

LIFOPro's Offerings

Turnkey Outsourcing Solutions & Software



LIFOPro

Software & Turnkey Outsourcing Solutions

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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

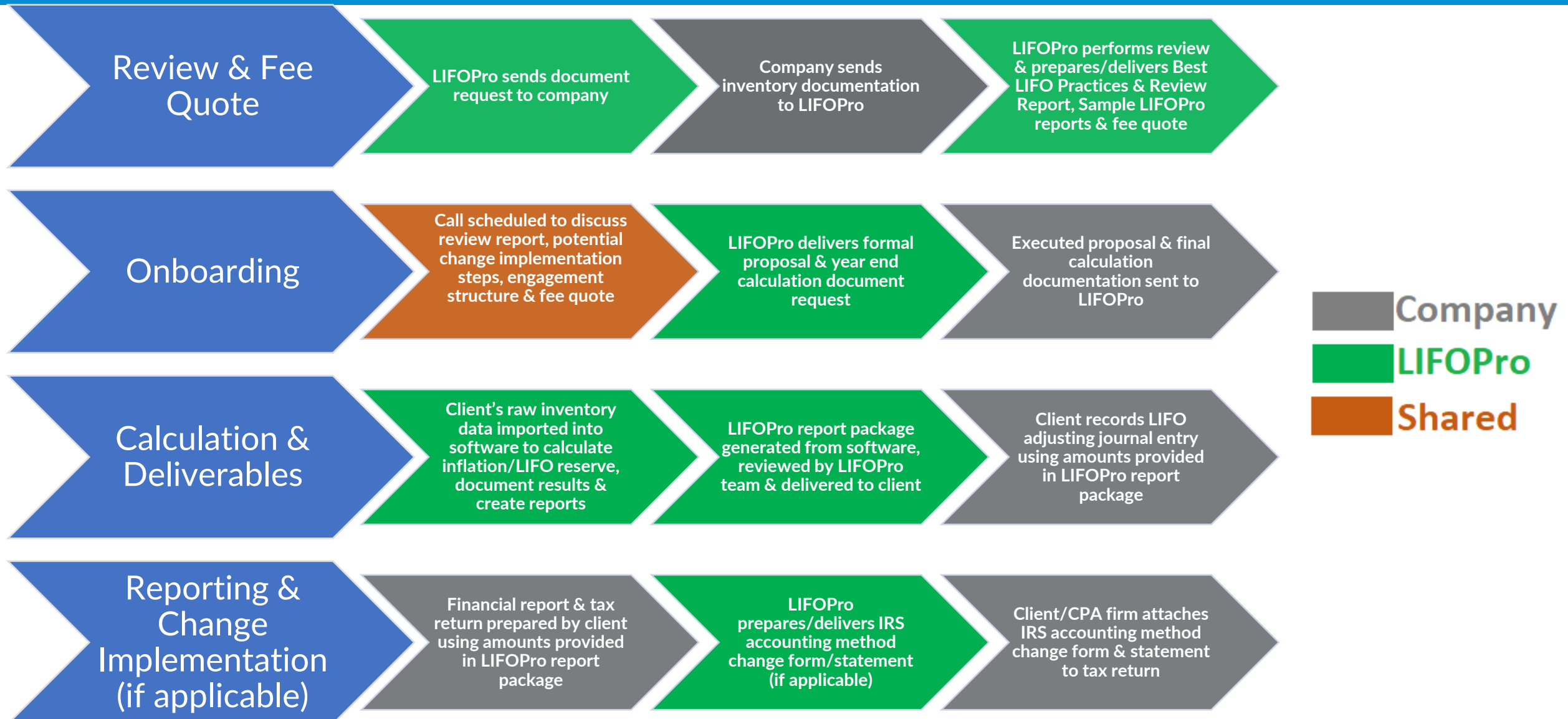


Turnkey Outsourcing Solutions - Best LIFO Practices & Review

- **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



Note: Best LIFO Practices & Review is an optional complimentary offering. It does not have to be performed to obtain a turnkey outsourcing solutions fee quote and/or engage LIFOPro for turnkey solutions



