

FRUTH & COMPANY, PLL

CERTIFIED PUBLIC ACCOUNTANTS

FINANCIAL ALERT

Do you think of us as merely a tax preparer or an organization that audits your accounting records? An increasing number of clients are turning to us as problem solvers. We are regularly expanding our consulting services. In case you are not sure what they are, we thought it would be helpful if we listed them.

Our services, more fully described on the following pages include:

Business succession planning

Estate planning

Retirement planning

Business valuation

Mergers, acquisitions and sale of business

New business start-up consulting

Business development

Accounting Services

Financial Statement Preparation

Tax planning & preparation for all types of entities

Tax audit representation

Payroll preparation and related reports

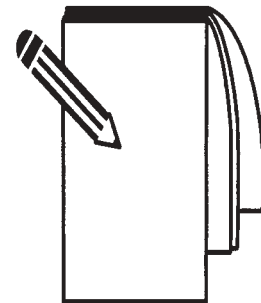
Pension plan audits

Employee benefits analysis

Litigation support

BUSINESS SUCCESSION PLANNING

All business owners, at some point, must consider what will happen to their businesses when they retire, are no longer able to work, operate, or manage the business, or die. Planning for eventual retirement or disposition of the business is referred to as business succession planning. Obviously, the bigger the business, the more complex the planning process. So many issues are involved, both financial and personal, that it is often hard to know where to begin the planning process. Fruth & Company has a framework for helping a client develop a business succession plan.



ESTATE PLANNING

We help clients in determining the impact of estate taxes on their estate. Suggestions are made involving shifting of assets and the use of trusts to reduce administration costs and Federal and Ohio estate taxes. We also help our clients to understand how estate and gift taxes are related.

Suggestions are made regarding updating wills and appointment of executors. In this planning process, we will work closely with the client's attorney.

RETIREMENT PLANNING

We work very closely in designing and selecting the best retirement plans for each individual client. We typically consider all types of plans, such as comparability plans, age weighted plans, traditional profit sharing and simple 401K's and IRA's. Whichever plan generates the most advantageous benefits and tax deduction is selected.

We also assist individual clients with calculating retirement income needs. Annual retirement income amounts are figured. We then work backwards to arrive at how much savings is needed to fund your retirement.



Business Valuation

A business valuation involves arriving at an opinion regarding the estimated value of an ownership interest in a business entity (company) as of a given point in time.

Business valuations are performed for a variety of reasons, including the following:

- a. Selling all or a partial interest of a business
- b. Buying all or a partial interest of a business
- c. Mergers
- d. Corporate or partnership dissolution
- e. Divorce
- f. Buy/Sell agreements
- g. Gift, estate and inheritance taxes
- h. Charitable contributions
- i. Estate planning
- j. Determining the need for life insurance
- k. Obtaining financing
- l. Preparing personal financial statements
- m. Employee stock ownership
- n. Determining damages

Although many think a business entity has only one value, the purpose of the valuation has important bearing on the valuation process and in some cases the conclusion reached.



MERGERS, ACQUISITIONS AND SALE OF BUSINESS

Generally, shareholders who sell or exchange their stock or corporations who sell or exchange their assets are required to recognize gain or loss on the sale or exchange. However, there are certain transactions exempted from this recognition requirement.

At Fruth & Company, we:

- Are familiar with the tax consequences of reorganizations
- Know the judicial and regulatory requirements
- Know the different types of reorganizations
- Understand the requirements under the Internal Revenue Code
- Are familiar with the treatment or reorganization expenses

PENSION PLAN AUDITS

Preparing specialized audit reports for pension plans which are required per DOL, Internal Revenue Service and/or ERISA Regulations. In this type of audit, testing includes but is not limited to determining if all eligible participants are covered, if the proper contributions are made and on a timely basis and if investments are being properly reported on the financial statements of the plan.

NEW BUSINESS START UP CONSULTING

New business consulting provides guidance in the following areas:

- Selecting a Legal Entity
- Selecting a Year-End
- Cash Planning & Forecasting
- Obtaining Credit & Financing
- Registration with Proper Authorities

A New Business Kit is available, which guides you through the steps of starting a new business.

BUSINESS DEVELOPMENT

Having been caught up in the day to day operation of a business, many business people have a hazy vision for the future which can create uncertainty. We will help you clarify and bring to life your VISION for your business and your future; giving you a greater sense of control.

We will assist you in mapping out a clear plan of action, to take you from where you are now to where you want your business to be in the next 1, 2, 3, years and beyond.

Here is our unique step by step process that helps you grow your business, improve your life-style and increase your profits significantly.

We call it the JOURNEY TO RESULTS!!!



- The initial consultation - Using sophisticated software tools, we will identify and quantify your PROFIT IMPROVEMENT POTENTIAL.

- A date will be set for an all day Planning Session. You will be asked to complete a detailed Business Development Questionnaire.

