activity.

Note any changes in the performance of your computer(s).

- ▶ Significant loss of speed
- ▶ Computer "locks up" so the user is unable to perform any functions
- ▶ Unexpected rebooting, restarting or the inability to shut down
- ▶ Unexpected request for a one-time password, token, or other information in the middle of an online session

### Educate

Cybercrimes are constantly changing, so software and fraud prevention solutions have to change as well to stay ahead of the game. Determine if you are taking advantage of all the fraud solution options that your bank offers its business customers.

Don't view or open attachments or click on links in unsolicited e-mails. Financial institutions and government agencies do not send customers e-mails asking for passwords, credit card numbers, or other sensitive information. This is also true if you receive an email from an apparent legitimate source (such as the IRS, Better Business Bureau, Federal courts, UPS, etc.)

Be wary of pop-up messages claiming your machine is infected and offering software to scan and fix the problem, as it could actually be malicious software that allows the fraudster to remotely access and control your computer.

Make sure your employees know how and to whom to report suspicious activity within your company and with accounts at your financial institution. Immediately contact your financial institution if you notice unauthorized activity so that the following steps may be taken to:

- ▶ Disable online access to accounts
- ▶ Change online banking passwords
- ▶ Request that the financial institution's agent review all recent transactions and electronic authorizations on the account. If suspicious active transactions are identified, cancel them immediately.
- ▶ Ensure no new changes have occurred on the accounts such as; address changes, added users, or changed PINs.

Protecting your business from online fraud will be an ongoing challenge and one that requires you and your employees to be vigilant. Here are some cyber resource links that will help you stay informed about current threats.

**Internet Crime Compliant Center (IC3) FBI:** [www.ic3.gov](http://www.ic3.gov)

**United States Computer Emergency Readiness Team:** [www.us-cert.gov](http://www.us-cert.gov)

**American Bankers Association:** [www.aba.com](http://www.aba.com)

**Department of Homeland Security:** [www.dhs.gov](http://www.dhs.gov)

### Peter Fitzpatrick

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## Modernize Payables with Commercial Cards

by Kjell Gronvold, Managing Director

Congratulations to the *Orange County Business Journal* 2016 CFO of the Year honorees. We recognize how important your insights are to driving your business forward and that you are always looking for opportunities to add value through the initiatives and activities you lead. As you look ahead to the new year and reflect on how your organization operates, take a fresh look at the opportunities to modernize electronic payments and the Accounts Payable (A/P) department.

### Card Payments Improve Process Efficiency

Reduced budgets have forced companies to do more with less, while the volume of payments continues to rise as suppliers seek to be paid more frequently. Despite a corporate culture shift toward going paperless, 50% of payables are still paper-based<sup>1</sup> and each check costs, on average, \$30 per item to process and handle<sup>2</sup>.

The move toward electronic payments is an important goal for most leaders, but with constrained IT resources, operational areas like A/P rarely receive needed support for development and maintenance needs. A/P teams need to be creative by leveraging banks and the latest technology to streamline the payment process. This is why company leaders are looking to commercial cards.

Commercial card is no longer viewed as just an efficient payment method for travel and entertainment (T&E) expenses. In fact, card payments are made for low-dollar purchases as well as payments for inventory and capital expenditures. Card provides significant benefits that provide better cash forecasting and investment opportunities, but also allow A/P to evolve to an efficient operating area with potential revenue capabilities.

### A/P Can Transform From A Cost Center To A Profit Center

Card is universally recognized as a tool that provides greater internal spending control through visibility into spending and cash positions across enterprise resource planning (ERP) systems and A/P departments.

T&E has been consistently identified as one of the largest controllable expenses in any organization. By gathering data using card, companies can negotiate discounted rates with key travel providers.

Another important card benefit is the up to 30 days of float gained from consolidated billing of card payments. Payments can be made to vendors on the due date; however, payments to the bank are made monthly with typically an additional 15 days to pay. The float provides increased liquidity and improves the ability to optimize company funds. Along with rebates that can be earned on the card purchases, A/P departments have moved from being cost centers to self-funded operations with the potential to even become profit centers.

### Beyond T&E and Purchasing: ePayables

ePayables have substantially expanded card use by enabling control over large-dollar payments. Transactions are generated through a payment file from the ERP or A/P system, similar to ACH and wire payments. Because card transactions are initiated after final approvals for payments, controls remain in place and payments simply change from check to card payments. The ePayables program creates virtual card numbers that can be single use or multi-use where the ability to use the card is turned on or off each time a payment is made.

### Forward-Thinking Leaders Look to ePayables Card Programs to Support Supply Chain Relationships

Progressive leaders looking to take greater advantage of card opportunities are implementing e-payables programs that benefit both buyers and suppliers.

The significant benefits buyers receive from making supplier payments using cards have led buyers to view the ability of the supplier to accept card as a strategic decision factor when choosing between suppliers.

Suppliers are paid much faster and eliminate the credit risk of the buyer when paid with card. The lower Days Sales Outstanding (DSO) improves supplier working capital by reducing the need to borrow funds and enables faster reinvestment of funds for increased ROI.

<sup>1</sup> *Electronic Payments Survey*, Association of Financial Professionals, 2013.

<sup>2</sup> *Ibid.*

*The foregoing article is intended to provide general information about Commercial Card and is not considered advice from Union Bank.*

*While mobile and digital wallets have dominated the press coverage of payments in recent years, commercial card has actually transformed how companies view Accounts Payable.*

## Case Study: Multiple Opportunities to Streamline Operations with Commercial Cards

### Pay Strategic Suppliers Faster and Reduce Processing Time

A manufacturing company wants to pay high-dollar invoices from strategic suppliers faster, but struggles to manage a long procurement-to-payment cycle that uses purchase orders. Purchase orders are required by the contractual agreement with these suppliers and used to control inventory items through the company's ERP system.

The Buyer-Initiated Payment (BIP) program is implemented to keep the purchase order process in place, including the two- and three-way match controls used for processing approvals and payments. With BIP, the suppliers agree to accept card payments because they have lower discount fees in place for card payments.

Funds are deposited directly into supplier bank accounts and remittance advices are sent to suppliers when the funds are available. The company gains float on large-dollar purchases, while earning rebates. Suppliers are paid faster, creating a win-win for both the company and its suppliers.

### Improve Efficiency with the Supplier-Initiated Payment Card

The company recognizes there are other ways to use commercial card to streamline processes. A large portion of the company workforce wears uniforms, so there is a high volume of invoices and payments to process for a single uniform supplier. Instead of paying invoices for each order, the company defers all uniform costs to one accounting code rather than charging each plant location. The Supplier-Initiated Payment (SIP) card is embedded with the accounting code and the supplier charges the card for all uniform purchases, eliminating the need to produce invoices.

### Eliminate A Time-Intensive Processing Step

The company turns to commercial card again for freight invoices. The A/P department receives four mail tubs of invoices per day that need to be processed immediately because freight is required to be paid within seven to 10 days. Now the company provides a card to each receiving location. As each freight carrier delivers its shipments, payment is made by the receiving location instead of using purchasing orders, eliminating a costly and time-intensive processing task.

### About MUFG Union Bank, N.A.

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### Kjell Gronvold

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# Dissecting Healthcare Under the ACA

As the winds of political change threaten the Affordable Care Act (ACA) most employer plan sponsors have begrudgingly accepted the realities of the ACA and have forged ahead with meeting their compliance expectations as required under the law. While the future of employer sponsored healthcare remains murky; and few employers have dropped coverage as some predicted, continued cost shifting to participants (premiums, deductibles, out of pocket expenses) has added to the general malaise many feel.

This article identifies short term challenges and long term strategies we're seeing larger clients (100+) engage in the marketplace to improve compliance, reduce trends and mitigate costs. Much is changing in the industry creating new opportunities for progressive employers to achieve a competitive advantage by leveraging the health of their workforce. Hopefully, you'll come away prepared to position your firm as a victor of change versus a victim.

Short-term, two of the biggest challenges facing plan sponsors are meeting their 2016 reporting requirements and preparing for the impact of the Cadillac Tax in 2018. As plan sponsors struggle to understand the administrative and financial impact of these new requirements, opportunities remain for them to manage these challenges with proper strategic planning.

Beginning in January, applicable large employers (generally 50+ participants) will report to the IRS eligibility and participation on their medical plans. The IRS will use this data to determine if employees are eligible for subsidies through the health exchanges and meeting their individual mandate requirements to carry coverage as well as to identify employers who may be subject to penalties for not meeting the ACA's compliance, market reform and contribution requirements.

The specific details required to meet these filing requirements are quite onerous, requiring an integrated payroll system for tracking eligibility and coverage. Large payroll companies and various Third Party Administrators (TPAs) offer modules to support employers in tracking and reporting. Costs for these services range substantially based on employers' existing payroll platform, but pale relative to the potential fines and penalties which will be imposed on non-compliant plan sponsors.

Beginning in 2018, the high value health plan tax, or Cadillac Tax, is expected to impact over 30% of employers. A 40% excise tax will be levied on the value of group health plan coverage in excess of \$10,200 for single coverage and \$27,500 for family coverage. The single coverage threshold applies to employee only coverage, while employee and spouse, children, or family coverage are subject to the family coverage threshold. For any given tier of coverage, the amount of the tax on a per employee per year basis will be 40% (non-deductible) of the projected taxable excess benefit in the particular year. Employers should have already assessed when they'll begin incurring this expense.

In order to meet the long-term challenges of employer sponsored healthcare, decision makers are consistently reviewing three key strategies to manage this new normal.

## Identifying Cost Drivers

Preparing for any future challenge requires planning and for most employers medical expenses rank as their second highest cost of doing business. Employers need to engage their advisors (brokers/consultants) in an integrated strategic planning process supported by data analytics and resources to begin identifying the future financial impact of the decisions they're being forced to make.

Traditionally, buyers chased the lowest premiums being offered/negotiated, but changing carriers can be quite disruptive to employees and create additional headaches for your Human Resources Teams. Usually savings are short-lived and can even result in cost acceleration. Beware the carrier seizing market share.

Insurance is basically math and statistics. First, your premium always adds up to 100%. Breaking out the various components of premium identifies claims costs and retention costs (including carrier profits). Benefits costs are a function of claims (unit cost times frequency) and retention (expenses), with mandated benefits and increasing taxes putting additional upward pressure on rates. Each component needs to be analyzed and negotiated independently based on your strategic objectives.

