

December, 2012

***Re: LIFO Inventory Report Services***

This sample of our LIFO Inventory Report is for a dealership (ABC Motors, Inc.) that has not converted to the Vehicle-Pool Method. In other words, the dealership is using one LIFO pool for all new automobiles and a separate pool for all new light-duty trucks.

There are a number of advantages in using our LIFO services. These include...

- Our LIFO Report includes a comprehensive transmittal letter.
- The current-year LIFO valuation computation is shown side-by-side with the prior year computation. (***Report #1***)
- Each Report completely analyzes the contribution to the LIFO reserve at the end of the year made by each historical layer. This is extremely important, and it also helps in analyzing projections of the change in the LIFO reserve for the following year. (***Report #2 - top half***)
- Each Report includes a schedule which analyzes the change in the LIFO reserve for the year. (***Report #2 - bottom half***)
- Our LIFO Report allows you (and/or the IRS) to easily confirm ... by simply looking at the bottom lines ... that all vehicle quantities and dollar amounts used in the LIFO pool calculations agree with, or reconcile to, the information provided to us. (***Report #3***)
- Our determination of new item categories fully complies with the detailed standards required by the IRS. We carefully compare our lists and the IRS' each year.
- Separate schedules of all vehicles which have been treated as "new items" are also included as part of each Report. (***Report #6***)
- Thorough database documentation is included for every manufacturer whose inventory is included in the Report issued for the dealership. (***Report #9***)
- All LIFO Reports are processed in-house, under closely trained and experienced supervision.
- Our Reports are available either on paper or on disk.
- There are no contractual obligations regarding service over a period of years.
- Our services are cost-effective, and there are no additional conversion, file set-up, maintenance or other charges (except for year-end projections).
- Projections of changes in the year-end LIFO reserves are available in a similar summary Report format. (These projections are available for a separate charge.)

Our LIFO Reports can save almost any dealership a great deal of time and effort, while providing valuable summary information as part of our services. Thank you for considering the use of our services for your LIFO computations.

Sincerely,



Willard J. De Filippis, CPA