Turnkey Outsourcing Solutions Process Flow: Recurring – External Indexes

Interim
(Prior to
Year end)

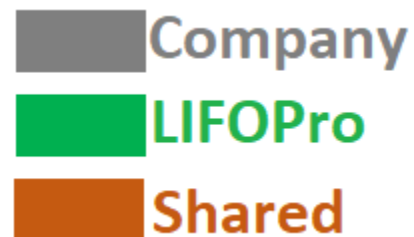
Up to three interim estimates provided using prior year end product mix & year to date external index inflation upon client request

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



Software - Features

- Complete LIFO calculation & documentation/reporting automation
- **Automates both aspects of the LIFO calculation, including:**
 - Inflation calculation (front end)
 - LIFO reserve calculation, including LIFO layer history, LIFO inventory, reserve & expense (income) calculation
- **Internal index module includes a complete range of features & settings, including:**
 - Double-extension (current vs. base year cost comparison) or link-chain (current vs. prior year cost comparison)
 - New item treatment, including new item cost reconstruction
 - Outliers & exceptions identification & treatment
 - Analysis & statistics reports, including inflation index calculation breakouts by product hierarchy (class)
 - Loading multiple data input files and/or sheets
 - Single or multiple pool calculation
- **External index module (IPIC module) includes a complete range of features & settings, including:**
 - BLS table type (CPI or PPI)
 - Current & prior year appropriate month selection
 - Preliminary or final indexes
 - 10% method or non 10% method groupings
 - IPIC method or non-IPIC pooling method
 - Current vs. prior year balances by BLS category comparator report
 - Automated interim estimates using year to date inflation & prior year balances by BLS category



Software - Benefits

- Minimize time spent in-house managing LIFO calculation
- Guarantee calculation accuracy & eliminate errors
- Eliminate error-prone spreadsheet formulas & Excel schedules & replace them with comprehensive, user-friendly reports
- Simplify calculation policies/procedures & reporting
- Increase reporting transparency & understandability
- Easily & quickly make interim estimates & ad-hoc projections
- Reduce reliance on IT department



Software - How it Works: First-time Setup

Documentation Import

Company sends prior period calculation documentation to LIFOPro

LIFOPro imports LIFO calculation documentation into software to create company's database files

Setup & Install

LIFOPro emails software installation resources & database files

Company downloads /installs LIFOPro software & saves database files



Completed by User



Completed by Software/LIFOPro



Software - How it Works: Calculation & Reporting

Inflation Index Calculation (Front End)

User loads Excel data input file into LIFOPro software

User defines required input fields and/or selects desired calculation methods/settings

LIFOPro software completes inflation index calculation

LIFO Reserve Calculation & Documentation (Back End)

LIFOPro software saves inflation index calculation report package & completes LIFO reserve calculation

User closes year end if no adjustments are required, or makes top-side adjustments in software (if required) & closes year end

Software database file updated to include LIFO reserve calculation results from last period closed

Reporting

LIFOPro reports updated to include results of last period closed

User views, prints or saves desired LIFOPro reports as PDF or Excel files

Software prints or saves a standard set of LIFOPro reports including Cover Page & Table of Contents using automated reporting feature

Completed by User

Completed by Software/LIFOPro



Software - How it Works: Internal Index Module

Data Input Sheet Preparation

User exports inventory data from accounting information system to Excel file(s)

Excel data input file (s) prepared containing fields required by LIFOPro software to complete inflation calculation

User prepares multi file/sheet specifications Excel sheet if there are multiple inflation calculation data input files/sheets

Inflation calculation

User loads Excel data input file(s) into LIFOPro software, defines input data columns & selects desired calculation settings

LIFOPro software completes inflation calculation & LIFO reserve calculation

LIFOPro software saves internal index inflation calculation report package to Excel