Though current trends remain below historical levels, increasing demand for services, carrier and provider mergers (reducing competition), cost shifting and utilization trends are putting pressure on costs. By using data analytics tools, employers can gain a broader understanding of their existing costs and inherent populations risks. Employers need to better understand how these interrelated components affect pricing.



I specifically mentioned data analytics above due to the significant impact data has had on the industry in the last few years. Historically, carriers possessed the statistical data which would in turn be used to support proposed rate increases. However, in the last few years data warehouses, benchmarking and analytics tools have created a new opportunity for the C-Suite and HR Professionals to look deeper into their plan's statistics allowing them to respond tactically to the various cost drivers affecting their premiums.

Analytics tools, such as USI's proprietary OMNI engine, enable decision makers to evaluate the financial impact of plan design and funding alternatives. Identifying our clients' business issues allows targeted solutions to be prioritized based on their financial impact.

Carriers are also aligning their reporting capabilities to reflect market demand for better cost transparency. Employers must take advantage of the data available to them if they're to fully comprehend and prepare for the future costs of providing coverage for their employees and dependents.

Develop a strategy to manage health risks long-term, and don't equate lowest cost with best outcomes. Data drives decisions, use analytics tools to identify risks within your population so you can evaluate and measure cost-reduction solutions.

## Engage Your Employees

Implementing wellness strategies holds employees and dependents accountable for their health. Educate participants, including dependents, on their personal accountability in improving their own health status.

Claims are a function of unit cost and frequency, i.e. healthier employees spend less health care dollars. Studies have shown for example that normal weight employees incur 47% less costs than employees who are obese. This statistical chasm increases dramatically if employees also have diabetes and/or smoke.

Employers who have adopted successful wellness programs supported with data analytics (stats) are seeing a reduction in their overall claims costs. Wellness Consultants can advise sponsors on structuring programs and incentives to drive employee behavior towards more cost effective healthcare while improving clinical outcomes. Integrating these programs with traditional risk management loss/safety programs can further help reduce workers compensation costs.

## Move to Self-Funding

Under the ACA, new taxes, penalties and mandated benefits are affecting product pricing; especially fully insured products, giving rise to an increased interest in self-funding. Many advisors are wary of self-funding, not because it won't benefit their clients, but because their compensation is hidden in the premiums their clients pay (commissions). The decision to self-fund must be based on analysis of available data comparing claims, utilization, provider networks, reinsurance and administrative costs.

Improving claims transparency enables sponsors to directly impact the aforementioned cost drivers, with reinsurance helping protect and smooth cash flows. Employers who profile the risks inherent to their populations and are risk tolerant can recognize savings of 5-8% below fully insured funding, primarily due to the reduction in taxes and fees.

## Summary

Today the ACA remains the law of the land and costs are not expected to trend downward for the foreseeable future. Employers actively engaged in identifying their unique challenges and implementing strategies to manage them will be at a competitive advantage versus those who don't. Victor or victim, your choice!

### Thom Lewis

Since 2008, Thom Lewis has served as the Regional CEO for USI's West Region. He is responsible for USI's strategic growth strategies for the region, managing over 150 insurance professional in offices in southern California and Arizona. Thom has a degree in Risk Management & Insurance from The Florida State University. His 32 year career includes 12 years with a national carrier and the last 20 years representing clients and leading brokerage operations. He and his spouse of 32 years reside in Orange County.



## About USI

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# Disruption in the mid-market: How technology is fueling growth

Mid-market C-suite executives are increasingly viewing technology as a strategic asset that can drive competitive advantage and are taking a more active role in technology decisions, according to a recent Deloitte report, *Disruption in the mid-market: How technology is fueling growth*.

Nearly half (48 percent) of mid-market executives surveyed by Deloitte indicate that their company's leadership views technology as a "critical" differentiator and key to growth, compared to 41 percent who said the same last year.

"It is becoming harder and harder to separate technology from business strategy and performance," says Stephen Keathley, principal, Deloitte Consulting LLP, and national technology leader, Deloitte Growth Enterprise Services. "Technology now touches essentially every business function — from sales and marketing to human resources, from finance to operations and compliance. C-suite's growing involvement in these critical decisions is a welcome development because, a lot of times, success of new technology adoptions depends on the level of support and commitment received from the highest levels of the organization."

Close to two-thirds (62 percent) of mid-market executives say their company's C-suite leaders have "some" level of involvement in the adoption of next generation technologies, nearly half (46 percent) say C-suite is "actively engaged," and a growing percentage (33 percent, compared with 20 percent in 2014) say their leadership is "leading the charge."

This growing involvement by the C-suite also is bringing along with it a renewed focus on return on investments, as 40 percent of mid-market executives — compared to 34 percent a year ago — say their company almost always does a post-implementation evaluation to measure successes.

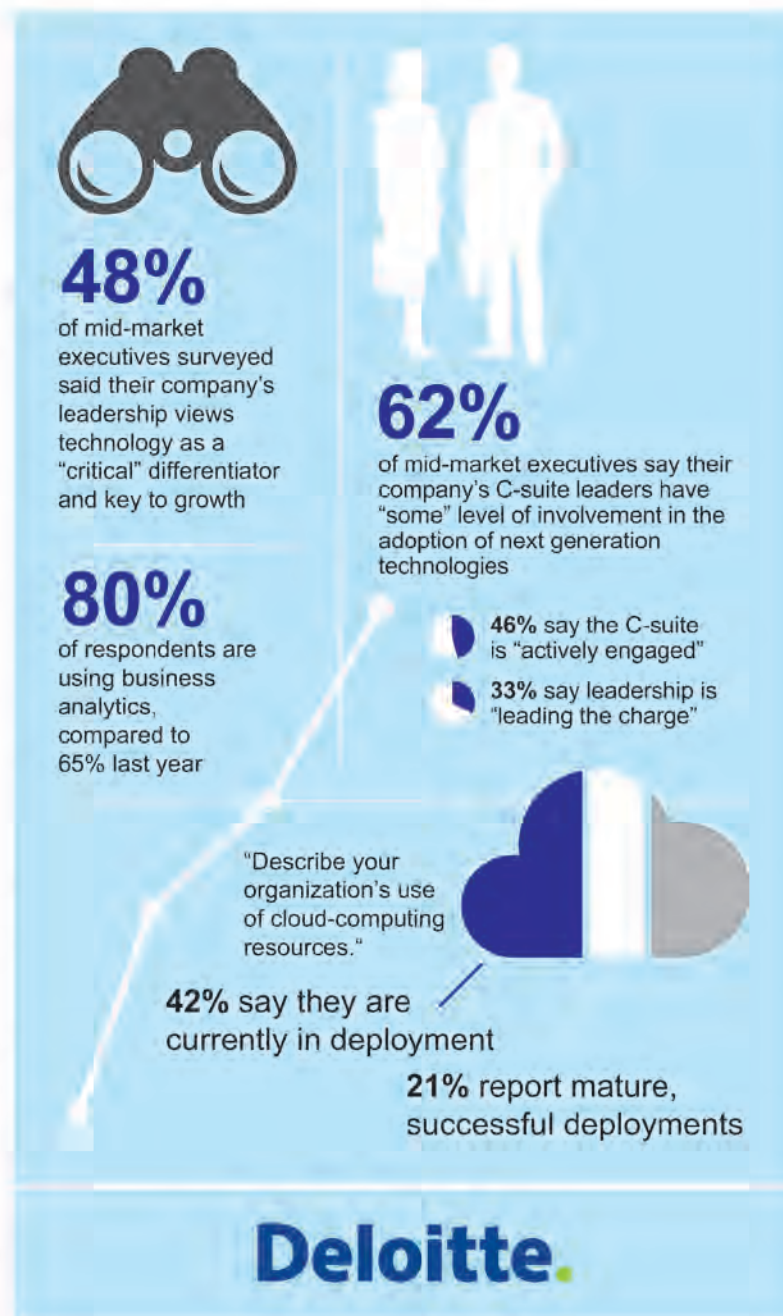
## Technology investments ramp up; Cloud and analytics major focus areas

More than two-thirds (67 percent) of executives say their company's technology spend is higher than last year, compared to 58 percent who said the same in 2014. Moreover, there's been a significant increase (to 30 percent from 19 percent in 2014) in the number of mid-market executives who say their technology spend is more than 5 percent of revenue.

Among the new technologies, analytics (47 percent) and cloud applications (43 percent) are seen as having the highest potential to produce the greatest productivity gains. As such, mid-market companies are speeding up their adoption of these technologies. Those that are currently in the process of deploying cloud-based technologies have gone up from 34 percent last year to 42 percent in 2015. And a whopping 80 percent of mid-market companies say they use business analytics, compared to 65 percent who said the same last year.

## Cybersecurity is an ongoing issue

Even as investments in and implementation of new technologies continue to rise, keeping up with the challenges of security, as well as data integrity and



quality, is an ongoing issue. Cybersecurity admittedly has a large impact on business; yet, mid-market companies are not fully prepared for addressing security risks.

Information security is called out as the #1 technology-related trend to have had the most impact on business in the past 12 months and will have the most impact in the next 12 months. As such, cybersecurity is among the top three technology priorities for the next 12 months (only second to improving existing business processes). However, only half of mid-market executives surveyed say they have the most up to date and robust security measures in place.

## What's ahead?

Mid-sized firms that embed leading technologies into their operations can optimize speed to value and enhance their ability to serve their audiences — customers, investors, employees and other partners. That success is dependent, however, on companies being strategic in their technology investments, holding their leaders accountable for managing the investments, and instilling the value of technology to people throughout their organizations.

Mindsets are changing in the middle market. Executives that explore the predictive modeling capabilities of analytics, for instance, can position their firms to win greater market share. As evidence, companies are demonstrating the impact of analytics extends far beyond front-end solutions for sales and marketing; warehouses, fulfillment centers, and distribution-related functions also can benefit from the technology.

Cloud computing packages, meanwhile, are increasingly resilient, function-specific, and better equipped to integrate into a company's existing architecture. What's more,

the cloud environment can manage costs, an important consideration as the talent supply tightens and external demands increase.

In a period of heightened alert over cyber threats, companies have to see the matter as an organizational capability, not a function-specific task. Mid-size firms are particularly at risk for breaches as many of them have not built sufficient awareness and monitoring, the very weaknesses malicious actors seek to exploit. Regardless of the industry, executives must develop processes to identify, protect, and monitor the company's most valuable data.

