

How LIFO Works

A Beginner's Guide to LIFO

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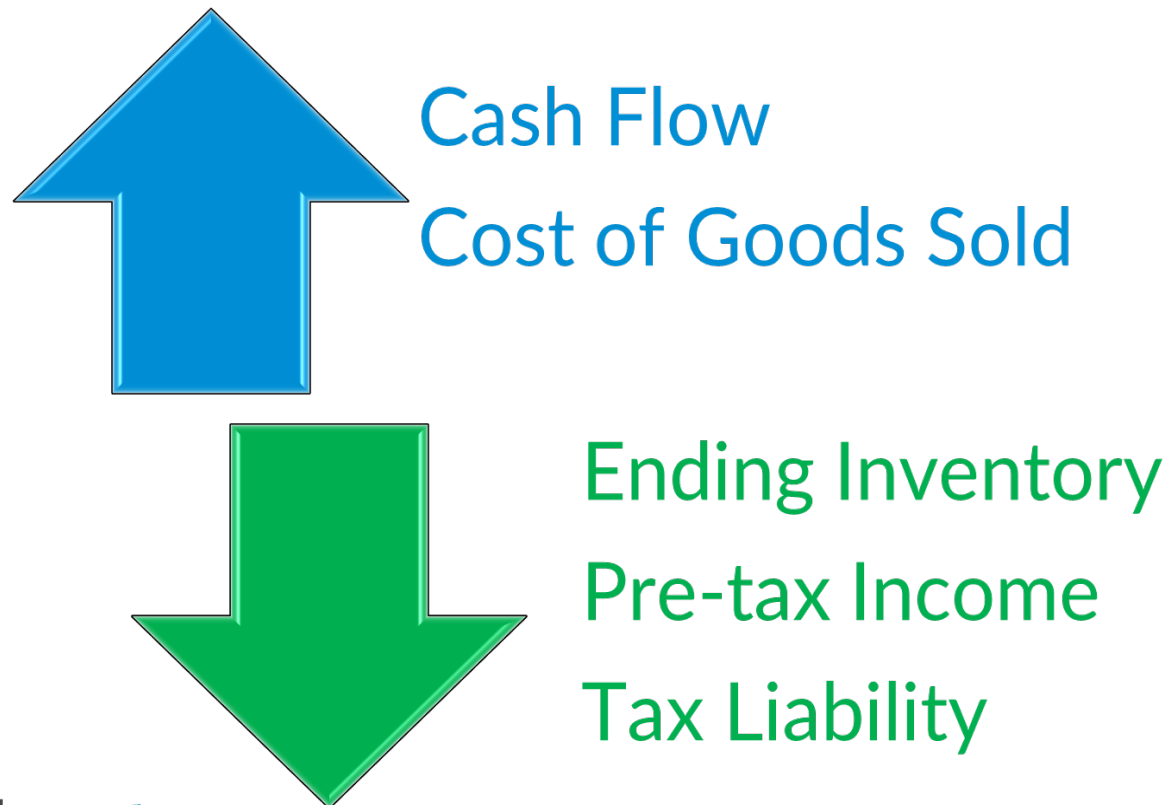
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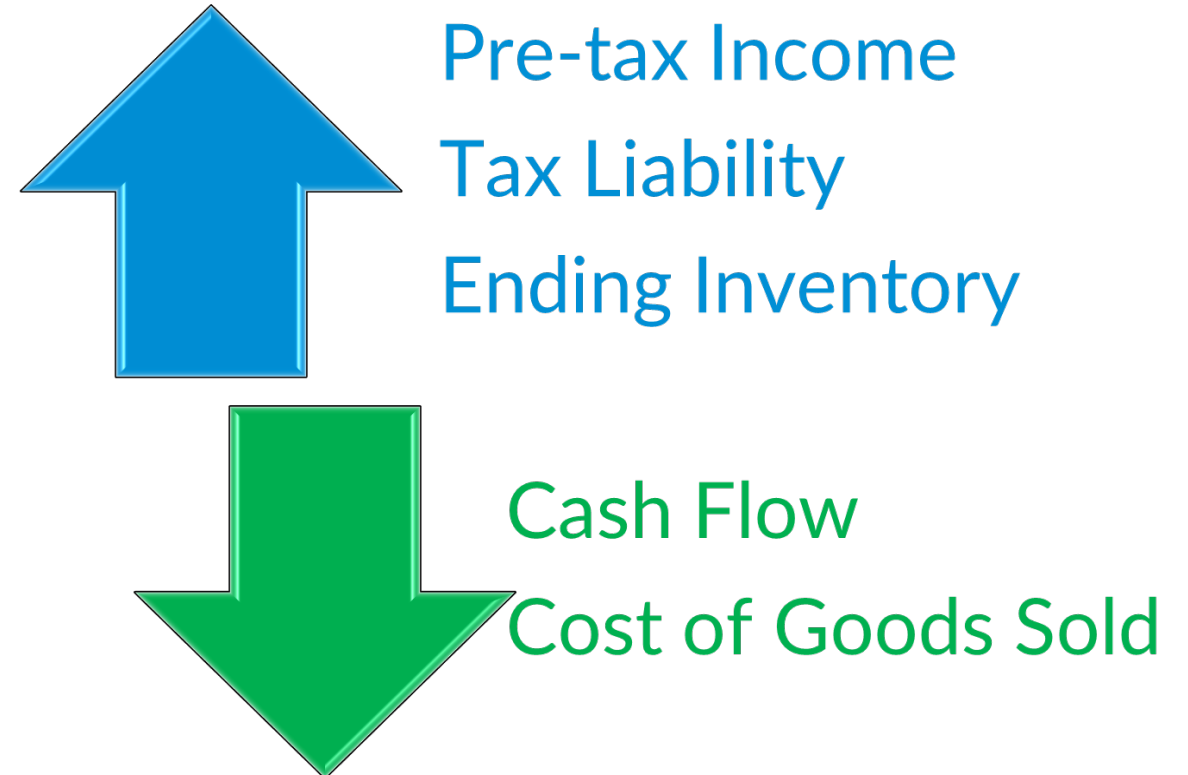
How LIFO Works

Effect of Inflation on Financial Statements & Tax Return

With LIFO



Without LIFO



Why Use LIFO?

• Tax Benefits

- **LIFO often creates material long-term tax deferral/savings:** Not just a one-time tax benefit or timing difference between book & tax such as straight-line vs. accelerated depreciation
- **During periods of rising costs, LIFO:**
 - Provides more after-tax free cash flow than non-LIFO methods
 - Ensures taxes aren't paid on goods that have been purchased, but have yet to be sold
 - Improves ability to replenish & maintain an adequate level of inventory
- Some consider LIFO to act as a tax deferral tool that can be thought of as an interest-free loan, while others believe LIFO essentially acts as a permanent form of tax savings if a company is profitable, satisfies the going concern assumption & intends to stay on LIFO
- **Tax Court opinion regarding LIFO (see Amity Leather vs. Commissioner):**

*The theory behind LIFO is that income may be more accurately determined by matching current costs against current revenues, thereby eliminating from earnings any artificial profits resulting from inflationary increases in inventory costs. At the heart of the LIFO method is the principle that **income is more clearly reflected by matching current costs with current revenues.***

• GAAP accounting method

- LIFO is an accounting method permissible under GAAP, not just a tax incentive
- During periods of rising costs, income is most clearly reflected by matching current costs with current revenues
- Provides a more conservative measure of income compared to non-LIFO methods during periods of rising costs

• Acts as a mechanism that's similar in nature to nominal to real GDP adjustment

- When there's inflation, portion of ending inventory balance is transferred to COGS to normalize reported income & tax liability
- Isn't a tax loophole that always provides a benefit since deflation causes LIFO recapture or additional income to be recognized



Why Use LIFO?

