

2019

Firm of the Future Report

Americas Region Trends and
BKR Member Opportunities



INTRODUCTION



As one of the top 10 global accounting associations, BKR International represents the combined strength of more than 160 independent accounting and business advisory firms in over 500 offices and 80 countries. We rank in the top 6 global accounting associations in the world for membership and revenue growth, according to the International Accounting Bulletin 2019 World Survey.

BKR International member firms are selected for their local influence, expertise and international capability. They must demonstrate that they have met the standards of their local jurisdiction, as well as undergo a thorough review by BKR's Regional and Worldwide Boards. Members must also show dedication to continuous improvement. For these reasons, we carefully select members that can exclusively represent a key geographic region or market.

In this report, you will find a brief overview of current key trends happening in each of BKR International's Americas subregions — Canada, U.S., Caribbean, and Latin America. We have provided a list of current members in each subregion to give you an understanding of the resources your firm can enjoy as a member...and offer to your clients.

Learn how BKR members are approaching regional trends and challenges with growth strategies that help them remain independent and profitable. Find out about the industries they serve and the areas of opportunity for new business. Keep in mind that BKR member firms provide responsive access to their most experienced professionals for the benefit of your team and clients. You will quickly discover that our association is all about relationships: #BKRrelationships.

CANADA

Five major trends are driving economic and budget business decision-making in 2019 for Canadian companies:

- Trade outlook and agreements;
- Carbon taxation;
- Reduction in U.S. corporate tax rates;
- Competitive decline in energy sector; and
- Interest rate uncertainty.

Canada's federal budget promises to focus on investment in the middle class with first-time homebuyer support, a skilled training program, lower interest rates on student loans and senior savings initiatives. To help companies compete in the exports market, we may still see an emphasis on infrastructure spending for roads, railways and ports, funded in part by a one-time doubling of the gas tax. The budget also outlines funding for improved border security, incentives to purchase electric cars, creation of a Canadian Drug Agency to bulk-purchase pharmaceuticals and investments in high-speed Internet across the country.

For companies based in Canada and those with foreign interests there, it is critical to understand the dynamic tax, trade and financial structures that will determine future opportunities for existing businesses and start-ups. Your firm can help to shape corporate strategies for your clients through business alliances with independent, BKR member firms in major Canadian markets.

Employment growth remains strong, but overall economic growth in 2019 is downgraded to 1.5 to 2 percent.

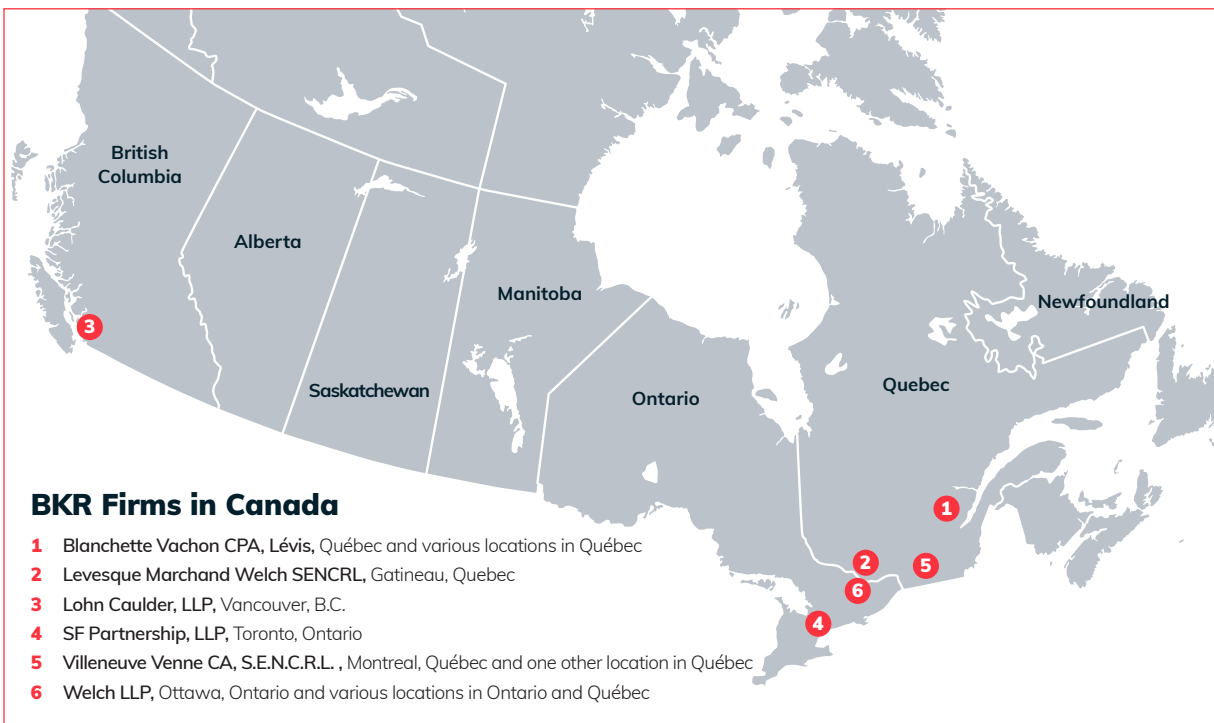
Coastal provinces are projected to have the most growth in 2019, based on factors including the LNG Canada Initiative (liquid natural gas terminal in B.C.) and a growth uptick for slow-to-recover Atlantic provinces.