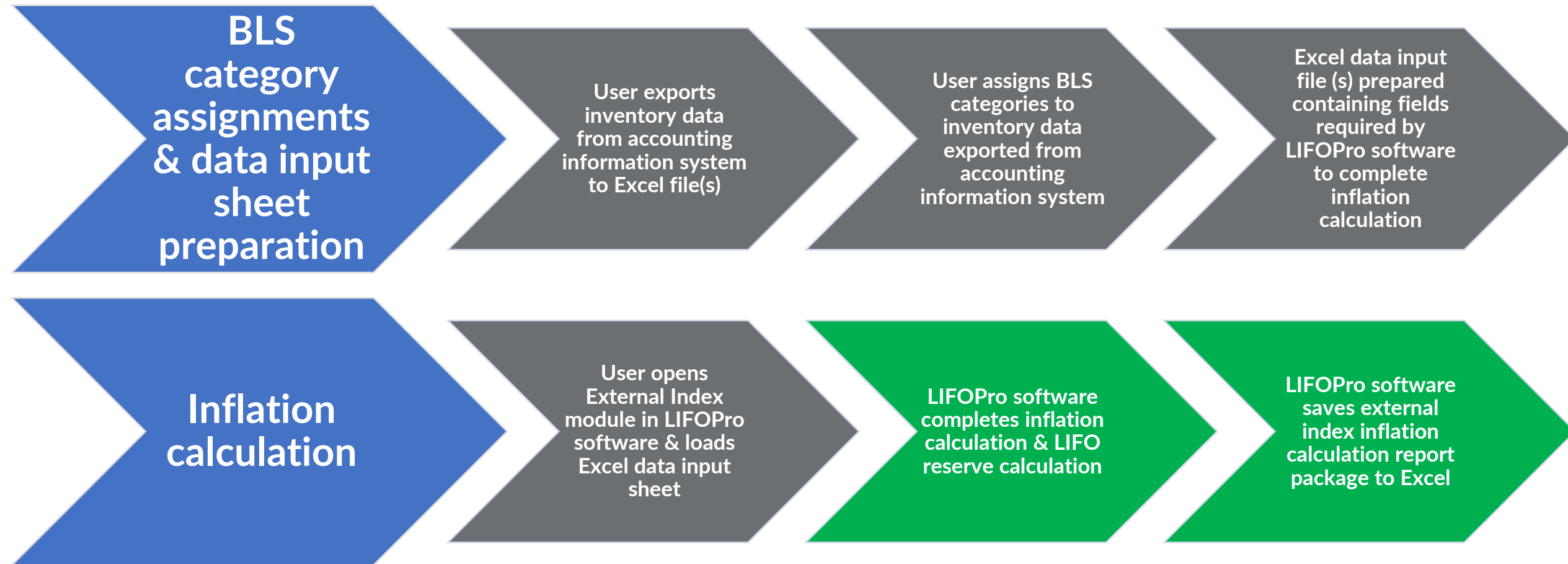
Completed by User



Completed by Software/LIFOPro



Software - How it Works: External Index Module (IPIC Module)



Completed by User



Completed by Software/LIFOPro



Software - How it Works: Reporting Module

Front End Reports (Inflation Calculation)

Contains documentation of the current year inflation calculation made in the LIFOPro software

LIFOPro software automatically saves inflation calculation report package following completion of calculation

Inflation calculation summary report also includes current period LIFO reserve balances by pool & in total

Back End Reports (LIFO reserve calculation)

Contains summary & detailed documentation of the LIFO reserve calculation made in the LIFOPro software

Reports are built from LIFOPro software database file containing historical calculation documentation

Multiple report formats available, including current period only & all years. Reports can be saved or



LIFOPro Software Reports

- **Inflation index calculation (front-end 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)
- **LIFO reserve calculation (back-end 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)
 - LIFO expense components (Report 19)
 - LIFO reserve by layer (Report 15)
- **Supplemental reports**
 - Projections (Report 1)
 - Consolidated reports for multiple entities
 - Reports including Sec. 263A UNICAP costs
 - IPIC CPI/PPI comparator report