LIFO Cost/Benefit Case Study: Building Products Manufacturer

Company Overview

- Years on LIFO: 6 (2017 = 1st year on LIFO)
- 2022 y/e inventory balance @ Cost: \$15M
- 2022 y/e inventory balance @ LIFO: \$12.1M
- Combined federal + state tax rate: 30%
- Interest rate on debt: 6%
- 2022 y/e LIFO reserve: \$2.9M

Benefits

- **Cumulative after-tax savings:**

2022 y/e LIFO reserve * tax rate = $\$2.9\text{M} * 30\% = \860K

- **Savings on interest expense:**

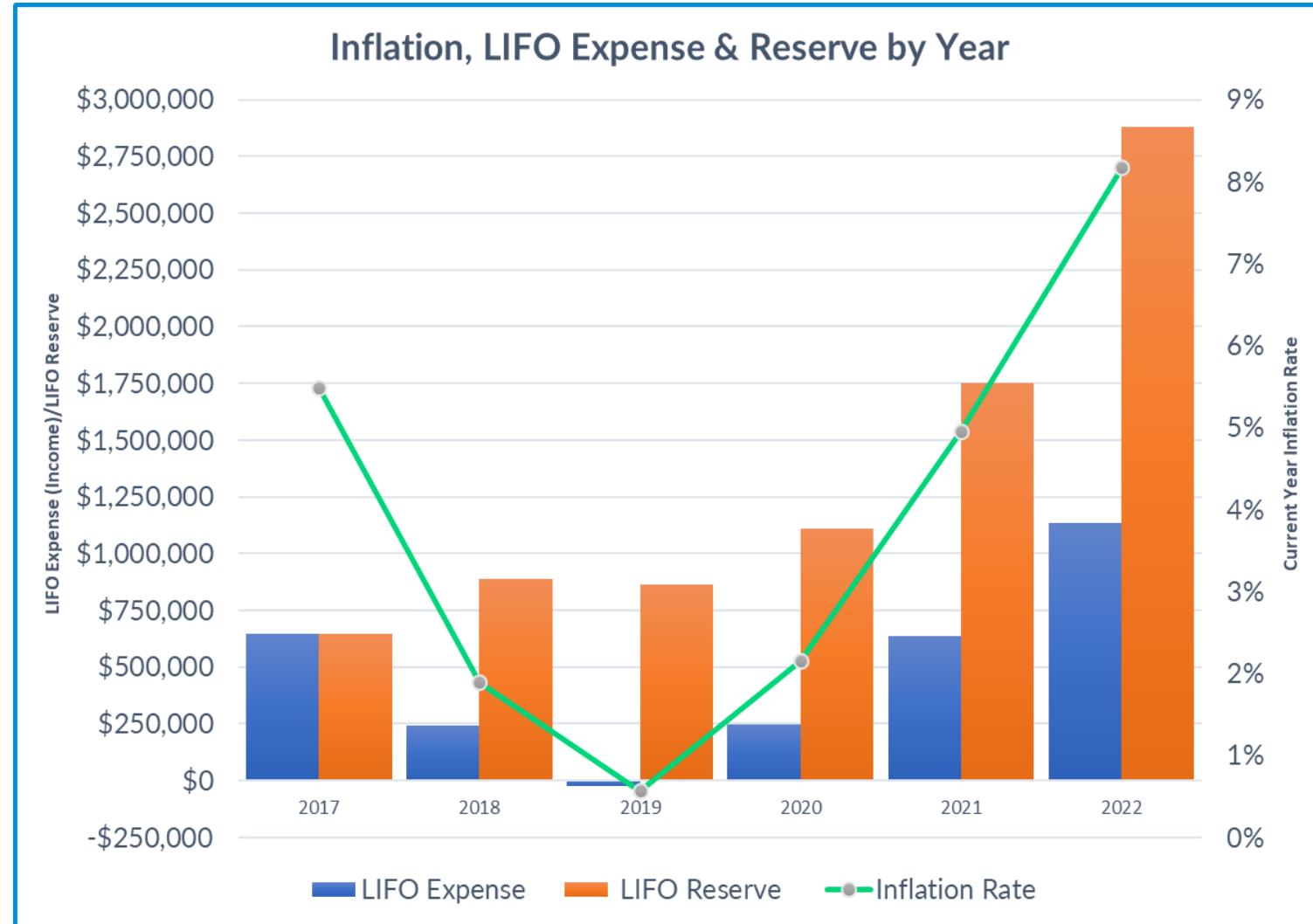
Cumulative after-tax savings * interest rate on debt
= $\$860\text{K} * 6\% = \52K

Costs

- First year fee including IRS forms prep (2017): \$5K
- Recurring annual outsourcing fee: \$2,500 (years 2 - 6)
- **Cumulative outsourcing costs: \$17,500**

Cost as a percentage of after-tax savings:

$\$17,500 \div \$860\text{K} = 2\%$



Common LIFO Misconceptions

- **Misconception #1: The following burdens & costs outweigh the benefits of LIFO:**
 - Management, cost accounting & purchasing/sales functions & responsibilities will be complicated by using LIFO
 - Wholesale changes must be made to accounting system since item costs & the physical flow of goods must be tracked on a LIFO basis
 - **Clarifications**
 - Under the dollar-value method, the LIFO value of inventory is determined outside of the accounting system & a top-side accounting entry is recorded to adjust ending inventory from cost to LIFO & accrue the change in the LIFO reserve
 - Under dollar-value LIFO, item costs remain being tracked the same way they did prior to electing LIFO & requires no changes to the accounting system other than adding a contra-inventory subledger account called the LIFO reserve
- **Misconception #2**
 - Employee compensation & bonuses will be complicated from using LIFO
 - **Clarification:** Internal management reports can be presented on a non-LIFO basis as long as they're only being used internally
- **Misconception #3: Tax savings from LIFO will be minimal because of:**
 - **High inventory turnover or new item rates**
 - **Just in time inventory or lean accounting practices**
 - **Clarifications**
 - Under the dollar-value method, the inflation rate used to calculate the LIFO reserve change is based on a 12 month comparison of current vs. prior year's item/unit costs extended by quantities on hand in ending inventory regardless of the turnover ratio
 - External indexes reconstruct inflation on new items, which ensures the same amount of inflation is applied to new & preexisting items
 - Manufacturers will always have raw materials & WIP; wholesalers/distributors & retailers still must maintain adequate base stock
- **Misconception #4: Internal costs must be used to measure LIFO inflation**
 - **Clarification:** External indexes such as the BLS CPI/PPI can be used to measure inflation, thereby minimizing reliance on accounting information systems



LIFO Misconceptions: Clarifying LIFO Reserve Changes

- 12/31/21 LIFO Calculation Summary (last year closed)

- 12/31/21 Inventory balance at cost (FIFO): \$28.1M
- 12/31/21 Inventory balance at LIFO: \$25M
- 12/31/21 LIFO reserve: \$3.1M

- Clarifications

- In most cases, material LIFO recapture only occurs when there is either substantial deflation and/or substantial inventory liquidations
- When there's inflation, LIFO reserve can increase even when current vs. prior year inventory balances decrease

12/31/2022 Year End Interim Estimate: LIFO Projections Report

Next Year LIFO Expense (Income) Resulting From Current Year Inflation Rates & Inventory Balance at Cost Values Shown Below

Inventory @ Cost	-6%	-5%	-4%	-3%	-2%	-1%	0%	1%	2%	3%	4%	5%	6%	7%	8%
10,000,000	-1,845,836	-1,754,013	-1,664,104	-1,576,049	-1,489,790	-1,405,274	-1,322,449	-1,241,263	-1,161,670	-1,083,622	-1,007,074	-931,985	-858,313	-786,018	-715,061
11,000,000	-1,718,147	-1,617,143	-1,518,243	-1,421,382	-1,326,497	-1,233,530	-1,142,422	-1,053,118	-965,565	-879,712	-795,510	-712,912	-631,872	-552,348	-474,296
12,000,000	-1,590,459	-1,480,272	-1,372,381	-1,266,714	-1,163,204	-1,061,785	-962,395	-864,972	-769,460	-675,802	-583,946	-493,839	-405,432	-318,678	-233,530
13,000,000	-1,462,771	-1,343,402	-1,226,520	-1,112,047	-999,911	-890,041	-782,368	-676,827	-573,355	-471,892	-372,381	-274,765	-178,991	-85,007	7,236
14,000,000	-1,335,082	-1,206,531	-1,080,658	-957,380	-836,619	-718,296	-602,341	-488,681	-377,250	-267,983	-160,817	-55,692	47,449	148,663	248,002
15,000,000	-1,239,040	-1,087,724	-939,561	-802,713	-673,326	-546,552	-422,314	-300,535	-181,145	-64,073	50,748	163,381	273,890	382,333	488,768
16,000,000	-1,197,375	-1,035,971	-877,930	-723,148	-571,524	-422,963	-277,374	-134,667	5,241	139,837	262,312	382,455	500,331	616,003	729,533
17,000,000	-1,155,709	-984,218	-816,299	-651,843	-490,743	-332,897	-178,208	-26,583	122,070	267,836	410,799	551,039	688,632	823,654	956,176
18,000,000	-1,148,936	-947,368	-754,668	-580,538	-409,961	-242,831	-79,042	81,502	238,899	393,240	544,612	693,101	838,789	981,753	1,122,070
19,000,000	-1,212,766	-1,000,000	-791,667	-587,629	-387,755	-191,919	0	188,119	355,728	518,643	678,425	835,164	988,945	1,139,852	1,287,964
20,000,000	-1,276,596	-1,052,632	-833,333	-618,557	-408,163	-202,020	0	198,020	392,157	582,524	769,231	952,381	1,132,075	1,297,951	1,453,858
21,000,000	-1,340,426	-1,105,263	-875,000	-649,485	-428,571	-212,121	0	207,921	411,765	611,650	807,692	1,000,000	1,188,679	1,373,832	1,555,556
22,000,000	-1,404,255	-1,157,895	-916,667	-680,412	-448,980	-222,222	0	217,822	431,373	640,777	846,154	1,047,619	1,245,283	1,439,252	1,629,630
23,000,000	-1,468,085	-1,210,526	-958,333	-711,340	-469,388	-232,323	0	227,723	450,980	669,903	884,615	1,095,238	1,301,887	1,504,673	1,703,704
24,000,000	-1,531,915	-1,263,158	-1,000,000	-742,268	-489,796	-242,424	0	237,624	470,588	699,029	923,077	1,142,857	1,358,491	1,570,093	1,777,778
25,000,000	-1,595,745	-1,315,789	-1,041,667	-773,196	-510,204	-252,525	0	247,525	490,196	728,155	961,538	1,190,476	1,415,094	1,635,514	1,851,852
26,000,000	-1,659,574	-1,368,421	-1,083,333	-804,124	-530,612	-262,626	0	257,426	509,804	757,282	1,000,000	1,238,095	1,471,698	1,700,935	1,925,926
27,000,000	-1,685,605	-1,404,671	-1,123,737	-835,052	-551,020	-272,727	0	267,327	529,412	786,408	1,038,462	1,285,714	1,528,302	1,766,355	2,000,000
28,000,000	-1,685,605	-1,404,671	-1,123,737	-842,803	-561,868	-280,934	0	277,228	549,020	815,534	1,076,923	1,333,333	1,584,906	1,831,776	2,074,074
29,000,000	-1,685,605	-1,404,671	-1,123,737	-842,803	-561,868	-280,934	0	280,934	561,868	842,803	1,115,385	1,380,952	1,641,509	1,897,196	2,148,148
30,000,000	-1,685,605	-1,404,671	-1,123,737	-842,803	-561,868	-280,934	0	280,934	561,868	842,803	1,123,737	1,404,671	1,685,605	1,962,617	2,222,222
31,000,000	-1,685,605	-1,404,671	-1,123,737	-842,803	-561,868	-280,934	0	280,934	561,868	842,803	1,123,737	1,404,671	1,685,605	1,966,539	2,247,473
32,000,000	-1,685,605	-1,404,671	-1,123,737	-842,803	-561,868	-280,934	0	280,934	561,868	842,803	1,123,737	1,404,671	1,685,605	1,966,539	2,247,473