Across a company's technology pursuits, leaders can be most effective if they adopt a consistent approach. Technology investments in marketing should matter to finance. Innovation that's critical to the human resources function has an impact on sales.

Vast new possibilities to increase efficiency, reach customers, and grow the bottom line have opened up through technology. Companies that seize these innovations are most likely to widen their reach.

To read the full report, please visit:

[www.deloitte.com/us/dges/www2.deloitte.com/us/Disruptioninmidmarket](http://www.deloitte.com/us/dges/www2.deloitte.com/us/Disruptioninmidmarket)

### Research Methodology

From May 29, 2015 to June 16, 2015, a Deloitte survey conducted by OnResearch, a market research firm, polled 500 executives at U.S. mid-sized companies. The survey examined technology trends taking place in this market segment to determine the role and value that technology plays and how it influences business decisions. Survey respondents represented companies with annual revenues ranging from \$100 million to more than \$1 billion.

### About Deloitte Growth Enterprise Services

The Deloitte Growth Enterprise Services team delivers a distinctive client experience through service offerings tailored to address the unique needs of mid-market and privately held companies. As used in this document, "Deloitte" means Deloitte LLP and its subsidiaries. Please see [www.deloitte.com/us/about](http://www.deloitte.com/us/about) for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

## Rob Lucenti

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Rob has 25 years of public accounting experience with Deloitte. As managing partner of the Orange County practice, Rob oversees Deloitte's four businesses: audit, tax, consulting, and advisory services. Rob serves as an advisory partner on many of the practice's major clients. Contact Rob at 714.436.7241.



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## 2015 Year in Review: California and Orange County Economic Growth

by Patty Juarez and Paul O'Mara

Orange County's economy is growing well on almost all fronts, with the labor market expanding and wage gains rising. But how does this region's economy's health compare with the states? A look back at recent growth trends in the local economy and in California might help shape your business's expectations for 2016.

### California

According to a recent Wells Fargo economic report, in 2015, California's economy continued to grow consistently, with hiring increasing faster than the rest of the nation.

Overall economic conditions, however, highlight a noticeable difference between the stronger, growing coastal metro areas and the slower growing inland areas. Every metropolitan area experienced some growth over the past year. Metro areas are home to several industries that make major contributions to California's economic progress. Information technology, life sciences and tourism — typically focused in and around larger coastal metro areas, likely will remain 2016's dominant drivers.

Meanwhile, the state's big agriculture sector once again contended with the drought and severe weather along with a weaker global economy and a stronger dollar. Despite these challenges, farm income held up relatively well, and the state's farm sector had a fairly good year overall.

California's economy has thrived amid a somewhat lackluster economic recovery elsewhere. Job growth consistently has outpaced the nation in recent years, and personal income is expanding at one of the fastest rates in the U.S. Strongest growth occurred along the coast, particularly in areas benefitting from the state's leading position in the rapidly expanding information technology and life sciences sectors. Tourism and international trade experienced solid increases but generate lower-paying jobs than the tech sector.

### Orange County

In 2015, Orange County's economy improved in almost all sectors, with the labor demand and wages increasing by a big margin for the first time since before the Great Recession, according to a forecast released by UCLA Anderson School of Management.

Ports of Los Angeles and Long Beach have improved year-over-year, measured in shipping container flows. Port activity levels returned to seasonal highs after a decrease in shipping container activity during the beginning of 2015, however, recent measures show a month-over-month decrease. In September, the Port of Los Angeles reported a total of 730,307 shipping containers — a decrease of 44,825 containers compared to September 2014. The Port of Long Beach expected 655,624 containers in September, an increase of 25,853 compared with September 2014.

Orange County's manufacturing strength is examined by Chapman University's manufacturing composite index, measuring changes in the industry sector by monitoring movement in employment, production, commodity prices, and new orders. Orange County's composite index notched a big decrease in the fourth quarter, shrinking to 56.4, compared with 63.2 in the third quarter. The state-level composite index decreased, too, in the fourth quarter, falling to 58.4 compared to 59.4 in the third quarter.

Approximately 99 Orange County businesses sold in September 2015, 32 less than a year ago, while in Los Angeles, 316 businesses sold in September, compared to 381 a year earlier, a decrease of 65.

During 2015's third quarter, Orange County office vacancy rates fell from

11.07% in the second quarter to 10.45% in the third quarter. At the same time, Orange County's industrial vacancy rates experienced a decrease to a third quarter rate of 2.62 percent from 2.95 percent in the second quarter.

As residential and commercial real estate markets continue to recover, Orange County continues to see gradual increases in asking rental rates at both office and industrial properties. Office asking rents in Orange County increased by 2 cents per square foot to a lease rate of \$2.20, while industrial rent rates also increased slightly, reaching \$0.67 per square foot for the third quarter, a 2 cent increase over the previous quarter.

In summary, Orange County saw strong growth across many sectors in 2015. We expect to see continued expansion but at a slower pace in 2016. Sectors which will continue to drive this growth include information technology, life sciences, tourism, and construction. This should bode well for continued expansion in Orange County.

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#### Patty Juarez

Patty Juarez is a senior vice president and regional manager for the Wells Fargo Regional Commercial Banking Office (RCBO) in Orange, Calif. Patty oversees a team of commercial banking professionals that develop business relationships with middle-market companies in the North Orange County region that have annual revenues greater than \$10 million. Contact Patty at Patty Juarez 714.712.2500 or juarezp@wellsfargo.com.



#### Paul O'Mara

Paul O'Mara is a Senior Vice President and Regional Manager for Wells Fargo Commercial Banking, managing the Orange County South RCBO. Based in Irvine, CA, he oversees a team of 28 professionals who provide the bank's wide array of products and services to both middle market clients and prospective clients in the Southern California region. Contact Paul at 949.251.4152 or paul.a.omara@wellsfargo.com.





Beacon Resources is a professional services firm specializing in finance and accounting staffing and executive search with offices in Los Angeles, Orange County and San Francisco. Beacon's clients range from the middle-market to the Fortune 1000. Beacon Resources provides its clients access to the highest caliber F&A professionals who can be deployed on an immediate basis for interim projects or permanent employment.

## Finance and Accounting Firm Congratulates All OCBJ 2016 'CFO of the Year' Nominees

Congratulations to all nominees of the Orange County Business Journal 2016 CFO of the Year. Our firm wishes to recognize your hard work and accomplishments. We wish you all the very best in the new year.

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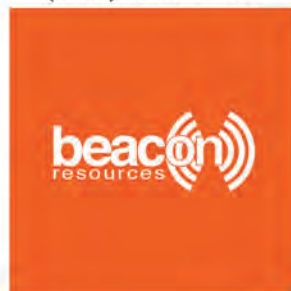
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## Putting the Right Retirement Plan in Place for Your Business

by Gina Chironis, CPA/PFS, Chair CalCPA Personal Financial Planning State Committee

When asked, most employees under the age of 50 agree that Social Security won't be there for them when they retire. Are they right? The U.S. Government Accountability Office estimates that at current spending rates, the Social Security trust will run out of assets by 2035, limiting benefit payments to the amount of revenues coming in. This translates to an estimated 30 percent reduction in benefit payments to recipients – a disturbing trend.

As a result, employees today count more than ever on their employer to provide a quality retirement savings plan option. For many, the company retirement plan will be their primary source of retirement savings. Offering a retirement plan can be a strong recruiting tool, can reduce employee turnover and can ensure that valued employees are able to retire securely.

### 401(k) Most Common Plan

The most common business retirement plan is the 401(k). A basic 401(k) plan allows employees to contribute up to \$18,000 of their compensation to the plan in 2016. If they are age 50 or older, they may contribute an additional \$6,000 for a total of \$24,000. Employee contributions are deducted from their paycheck on a pre-tax basis, allowing the employee to defer the income taxes on the amount contributed until retirement. The contributions are invested inside the plan and grow tax-free until withdrawn. For an employee in the 25 percent federal/10 percent California tax bracket, the \$24,000 contribution (\$2,000 per month) will actually cost only \$15,600 out of pocket (\$1,300 per month) when the tax savings are factored in.

Employers are not required to make a matching contribution for employees. Because of the complex rules that govern 401(k) plans, however, an employer may make a matching contribution so the business owner and any highly compensated employees can contribute to the plan. This depends on the demographics and compensation levels of the various employees. Any matching contributions made by the employer are tax deductible.

### Cash Balance Defined Benefit Plan

One often overlooked retirement plan option is the Cash Balance Defined Benefit plan. This plan works well for professional services firms such as attorneys, technology firms, dentists, engineers and physicians — any professional services firm in which the owners are older than the average employee. When combined with a company's 401(k) and profit-sharing plan, a Cash Balance Defined Benefit Plan can in certain circumstances allow a business owner to defer taxes on up to \$210,000 of compensation annually. This type of plan can provide the opportunity for a business owner to save on current taxes and increase annual retirement savings dramatically, depending on employee demographics.

To maximize the tax benefits of a 401(k) or Cash Balance Defined Benefit plan, most employers work with a retirement plan adviser to help in navigating the investment and compliance complexities. The adviser generally helps select a record keeper, an administrator, a custodian and, if a Cash Balance plan is established, an actuary.

### Employer's Fiduciary Responsibilities

The adviser to the plan may also help the business owner meet his or her fiduciary responsibilities. Under the Employee Retirement Income Security Act of 1974, an employer who sponsors a retirement plan shoulders a fiduciary responsibility to the employees participating in the plan. That means that the plan sponsor must act in the best interest of the plan participants and complete certain due diligence in the selection of advisers and investments for the plan. It also means that in the event of any failure to comply, the trustees (generally the business owners) are personally liable for any damages.

To obtain the best experience for both employers and their employees, select an adviser who is independent from the investment products being offered and who shares in the fiduciary responsibility to the plan. These types of advisers are known as 3(38) advisers. They assume the fiduciary responsibility for the investments being offered in the plan, therefore significantly reducing the personal liability associated with being a retirement plan sponsor. These advisers generally charge a fee for their services that the plan pays, and they do not collect fees from any other source (e.g., the company providing the investments).

### Costs of Establishing Retirement Plans

While these plans can work well for business owners and their employees, the costs to set up and administer can be significant. The minimum cost to establish and maintain a 401(k) plan can be \$4,000 or more annually due to the administration and compliance requirements. The same is true for a Cash Balance plan. The tax benefits can far outweigh the administrative costs as time goes on, but these costs can be prohibitive for smaller startup plans.

