

LAEDC Aids in Cutting Audit Red Tape for Engineering Firm

A retention project in Mission Hills helps LAEDC reach its milestone of 200,000 jobs retained or created.

Business: Prescott Communications, doing business as Cable Engineering Services

Industry cluster: Engineering services

Location: Los Angeles County, City of Los Angeles, Mission Hills

LAEDC's assistance: Helped cut the red tape and expedite an audit of the company's gross receipts taxes

Outcome: The engineering business, with 85 employees, remains in Los Angeles County.

Prescott Communications, also known as Cable Engineering Services, has operated from its Mission Hills offices since 1986. The woman-owned business with 85 employees offers telecommunications engineering services - including wired, wireless, broadband, fiber optic and network design - to a wide range of clients throughout the Southwestern United States.



For the first 30 years of the company's existence, it experienced steady growth with very little concern about red tape or bureaucratic challenges from any level of government.

That all changed four years ago when the City of Los Angeles asked for an audit of Prescott Communications' gross receipts taxes for 2009-11. The audit process continued for three years and was particularly frustrating for CEO Lynn Prescott because it largely involved the complex and complicated issue of pass-through payments and expenses.

"It ended up costing us a lot of money," Prescott said, "and it didn't change much in terms of how we file our taxes."

It was a challenging process for a small business – in fact, at the time Prescott thought of moving the business outside of Los Angeles where it might not encounter those kinds of problems. In the end, though, she simply felt that, while expensive, it was a problem she was glad to have behind her as she continued to grow the business.

However, just a matter of months after that audit was resolved, the company learned the city would again audit its tax returns, this time for 2012-14.

It would have been funny if I didn't know how much money it might cost us," Prescott said.

Because of the previous audit and the amount of money it had cost the company, Prescott began to again seriously reconsider relocating to what she hoped might be a more business-friendly city. The company does business all over California, Arizona and Nevada.

Hearing about that, one of its vendors alerted LAEDC to the impending threat of a major job loss and LAEDC regional manager Benjamin Brus got in touch.

LAEDC often helps businesses overcome challenges by bringing together people around the table who can quickly move a process forward. Brus arranged a first meeting with a representative of the Los Angeles Mayor's Business Team, company officials and their accountants. At that meeting, they were able to voice their concerns. That led to several more constructive conversations with city officials, and later the L.A. City Office of Finance assisted with the discussion.

LAEDC was able to connect Prescott Communications with those in the city who could help them expedite the audit. In the end, the company was happy with the resolution. It even got a small tax refund.

"After LAEDC got involved," Prescott said, "the audit ended quite abruptly. They intervened for us and the result was great."

Just as importantly, the woman-owned company with a diverse workforce of 85 employees made the decision to remain in its current Mission Hills offices.

"We're going to stay put for now," she said.