Value-Added Consulting Opportunities

BKR member firms in Canada are engaged in the following industry sectors with specific knowledge for managing and driving growth. They are especially knowledgeable in domestic and international tax policy, trade, cost management, regulatory compliance, technology solutions, legal support for business transactions and valuations. Corporate finance including Mergers and Acquisitions (M&A), and advising on such transactions etc., are also areas of expertise. This consulting and advisory approach leads to better margins and compensation for clients.

- Arts & Entertainment
- Automotive
- Construction
- Government
- Manufacturing
- Mining
- Nonprofit
- Professional Services
- Real Estate
- Restaurants
- Retail
- Technology
- Transportation
- Wealth Management



Overall, Canada is growing at a slower pace than the U.S., but accounting firms can help business owners and leaders look for cost savings opportunities and explore investments in technology. Long-range planning is required for businesses to manage uncertain economic and trade conditions while identifying new market opportunities — whether that is in new forms of energy, automotive or construction.

UNITED STATES

Five major trends are driving economic and budget business decision-making in 2019 for U.S. companies:

- Interest rates holding steady;
- Consumer spending still strong;
- Deficit spending ceiling reinstated;
- Recessionary concerns later in the year; and
- Uncertainty in trade agreements.

With early 2019 average projected GDP growth in the U.S. of 2.5 percent, forecasts were downgraded toward the end of the first quarter. There are lingering concerns over inflationary pressures and a slowdown in spending and trade unless we see some improvements in foreign growth.

The manufacturing sector is vulnerable to supply chain disruptions and could experience higher inventory valuation and/or productivity losses. Appropriations decisions for 2020 will also impact any sectors dependent on government projects, but labor shortages may ease with increased interest by non-working individuals in becoming employed through the right training and flexibility conditions. Investments in technology over the past couple of years are also expected to reduce operational costs while boosting productivity.

What does this mean for U.S.-based companies and foreign-owned entities? Firms that provide guidance on M&A will be in demand as well as those that can help companies manage shifting corporate tax and estate planning laws. Other areas of interest are IT consulting, human resources management and government contracting.

The drop in FedEx Corp stock in late March is a bellwether for concerns about slowing global trade growth.