12/31/2022 minimum inventory balance at cost required to completely avoid LIFO layer erosions

26,407,813	26,688,747	26,969,681	27,250,616	27,531,550	27,812,484	28,093,418	28,374,352	28,655,286	28,936,221	29,217,155	29,498,089	29,779,023	30,059,957	30,340,892
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LIFO expense (income) = current vs. prior year LIFO reserve change. 12/31/2022 LIFO reserve = 2021 year end LIFO reserve (3,122,719) ± 2022 year end LIFO expense (income) amount shown above.

Dollar-value LIFO Overview

Inflation Calculation

If using internal index, current quantities & current/prior period item/unit costs double extended to calculate current year & cumulative inflation index

If using external index BLS CPI/PPI categories assigned to all goods & inventory balances by BLS category used to calculate current year & cumulative inflation index

Base Year & LIFO Layers Calculation

Current year inventory at base year cost & base year increment (decrement(s)) calculated using cumulative index(es)

Current year LIFO increment (decrement(s)) & LIFO inventory balance calculated using cumulative index(es)

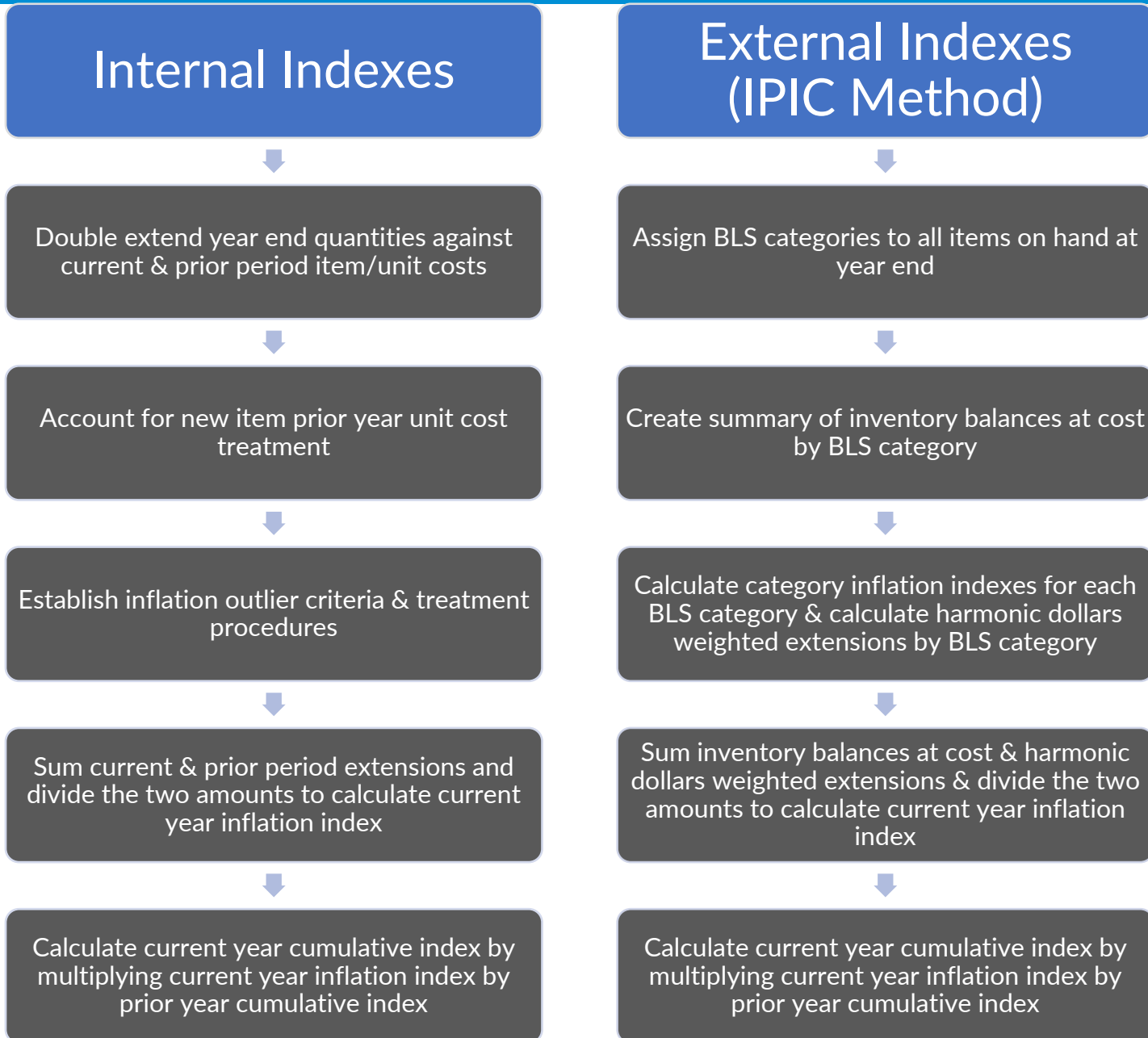
LIFO Reserve & Expense (Income) Calculation

LIFO reserve calculated by taking the difference between inventory balance at cost & LIFO; LIFO expense (income) calculated by taking difference in current vs. prior year LIFO reserve

Journal entry recorded to debit/credit COGS & LIFO reserve



Dollar-value LIFO: Inflation Calculation



Dollar-value LIFO: Layer Calculations

Base Year Layers

- **Calculate current year inventory at base year cost:** Current year inventory at cost ÷ Current year cumulative index
- **Calculate current year increase (decrease) at base year cost:** Current year inventory at base year cost – Prior year inventory at base year cost
- **Determine whether base year increment has been created, or if decrement(s) occurred:** Increment created if Current year inventory at base year cost > Prior year inventory at base year cost; decrement(s) occurred if not
- **If base year decrement created - Calculate the new inventory at base year costs:**
 - **If current year decrease at base year cost is less than the most recent period's layer at base year cost:** Reduce the most recent base year layer by the amount of the current year decrease at base year cost.
 - **If the current year decrease at base year cost is greater than the most recent layer at base year cost:** Proceed to reducing remaining base year layers in reverse chronological order until the sum of the prior period(s) base year layer decreases equals the current year base year cost decrease.