To avoid these high costs, many employers are tempted to work with either their payroll provider or an insurance company to establish a 401(k) plan. Often payroll and insurance companies will offer "free" retirement plan services to employers. While these types of plans are lower in cost to the employer, the investment options offered generally have high fees hidden inside the investments. These hidden fees yield suboptimal investment performance. These plans therefore are very expensive for the employee participants as their investments fail to grow due to the drag on performance from high fees.

Custodians like Vanguard offer startup plan services that allow the employer sponsoring the plan to charge some of these administrative costs to the employees' accounts, thereby reducing their out-of-pocket expense. This can be a win-win, especially if the investments offered in the plan have some of the lowest fees in the industry.

### Design of Retirement Plans

Another consideration when establishing a 401(k) plan is the plan design. Current research indicates that plans having an automatic enrollment feature for new employees and a high-quality default-investment option provide employees the best retirement outcomes.

For smaller businesses with just a few employees, the cost of establishing and administering a 401(k) plan may make it an unreasonable choice. An often overlooked option is the SIMPLE plan. This type of plan is, well, simple to manage. The administration is very straightforward and can be handled without the help of outside advisers and without the attendant cost. Participants are responsible for managing their own investments inside their SIMPLE account.

Vanguard, Schwab and others offer SIMPLE plans with very low fees. Their main disadvantage is lower contribution limits.

### Consult with Your CPA

In 2016 employees can contribute up to \$12,500 to a SIMPLE account. Employees age 50 and over can contribute an additional \$3,000. Employers can make an elective matching contribution of up to 3 percent or a non-elective contribution of 2 percent.

Ultimately, the decision to establish a business retirement plan is a business decision like any other. It requires careful evaluation of the risks and rewards. It is generally wise to discuss retirement plans with your CPA, who can help you evaluate the benefits of establishing a plan and recommend the right specialists to execute it.

### Gina Chironis

Gina Chironis, CPA/PFS, is the CEO of Clarity Wealth Management, an independent, fee only, fiduciary Registered Investment Advisory firm based in Irvine. She is a member of the California Society of CPAs (CalCPA) and chairs its Personal Financial Planning State Committee. She also serves on the Personal Financial Planning Executive Committee of the American Institute of CPAs. Accounting Today has twice recognized Gina as one of the nation's top 100 CPA financial planners, most recently in 2014. For more information, please contact Clarity Wealth Management at 949.579.9893 or gina@claritywealth.net.



### About the California Society of CPAs

Headquartered in San Mateo, 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 more than 42,000

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## The Geometry of Gemstones

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A glittering twist on the vesica piscis, this Diamond Link Cuff Bangle is an exquisite reminder of those we are forever tied to. A circle of nearly 10 carats of rose cut diamonds curls around 18 karat white gold, capturing that elusive center area where two become one.



With a stunning sum of 139 sapphires, including a 7 carat cushion cut center stone, Lugano Diamonds' Royal Azure Sapphire Ring is an ode to the blue-hued beauty.



In ancient Greece, the wreath was a symbol of achievement. Make that milestone moment count by celebrating with these Diamond and Tsavorite Wreath Earrings, featuring over 10 carats of rose cut pear shape diamonds and a pop of tsavorite.



Stop in the name of love and invest in this colorful Blue Sapphire and Amethyst Bangle for her. This fun, octagon-shaped bracelet sparkles from any angle with over 42 carats of blue sapphires, rare amethysts and round brilliant diamonds.



If a woman knows what a rhombus is, she deserves this necklace. This simple yet stunning piece showcases a nearly 4 carat rhombus shape diamond as unique as she is. Embellished with over 15 carats of pear shape, rose cut, round brilliant and fancy pink diamonds, this Lugano Diamonds design stands out in a crowd.



The classic emerald-cut calls for exacting proportions. Lugano Diamonds' Emerald Cut Sapphire Earrings are the definition of elegant. Featuring nearly 5 carats of eye-catching blue stones mixed with round brilliant diamonds, the sapphire centers are as sophisticated as they are symmetrical.

### Visit Lugano Diamonds

We invite you to experience Lugano's remarkable collection of GIA\* certified diamonds available in a variety of sizes and price points and unparalleled customer service first-hand. Lugano Diamonds is located at 620 Newport Center Drive, Suite 100, Newport Beach, CA 92660, and at Montage Laguna Beach, located at 30801 S Coast Hwy, Laguna Beach, CA 92651. For more information, please visit [www.luganodiamonds.com](http://www.luganodiamonds.com), call 1.866.584.2666 and follow Lugano Diamonds on Facebook and Instagram.

\*The Gemological Institute of America (GIA) is the world's foremost authority on diamonds, colored stones and pearls.

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## “Controller or CFO?”

by Ken Tudhope, Vice President of Finance and Accounting, Advantex Professional Services

As a networker and recruiter of senior finance and accounting talent, I often meet CFOs who truly fit the bill. Oftentimes, however, I meet folks with a CFO title in a Controller role. While both financial positions are highly coveted, there are several differences. To help differentiate the two roles, I've identified five factors defining the CFO position:

► CFOs are more **outward facing** than other positions in finance and accounting. The outside world is more dynamic and risky—the CFO position requires maturity, robust technical knowledge, and good relationships developed over a career. The outward-facing relationships include investors, bankers, regulators, clients, vendors, accountants, industry contacts, etc. Many of these outward-facing relationships are developed deeply through networking. If you are a CFO in a middle-market company but it's actually the CEO who “owns” these relationships, this can be seen as a Controller.

► CFOs tend to be more **forward looking** than any other position in finance and accounting. While Controllers spend much of their time looking backward while closing the books or determining how to record an entry according to GAAP, CFOs spend relatively more time on hiring, developing people, budgeting, planning, and most importantly, on strategy. Listen to a good public company conference call and you will see how much time is spent on how current information will impact the future. Networking also comes in here as well.

► CFOs are more **expansive in their thinking**. Great CFOs will be thinking about how to expand the business. Cost-cutting opportunities are finite; expansion is limitless. This is why good CFOs are constantly thinking about M&A opportunities, influencing strategy and selling.

► CFOs are **experts on the Balance Sheet**. The Income Statement is

simple; the Balance Sheet is complex. The Income Statement takes the short view; the Balance Sheet takes the long view. The Income Statement looks backward; the balance sheet will impact the future.

► CFOs are also **good networkers**. Good CFOs are good networkers because most of the responsibilities and activities mentioned above require great relationships inside and outside the company. Good networking is a requirement to excel as a CFO, much more so than any other position in finance and accounting.

If you aspire to be a CFO, consider what you may need to do differently to break into the CFO ranks and excel there.

### Ken Tudhope

Ken Tudhope is the Vice President of Finance and Accounting for Advantex Professional Services. Advantex is a recruiting firm specializing in finance and accounting, information technology, and engineering throughout Southern California. Advantex's winning formula blends advanced recruiting resources and technology with a personal touch. The result is the Advantex Hiring Advantage: expert recruiters and personalized service. You can reach Ken at ktudhope@advantexps.com.



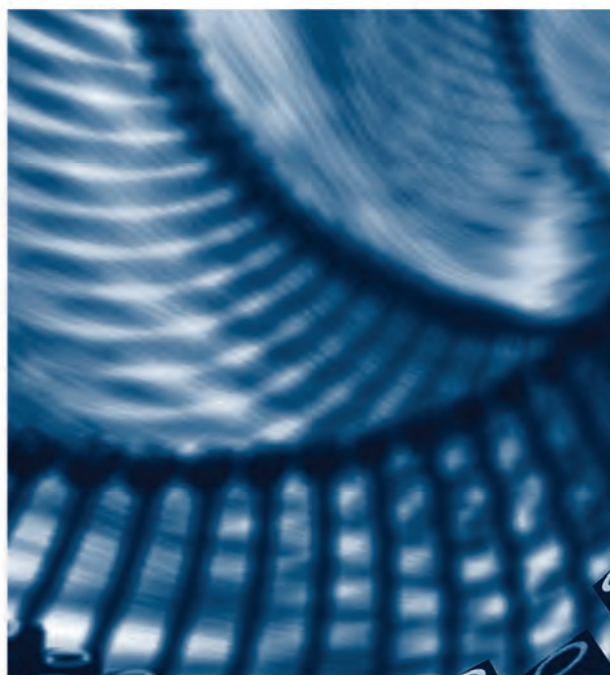
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# OC Companies to Benefit from Permanent Tax Rule Changes

by Raj Rajan, Managing Director, CBIZ MHM LLC

The Research and Development tax credit has been a part of the tax code since 1981. Since then, there have been a number of changes to the credit including what activities qualify, what costs can be included, how it is calculated and the manner in which any credits generated may be used. However, during the last 35 years, one thing that has not changed is that the credit has not been a permanent part of the tax code, having expired and needing to be extended 15 times since its inception. This uncertainty significantly undermined one of the primary goals of the credit, which is to incentivize companies to spend more on R&D efforts here in the U.S. knowing that they could take advantage of the R&D credit. However, the temporary nature of the credit is all in the past as the recently agreed to tax extenders legislation, Protecting Americans from Tax Hikes Act of 2015, included a permanent research and development tax credit.

However, this legislation did not stop with just making the research credit



permanent. It enhanced the use of this credit in a manner that will significantly benefit and incentivize numerous small and mid-size businesses. One example is that businesses that have gross receipts under \$50 million will now be able to use the credit against their alternative minimum tax (AMT) due. This is a significant improvement as the AMT limitation was one of the usage limitations that most frequently prevented small and mid-size companies from benefiting from the credits they generated.

Another significant enhancement applies to start-up businesses performing qualified research and development activities that are either pre-revenue or within their first five years of generating gross revenue (as long as their gross revenue is under \$5 million). Because many of these companies are in losses and have no tax due, the research and development tax credit provided minimal immediate benefit. However, under the new legislation, up to \$250,000 in research credits will now be able to be used to offset payroll taxes for up to five years for these start-up businesses, providing immediate cash to be re-invested and help these new companies grow.

With these enhancements, the number of credit claims and credit usage will most certainly rise, and with that rise will invariably come increased scrutiny by the IRS. However, as has happened in the past, increased scrutiny also provides increased guidance and knowledge about how to fairly maximize a claim amount and minimize any associated risk. It was during similar times of increased scrutiny when it became clear that including burdened general ledger research and development amounts rarely provided the appropriate qualifying expense amounts and significantly increased audit adjustment risks. Whether it is continued improvements in how and what should be included in written narratives associated with a claim or further clarification regarding reasonableness with contemporaneous documentation requirements, increased activity will create a useful dialogue between taxpayers, tax practitioners and the IRS. It is through this process that companies of all sizes will be able to optimally take advantage of this enhanced, now permanent tax incentive.