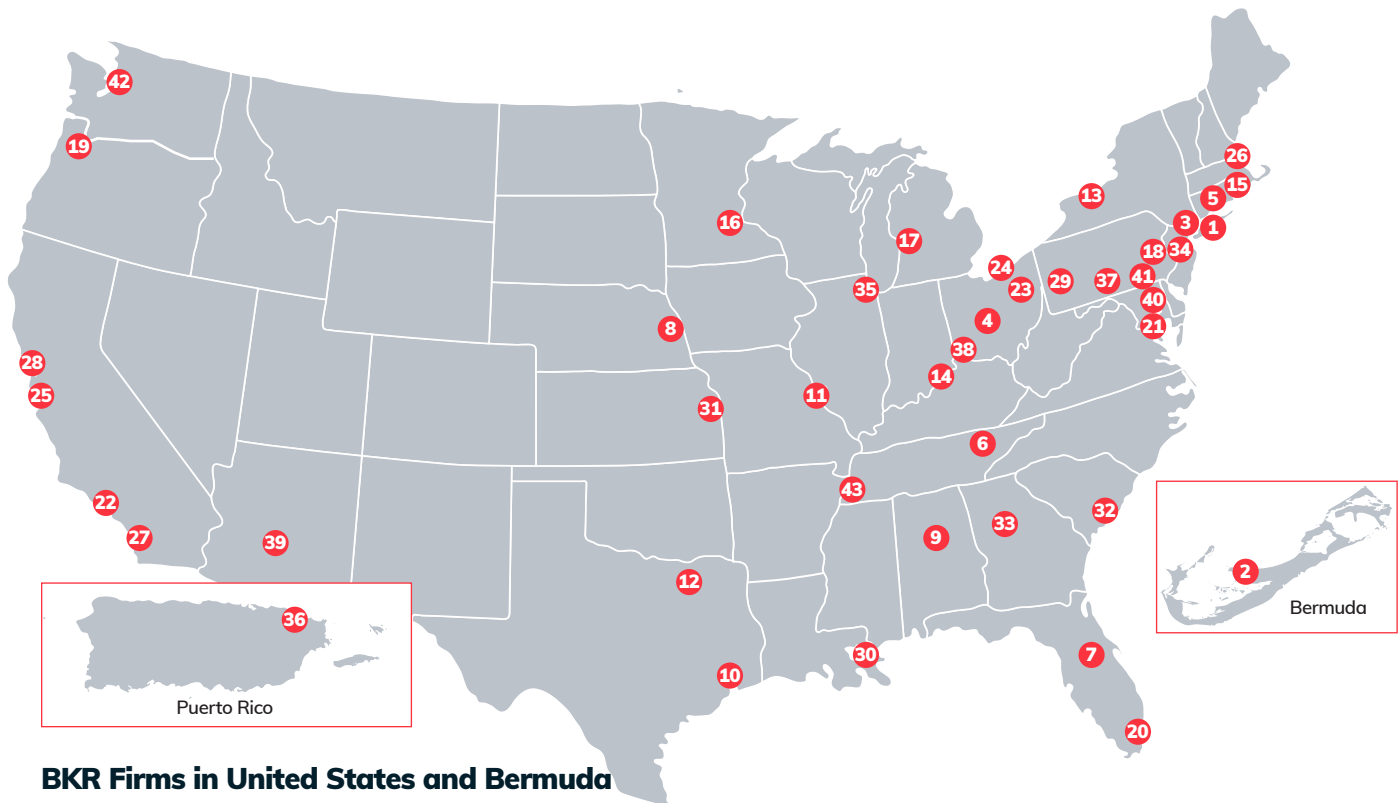
The tariff turf war between the U.S. and China has increased the price of consumer and corporate goods, but the market is still performing well above previous expectations.



Value-Added Consulting Opportunities

BKR members in the U.S. are advancing their goal of remaining independent by identifying strategic acquisition targets and moving toward growth of business advisory niches. Many are carving off compliance services (e.g., accounting, payroll, tax compliance, and audit) into separate entities or niches. Firms are active with clients in the following industry sectors:

- Agriculture
- Arts & Entertainment
- Automotive
- Construction
- Family Office
- Government
- Health Care
- Hospitality
- Manufacturing
- Mining
- Nonprofit
- Oil & Gas
- Professional Services
- Real Estate
- Restaurants
- Retail
- Technology
- Transportation



