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- Joe Elfers, CFO, LOTH, Inc.

Left to Right: Tom Groskopf - Barnes Dennig and Joe Elfers - LOTH, Inc.

Office Furniture Distributor's 401(k) plan Compliance Issues Resolved

"All my problems are in the past now," says delighted CFO.

After working with a big, international accounting firm for a few years, Joseph Elfers, CFO of Cincinnati-headquartered Loth, Inc., decided it was time to switch to a provider who offered more than just accounting, audit, and tax preparation services.

"Although our previous accounting firm was technically competent, they were more reactive than proactive," Elfers recalls. "They didn't offer management suggestions, benchmarking data, or ways to improve our business and operations. We didn't feel that they added value."

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For Loth, one of the largest office furniture dealers and distributors in the Greater Cincinnati area, it was particularly important to work with an accounting firm that had solid expertise in serving distribution companies, in addition to bringing value. Elfers decided that Barnes Dennig best met those two-fold needs.

“We were impressed with Barnes Dennig’s continuing education seminars, quarterly roundtables, and benchmarking surveys. They offer things that add value to our business,” he says.

Like Loth’s previous accounting firm, Barnes Dennig’s client service team performs an annual audit of the financial statement, prepares tax returns, and audits the company’s 401(k) employee retirement plan. Unlike Loth’s previous accounting firm, however, the Barnes Dennig team uncovered errors in how the retirement plan had been administered and documented.

“We found several compliance issues, including some late contributions, delinquent loan payments, and incorrect match issues,” says Tom Groskopf, a Barnes Dennig Director who leads the firm’s pension and 401(k) plan audit team.

The problem with Loth’s 401(k) plan, Elfers says, originated with a lack of oversight by its prior administrator. “I had uncovered some issues, and then Barnes Dennig found some other issues, and they ended up correcting them all,” he says. “They interacted with both our previous and our current plan administrator, working with both of them extensively to restate the plan and to make all the necessary language changes, adjustments, and corrections to our return in order to bring us back into compliance.”

Subsequently, Loth’s restated 401(k) plan was selected for an audit by the Internal Revenue Service. When that happened, Elfers says, it was a relief to be able to turn over the discussions to Barnes Dennig.

“I’m not an expert on retirement plans, especially not on all the requirements,” he acknowledges. “Also, the IRS audit came at a time when our company had become extremely busy, and it was critical that I keep my eye on our business, not on the retirement plan. Barnes Dennig allowed me to free up my time to do what was most important for our company.”

Because the IRS understands that mistakes can happen and perfect compliance is an on-going goal to strive for, they allow for self-correction, notes Groskopf. “From my experience, the IRS is looking to see how a company goes about correcting a mistake once it has been identified, and that the company showed good faith in doing so,” he says. “When we worked with Loth and the IRS on this issue, that’s what we did: we met with them, we reviewed the areas of concern, and we developed a mechanism for correction.”

After meeting with Groskopf, the IRS examiners found Loth’s 401(k) plan to be in compliance, resulting in no additional changes to the return as filed.

“What could have been a very long, arduous audit resulting in a potential penalty situation ended up being a non-event completely handled by Barnes Dennig,” says Elfers. “The IRS audit went very smoothly, one that we thought could blow up in our faces. All my problems are in the past now.”



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