LIFO Layers

- **If base year increment created - Calculate current period's LIFO layer/increment:** Current year base year layer * Current year cumulative index
- **If base year decrement(s) created - Calculate the new inventory value at LIFO:**
 - **If current year decrease at base year cost is less than the most recent period's layer at base year cost:**
 - Multiply the most recent base year layer by the most recent base year layer's cumulative index
 - **If the current year decrease at base year cost is greater than the most recent layer at base year cost:** Proceed to reducing remaining LIFO layers in reverse chronological order by multiplying each preceding base year layer by the cumulative index that was calculated & corresponds with the LIFO layer being eroded until the sum of the prior period(s) base layer decreases equals the current year base year cost decrease.
- **Calculate LIFO inventory balance by taking the sum of all LIFO layers**



Dollar-value LIFO: LIFO Reserve/Expense (Income) Calculations

- **LIFO Reserve:** Equals the difference between inventory at cost (FIFO or average cost) & inventory at LIFO
- **LIFO Expense (Income):**
 - Equals the current vs. prior year LIFO reserve change
 - Increase in current vs. prior year LIFO reserve change = LIFO expense (reduction to income & increase to COGS)
 - Decrease in current vs. prior year LIFO reserve change = LIFO income (increase to income & decrease to COGS)
- **LIFO Reserve Change Components**
 - LIFO reserve change will consist of 1 or both of the following two components:
 - **Inflation effect LIFO expense (income):** Current year inflation rate * prior year inventory balance at cost
 - **Layer erosion effect LIFO income:**
 - Current year decrease at base year costs * (Current year cumulative index – the average cumulative index of the layers eroded)
 - In most cases, the layer erosion effect LIFO income will create LIFO recapture, but if there was deflation in the prior year & also in the current year, layer erosions can create LIFO expense (LIFO reserve increase)
 - Determining factor on whether one or both of the above will components will be used is dependent on whether an increment or decrement was created. If an increment was created, the LIFO reserve change will only consist of the inflation effect LIFO expense (income). If decrement(s) created, the LIFO reserve change will be the sum of the inflation effect LIFO expense (income) & layer erosion LIFO income. In other words, the layer erosion LIFO income only occurs when a decrement was created.
 - You can project in advance if there will be an increment or decrement for the upcoming year end by taking the product of the current year's expected inflation rate & last year's inventory balance at cost (LIFOPro calls this amount the "zero layer erosion Current Year Cost") and comparing that amount to the projected year end inventory balance at cost. If the projected year end inventory balance at cost is higher than the zero layer erosion Current Year Cost, there will be an increment, but if it's lower, there will be a decrement.
 - In the absence of a complete LIFO calculation becoming available, an easy way to perform a quick LIFO estimate or apply reasonableness testing to the results of your LIFO calculation would be to use the inflation effect LIFO expense (income) formula listed above



Accounting for LIFO

Year 1 on LIFO Inventory Physical Cost Flow Activity: 2021 Year End						
Description	Using FIFO			Using Average Cost		
	Units on Hand	Unit Cost	Balance	Units on Hand	Unit Cost	Balance
Beginning Inventory at Cost	5,000,000 units	\$5.50/unit	\$27,500,000	5,000,000 units	\$5.00/unit	\$25,000,000
Purchase 8,000,000 units at \$6/unit	Account Name	Dr.	Cr.	Account Name	Dr.	Cr.
	Inventory	48,000,000		Inventory	48,000,000	
	Accounts payable		48,000,000	Accounts payable		48,000,000
Sell 7,000,000 units at \$12/unit	Accounts receivable	84,000,000		Accounts receivable	84,000,000	
	Cost of goods sold	39,500,000		Cost of goods sold	39,307,692	
	Sales		84,000,000	Sales		84,000,000
	Inventory		39,500,000	Inventory		39,307,692
Ending Inventory at Cost	6,000,000 units	\$6.00/unit	\$36,000,000	6,000,000 units	\$5.62/unit	\$33,692,308

Year 1 Balances Before LIFO Calculation: 2021 Year End

FIFO		Average Cost	
Inventory		Inventory	
27,500,000		25,000,000	
48,000,000		48,000,000	
	39,500,000		39,307,692
36,000,000		33,692,308	

Cost of Goods Sold		Cost of Goods Sold	
-		-	
39,500,000		39,307,692	
39,500,000		39,307,692	



Accounting for LIFO

Year 1 LIFO Calculation Summary: 2021 Year End

Description	FIFO	Average Cost
Current Period Inventory Balance at Cost	\$ 36,000,000	\$ 33,692,308
Prior Period Inventory Balance at Cost	27,500,000	25,000,000
Current Period Inflation Index	1.091	1.123
Current Period LIFO Inventory Balance	33,525,000	30,692,308
Current Period LIFO Expense/Reserve	2,475,000	3,000,000

Year 1 Post LIFO Calculation Journal Entry: 2021 Year End

Description	Using FIFO			Using Average Cost		
	Account Name	Dr.	Cr.	Account Name	Dr.	Cr.
Adjust ending inventory balance from FIFO or average cost to LIFO	Cost of Goods Sold	2,475,000		Cost of Goods Sold	3,000,000	
	LIFO Reserve		2,475,000	LIFO Reserve		3,000,000

Year 1 Balances After LIFO Calculation: 2021 Year End

FIFO		Average Cost	
Inventory		Inventory	
27,500,000		25,000,000	
48,000,000		48,000,000	
	39,500,000		39,307,692
@ FIFO	36,000,000	@ Average Cost	33,692,308
Less: LIFO Reserve	2,475,000	Less: LIFO Reserve	3,000,000
@ LIFO	33,525,000	@ LIFO	30,692,308

Cost of Goods Sold		Cost of Goods Sold	
39,500,000		39,307,692	
2,475,000		3,000,000	
41,975,000		42,307,692	

LIFO Reserve		LIFO Reserve	
	-		-
	2,475,000		3,000,000
	2,475,000		3,000,000



Accounting for LIFO

Year 1 LIFO Tax Benefits: 2021 Year End		
Description	FIFO	Average Cost
Gross Receipts	\$ 84,000,000	\$ 84,000,000
Cost of Goods Sold Before LIFO Calculation	(39,500,000)	(39,307,692)
Current Period LIFO Expense	(2,475,000)	(3,000,000)
Cost of Goods Sold After LIFO Calculation	(41,975,000)	(42,307,692)
Gross Income Before LIFO Calculation	44,500,000	44,692,308
Gross Income After LIFO Calculation	42,025,000	41,692,308
Deductions & Expenses	(20,000,000)	(20,000,000)
Taxable Income Before LIFO Calculation	24,500,000	24,692,308
Taxable Income After LIFO Calculation	22,025,000	21,692,308
Inc. Tax Liability Before LIFO Calc: 40% Rate	9,800,000	9,876,923
Inc. Tax Liability After LIFO Calc: 40% Rate	8,810,000	8,676,923
Year 1 LIFO After-Tax Cash Benefit	\$ 990,000	\$ 1,200,000



LIFO Method Alternatives Best Practices

- **LIFO value pricing method**
 - **Specific goods (“unit LIFO”):** LIFO value of inventory is accounted for at the item level. Unit costs & the physical flow of goods are tracked on a LIFO basis within accounting system
 - **Dollar-value:** Under this method, the LIFO value is accounted for as a top-side adjustment rather than at the item level. Unit costs & the physical flow of goods are tracked at actual cost (FIFO, average cost or specific ID) or standard cost. Side computation made outside of accounting system to calculate inflation, layers (decrements), inventory @ LIFO, LIFO reserve & LIFO expense (income)
 - **Best practice:** Use dollar-value LIFO because it avoids many undesirable characteristics of LIFO & offers materially higher long-term tax benefits when compared to unit LIFO
 - **LIFO index computation timeframe selection**
 - **Link-chain:** Current quantities are extended against current & prior period item/unit costs to calculate current year inflation index (one year measurement period)
 - **Double-extension:** Current quantities are extended against current & base period unit costs to calculate current year cumulative index (all years on LIFO measurement period)
 - **Best practice:** Use Link-chain LIFO because it’s absent of the inherent flaws built into double-extension method & link-chain precludes the need to reconstruct base year costs for new items
 - **Inflation measurement source**
 - **Internal indexes:** Current year inflation index measured using actual costs paid/incurred to acquire/procure the goods
 - **External indexes:** aka Inventory Price Index Computation or IPIC method. Bureau of Labor Statistics Consumer/Producer Price Indexes assigned to goods to calculate current year inflation index
 - **Best practice:** Common to use the method that’ll provide the most favorable tax position (inflation), but ultimately varies by industry, product mix & many other company-specific considerations
 - **Current-year cost & layer valuation method**
 - Latest acquisitions (FIFO), 12-month moving average or rolling-average cost (aka weighted average cost), Earliest acquisitions, specific ID or other method that’s clearly reflective of income
 - **Best practice:** For first-time elections, use the same method employed by accounting system to track item costs prior to electing LIFO to prevent wholesale changes to accounting system or IT burden associated with measuring multiple methods
 - **Pooling method**
 - **Resellers (retailers & wholesalers/distributors):** Line, type or class of goods
 - **Manufacturers/producers**
 - Natural business units (separate pool required for manufactured vs. purchased for resale goods)
 - Raw materials content
 - Multiple pools
 - **IPIC LIFO method users**
 - **IPIC Pooling method:** pools established for each BLS major group assigned 5% or more of the total inventory balance at cost
 - Any non-IPIC pooling method listed above that matches your industry type (i.e., manufacturers using IPIC method could use natural business unit pooling method)
- Best practice:** Utilize the method expected to create/require the least amount of LIFO pools to minimize likelihood of LIFO recapture caused by inventory liquidations



What Makes a Good LIFO Candidate?

