

Turnkey Outsourcing Solutions

For Companies Already Using LIFO Service Provider



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Turnkey Outsourcing Solutions - Features

- All tasks related to LIFO calculation & documentation/reporting outsourced to & managed by LIFOPro using our proprietary software & knowledgebase
- All clients receive electronic LIFOPro report package containing comprehensive calculation documentation, including all LIFO-related financial reporting & tax return figures
- Flexible engagement structures to include supplemental services, such as:
 - Interim estimates
 - Multiple calculations & combined reports for consolidated groups
 - Separate calculations for financial reporting & tax (for differing book/tax base years and/or methods)
 - Bureau of Labor Statistics Consumer/Producer Price Index category assignments (BLS CPI/PPI; aka IPIC method or external indexes)
 - Reports including Sec. 263A UNICAP costs
- Includes up to 40 hours of IRS audit support



Turnkey Outsourcing Solutions - Benefits

- Avoid all the hassles of LIFO while preserving tax deferral/savings
- Avoid the need to maintain in-house LIFO expertise and/or resources & reduce administrative/IT burden by partnering with the LIFO experts
- Eliminate error-prone spreadsheet formulas & Excel schedules & replace them with standardized, user-friendly reports
- Guarantee calculation accuracy, eliminate errors & audit risk
- Increase reporting transparency & understandability
- Simplify calculation policies/procedures & reporting

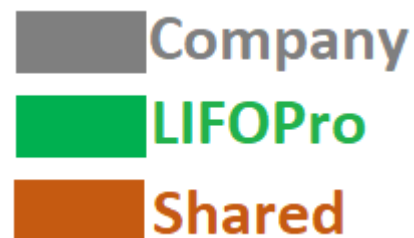
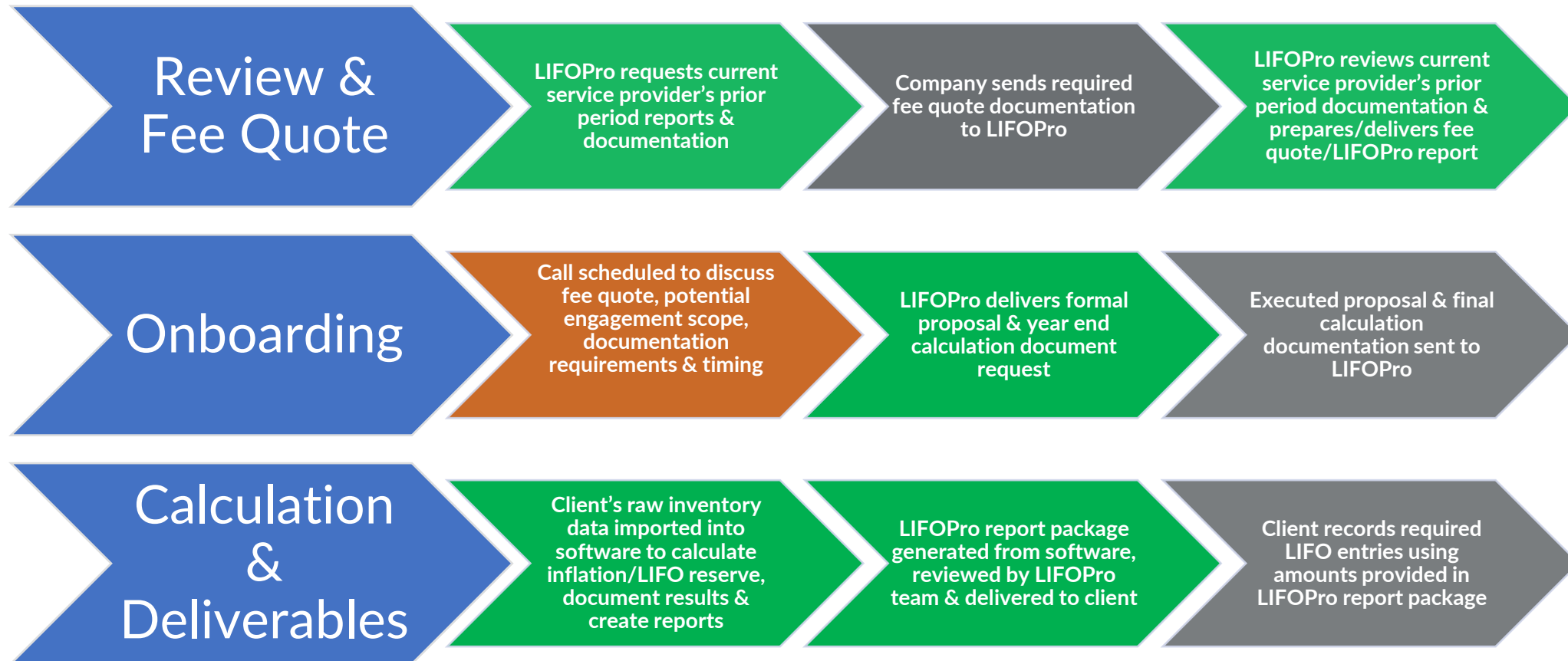