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## Congratulations to Jim Balas on being nominated for the Orange County Business Journal CFO of the Year Rising Star Award

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**Raj Rajan**

Raj Rajan is a managing director at CBIZ MHM LLC and the national practice leader for tax credits and incentives. He has more than 15 years of professional experience working with tax credits and incentives, focusing a significant amount of that time on the research and development tax credit. To contact Raj, please call 949.727.1327 or email him at rrajan@cbiz.com.

**Debbi Anders, Chief Financial Officer***Mission Viejo*

Debbi Anders joined Horizon in October 2011 as the vice president of finance, where she made an immediate impact during an exciting and challenging time for Horizon. Anders helped manage working capital during the hard disk shortage resulting from the flooding in Thailand. In 2013, she was appointed as CFO and served in this position until 2015. Anders worked closely with the other members of the senior management team to support their accounting and analysis needs. Anders also worked with Horizon's outside financial and risk advisors to ensure the organization had adequate liquidity and sufficient asset protection. Anders' past accomplishments at Horizon include reducing the closing cycle from 20 days to 5 days; aggressively outsourcing routine tasks, which resulted in reducing headcount by 13%; through automation, increasing department productivity by more than 100 hours per month; analyzing customer and product profitability, which led to the decision to deselect certain customer and product lines that were not delivering minimum returns. Horizon Technology is an internationally recognized independent distributor of storage devices and displays for computing and other technology applications.

**Jim Balas, Senior Vice President, Finance & Controller***CoreLogic, Irvine*

Jim Balas holds the leadership position of senior vice president, finance and controller for CoreLogic (NYSE: CLGX). Recognized as a leading global property information, analytics and data-enabled services provider, CoreLogic serves various markets such as real estate and mortgage finance, insurance, capital markets, and provides information to the public sector. The company maintains property records data from public, contributory and proprietary sources including more than 4.5 billion records spanning more than 50 years. Since Balas joined CoreLogic in 2011, the organization has transformed into a higher performing company with shareholder returns of more than 200% through disciplined cost management, prudent capital allocation and focused optimization of business portfolio mix, all of which have changed the financial profile of the company in terms of higher growth, expanded margins and boosted cash flow generation. Balas' other major accomplishments include leading 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 have driven quality, efficiency and insights to better drive value creation.

**Brad Biddle, Chief Financial Officer***Insulectro, Lake Forest*

For the past 10 years, Brad Biddle has been at the financial helm of Insulectro, a privately held company that is the preeminent distributor of materials used in the construction of printed circuit boards and printed electronics. As CFO, Biddle has been instrumental in implementing cost reduction efforts that have eliminated waste, minimized write-offs, and improved Insulectro's general efficiency and financial health. He is known at Insulectro for his "can do" attitude. He is always the first to accept new challenges and propose solutions. He recently had a major role in a multi-year transition to an Oracle-based ERP platform that has prepared Insulectro for the future. Biddle is well-respected among his peers and by his direct reports as a fair, intelligent and passionate leader.

**Kimberly S. Boren, Senior Vice President & Chief Financial Officer***Autobyte Inc., Irvine*

Kimberly Boren serves as CFO of Autobyte Inc. – a leading provider of online automotive services connecting consumers with dealers. Boren has played an essential role in Autobyte's comeback story, with a laser focus on improving the quality of leads the company delivers to its dealer and OEM clients. In her previous roles as senior director of financial planning and analytics, and senior vice president of business analytics and websites, Boren improved accountability and oversight of the products and services the company provides to its industry partners, and managed initiatives that have since transformed the firm's web operations and reporting. Last year, Autobyte delivered roughly 6.4 million leads to its industry partners, and in the first six months of 2014 alone, consumers submitting leads through the Autobyte network resulted in nearly 600,000 new and used car sales in the U.S. At the time of her appointment to the position of CFO of Autobyte, the company's stock price was up 210% over the same time frame two years ago and since her appointment as CFO, revenue has grown 26% and the stock price is up 218%.

**Nicole Carrillo, Executive Vice President & Chief Financial Officer***Opus Bank, Irvine*

In June 2015, Nicole Carrillo became a member of The Office of the Chief Operating Officer. Along with other members of the executive team, Carrillo successfully completed the acquisition of Commerce Escrow Co. and RPM

Investments Inc. for Opus Bank in April 2015. During 2015, Carrillo led the implementation of a new financial reporting, planning and forecasting software to improve Opus' internal and external reporting, as well as build scalability for future growth. In 2015, Carrillo also led the implementation of an automated tool for the calculation of the allowance for loan losses, which improved efficiency and reduced the risk of data manipulation and errors. Over the last year, Opus Bank has grown by more than 30% in assets and revenue while the finance and accounting team have remained stagnant in headcount due to the scale, automation and efficiency that Carrillo has built into the processes. In April 2014, Carrillo along with Opus' CEO led the efforts for a successful initial public offering. She was appointed CFO after serving as chief accounting officer. Opus Bank is among the fastest-growing banks in the Western region of the United States with offices in California, Washington, Oregon and Arizona.

**Vincent Cook, Chief Financial Officer***Modern HC Pharmacy Inc., Garden Grove*

Vincent Cook, a seasoned CFO, joined Modern HC Pharmacy Inc. in 2012 following its purchase by a private equity firm, and since then has participated in growing the business over five-fold to more than \$1 billion in revenues and increasing EBITDA over seven-fold through a combination of organic expansion and four add-on acquisitions. From the ground up, Cook built a new accounting, finance, HR and IT staff; improved financial reporting with weekly KPIs; integrated all units under common systems and created a scalable, robust platform to support further growth. He completed multiple debt and equity financings including a recent \$135 million dividend recap. His efforts helped to transform a regional player into a national industry leader, while also creating tremendous enterprise value for employees and shareholders alike. Modern is the largest privately owned independent specialty pharmacy in the United States, serving 175,000 patients with complex, chronic health conditions, and is a preferred partner of pharma manufacturers and referring physicians.

**Kent R. Crandall, Chief Financial Officer***MBK Real Estate Companies, Irvine*

Kent Crandall joined MBK – a full-service real estate development company with operations throughout the Pacific West Coast – in 2006 and has been instrumental in the transformation of the company from a single operating division in California to a multi-divisional real estate company with operations spanning the Western U.S. Today, he serves as the company's CFO. The first several years of Crandall's tenure were spent restructuring the MBK's Homebuilding division, helping to return it to profitability in 2010. Additionally, during this time period, Crandall was instrumental in the development and growth of the company's Senior Housing start-up division. Under his tenure, the division has acquired more than \$500 million in senior housing properties and grown its operations and footprint outside of California. Today, the division has operations and assets throughout the Western U.S. and more than 1,300 employees. In 2011, Crandall led MBK's strategy review as part of its continued diversification efforts. As a result of the review, the company entered the multi-family sector via a third operating division in 2012 and today has multiple sites in Southern California under development with a book value in excess of \$150 million and operations beginning in 2014.

**Linda Fenton, Senior Vice President & Chief Financial Officer***Welltok Inc., Newport Beach*

Linda Fenton oversees the Welltok Inc.'s finance management, treasury and accounting functions, as well as real estate and facilities for all Welltok locations. She most recently served as a principal with SpringBoard Strategic Advisors, leading the healthcare consulting practice. Fenton spent more than a decade in senior management positions at TriZetto Corp. Fenton began her career at Welltok in 2014 as the SVP and CFO of the organization. In her short time with the company, she has done incredible work to move the financial strength of a high-growth healthcare IT start-up forward. She established and built the financial team – enhancing the financial strategy of the company. She also provided guidance on three corporate acquisitions – resulting in a nationwide expansion of company real estate with new offices in Washington, Massachusetts and New Jersey. Welltok Inc. is fundamentally transforming the way population health managers partner with consumers to optimize their health and get rewarded. The company's CafeWell Health Optimization Platform™ organizes the growing spectrum of health and condition management programs, apps and digital tracking devices.

**William Gutierrez, Chief Financial Officer***Premier Business Centers, Irvine*

William Gutierrez serves as CFO of Premier Business Centers (PBC), a leading provider of full-time executive offices, part-time day offices, virtual offices, shared workspaces and meeting facilities in the U.S. Gutierrez's key

accomplishments include, successfully assisting the growth to double the number of suite locations – becoming a nationwide industry leader with 74 centers – which include 5,000 office units, 6,900 clients and 250 employees in six years. He effectively executed the integration of several acquired suite competitors, driving Premier Business Centers to become one of the largest privately held executive suite operators in the country. Further, Gutierrez led the strategic direction of investments for PBC's IT/Finance/Accounting and HR departments, which enabled him to define and implement clear career path options for employees. Finally, he led the company's corporate re-branding effort which helped PBC rank on the Orange County Business Journal's Fastest Growing Private Companies List in 2015.



**Lori Ann Farrell Harrison, Director of Finance**  
*City of Huntington Beach, Huntington Beach*

Lori Ann Farrell Harrison is a municipal finance expert with more than 24 years in both the public and private sectors. She previously served as the CFO of the city of Long Beach and also worked for the New York State Division of the Budget and NYC Administration for Children's Services overseeing budgets of over \$2 billion. In addition to her duties as the director of finance for the city of Huntington Beach, she serves as president of the Board of Harbour Commissioners for the Port of Long Beach. Harrison is the recipient of many awards recognizing her financial management skills including the Government Finance Officers' Association's Certificate of Excellence in Financial Reporting, Award for Outstanding Achievement in Popular Annual Financial Reporting and Distinguished Budget Presentation Award each year for the past six years in her current position. In 2014, Harrison received the California Society of Municipal Finance Officers' prestigious "Innovation Award" for her unique plans to reduce pension-related unfunded liabilities. In 2014, she also received the Association of California Cities Orange County Chapter "Golden Hub of Innovation Award" for reducing unfunded liabilities.