- **Good LIFO Candidate:** LIFOPro has developed a proprietary scoring system to identify good candidates, which requires for the following criteria to be met -
 - **High inflation frequency:** Must have inflation in more than half of the last 20 years (11 or more). Best LIFO candidates have high inflation frequency because the more often inflation is expected to occur, the higher the likelihood that LIFO acts as annuity & the lower the likelihood of deflation/LIFO recapture
 - **Historical Average Annual Inflation Rate of 1% or greater:** Using 20 year average annual inflation rate (or 3/5/10 year)
 - **At least \$2M - \$5M of inventory:** Dependent on inflation level, tax rate & company's perceived value of LIFO tax benefits
- **Good LIFO Election Candidate:** Must meet the good LIFO candidate criteria listed above & have an election year inflation rate that's greater than or equal to the historical average annual inflation rate
- **Good 2022 LIFO Election Candidates:** Download list here - [LIFOPro's 2022 Good LIFO Election Candidates & Client ID Tool](#)
- **Election Year LIFO Tax Savings Formula & Example**
 - **Formulas**
 - **Election year taxable income reduction from LIFO (LIFO expense):** Prior year inventory balance at cost * Current year inflation rate
 - **Election year LIFO tax benefit:** Current year LIFO expense * Combined federal & state tax rate
 - **Example:**
 - **Assumptions:** \$5M prior year end inventory balance, 10% current year inflation & 40% tax rate
 - **Results:**
 - **Election year LIFO expense:** $\$5M * 10\% = \$500K$
 - **Election year LIFO tax benefit:** $\$500K * 40\% = \$200K$



2022 Inflation Environment & Historical Comparisons - BLS PPI

PPI Code	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15
PPI Major Commodity Group	Farm products	Processed foods and feeds	Textile products and apparel	Hides, skins, leather & related products	Fuels and related products and power	Chemicals and allied products	Rubber and plastic products	Lumber and wood products	Pulp, paper, and allied products	Metals and metal products	Machinery and equipment	Furniture and household durables	Nonmetallic mineral products	Transportation equipment	Misc. products
Inflation Measurement Period															
10M Ended October 2022 (YTD)	17.1%	9.3%	8.3%	5.5%	27.9%	4.4%	8.7%	-0.7%	8.5%	-7.1%	8.2%	6.9%	12.4%	4.2%	7.4%
12M Ended October 2022	26.7%	9.5%	12.9%	-8.4%	36.6%	6.4%	14.3%	10.3%	12.8%	0.0%	10.1%	9.3%	13.8%	5.1%	9.0%
12M Ended December 2021	23.9%	10.4%	15.4%	0.9%	38.3%	22.9%	21.1%	16.4%	16.0%	43.3%	7.1%	10.9%	7.8%	3.9%	6.3%
12M Ended December 2020	3.1%	2.0%	-0.2%	3.0%	-6.3%	0.7%	0.6%	16.1%	3.0%	6.7%	1.0%	1.6%	2.1%	0.9%	2.8%
12M Ended December 2019	-1.4%	2.5%	-0.4%	-3.1%	-6.2%	-2.7%	-1.1%	-0.9%	-2.3%	-4.2%	1.6%	2.0%	1.5%	0.5%	4.0%
12M Ended December 2018	4.4%	0.7%	3.7%	-9.8%	4.2%	1.1%	3.1%	1.1%	2.5%	7.3%	2.5%	3.9%	4.1%	1.3%	2.3%
12M Ended December 2017	5.9%	0.4%	1.5%	-3.1%	10.4%	7.2%	3.1%	4.9%	2.4%	5.6%	0.9%	1.6%	2.3%	0.8%	2.4%
12M Ended December 2016	-5.4%	0.5%	-0.3%	-1.1%	8.3%	2.5%	0.3%	2.0%	1.0%	6.0%	0.0%	0.1%	2.0%	1.0%	1.8%
12M Ended December 2015	-14.9%	-6.2%	-1.0%	-14.8%	-19.8%	-4.8%	-2.6%	-2.1%	-1.1%	-11.3%	0.3%	0.7%	1.5%	1.0%	1.9%
12M Ended December 2014	1.8%	4.2%	1.3%	4.5%	-13.6%	0.0%	0.4%	3.2%	-0.1%	-0.5%	0.7%	1.5%	3.8%	1.3%	1.4%
12M Ended December 2013	-7.8%	-0.8%	0.9%	5.2%	0.6%	0.5%	1.7%	5.4%	1.7%	-1.8%	1.0%	0.7%	2.7%	1.1%	1.5%
12M Ended December 2012	10.1%	4.1%	-0.5%	7.0%	-3.0%	0.8%	0.8%	5.8%	1.0%	-2.3%	0.6%	1.2%	2.5%	1.8%	2.5%
12M Ended December 2011	8.7%	7.2%	7.8%	3.6%	8.7%	7.2%	6.7%	1.8%	0.6%	3.6%	1.9%	3.0%	2.4%	2.6%	3.6%
12M Ended December 2010	18.4%	5.0%	2.2%	16.3%	12.3%	7.3%	4.1%	3.5%	7.8%	9.7%	-0.3%	0.3%	0.6%	0.7%	2.9%
12M Ended December 2009	5.1%	-0.7%	0.2%	-5.5%	18.5%	2.7%	-2.4%	-1.4%	-1.3%	3.8%	0.3%	0.6%	-1.6%	0.4%	0.1%
12M Ended December 2008	-15.9%	5.6%	2.1%	-0.1%	-24.0%	2.5%	8.3%	-1.0%	3.4%	-2.8%	2.7%	4.8%	9.5%	3.6%	2.6%
12M Ended December 2007	25.6%	8.2%	1.6%	0.4%	18.2%	9.0%	1.8%	-0.1%	3.8%	4.0%	-0.1%	1.4%	2.0%	0.9%	2.6%
12M Ended December 2006	5.2%	2.2%	0.9%	3.8%	-5.8%	3.9%	1.3%	-3.0%	4.0%	12.1%	3.2%	1.0%	7.7%	2.5%	2.4%
12M Ended December 2005	1.9%	1.5%	1.8%	-0.3%	30.6%	8.4%	10.5%	1.2%	2.5%	5.1%	0.8%	3.5%	8.1%	0.1%	8.4%
12M Ended December 2004	-4.6%	2.5%	1.6%	0.5%	19.8%	12.4%	5.4%	4.9%	4.3%	19.4%	0.9%	2.5%	5.4%	2.6%	3.2%
12M Ended December 2003	25.5%	7.0%	-0.2%	2.5%	11.0%	5.2%	3.0%	7.1%	1.8%	4.4%	-0.7%	0.5%	1.6%	2.3%	-1.5%
12M Ended December 2002	2.5%	1.3%	-0.6%	5.8%	20.9%	5.5%	0.3%	0.9%	2.0%	3.0%	-0.7%	0.2%	0.8%	-0.8%	0.0%
3Y Annual Average: 12/19 - 12/21	8.0%	4.9%	4.7%	0.3%	6.7%	6.4%	6.4%	10.2%	5.3%	13.6%	3.2%	4.7%	3.8%	1.7%	4.3%
5Y Annual Average: 12/17 - 12/21	6.8%	3.2%	3.8%	-2.5%	6.9%	5.5%	5.1%	7.3%	4.1%	10.7%	2.6%	3.9%	3.5%	1.5%	3.6%
10Y Annual Average: 12/12 - 12/21	1.5%	1.7%	1.9%	-1.3%	0.2%	2.6%	2.5%	5.0%	2.3%	4.1%	1.5%	2.4%	3.0%	1.3%	2.7%
20Y Annual Average: 12/02 - 12/21	4.0%	2.8%	1.8%	0.6%	4.9%	4.5%	3.2%	3.2%	2.6%	5.1%	1.2%	2.1%	3.3%	1.4%	2.5%
Inflation Frequency: 12/02 - 12/21	14 of 20	17 of 20	13 of 20	12 of 20	13 of 20	17 of 20	17 of 20	14 of 20	16 of 20	14 of 20	15 of 20	20 of 20	19 of 20	19 of 20	18 of 20
2021 - 2022 vs. 20 Year Annual Average Inflation Rate Multipliers: Current/Prior Year Inflation Rate Comparison to 20 Year Annual Average Inflation Rates (2021 - 2022 Inflation Rates ÷ 20 Year Average Annual Inflation Rates)															
10M Ended October '22 (YTD)	4.3	3.3	4.6	9.3	5.6	1.0	2.7	-0.2	3.3	-1.4	7.1	3.3	3.7	3.0	2.9
12M Ended October '22	6.7	3.4	7.1	-14.3	7.4	1.4	4.5	3.3	5.0	0.0	8.6	4.5	4.2	3.6	3.6
12M Ended December '21	6.0	3.7	8.4	1.5	7.7	5.1	6.6	5.2	6.2	8.5	6.1	5.3	2.4	2.7	2.5