- The Planning Session - This session will take you through a structured review of the options for your future. Your hazy vision will be turned into a clear future.

AN ACTION PLAN will be devised. The Action Plan will clearly define your business goals and dates to achieve them by you and your team.

- Ongoing Monitoring Process - We will continually meet with you to monitor the progress of the action plan. We will also monitor your KEY PERFORMANCE INDICATORS (KPI's). These indicators will tell you what is going on in all the key areas of your business and enable you to respond quickly to changes and new situations - that way generating optimal profits for you.

The JOURNEY is finished with your business being MUCH MORE VALUABLE!

ACCOUNTING SERVICES

Along with basic accounting services such as general ledger maintenance, bank reconciliations and depreciation, we also provide:

- Accounting System

Consulting - We counsel clients on the types of accounting systems available using the experience we have with multiple software systems. This service is valuable in a new business start-up or when a client wishes to change the system they have in use.

- Cash Flow Analysis -

Clients frequently ask us "How can I have a profit when I don't have any cash?" We can analyze the financial statements and help you understand the

effect on cash that changes in assets and liabilities can create. It also helps determine borrowing needs and cash requirements when starting or expanding a business.

-Budgeting- Many business persons want to operate their companies according to some type of financial plan - a budget. This is a sound business practice which we encourage. We help our clients in preparing meaningful budgets - possibly incorporating cash flow analysis. Sound budgeting helps track actual results compared to expected or anticipated results in order to help management react to changing business conditions.

FINANCIAL STATEMENT PREPARATION

Levels of financial statement preparation:

AUDITS - The highest level of financial reporting, which only a CPA can do, is issuing audited financial statements. In an audit, transactions are examined on a test basis to determine the reliability of the amounts on the financial statements. An audit assures the financial statements are free of material misstatement.

REVIEW - Preparing and issuing financial statements after questioning management and performing analytical proce-

dures. This provides us with a reasonable basis for expressing limited assurance that there are no material modifications that should be made to the statements.

COMPILATION - Presenting in the form of financial statements information that is provided by the management or owners of a business without undertaking to express any assurance on the statement.

These are available to corporate, partnerships, individuals or non-profit entities.

TAX PLANNING & PREPARATION FOR ALL TYPES OF ENTITIES

One of our principal objectives in tax services is constructive and creative planning and preparation of all required tax returns for corporations, partnerships and individuals. Although we do not prepare some returns in large quantities, we are trained and qualified to prepare almost any tax returns.

Tax planning is an aspect of our industry that many taxpayers overlook. Many businesses and individuals do not understand the savings that can be reaped by properly planning the tax aspects of their lives and business. Our duty to the client is to help him legally minimize his tax liability.

MEDICAL PRACTICE ACCOUNTING, TAX AND CONSULTING

Advising medical practitioners of the most advantageous form of entity (Sole-Proprietorship, Partnership, LLC, C-Corporation or S-Corporation). Assistance in practice management regarding such topics as retirement plans, compensation issues and billing.

Also, consulting with physicians who have been offered employment or collection guarantee contracts.

TAX AUDIT REPRESENTATION

Our CPA's are licensed to represent our clients before the Internal Revenue Service and other taxing authorities and will assist our clients with any representation they may need with any taxing authority.

Anytime our clients receive mailings from any taxing authority, we encourage them to bring that notice to us for review.

We regularly work with the Internal Revenue Service, Ohio Department of Taxation, the



Ohio Bureau of Workers Compensation and the Ohio Bureau of Employment Services. Some state agencies are now auditing payroll records every two years. We have been working with these auditors since the programs started.

PAYROLL PREPARATION AND RELATED REPORTS

PAYROLL:

We prepare computerized or manually written checks and weekly, bi-weekly, or monthly reports. Computerized payrolls can handle up to one hundred wage departments and deduction descriptions along with various city, state or school district tax withholdings.

PAYROLL REPORTS:

Earnings and Journal entry

reports are created for each payroll along with monthly, quarterly, and annual summaries. Tax depository payments are prepared manually or by EFTPS (Electronic Federal Tax Payment System). Preparation of quarterly and annual reports include: 941, 940, state unemployment, workers compensation, W-2's etc.

LITIGATION SUPPORT

Developing data to be used by attorneys or others in legal actions such as divorce, contract disputes or any other legal matter requiring accounting, auditing or tax expertise.

EMPLOYEE BENEFITS ANALYSIS

Benefit costs have soared in recent years. Employers are spending an average of 40% on top of payroll for benefits. Industry studies show that while employees receive thousands of dollars in statutory and fringe benefits annually, most have no idea what their benefits are or how much the company is paying for those benefits. We can provide you the power to effectively communicate the high cost of benefits in a positive way - with personalized employee benefit statements. In addition to employee reports, management reports list each employee and benefit by category and show what the company spends on each employee individually, as well as what the company spends on each benefit in total. This is a new service and we're excited about offering this program for our clients.