Best LIFO Practices & Review

- **Optional complimentary offering for companies on LIFO in the form of a report that includes the following sections:**
 - Calculation review
 - Methods compliance review
 - Best LIFO practices review
 - Pro forma calculations to compare LIFO reserve of present vs. alternative submethodologies
 - Calculation policies & procedures review
 - Change recommendations & implementation steps
- **Benefits include:**
 - Learn about potential strategies for maximizing tax savings from LIFO
 - Detect/prevent past/future calculation errors
 - Identify potential audit exposure risk & how to eliminate/minimize it
 - Get recommendations for LIFO Submethods optimization
 - Get recommendations for simplifying calculation policies & procedures
 - Get straightforward solutions for implementing recommended change



Review & Turnkey Outsourcing Solutions Process Flow: First Year



Turnkey Outsourcing Solutions Process Flow: Recurring – External Indexes

Interim
(Prior to
Year end)

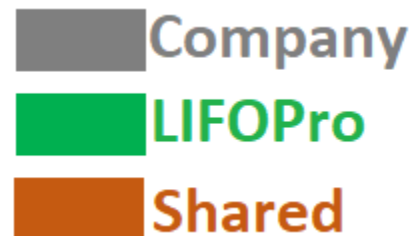
Up to three interim estimates provided using prior year end product mix & year to date external index inflation upon client request

LIFO calculation service reminder sent 30- 60 days prior to client's year end containing year end calculation documentation requirement list, estimated service fee & interim estimate

Post Year
End

Client sends raw inventory documentation to LIFOPro

LIFOPro prepares/modifies raw client data, LIFO calculation completed, reviewed, PDF report package emailed to client & client emailed invoice



Turnkey Outsourcing Solutions Process Flow: Recurring – Internal Indexes

Interim
(Prior to
Year end)

Client sends raw inventory
documentation required to
perform interim estimates
(if applicable)

LIFOPro
prepares/modifies raw
client data, LIFO
calculation completed,
reviewed & LIFOPro
report package sent to
client

Post Year
End

Client sends raw inventory
documentation to LIFOPro

LIFOPro
prepares/modifies raw
client data, LIFO
calculation completed,
reviewed & LIFOPro
report package sent to
client