BKR Firms in United States and Bermuda

- | | | |
|---|---|---|
| 1 Albrecht, Viggiano, Zureck & Co., P.C., Long Island, New York | 16 DS&B, Ltd., Minneapolis, Minnesota | 31 Mize Houser & Company, P.A., Kansas City, Kansas and various locations in Kansas |
| 2 Alexander Advisory Limited, Pembroke, Bermuda | 17 Ferris, Busscher & Zwiers, P.C., Holland, Michigan | 32 Moore Beauston & Woodham L.L.P., Charleston, South Carolina and various locations in South Carolina |
| 3 Anchin, Block & Anchin LLP, New York, New York | 18 Fischer Cunnane & Associates Ltd., West Chester, Pennsylvania | 33 Nichols, Cauley & Associates, Atlanta, Georgia and various locations in Georgia |
| 4 Ary Roepcke Mulchaey, P.C., Columbus, Ohio | 19 Fordham & Co., Portland, Oregon | 34 Nisivoccia, LLP, Arlington, New Jersey and one additional office in New Jersey |
| 5 Bailey, Moore, Glazer, Schaefer & Proto, LLP, Woodbridge, Connecticut | 20 GLSC & Company, PLLC, Miami, Florida | 35 Ostrow Reisin Berk & Abrams, Ltd. (ORBA), Chicago, Illinois |
| 6 Bible Harris Smith P.C., Knoxville, Tennessee | 21 Gross, Mendelsohn & Associates, P.A., Baltimore, Maryland and one additional office in Fairfax, Virginia | 36 PSV & Co., PSC Certified Public Accountants, San Juan, Puerto Rico |
| 7 BKHM, P.A., Orlando, Florida | 22 Gumbiner Savett, Inc., Los Angeles, California | 37 Rotz & Stonesifer, PC, Chambersburg, Pennsylvania and various locations in Pennsylvania |
| 8 Bland & Associates, P.C., Omaha, Nebraska | 23 Hall, Kistler & Company, LLP, Canton, Ohio | 38 Rudler, PSC, Cincinnati, Ohio |
| 9 Borland Benefield, Birmingham, Alabama and one additional office in Alabama | 24 Hobe & Lucas, CPAs, Inc., Cleveland, Ohio | 39 Schmidt Westergard, Phoenix, Arizona |
| 10 Briggs & Veselka & Co., Houston, Texas and various locations in Texas | 25 Johanson & Yau Accountancy, San Jose, California | 40 Snyder Cohn, PC, Washington, D.C. |
| 11 Conner Ash, P.C., St. Louis, Missouri | 26 Kevin P. Martin & Associates, P.C., Boston, Massachusetts and one additional office in Massachusetts | 41 St. Clair CPA Solutions, Philadelphia, Pennsylvania and one additional office in Merchantville, New Jersey |
| 12 Cornwell Jackson, Dallas/Fort Worth, Texas | 27 Lavine, Lofgren, Morris & Engelberg, LLP, San Diego, California | 42 VWC, P.S., Seattle, Washington |
| 13 Davie Kaplan, CPA, P.C., Rochester, New York | 28 Lindquist, von Husen & Joyce, LLP, San Francisco, California | 43 Watkins Uiberall, PLLC, Memphis, Tennessee and one additional office in Tupelo, Mississippi |
| 14 Deming, Malone, Livesay & Ostroff, PSC (DMLO), Louisville, Kentucky | 29 Louis Plung & Company, Pittsburgh, Pennsylvania | |
| 15 DiSanto, Priest & Co., Warwick, Rhode Island | 30 Malcolm M. Dienes, LLC, New Orleans, Louisiana and one additional office in Louisiana | |

Overall, the U.S. is holding steady with better than anticipated growth on the horizon, at least for 2019, thanks to steady interest rates and low inflation. Business owners should be focused on 2020 and beyond with long-range planning, debt management, selection of the most effective accounting methods and quality control to compete with foreign entities. Accounting firms can help owners and leaders maintain solid operations in order to court M&A opportunities.

LATIN AMERICA & CARIBBEAN (LAC)

Five major trends are driving economic growth and corporate decisions about the Latin American market:

- Impact of Chinese trade and unsettled trade agreements;
- Rise of the middle class;
- Access to higher skilled labor;
- Changes in governmental leadership; and
- Tourism: recreational, medical, environmental, historical.