2022 Inflation Environment & Historical Comparisons - BLS CPI

CPI Code	SAF	SEHE	SAH3	SAA	SAM1	SEEA	SEGA	SEGB	SEGE	SAG	SAT1	SS45011	SS45021	SETA02	SETC
BLS CPI Major Expenditure Group	Food & Beverages	Fuel Oil & Other Fuels	Household Furnishings & Operations	Apparel	Medical Care Commodities	Educational Books & Supplies	Tobacco & Smoking Products	Personal Care Products	Miscellaneous Personal Goods	Other Goods And Services	Private Transportation	New Cars	New Trucks	Used Cars And Trucks	Motor Vehicle Parts & Equipment
Inflation Measurement Period															
10M Ended October 2022 (YTD)	9.6%	41.2%	6.8%	6.9%	2.9%	5.0%	4.9%	7.4%	8.5%	5.7%	7.9%	6.1%	5.8%	-3.9%	9.2%
12M Ended October 2022	10.6%	44.2%	8.4%	4.1%	3.1%	4.7%	6.6%	6.8%	9.8%	6.5%	10.4%	9.6%	8.0%	2.0%	12.2%
12M Ended December 2021	6.0%	38.0%	7.4%	5.8%	0.4%	-0.4%	9.0%	0.1%	6.2%	4.5%	22.6%	12.0%	11.6%	37.3%	11.3%
12M Ended December 2020	3.8%	-13.3%	3.2%	-3.9%	-2.5%	0.7%	5.1%	-0.3%	-0.2%	2.4%	-1.5%	2.1%	1.9%	10.0%	0.4%
12M Ended December 2019	1.7%	2.2%	1.0%	-1.2%	2.5%	-2.0%	5.5%	-0.9%	6.8%	2.3%	2.0%	0.1%	0.3%	-0.7%	1.8%
12M Ended December 2018	1.6%	1.3%	2.1%	-0.1%	-0.5%	1.0%	3.4%	-0.4%	-9.3%	2.1%	0.9%	0.2%	-0.7%	1.4%	2.2%
12M Ended December 2017	1.6%	12.6%	-0.8%	-1.6%	2.3%	-1.8%	6.5%	-0.8%	-2.4%	2.0%	3.8%	-1.1%	-0.1%	-1.0%	-0.5%
12M Ended December 2016	-0.1%	7.9%	-1.1%	-0.1%	4.7%	5.5%	3.6%	-0.3%	-0.9%	2.1%	2.8%	-0.2%	0.6%	-3.5%	-1.0%
12M Ended December 2015	0.8%	-23.2%	-0.1%	-0.9%	1.5%	4.4%	3.6%	0.1%	-4.7%	1.9%	-4.4%	-0.4%	0.7%	0.4%	-0.3%
12M Ended December 2014	3.3%	-13.7%	-0.9%	-2.0%	4.8%	4.6%	3.0%	0.3%	-0.6%	1.6%	-6.4%	-0.1%	1.3%	-4.2%	-0.7%
12M Ended December 2013	1.1%	2.9%	-1.4%	0.6%	0.3%	5.0%	3.2%	0.8%	-2.2%	1.8%	0.5%	-0.6%	1.4%	-4.5%	-2.1%
12M Ended December 2012	1.8%	-1.4%	0.0%	1.8%	1.7%	7.0%	1.9%	0.2%	-0.6%	1.5%	1.5%	1.1%	2.1%	-3.2%	0.9%
12M Ended December 2011	4.5%	14.3%	1.0%	4.6%	3.2%	5.2%	2.3%	0.1%	-1.0%	1.7%	5.3%	4.0%	2.3%	-0.8%	5.9%
12M Ended December 2010	1.5%	13.5%	-2.5%	-1.1%	2.9%	3.5%	5.6%	-1.0%	-1.8%	1.9%	5.3%	-1.1%	1.0%	1.1%	3.3%
12M Ended December 2009	-0.4%	2.5%	-1.1%	1.9%	3.3%	6.9%	30.1%	0.5%	0.6%	8.0%	15.3%	3.6%	6.6%	1.7%	1.3%
12M Ended December 2008	5.8%	-14.4%	2.0%	-1.0%	1.6%	7.0%	6.3%	2.0%	1.4%	3.4%	-14.4%	-1.1%	-5.3%	1.9%	7.4%
12M Ended December 2007	4.8%	28.3%	-0.7%	-0.3%	2.7%	8.7%	7.5%	-0.5%	0.7%	3.3%	8.3%	-0.4%	-0.2%	2.0%	3.7%
12M Ended December 2006	2.2%	2.4%	0.5%	0.9%	1.8%	6.7%	2.8%	2.3%	0.6%	3.0%	1.7%	0.2%	-2.0%	1.8%	4.8%
12M Ended December 2005	2.3%	24.0%	0.7%	-1.1%	3.7%	5.2%	5.8%	1.3%	-0.2%	3.1%	4.7%	0.8%	-1.9%	0.2%	3.7%
12M Ended December 2004	2.6%	34.1%	0.6%	-0.2%	2.2%	3.8%	3.1%	0.0%	-2.7%	2.5%	7.0%	0.5%	0.5%	-1.6%	2.0%
12M Ended December 2003	3.5%	9.1%	-1.8%	-2.1%	2.1%	6.0%	-0.4%	0.0%	-4.9%	1.5%	0.3%	-2.1%	-1.5%	-3.3%	0.7%
12M Ended December 2002	1.5%	11.4%	-1.5%	-1.8%	3.1%	9.7%	9.5%	-1.3%	-0.8%	3.3%	4.2%	-2.0%	-2.2%	-3.9%	1.1%
3Y Annual Average: 12/19 - 12/21	2.0%	11.3%	2.4%	1.9%	0.1%	-0.1%	2.9%	0.0%	2.0%	1.5%	7.0%	3.8%	3.7%	11.1%	3.6%
5Y Annual Average: 12/17 - 12/21	2.9%	6.9%	2.5%	-0.3%	0.4%	-0.5%	5.9%	-0.4%	0.0%	2.7%	5.2%	2.6%	2.5%	8.5%	3.0%
10Y Annual Average: 12/12 - 12/21	2.1%	0.1%	0.9%	-0.2%	1.5%	2.4%	4.4%	-0.1%	-0.9%	2.2%	1.9%	1.3%	1.9%	3.4%	1.1%
20Y Annual Average: 12/02 - 12/21	2.5%	5.7%	0.3%	-0.1%	2.1%	4.3%	5.7%	0.1%	-0.9%	2.7%	2.7%	0.7%	0.8%	1.4%	2.3%
Inflation Frequency: 12/02 - 12/21	18 of 20	15 of 20	10 of 20	6 of 20	18 of 20	17 of 20	19 of 20	10 of 20	6 of 20	20 of 20	16 of 20	10 of 20	12 of 20	10 of 20	15 of 20
2021 - 2022 vs. 20 Year Annual Average Inflation Rate Multipliers: Current/Prior Year Inflation Rate Comparison to 20 Year Annual Average Inflation Rates (Multiplier > 1 = above-average; < 1 or negative = below-average)															
10M Ended October '22 (YTD)	3.9	7.2	22.9	64.1	1.4	1.2	0.9	63.9	9.8	2.1	2.9	8.3	7.5	-2.8	4.1
12M Ended October '22	4.3	7.7	28.3	38.1	1.5	1.1	1.2	58.2	11.4	2.4	3.8	13.0	10.3	1.5	5.4
12M Ended December '21	2.4	6.6	24.9	53.9	0.2	-0.1	1.6	1.2	7.3	1.7	8.3	16.2	15.0	26.8	5.0

Why Elect LIFO in 2022?

- 2022 inflation will likely be well or far above historical averages in many industries, which will create some of the best LIFO tax deferral/savings opportunities seen in 4-5 decades.
- When compared to a normal inflation period, many years worth of LIFO tax benefits can be obtained in a single year by electing in 2022
- One of the best possible times to elect LIFO is in a year with above-average or record high inflation because it greatly increases the probability of the year one LIFO reserve being much larger than the sum of any future LIFO recapture (taxable income) that could potentially be created during deflationary periods. See example below.