**Jeff Ishmael, Chief Financial Officer**  
*Cylance Inc., Irvine*

Jeff Ishmael was one of the first employees to join Cylance, the first company to apply artificial intelligence, algorithmic science and machine learning to cyber security and improve the way companies, governments and end users proactively solve the world's most difficult security problems. Cylance is now 175-employees strong and has a steadily rising revenue trajectory, moving the company out of the startup bracket. Serving as CFO, Ishmael has been instrumental in establishing a strong relationship with all the company's primary vendors and continues to leverage their symbiotic partnership. He has successfully led Cylance through both Series-B funding and Series-C funding, as well as the placement of a supplemental credit facility. Ishmael has been involved in hiring and on-boarding an additional 170 employees, while maintaining a 90% retention rate on hires, and implementing a new 401k program for his employees. He oversaw the transition from a PEO platform to internal management and processing of payroll and benefits programs, resulting in a six-figure savings annually. Recently, the company moved to its new Orange County headquarters, and is already discussing expanding their footprint in the new building location.



**Chris Lawrence, Chief Financial Officer**  
*American First Credit Union, La Habra*

Chris Lawrence has been in finance for more than 12 years after spending time in academia teaching high school and college. He started his finance career with banks and investment banks. He ended his for-profit finance days after being one of eight founders of Opus Bank and raising \$460 million. He did this while graduating at the top his class with his MBA at the Paul Merage School of Business at UCI. Almost three years after the start of Opus Bank, he returned to a life of "giving back" by becoming the CFO of the nonprofit American First Credit Union (AFCU). Since being at AFCU, the new management team has restructured the balance sheet and core income has almost doubled. A commercial real estate division is now operational and vibrant, a wholesale division is now operational, and morale has improved significantly (as judged by a third party survey). AFCU struggled during the Great Recession and was almost seized by regulators in 2010. Now, after completing its most recent regulatory review, AFCU received improved ratings and no audit findings for the first time in years.



**Larry Lloyd, Chief Finance & Business Development Officer**  
*Catalina Island Conservancy, Long Beach*

Larry Lloyd serves as chief finance and business development officer for the Catalina Island Conservancy, one of the oldest private land trusts in Southern California protecting 88% of Catalina Island. Since joining the Conservancy in 2012, Lloyd has helped the leadership team deliver on its fiduciary responsibilities by augmenting existing financial policies, driving effective

budgeting processes, delivering timely and insightful financial reports to management and its board, effective oversight of managed investment assets, and working collaboratively across the organization to ensure that investment of financial resources aligns with mission needs. One of Lloyd's most significant contributions to the Conservancy was his ability to step in and function as interim chief operating officer on two different occasions, covering over half of his tenure. Being able to quickly come to grips with the operational needs of an organization that functions very much like a small municipal government, and sustaining those needs in a productive and effective way, while still managing to fulfill his traditional CFO responsibilities was a tremendous challenge.



**Vincent Luca, Chief Financial Officer**  
*TCA Architects, Irvine*

Vincent "Vin" Luca is CFO and a partner at TCA Architects where he leads the financial operations of the firm. He also serves on the TCA board of directors and its executive committee, a leadership group formed to drive TCA's long-term planning and growth strategy. Prior to his role at TCA, Luca was founder of The Performance Group, a financial and strategy consulting firm specializing in increasing profitability and improving organization effectiveness. Luca holds a BA in finance from Babson College and has successfully engaged business owners and management teams to raise the bar and keep ahead of the constantly changing business landscape. His experience in forecasting has vastly improved cash flow, client retention and the re-engagement of key contributors. This work has been enhanced by his belief that one of the most effective ways to impact an organization's bottom line is by challenging and developing the talent within the organization. TCA Architects has been passionate about high-density housing since 1993. TCA's expertise includes master planning, design, documentation, and construction administration for a variety of multifamily, mixed-use, and related building typologies.



**Brian Manahan, Chief Financial Officer**  
*Liquipel Worldwide Holdings LLC, Santa Ana*

Brian Manahan was instrumental in building the foundation for Liquipel during the startup phase and beyond. Liquipel LLC brings groundbreaking waterproofing and impact protection technologies to mobile devices. He was part of the original executive team of Liquipel, helping grow the business to \$5 million in cash receipts in the first year of operations with a positive cash flow. Under his leadership as CFO, he saw the organization through a merger/acquisition and helped the company through some tough times and growing pains that many startups experience. He created the business plan and financial models that led to the acquisition of over \$5 million in equity capital at valuations growing to over \$50 million in less than two years of operations. He negotiated and assisted in drafting international license agreements with over \$100 million in minimum guarantees. He developed the company policies for finance, product development, HR and operation. Manahan was also instrumental in several mergers and acquisitions acquiring key technologies and new sales channels.



**Michael Marshall, Chief Financial & Administrative Officer**  
*First Team Real Estate Family of Companies, Irvine*

Since joining the First Team Family of Companies two years ago, Michael Marshall has been instrumental in many organizational changes, including the advancement of accounting treatments, cost-cutting, opening of new locations and the acquisition of cutting-edge technologies that set First Team apart from other competitors. As chief financial and administrative officer, Marshall has been spearheading the effort to create a new mortgage operation from the ground up while maintaining explosive growth in the title, escrow and brokerage operations. Furthermore, Marshall has contributed greatly to the creation of a mortgage operation within the family of companies. Additionally, Marshall is a founding board member of the First Team Real Estate Foundation that last year contributed over \$200,000 to organizations within Orange County including the Irvine Public Schools Foundation in sponsoring their summer enrichment academy. First Team Real Estate is the largest independent brokerage firm in California and is ranked #11 among the largest privately held firms in the nation in 2014.



**Chris Martin, Chief Financial Officer**  
*Kush Bottles Inc., Santa Ana*

Chris Martin serves as CFO of Kush Bottles Inc., a leading wholesaler of marijuana and cannabis packaging. In his tenure with the company, Martin was part of the team that took Kush Bottles public, growing the company's revenues 135% over FY14, to a record \$4.014 million. He structured and facilitated the acquisition of Dank Bottles LLC, which resulted in significant growth for the company. In addition,





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*CEO  
The Honest Company*

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Martin also navigated Kush Bottles through two audits, four quarterly reviews, and a Form 10 registration statement filing – resulting in the company becoming a fully reporting registrant with the SEC. Among his other accomplishments, Martin facilitated the raise of approximately \$1 million through the issuance of stock; secured a line of credit for the company; designed a system of internal controls, which has yet to result in a single deficiency; and refined all processes within the administrative, accounting, sales and warehouse departments. All of these efforts have aided Kush Bottles in being named as one of the fastest-growing companies by the Orange County Business Journal.

**Gina Mastantuono, Executive Vice President, Finance**  
*Ingram Micro Inc., Irvine*

Gina Mastantuono serves as executive vice president, finance of Ingram Micro Inc., a \$46 billion Fortune 100 global technology and supply chain services company that helps large and small businesses maximize the value of the technology that they make, sell or use. Mastantuono is a member of Ingram Micro's worldwide executive team and reports directly to Bill Humes, Ingram Micro's CFO. Working closely with Humes, Mastantuono leads the company's global finance operations organization, and is also responsible for financial planning, analysis, controllership, SEC reporting and treasury. In addition to the work she does with investors and analysts, Mastantuono has also played an integral role in several acquisitions the company has completed in the past two years. Since joining in April 2013, Mastantuono re-organized the global finance team to better align with Ingram Micro's operating model and create a more effective support services organization. She is also spearheading the company's internal finance transformation activities, including upgrading global financial systems, centralization of finance activities and improving analytical capabilities throughout the organization. Transforming the finance function requires a tough leadership style that balances firmness with fairness.



**Joe McCarthy, Senior Vice President Finance & Administration & Chief Financial Officer**

*Sunrise Growers Inc., Placentia*

Sunrise Growers (Frozsun Foods) is the leading processor of conventional and organic individually quick frozen fruit in the United States. Sunrise Growers offers an assortment of frozen fruit products in a variety of packaging formats serving retail private label and food service customers. The organization provides full-service frozen fruit programs to some of the most-respected and recognized

global brands, such as Kirkland Signature, McDonalds, Great Value, Wild Oats, Starbucks, Market Pantry, Jamba Juice, O Organics and Safeway. Joe McCarthy serves as the company's senior vice president finance and administration, and CFO. Sunrise Growers was in a turnaround situation in 2005 when the company was owned by a private equity firm. McCarthy helped lead dramatic changes in the business, and the company was sold to a different private equity firm in 2008, then again in 2013. In October 2015, Sunrise Growers was again sold to strategic buyer. Due in large part to McCarthy's efforts through internal growth and acquisitions, company sales, profitability, employment and valuation all went up substantially during this time.



**Lenny Moon, Chief Financial Officer**

*Payoff Inc., Costa Mesa*

As CFO, Lenny Moon has helped the company's founder/CEO oversee the growth of Payoff Inc. from 10 employees to 120 employees in two years. Payoff is a next generation financial services company, designing products that help people pay off their credit cards faster and save money. Moon has helped to manage the operational growth of Payoff at different stages of its lifecycle, from a pre-revenue early stage company to a revenue-generating one – having launched the first of its suite of products. As Payoff has continued to grow in size, Moon has helped to build out the company's finance, accounting, governance and HR infrastructure, in addition to laying the foundation for key administrative and support functions. Along the way, he has also played an important role in raising equity capital for Payoff to position the company for future growth opportunities. Prior to Payoff, Moon spent several years on Wall Street as an M&A investment banker in both NYC and Los Angeles at Bear, Stearns & Co. and Lazard Freres & Co. As an investment banker, he advised primarily large publicly traded corporations in financial and strategic matters and led the execution of numerous M&A, equity and debt transactions across a variety of sectors.



**Debra Morris, Executive Vice President & Chief Financial Officer**

*Apria Healthcare, Lake Forest*

Debra Morris has helped Apria Healthcare improve operating and financial results during a period of significant change and price compression in the healthcare industry. She created a fresh culture in the finance organization by broadening its purpose from that of safeguarding corporate assets, transactional



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Cylance is pleased to congratulate

## Jeff Ishmael

on being nominated CFO of the Year

Everyone at Cylance greatly appreciates all of your efforts in keeping the company financially healthy.

You've been with us since the very beginning and we cannot thank you enough for your leadership, guidance and dedication.



2015 CFO of the Year Nominee

## Jeff Ishmael

processing and aggregator of financial information, to leveraging the value of its data, which has historically been one of a businesses' most under-optimized assets. At Apria Healthcare, one of the nation's largest and leading providers of home respiratory services, Morris has exposed a modern vision and meaningful purpose of the finance organization aimed at driving business performance. Leveraging technology to gain insight into meaningful information, and gaining the ability to make faster, better decisions grounded in sound operating and financial data, Morris has helped drive 30% year over year earnings growth and, most importantly, enabled the company to fulfill its mission of improving the quality of life for patients at home for more than 1.2 million people across the nation including over 75,000 in Orange County.