Among the challenges for companies in Latin American countries is that tax, fiscal and labor policies in many Latin American countries make it difficult for businesses to grow. Smaller companies tend to get better labor incentives and tax breaks, but lose them after a certain employment and/or revenue level. Changes in leadership at the federal level can also lead to the cancellation of previously approved projects and shifts in major industries, including tourism.

One of the ways that BKR member firms have supported one another and their clients in this business environment is through the ability to promote a broad range of services through our allied members. They also make use of the BKR employee exchange program. Select employees can spend up to three months at another BKR member firm in Latin America to learn from and train with their peers. The exchange program adds to the richness of each firm's experience and knowledge.

Central America and the Caribbean will lead the way in LAC Region growth.

Some Latin American governments are offering significant business incentives for companies to explore their markets. Companies will look for local accounting and audit support to understand how to obtain federal contracts or perhaps grow their export businesses. There are also opportunities for the growth of individual accounting and tax services for high net worth individuals. Current client needs among BKR member firms generally include sustainability management, strategic planning, transfer pricing, audits, accounting and international tax services.

Recent trade agreements between China and the countries of Peru, Chile and Costa Rica have created a successful model for boosting export business in those countries. Other Latin American countries may seek to follow suit.

Increased tourist demand in countries such as Argentina, Dominican Republic, Chile, Colombia and Mexico has prompted international hotel chains to desire a stronger presence. Travel apps and platforms for online tourism bookings are also an anticipated growth area.



Value-Added Consulting Opportunities

BKR members in Latin America are advancing their goal of remaining independent by attracting new graduates and preparing the next generation to lead. They are also seeking acquisition targets of small or solo firms with unique niches as a way to expand their service offerings. In terms of growth opportunities, top industries in 2019 include tourism, agriculture, renewable energy, mining and medical technologies. Firms work with private sector domestic and international clients (including publicly held) in the following industry sectors:

- Agriculture
- Automotive
- Banking
- Call Centers
- Cities and Municipalities
- Construction
- Distribution and Exports
- Education
- Energy/Fuels
- Fashion
- Hospitality
- Insurance
- Journalism/Media
- Manufacturing
- Mining
- Nonprofits
- Pharmaceuticals
- Real Estate
- Restaurants
- Retail
- Services
- Software/IT
- Special regimes (free zones, maquilas)
- Transportation



BKR Firms in Latin America

- 1** BKF International S.A. Auditores y Consultores, Bogota and various locations in Colombia
- 2** CPC Rangel, S.C., Mexico City, Mexico
- 3** Fortuny, S.A. Guatemala City, Guatemala
- 4** GN Romero Auditores Y Consultores, S. DE R.L. DE C.V., San Pedro Sula, Honduras and one other location in Honduras
- 5** Jovane & Jovane, Panama City, Panama
- 6** Ladersam Consultores S.A. Lima, Peru (Tax and Legal Firm)
- 7** Lopes, Machado Auditores, Rio de Janeiro, Brazil and other locations in Brazil
- 8** Lopez, Alegria & Asociados, S.C., Caracas, Venezuela
- 9** Mejia Lara & Asociados, Santo Domingo, Dominican Republic
- 10** Molinari & Asociados Contadores, Gatto & Cúneo Abogados, Montevideo, Uruguay
- 11** Moores Rowland Ecuador Cia Ltda., Guayaquil, Ecuador
- 12** Ossandón Auditores Consultores, Santiago, Chile and one other location in Chile
- 13** QGA Contadores Publicos, S.C., Monterrey, Mexico
- 14** Santivañez Guarniz y Asociados Sociedad Civil, Lima, Peru (Audit Firm)

Latin America has more opportunities to gain economic power and growth, but is hampered in some countries by governmental instability and poverty. Accounting firms can help by keeping business owners and leaders up to date on compliance, informed on trade policy and consistent with sound employment practices that retain quality talent.



To discuss membership and/or learn how a BKR firm can help you, please contact bkr@bkr.com.

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