10-year LIFO Reserve Comparison: Differential Between Electing in an Average vs. High Inflation Period

High Inflation Period - 10% election year inflation (2022)

Period	Inventory at Cost	Current	Cumulative Inflation Rate	Inventory at LIFO	LIFO Reserve	LIFO Expense (Income)
		Year Inflation Rate				
12/31/2021	20,000,000	-	-	20,000,000	-	-
12/31/2022	25,000,000	10.0%	10.0%	23,000,000	2,000,000	2,000,000
12/31/2023	26,500,000	2.0%	12.2%	24,000,000	2,500,000	500,000
12/31/2024	25,000,000	1.0%	13.3%	22,267,133	2,732,867	232,867
12/31/2025	24,000,000	-3.0%	9.9%	22,016,956	1,983,044	-749,823
12/31/2026	25,000,000	-1.0%	8.8%	23,256,958	1,743,042	-240,002
12/31/2027	26,000,000	1.5%	10.5%	23,881,958	2,118,042	375,000
12/31/2028	28,000,000	-1.5%	8.8%	26,271,958	1,728,042	-390,000
12/31/2029	30,000,000	3.0%	12.1%	27,431,958	2,568,042	840,000
12/31/2030	30,500,000	2.5%	14.9%	27,188,056	3,311,944	743,902
12/31/2031	31,000,000	4.0%	19.5%	26,512,634	4,487,366	1,175,422

Average Inflation Period - 2% election year inflation (2023)

Period	Inventory at Cost	Current	Cumulative Inflation Rate	Inventory at LIFO	LIFO Reserve	LIFO Expense (Income)
		Year Inflation Rate				
12/31/2022	25,000,000	-	-	25,000,000	-	-
12/31/2023	26,500,000	2.0%	2.0%	26,000,000	500,000	500,000
12/31/2024	25,000,000	1.0%	3.0%	24,267,133	732,867	232,867
12/31/2025	24,000,000	-3.0%	-0.1%	24,016,956	-16,956	-749,823
12/31/2026	25,000,000	-1.0%	-1.1%	25,256,958	-256,958	-240,002
12/31/2027	26,000,000	1.5%	0.4%	25,881,958	118,042	375,000
12/31/2028	28,000,000	-1.5%	-1.1%	28,271,958	-271,958	-390,000
12/31/2029	30,000,000	3.0%	1.9%	29,431,958	568,042	840,000
12/31/2030	30,500,000	2.5%	4.4%	29,188,056	1,311,944	743,902
12/31/2031	31,000,000	4.0%	8.6%	28,512,634	2,487,366	1,175,422
12/31/2032	31,500,000	0.5%	9.1%	28,857,634	2,642,366	155,000



LIFO Election Requirements & Disclaimers

• Election Requirements

- **LIFO Conformity Rule:** Must value inventory using LIFO on financial statements beginning with the same period LIFO is elected & reported on the tax return (although financial statements must show inventory & income reported under LIFO, disclosures can be made in notes to financial statements to present amounts such as ending inventory and income using non-LIFO method for comparative purposes)
- Election scope or the goods to be valued under LIFO for tax purposes can not be greater than inventories valued under LIFO for financial reporting (can have more goods on LIFO for book than for tax, but not vice versa)
- **Must take NON-LIFO reserves into income over 4-year period beginning with year of election. Examples include:**
 - Lower of cost or market reserve
 - Slow-moving/obsolete reserve
 - Arbitrary write-downs other than shrink
- Must stay on LIFO for five years prior to being allowed to automatically terminate election (must pay \$12K users fee & complete change prior to year end if terminating LIFO election less than five years before original year of adoption)

• Disclaimers

- **Portions or all of LIFO reserve may be taken back into income if the following occurs:**
 - **Portion of LIFO reserve may be taken back into income in periods where one or both of the following occurs:**
 - Deflation
 - Material inventory liquidations (for example, a 50% decrease in the current vs. prior year's ending inventory balance at cost)
 - **All of LIFO reserve will be taken back into income when either of the following occurs:**
 - C to S Corp conversions
 - Business asset sales



Why Perform Analysis or Review?

- **Election Benefit Analysis (for companies not on LIFO, but considering adoption)**
 - Thorough LIFO Due diligence should be considered essential
 - **Failing to perform thorough LIFO due diligence can lead to the following:**
 - Materially lower tax benefits being obtained in the long-term as a result of selecting suboptimal methods
 - Impermissible methods unknowingly being used & audit risk being created
 - Utilizing methods that are more error-prone or burdensome than simpler, less time-intensive alternatives
 - Higher likelihood of eventually terminating LIFO election due to lack of benefits and/or excessive administrative costs/resources
 - **Outsourcing due diligence work to a LIFO subject matter expert ensures the following:**
 - Historical inflation studied to predict long-term impact of LIFO to illustrate potential future benefits & risks
 - All method alternatives are considered & best practices are considered/employed
 - Best possible tax answer is achieved while ensuring compliance
 - Responsibilities & requirements incident to electing are clearly defined
- **Review (for companies already on LIFO)**
 - The majority of calculations & methods we review either contain errors, have compliance issues or utilize suboptimal methods
 - Most compliance issues & suboptimal methods usage results from a lack of thorough due diligence being performed at the time of election
 - Very few CPA firms have software to quickly automate LIFO calculations, confirm calculation accuracy & easily identify errors
 - No CPA firm other than LIFOPro works exclusively with LIFO 100% of the time, meaning that they're unable to provide thorough due diligence
 - **Obtaining a review from a LIFO subject matter expert ensures the following:**
 - Calculation errors that had gone undetected for many years are identified & prevented from occurring in the future
 - Compliance issues & suboptimal methods usage are identified and best practices feedback & recommendations are provided
 - Strategies for reducing or eliminating IRS audit risk are provided



Complimentary Offerings

- **Companies not on LIFO: LIFO Election Benefit Analysis**
 - **Comprehensive LIFO election case study packaged in the form of a PDF report containing the following:**
 - Election year estimated tax LIFO benefits, including comparisons between internal vs. external inflation measurement source
 - 20 year pro forma IPIC LIFO calculation using Bureau of Labor Statistics Consumer/Producer Price Indexes to determine inflation frequency, long-term historical average annual inflation rate & whether a company is a good LIFO candidate
 - Election recommendations including which submethods should be used
 - How LIFO Works appendix covering all the essentials
 - LIFOPro also provides turnkey outsourcing solution fee quote showing election year & recurring costs
 - [Sample LIFO Election Benefit Analysis Report](#)
- **Companies on LIFO: Calculation, Methods & Best Practices Review**
 - **Comprehensive calculation review & guide packaged in the form of a PDF report containing the following:**
 - Calculation review
 - Methods review
 - **Best practices feedback, including:**
 - Optimization strategies & tax deferral maximization opportunities
 - Errors & IRS audit risk areas identified
 - Strategies for reducing IRS audit risk and/or obtaining audit protection
 - Recommendations & implementation steps provided for applying recommended changes
 - Same LIFOPro report package provided to outsourcing clients & fee quote also provided in addition to review report
 - Companies can also receive complimentary LIFOPro software trial
 - [Sample LIFO Calculation, Methods & Best Practices Review Report](#)



Why Outsource LIFO or License LIFO Software?

- **In-house calculations made WITHOUT software**
 - Inflation calculation can be very complex when performed in spreadsheets
 - Important steps may be overlooked or left out altogether when manually performed in-house, such as:
 - Including new items in calculation ensure compliance or reconstructing new item cost to avoid inflation dilution that'd otherwise occur
 - Performing inflation calculation reasonableness testing, setting criteria for identifying inflation outliers & establishing standard procedures for handling outliers
 - Uniform BLS category assignment to new items to ensure the same BLS indexes are applied to similar new vs. preexisting items
 - Calculating layers & decrements can be complex because it's unknown whether there'll be an increment or decrement in any given year & different math steps are required to calculate an increment vs. decrement(s)
 - Calculation errors become more inevitable the longer you've been on LIFO as decades worth of LIFO layers accumulate
- **Outsourced calculations or those made in-house WITH software**
 - Make being on LIFO as simple as possible with outsourcing & minimize time spent on LIFO in-house with software
 - Reduces control & detection risk since all aspects of the calculation is automated using LIFOPro software
 - Simplifies audit procedures by providing comprehensive, user-friendly documentation
 - CPA firms & companies can rely on LIFOPro to serve as their LIFO subject matter expert rather than having to develop & maintain in-house expertise
 - Guarantee calculation accuracy & eliminate IRS audit risk
 - Easily obtain interim estimates to focus on forecasting & planning
 - Avoid getting bogged down with compliance work & getting hit with big LIFO surprises at year end
- **All of LIFOPro's offerings come with the assurance of a SOC 1 Type II Report**