Pricing & Terms – Turnkey Outsourcing Solutions

- Pricing is based on company size & engagement scope
- 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

Turnkey Outsourcing Solutions Recurring Annual Fee Range

Inventory Balance at Cost on LIFO	Internal Indexes		External Indexes (IPIC CPI/PPI)	
	Annual Calculation Only	Including Quarterly Estimates	Annual Calculation Only	Including Quarterly Estimates
< \$1 million	\$500	\$1,000	\$500	\$1,000
\$1M - \$19M	\$500 - \$1,500	\$1,000 - \$2,500	\$1,000 - \$5,000	\$1,500 - \$7,500
\$20M - \$99M	\$1,500 - \$3,500	\$2,500 - \$4,500	\$2,500 - \$7,500	\$3,500 - \$10,000
\$100M - \$499M	\$3,500 - \$5,000	\$4,500 - \$6,000	\$4,000 - \$10,000	\$5,000 - \$12,500
\$500M - \$999M	\$5,000 - \$7,500	\$6,000 - \$10,000	\$5,000 - \$20,000	\$7,500 - \$15,000
\$1B or more	\$7,500 - \$15,000	\$10,000 - \$20,000	\$10,000 - \$50,000	\$12,500 - \$75,000



Pricing & Terms - Software

- Software license leased for a one year period with optional annual renewal
- Price based on value in-use, calculation modules enabled (internal index, external index or both) & annual license costs starts at \$250/year
- Includes LIFOPro building your company's software database file containing historical LIFO calculation documentation
- Includes the option to outsource your next LIFO calculation to LIFOPro at no additional cost in the first year of your software license to provide users extra time to do any the following:
 - Complete current period calculations ahead of reporting/filing deadline without having to rely on manual procedures presently employed in-house
 - Make parallel calculations to compare your company's in-house vs. LIFOPro software's results
 - Allow IT department time to test and/or approve software usage
 - Become familiarized with LIFOPro software's reports
 - Implement new procedures related to using the software to complete LIFO calculations
 - Install the software on user's PCs
 - Learn usage steps & receive any training needed from LIFOPro
- Comes with the assurance of a Service Organization Control Report (SOC) issued to LIFOPro by independent CPA firm
- Includes unlimited phone, email or in-person support & training
- Includes LIFOPro reviewing calculations for reasonableness
- Can be installed on-premise or accessed on LIFOPro's private cloud
- **Operating System Requirements:**
 - Both on-premise & cloud versions work on all PCs with Windows 7 or Windows 10
 - Minimal operating system requirements for both versions & minimal storage space requirements for on-premise (no storage requirements for private cloud)

LIFOPro Software Annual License Fee Range

Inventory Balance on LIFO	Internal Index	External Index (IPIC CPI/PPI)
< \$1 million	\$250	\$250
\$1M - \$19M	\$250 - \$1,000	\$250 - \$1,250
\$20M - \$99M	\$500 - \$2,500	\$1,250 - \$5,000
\$100M - \$499M	\$2,500 - \$4,000	\$2,500 - \$5,000
\$500M - \$999M	\$3,000 - \$5,000	\$3,000 - \$7,500
\$1B or more	\$4,000 - \$10,000	\$4,000 - \$15,000



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



How to Get Started

Ready to get started today? Send the required documentation listed below. 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](#)

- **Required Documentation**

- LIFO layer history/carryforward schedule from last two periods closed
 - Inflation index calculation documentation from the last period closed (also known as item detail, stock status or inventory valuation report)
 - Product hierarchies (if available)
 - LIFO calculation policies & procedures documentation (if available)
 - Any other schedules/documents not listed above used to complete prior year LIFO calculation
- See our documentation request listing here: [LIFOPro Documentation Request Listing](#)
 - Send documentation to LIFOPro@LIFOPro.com or upload here: <https://spaces.hightail.com/uplink/LIFO-PRO>
 - LIFOPro will email you a fee quote, sample LIFOPro report package & any other requested complimentary offerings 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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