Company

LIFOPro

Shared



LIFOPro Reports

- All clients receive LIFOPro PDF report package containing comprehensive documentation of the LIFO calculation, including all amounts required to record LIFO-related journal entries & present LIFO-related figures on financial reports & tax return
- Report package generated from LIFOPro software & includes the following applicable reports (also available in Excel format):
 - **LIFO calculation reports**
 - Current year LIFO calculation summary (Report 18)
 - Current year LIFO reserve calculation proof (Report 18a)
 - LIFO inventory history summary (Report 16)
 - LIFO layer history proof (Report 16a)
 - LIFO inventory history detail (Report 17)
 - **Inflation calculation reports**
 - **Internal Indexes**
 - Current year index calculation summary (Report 27)
 - Current year index calculation detail (Reports 27a & 27b)
 - Missing item cost exceptions detail (Report 28a)
 - Price change outliers detail (Report 28b)
 - Data input statistics (Report 29)
 - Inflation by product hierarchy (Report 30)
 - **External Indexes (IPIC CPI/PPI)**
 - Current year index calculation summary (Report 23S)
 - Current year index calculation detail (Report 23)
 - Category inflation index calculation detail (Report 24)
 - Discontinued/replaced BLS categories (Report 25)
 - IPIC pooling method 5% test proof (Report 26)
 - **Supplemental reports**
 - Projections (Report 1)
 - Consolidated reports multiple entities
 - Reports including Sec. 263A UNICAP costs
 - IPIC CPI/PPI comparator report
 - Schedule M adjustment & LIFO expense breakdown reports



Service Organization Control (SOC) Report

- Independent CPA firm issues SOC 1 Type 2 report to LIFO-PRO annually (formerly known as SAS 70 Report)
- Prepared in accordance with AT-C section 320, *Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting*
- Report on the fairness of the presentation of management's description of the service organization's system and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives included in the description throughout a specified period
- Provides clients & their CPA firms our independent auditor's annual report on controls & service procedures in place & software used by LIFOPro
- Providing auditors with this report could reduce substantive testing related to LIFO calculation
- Copy of this report is available to LIFOPro clients & their auditors/CPA firms



Fee Quote, Pricing & Terms

• Fee Quote

- Company provides current service provider's prior period LIFO report package to LIFOPro determine engagement scope
- LIFOPro determines fee quote based solely on expected engagement scope & ignores current service provider's cost
- Company provides current service provider's prior period service fee or fee agreement
- Proposed recurring annual calculation services fee amount determined as the lower of the following two amounts
 - Independent fee quote based on engagement scope
 - 1/3 of current service provider's prior period cost
- LIFOPro delivers fee quote & sample LIFOPro report package to company

• Pricing & Terms

- Terms are for a one-year period & are free of multi-year commitments
- Recurring annual fee is guaranteed to remain the same for at least 3 years
- LIFOPro reports delivered electronically including comprehensive documentation of all LIFO amounts required to record adjusting general ledger & tax return entries (all reports can be delivered as either Excel/PDF files)
- Also includes:
 - Up to three interim LIFO estimates for companies using external indexes (using most recently published BLS inflation indexes & prior year end product mix & inventory balances)
 - Unlimited report revisions
 - Up to 40 hours of GAAP & IRS audit support
 - Copy of LIFOPro's annual SOC 1 Type II report
 - Customized supplemental services requested by client



How to Get Started

Ready to get started today? Send the required documentation listed below to receive your fee quote & sample LIFOPro report package. Want to learn more prior to doing so? Schedule an introductory call with the LIFOPro team by calling 402-330-8573, emailing LIFOPro@LIFOPro.com or using our online scheduling tool by clicking here: [Schedule Call With LIFOPro](#)

- **Turnkey outsourcing solutions fee quote documentation**
 - Current service provider's prior year LIFO report PDF report(s)
 - Current service provider's prior year inventory balances by PPI code Excel work file
 - Current service provider's prior year fee schedule
- See our documentation request listing here: [LIFOPro Fee Quote Documentation Request List](#)
- Send documentation to LIFOPro@LIFOPro.com or upload here: <https://spaces.hightail.com/uplink/LIFO-PRO>
- LIFOPro will email fee quote & sample LIFOPro report package within one week of receiving above documentation (LIFOPro will also contact you to schedule a time to discuss engagement options, documentation requirements, expected/required receivables/deliverables timing)

LIFO-PRO, Inc.

Visit our website: <https://www.LIFOPro.com>

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