Turnkey Outsourcing Solutions – Features & Benefits

- **Features**

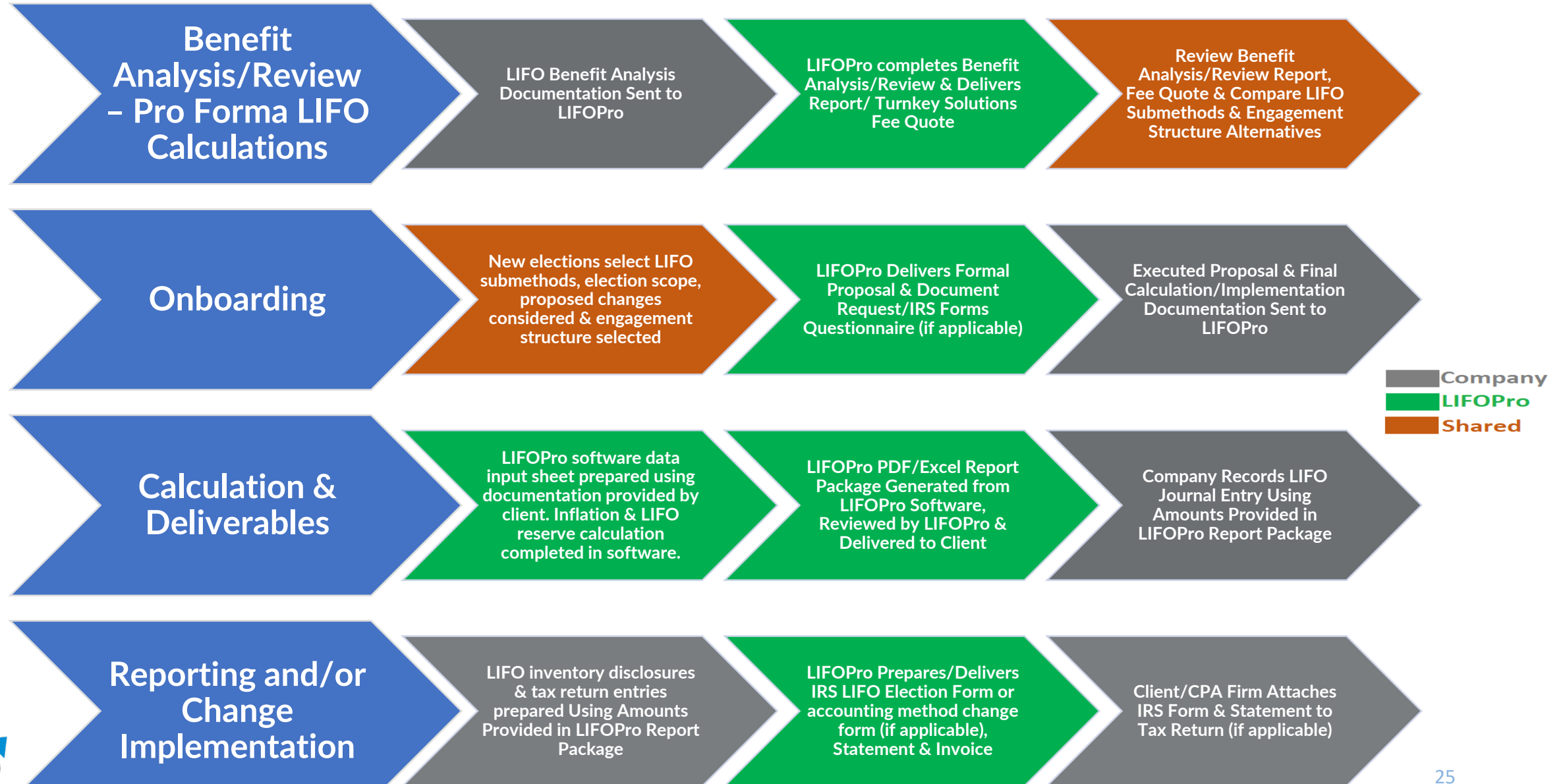
- All tasks related to LIFO calculation & documentation outsourced to & managed by LIFOPro, including:
 - BLS category assignments (if applicable)
 - Inflation calculation, including new item cost reconstruction, exceptions & outlier analysis
 - LIFO reserve calculation
 - LIFO calculation documentation & storage
 - LIFOPro report package preparation
- All clients receive LIFOPro report package electronically containing comprehensive calculation documentation, including summary amounts required to record LIFO-related accounting entries & tax return line items
- Clients using external indexes (IPIC method) receive up to three interim estimates at no additional cost (using prior year product mix & year to date BLS inflation rates)
- Flexible engagement structures to include supplemental services
- Includes up to 40 hours of audit support

- **Benefits**

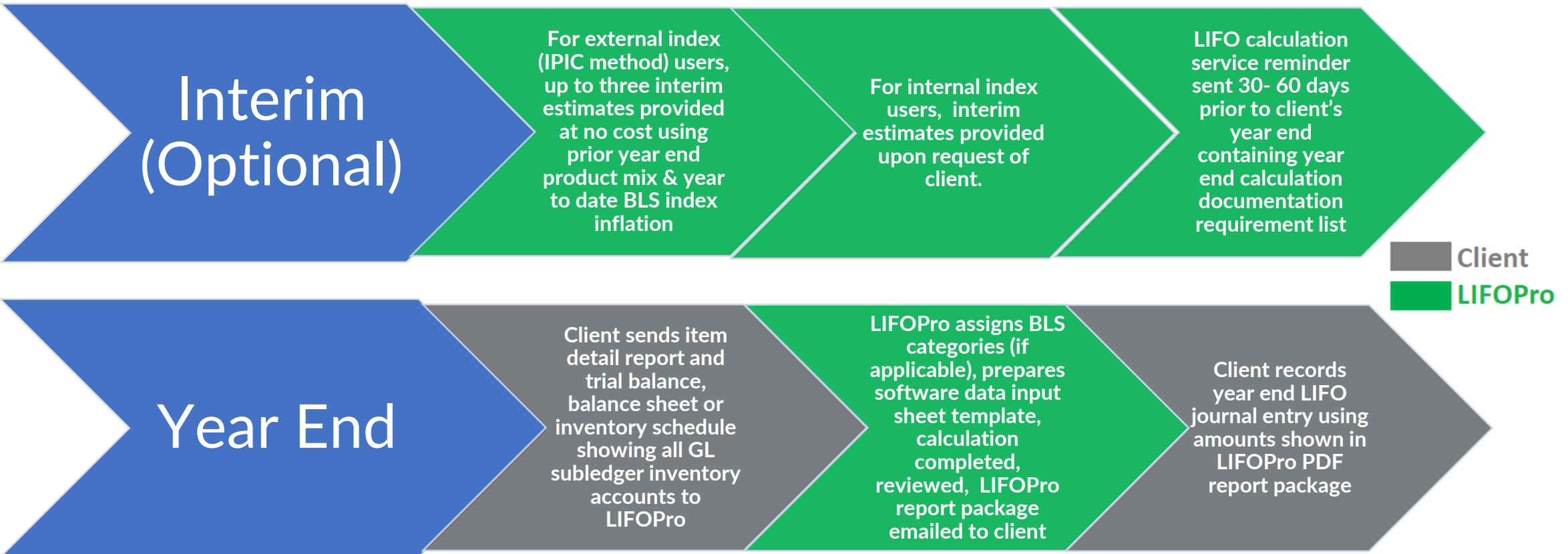
- Make being on LIFO as simple as possible
- Simplifies audit procedures for companies & auditors by providing them with comprehensive, standardized documentation
- Increase transparency & understandability by converting many years worth of files & documentation into a single user-friendly LIFO report package containing comprehensive documentation
- Eliminate error-prone Excel spreadsheets, guarantee calculation accuracy & eliminate audit risk
- Free up time to focus on LIFO forecasting & planning by eliminating time spent preparing/documenting calculation



Turnkey Outsourcing Solutions Process Flow: First Year



Turnkey Outsourcing Solutions Process Flow: Recurring Annual Calculation Services



Actionable Items

- **Get a complimentary LIFO Election Benefit Analysis**
 - **Comprehensive case study covering all rewards/risks of LIFO that's customized for your company & includes the following:**
 - Current year LIFO inventory/reserve balance & estimated tax savings from LIFO – can be used to incorporate estimated LIFO figure in financial statement to ensure LIFO conformity compliance
 - 20 year pro forma calculation showing inflation frequency, historical average annual inflation rates & LIFO reserve
 - Election & Submethods recommendations
 - See sample LIFO Election Benefit Analysis report here: [Sample LIFO Election Benefit Analysis Report](#)
 - **Schedule complimentary LIFO discovery call to learn more about LIFO, our analysis process & outsourcing engagements**
 - Schedule a LIFO discovery call online: [Schedule LIFO Discovery Call](#)
 - **How to get started**
 - Submit LIFO Election Benefit Analysis Request Form online: [LIFO Election Benefit Analysis Request Form](#)
 - Required LIFO election benefit analysis documentation:
 - **Companies other than dealerships:**
 - Completed questionnaire – [LIFO Benefit Analysis Document Request List](#)
 - Current & prior period's item detail reports (see document request list & sample templates contained in above file)
 - **Dealerships**
 - Completed questionnaire OR current & prior year trial balance or balance sheet schedules
 - [Auto dealer questionnaire](#)
 - [All other dealers questionnaire](#) (RV, ag/farm, construction, powersports, etc.)
 - Email applicable documents to lifopro@lifopro.com or upload here: <https://spaces.hightail.com/uplink/LIFO-PRO>
 - LIFOPro will email you analysis report & fee quote within one week of receiving above documents (expedited delivery available)
- LIFOPro will also offer a free discovery call/online meeting to discuss report findings, recommendations & fee quote
For outsourcing clients, LIFOPro will turn around final calculation & deliver PDF report package as quickly as needed