**Lynda Nguyen, Controller**  
*Razor USA LLC, Cerritos*

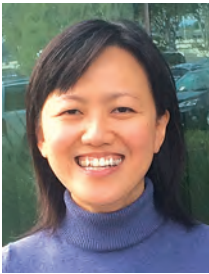
Razor was founded in 2000, creating the scooter craze in the United States. Since then, the company has experienced consistent growth, requiring the accounting/finance team to adapt to increasing demands without increasing resources. Lynda Nguyen joined the company in 2006 and currently serves as controller. Since her tenure, Razor has more than tripled in size. She began by improving the quality of the accounting records for the company. She instituted stronger internal controls and established procedures to shorten the monthly close from more than 20 days to 5 days. She oversees collection of receivables, reducing bad debts and chargebacks. She saved the company more than \$1 million through foreign currency hedging contracts, and she reduced costs by re-negotiating merchant services contracts. She has worked with the auditors to keep audit fees level despite consistent company growth, and she collaborated with outside tax accountants to save more than \$3.5 million in taxes through implementation of an R&D tax credit program. She continues to address the needs of the company while constantly expanding her skills in preparation to become a CFO in the future.



**Anna Nursalim, Chief Financial Officer**

*New Horizons Computer Learning Centers of Southern California, Anaheim*

New Horizons Computer Learning Centers of Southern California (NHSocal) offers business-friendly delivery methods that allow companies and individuals to receive the highest quality technical, application and business skills training available. In her position of CFO, Anna Nursalim has been instrumental in preparing a General Services Administration application established to capture DOD and military business. She has also been a key contributor in launching the company's consulting arm, ALAMOM Consulting Inc. Alamom Consulting is committed to helping companies find the best solutions to grow their business. As an independent woman-owned consulting company, Alamom's leadership combines over 50 years of elite experience in IT, expansion and business solutions.



**Laurie Peterson, Director of Accounting & Finance**

*Big Brothers Big Sisters of Orange County & the Inland Empire, Santa Ana*

As the director of accounting and finance of Big Brothers Big Sisters of Orange County & the Inland Empire, Laurie Peterson is the internal leader of the nonprofit's Audit & Finance Committee. This past year, Big Brothers Big Sisters purchased a new 52,000+ square foot facility, utilizing new market tax credits that required multiple subsidiaries of Big Brothers Big Sisters and a very complex tax and financial model involving three different funding partners. Peterson was able to quickly learn the ins and outs of a very specialized transaction, set up the necessary entities, as well as complete the financial reporting that this type of transaction requires. The purchase could not have happened without knowing that Peterson would be able to provide the necessary reporting and documentation this transaction required. Peterson has been essential in the success of this ever-changing and dynamic organization that has focused on its internal and external brand over the last few years.



**Kevin Rubin, Chief Financial Officer**

*MSC Software Corp., Newport Beach*

Kevin Rubin has led and executed three recapitalizations between 2011 and 2014, returning nearly \$500 million to MSC Software shareholders and significantly improving the company's debt service costs and debt terms and conditions. As CFO, Rubin also led and executed major systems implementations including the global implementation of Oracle R12, implementing a global quote-to-cash automation solution linking CRM to CPQ to ERP, implementing a best-in-class global revenue management automation, and other global systems initiatives designed to automate and improve efficiency on a global scale. MSC Software Corp. was formed in 1963 under the name MacNeal-Schwendler Corporation (MSC). In



1965, MSC was awarded the original contract from NASA to support President John F. Kennedy's mission to place a man on the moon. Since that time, MSC has continued to expand CAE technologies that are relied upon to analyze and predict stress and strain, vibration and dynamics, acoustics and thermal analysis. MSC helps companies improve quality, save time and reduce costs associated with the design and test of manufactured products.

**Greg Rummler, Chief Financial Officer**

*Control Air Conditioning Corp., Anaheim*

Control Air Conditioning Corp. was founded in 1978 and has grown to become a leader in the HVAC industry throughout California. In the past 20 years, the company has grown from four companies generating \$35 million annually to more than 10 companies producing more than \$200 million annually. Greg Rummler serves as the company's CFO. In his position, Rummler was responsible for implementing a paperless system to electronically route invoices and match to purchase orders and obtain approvals seamlessly. Over the past year and a half, he acquired two new entities – Optimum Energy Design and Air Flow Mechanical. Rummler was also in charge of setting up all of the internal controls and accounting systems for each new entity. This past year, he automated the delivery of employee pay notifications via secure email, eliminating the need to print weekly pay stubs and mail them to hundreds of employees.



**Anita Ryan, Chief Financial Officer**

*One Source Industries LLC, Irvine*

Since joining One Source Industries LLC (OSI) more than five years ago, Anita G. Ryan, CPA, has had a major role in the company's improved financial performance and fast-paced growth. Since 1984, OSI has been a world leader in providing customized supply chain managed solutions for displays, packaging, and branded merchandise and special retail solutions for in-store marketing. Ryan has applied 25 years of public-company experience to privately owned OSI, serving in two key roles: company CFO and general manager of the Irvine headquarters and production facility. Her accomplishments range from implementing effective financial accounting and cost control systems to reviewing acquisitions, leading the development of the annual plan and forecasts, ensuring compliance with local and federal government regulations and improving the balance sheet and securing new credit facilities to fund the company's growth. Her impact on the company is highlighted by OSI's 70% revenue growth, and four-fold increase in EBITDA during her tenure. In addition to her achievements as CFO, Ryan is also actively involved in the Orange County community through her leadership in OSI community involvement team activities including providing backpacks filled with supplies for underprivileged children, various food and clothing drives for the community, and the military and Seal Beach clean-up.



**Mark Seaton, Chief Financial Officer**

*First American Financial Corp., Santa Ana*

Mark Seaton is the CFO for First American Financial Corp. Since joining First American in 2006, Seaton has served in a number of roles, including management of the company's financial planning, treasury, investments and investor relations activities. In addition, he has been a driving influence on the company's strategic planning and margin improvement initiatives. First American shares have doubled during his tenure and Seaton has been a meaningful part of this improvement. Prior to joining the company, Seaton worked in private equity and in the investment banking industry. He holds a bachelor's degree in economics from Stanford University and a Master of Business Administration degree from The Tuck School of Business at Dartmouth College. As one of the largest title insurance companies in the nation, First American offers title insurance and settlement services through its direction operations and extensive network of agents throughout the U.S. and internationally.



**Shelly Sennikoff, Director of Budget & Financial Reporting**

*THINK Together, Santa Ana*

Shelly Sennikoff joined THINK Together as an administrative assistant, making her rise through the ranks to her current role as director of budgeting and fiscal reporting all the more impressive. Given the particularly unique challenges of managing the budget of a nonprofit operating state-wide, Shelly's recent contributions and accomplishments are all the more noteworthy. THINK Together's recent and successful reorganization – necessitated by a shift in program funding – required incredibly detailed, accurate and timely fiscal planning for more than 50 departments and program grants covering more than 2,500 employees and a \$62 million budget. The combination of Sennikoff's technical abilities, fiscal know-how, interpersonal skills, understanding of the business and passion for her work, allowed her to play a critical role in continuing to evolve the fiscal model that underpins the ability of the organization to bring high-quality





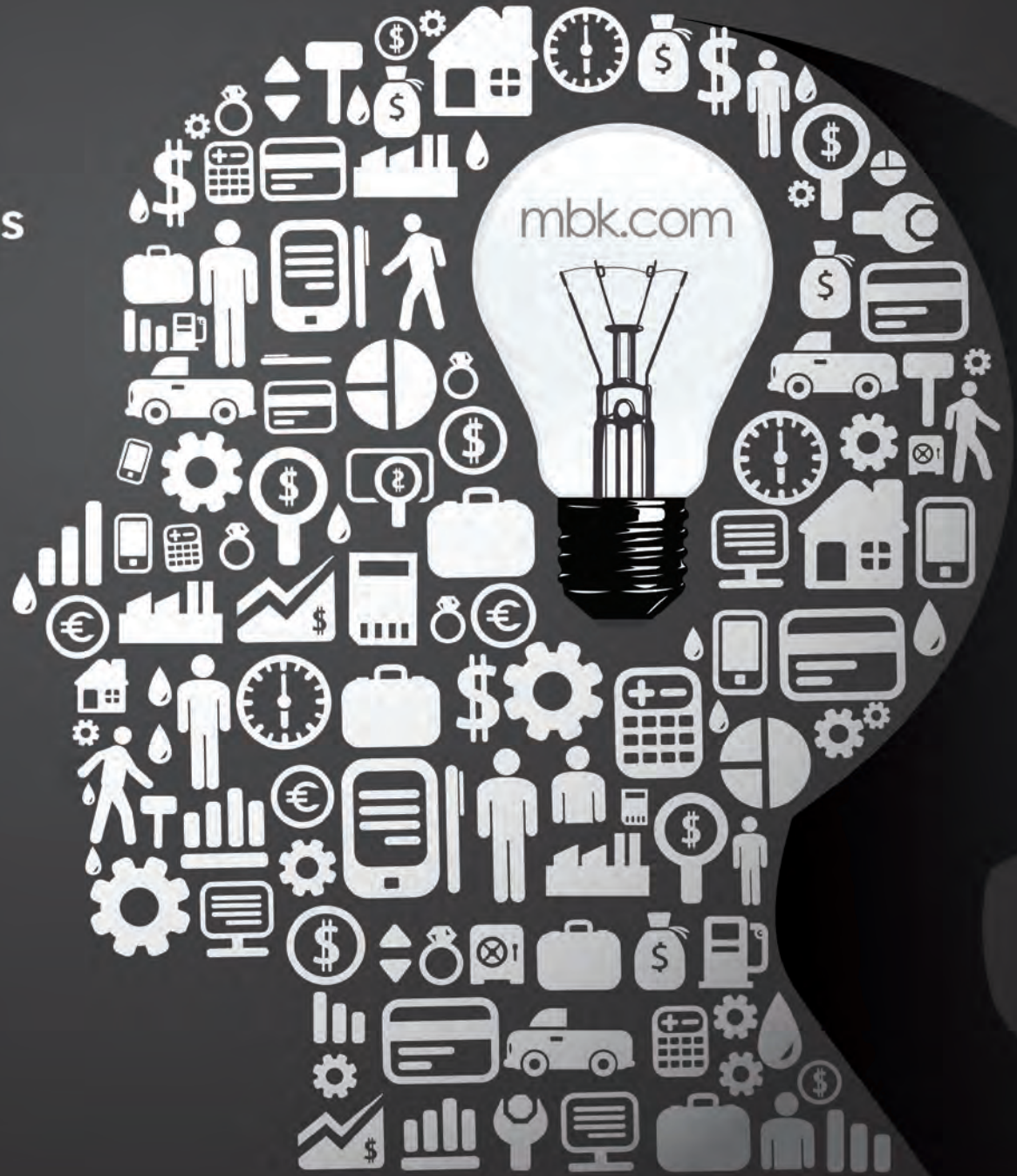
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educational programs every day to tens of thousands of underserved youth throughout California. THINK Together is a 501(C)(3) nonprofit provider of extended learning time programs at over 400 schools in more than 50 districts in Orange, Los Angeles, Riverside, Sacramento, San Bernardino and San Diego counties.

**Colin T. Severn, Chief Financial Officer**

*William Lyon Homes, Newport Beach*

Colin T. Severn joined William Lyon Homes in December 2003, and served in the role of financial controller until April 2009. From April 2009, Severn served as vice president, corporate controller and corporate secretary until his promotion to CFO by approval of the company's board in August 2009. Severn continued to serve as the company's corporate secretary until November 2013. This past year, Severn was crucial in negotiating and structuring two very significant acquisitions. The first was the \$175 million acquisition of a portfolio of California coastal communities and the second was the \$520 million acquisition of Polygon Northwest, which has expanded the company's presence into the Pacific Northwest. This year, he also led the financial review and production of registration statements filed with the SEC related to two bond offerings, an equity offering and a universal shelf registration. The equity and bond offerings were completed within very tight time frames and successfully raised over \$500 million in capital. William Lyon Homes and subsidiaries are primarily engaged in the design, construction and sale of single family detached and attached homes in California, Arizona and Nevada.



**Guita Sharifi, Chief Financial Officer**

*Alzheimer's Family Services Center, Huntington Beach*

Guita Sharifi has been an invaluable part of the professional team at Alzheimer's Family Services Center (AFSC), a nonprofit agency exclusively serving patients with dementia. As CFO, she has significantly improved the financial position of the company by improving cash flow and revenue while maintaining very high financial standards. She was able to increase the organization's profitability by 20%, reduce general and administrative expenditures by 13% and increase cash collection from 70% to 99%. Additionally, Sharifi has been instrumental in implementing programs aimed at staff development, resulting in high employee retention. Always a team player, she is also very active in the community proudly



contributing to over seven boards and several other programs, improving the volunteer landscape of Orange County.

**Russell Skibsted, Chief Financial Officer**

*Irvine*

Less than two years ago, Proove Biosciences – the leader in genetics-related personalized pain medicine research with hundreds of clinical research sites across the U.S. – opened its first office in Irvine with a ceremony on April 2012 to announce its 6,700-square-foot space. At the time, the company employed 10 employees in Irvine and had ambitious plans to eventually have 40 in its office. In less than two years, Proove has expanded to over 60,000 square feet of space, 200 employees and has saved the healthcare system over \$200 million. As the company's former CFO (as of Dec. 2015), Russell Skibsted played an integral role in this unprecedented growth. He built the company's financial functions from scratch and raised the first outside capital in firm's history. He proved successful in hiring key outside partners and designed and organized a claim appeals process and team that now handles the influx of requests. In addition, Skibsted is involved in supporting his local community including coaching and offering his financial skillset to numerous budget committees.



**Mark Sweetman, Chief Financial Officer**

*SA Recycling, Orange*

SA Recycling is a joint venture formed by Adams Steel, an Orange County family owned business and Simsmetal West, a subsidiary of Sims Metal Management, a public company on the Australian stock exchange. Acting as CFO, Mark Sweetman was instrumental in working with the two businesses to form the joint venture and bring the family owned business and the subsidiary of a large public company together for a mutual purpose. He built out the corporate finance team to accommodate the changes the two entities experienced as they became one. Over time, the company has grown organically and through acquisitions – from 23 locations to 55 locations and 1,100 employees. To support this aggressive growth strategy, the company acquired a significant amount of debt, of which, Sweetman has been instrumental in negotiating new terms five times over the past nine years, resulting in realistic debt covenants and lower interest rates that have positively impacted the company's bottom line. SA Recycling is a full-service scrap metal recycling company that purchases and recycles all types of scrap metal.





**CONGRATULATIONS**  
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**Erika Urbani, Chief Financial Officer**

*R.D. Olson Construction / R.D. Olson Development, Irvine*

Erika Urbani is the CFO and vice president of finance for R.D. Olson Development and R.D. Olson Construction Inc., a national commercial contractor based in Southern California. She oversees a “Dream Team” of superstar performers and is responsible for all aspects of both the construction and development group’s finances including accounting and reporting, budgeting, business and strategic planning, risk, and information systems management. She is considered an owning partner among her executive owner peers and treats all the company’s finances as her own. She has an incredible passion for always ensuring that every project taken on serves R.D. Olson’s best interests. During her 24-year tenure she has become an integral part of the management team, playing a major role in guiding the company’s growth into one of the most respected general contractors in not only Orange County, but the entire U.S. R.D. Olson’s annual sales are in excess of \$200 million and the company has an impressive portfolio of hospitality fast-track projects with quality high-end finishes.



**Madhu Vijay, Executive Vice President & Chief Financial Officer**

*Aviation Capital Group Corp., Newport Beach*

Madhu Vijay is executive vice president and CFO of Aviation Capital Group (ACG). Vijay’s contributions have transformed ACG – a top 10 global commercial jet aircraft leasing company with approximately \$9 billion of assets on lease to approximately 90 airlines in 40 countries. With the benefit of his experience at both The Federal National Mortgage Association and Pacific Life, he developed sophisticated asset pricing models that have guided both the acquisition and disposition of those aircrafts. As principal financial architect for ACG, Vijay has arranged over \$16 billion of innovative and industry-leading financing, powering ACG’s growth and success. In the process, he has transformed the industry’s approach to aviation finance. Under his leadership, ACG has consistently been profitable and has seen margins improve to pre-financial crisis levels. His efforts were capped this year with Fitch putting the company’s debt ratings on positive outlook and in raising \$900 million in the capital markets, the company’s largest unsecured debt issuance to date.



**Thomas Varvaro, Chief Financial Officer**

*ChromaDex, Irvine*

Thomas Varvaro has guided ChromaDex from a small private business to a public company, playing a lead role in closing multiple rounds of financings – raising over \$30 million. He also negotiated and managed joint ventures and contract relationships with Fortune 500 partners. In addition, Varvaro has in-licensed and manages technology patents that enable ChromaDex to develop and commercialize its proprietary ingredient technologies, which have shown a 155% year-over-year growth through Q2 2014. ChromaDex is a recognized innovator in its marketplace by discovering, acquiring, developing and commercializing proprietary-based ingredient technologies through its unique business model that utilizes its wholly owned synergistic business units, including ingredient technologies, natural product fine chemicals (phytochemicals), chemistry and analytical testing services, and product regulatory and safety consulting. The company provides seamless science-based solutions to the nutritional supplement, food and beverage, animal health, cosmetic and pharmaceutical industries.



**Liz Williams, Chief Financial Officer**

*Taco Bell Corp., Irvine*

Liz Williams is the CFO for Taco Bell, a subsidiary of Yum! Brands. Williams is responsible for all financial elements of the \$9 billion Taco Bell business that contributes more than \$500 million in profit annually to Yum! Brands. She has worked closely with the Taco Bell leadership team to deliver a track record of growth and industry-leading results – to date, 14 out of 15 quarters of Same Store Sales Growth (SSSG), four years of profit growth averaging 5% per annum, best in category margins and capital returns. Williams leads the annual strategic planning and resource allocation plan that supports innovation and long-term growth. She is responsible for the Information Technology and On-Demand teams enabling infrastructure upgrades for restaurants and new ways of reaching Taco Bell, like delivery and [www.tacobell.com](http://www.tacobell.com). Williams also serves as a Restaurant Supply Chain Solutions (RSCS) board member, working closely with the team on procurement, forecasting and supplier selection; playing a key role in many strategic supplier negotiations. Taco Bell is a chain of fast-food restaurants based in Irvine.



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**Debbi Anders**  
—  
**Jim Balas**  
CoreLogic  
**Brad Biddle**  
Insulectro  
**Kimberly S. Boren**  
Autobytel Inc.  
**Nicole Carrillo**  
Opus Bank  
**Vincent Cook**  
Modern HC Pharmacy Inc.  
**Kent R. Crandall**  
MBK Real Estate Companies  
**Linda Fenton**  
Welltok Inc.  
**William Gutierrez**  
Premier Business Centers  
**Lori Ann Farrell Harrison**  
City of Huntington Beach  
**Jeff Ishmael**  
Cylance Inc.  
**Chris Lawrence**  
American First Credit Union  
**Larry Lloyd**  
Catalina Island Conservancy

**Vincent Luca**  
TCA Architects  
**Brian Manahan**  
Liquipel Worldwide Holdings LLC  
**Michael Marshall**  
First Team Real Estate Family of  
Companies  
**Chris Martin**  
Kush Bottles Inc.  
**Gina Mastantuono**  
Ingram Micro Inc.  
**Joe McCarthy**  
Sunrise Growers Inc.  
**Lenny Moon**  
Payoff Inc.  
**Debra Morris**  
Apria Healthcare  
**Lynda Nguyen**  
Razor USA LLC  
**Anna Nursalim**  
New Horizons Computer Learning  
Centers of Southern California  
**Laurie Peterson**  
Big Brothers Big Sisters of Orange  
County & the Inland Empire  
**Kevin Rubin**  
MSC Software Corp.

**Greg Rummler**  
Control Air Conditioning Corp.  
**Anita Ryan**  
One Source Industries LLC  
**Mark Seaton**  
First American Financial Corp.  
**Shelly Sennikoff**  
THINK Together  
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Alzheimer's Family Services Center  
**Russell Skibsted**  
—  
**Mark Sweetman**  
SA Recycling  
**Erika Urbani**  
R.D. Olson Construction/  
R.D. Olson Development  
**Thomas Varvaro**  
ChromaDex  
**Madhu Vijay**  
Aviation Capital Group Corp.  
**Liz Williams**  
Taco Bell Corp.



**Dinner &  
Awards Program**  
Thursday, January 21, 2016  
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