

# SCALE FACTOR

**Description of Products and Services**

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# Software

ScaleFactor Software Products are delivered exclusively through our secure, cloud-based infrastructure by logging in at <https://portal.scalefactor.com> (the “ScaleFactor Service”). Your use of the ScaleFactor Service is governed by the Terms of Service at <https://scalefactor.com/terms-of-service> and your order form.

## ScaleFactor Bookkeeping

*Metering Unit: One (1) Active Subscription per Financial Account (Includes Up to 100 transactions per Month).*

Put an end to your bookkeeping nightmares with ScaleFactor Bookkeeping. Using industry-defining technology and processes, ScaleFactor Bookkeeping classifies your transactions as they happen so that you don't have to! That way your accounts are always up-to-date.

### **Daily Transaction Classification & Monthly Reconciliation**

ScaleFactor automates classification of the transactions that appear in your Financial Accounts so you have peace of mind knowing your accounting file is accurate and up-to-date. Your accounting file is always updated and ready to use.

### **“Expense Tracker” Dashboard**

Instantly see where your money goes on a robust dashboard, giving you the ability to stay on budget and find potential savings. Choose the expenses you want to keep your eye on daily, set budgets for specific expenses or groups of expenses, and view expenses by vendor or category. All of this will remain up-to-date and ready to help you strategize in real time.

### **Tax Ready Books**

Gone are the days of worrying about getting everything done in time to file taxes. ScaleFactor will maintain your books from day one so they are tax ready and you don't have to stress about missing deadlines. Been neglecting your accounting file for a few months? Don't worry; that's why we introduced our ScaleFactor Data Clean Up service in conjunction with our Bookkeeping solution.

### **Streamlined Communications Platform**

We don't inundate you at month-end for help with unclassified transactions. ScaleFactor Bookkeeping manages transaction exceptions through interactive transaction review requests presented in the Activity Center, allowing you to respond when it's convenient.

### **On-Demand Financial Statements**

Requesting financial statements has never been so easy. After your monthly close date, simply log in to request your statements, and we'll turn around the request within 5 business days—often sooner! We'll send you the Balance Sheet and Profit & Loss Report by default.

## ScaleFactor Accelerated Close 10-day

*Metering Unit: One (1) active subscription for each Entity with Financial Close.*

This add-on service accelerates the month-end close timeline. Get your financials in time for the next board meeting or drive operating efficiency by closing your books sooner. ScaleFactor will deliver on a 10-day accelerated close schedule.

## ScaleFactor Accelerated Close 15-day

*Metering Unit: One (1) active subscription for each Entity with Financial Close.*

This add-on service accelerates the Financial Close timeline. Get your financials in time for the next board meeting or drive operating efficiency by closing your books sooner. ScaleFactor will deliver on a 15-day accelerated close schedule.

## ScaleFactor Class Tracker

*Metering Unit: One (1) Active Subscription per Entity for up to Five (5) Tracking Category Options/Classes.*

ScaleFactor Class Tracker gives you the power to track revenue and expenses by business segment or location (aka a Class or a Tracking Category), so you can review the profitability of each segment.

Based on input from your organization, ScaleFactor will appropriately categorize revenue and expense transactions to the classes or categories that have been established in the QBO or Xero accounting file.

## ScaleFactor Bill Pay

*Metering Unit: One (1) Active Subscription per Entity for up to 10 Bills Processed by ScaleFactor per Month.*

At ScaleFactor, we don't think it's a good idea for anyone to sit down and pay bills. In fact, we can think of a dozen other things that business owners could do with that time, like reviewing meaningful insights or analyzing your payables to optimize inventory levels that can free up cash flow (just to name a few).

The ScaleFactor Bill Pay platform is not an outsourced managed service. Rather, it is powered by new and innovative technologies that enable you to let go of our bill pay responsibilities, all while keeping an eye on each payment via our Web and Mobile App.

- **Upload Bills in a Snap**

Snap a photo of a bill on your phone and upload it through the app for quick and easy payment. Did your vendor send the bill via email? No problem. You can also send bills to a personalized bill pay email address that seamlessly feeds into our software.

- **No Hidden Fees**

We don't believe in charging you extra fees to get your money where it needs to go. In fact, we don't charge you extra for any transactions types, including next-day ACH transfers or check services! Instead, we've set one transparent price for all of your billing needs.

- **Cash Flow Planning**

What if you are running low on cash or awaiting a deposit to clear? You can schedule your bills when you would like them to be paid and even prioritize your bills based on available cash flow.

ScaleFactor's Cash Vision tool can also help with anticipating cash flow issues. Cash Vision integrates with our Bill Pay platform to project your cash flow up to six months in advance to avoid these painful scenarios. Using artificial intelligence to predict when you may be running low on cash, Cash Vision offers you strategic insights on how to proactively manage your upcoming payments before any issues arise.

- **Easy filing of 1099 contractors (up to 10)**

1099 filings can be a headache, but they are still a federal requirement. ScaleFactor Bill Pay can alleviate the pain associated with having to send out, process, and maintain W-9s and can easily file 1099s on your behalf.

What do we need from you? It's simple, all we need is your vendor or contractor's name, business entity (if applicable), and email address and we'll take care of the rest.

ScaleFactor tracks the requests sent to your vendors, offers polite reminders, and ensures that you are not liable. Do you want to take a more proactive stance? ScaleFactor offers you the ability to withhold payment to your vendor until they provide all necessary information.

For any contractors that have been paid prior to onboarding with ScaleFactor or contractors that are paid outside of ScaleFactor BillPay, you can easily upload W-9s that you have sent to your vendors to maintain all of your records in one place. ScaleFactor tracks and reports all current and outstanding W-9 requests so that you are aware of all potential liabilities.

- **Automated Recurring Payments**

Save time and late penalties on recurring payments. Setting them up once in ScaleFactor makes sure you stay in compliance, avoiding costly penalties and late fees.

- **Avoid Penalties and Late Fees**

Approve current or future payments all in one place. You'll never miss a payment, which means you'll never incur late fees.

Additional terms & conditions apply for the Bill Pay product and can be viewed in "Payment Services Terms & Conditions" at [www.scalefactor.com/terms-of-service](http://www.scalefactor.com/terms-of-service).

## ScaleFactor Payroll Administration

*Metering Unit: One (1) Active Subscription per Entity for up to 10 Employees/Recurring Services Contractors.*

### Payroll Administration

ScaleFactor makes paying your employees and contractors quick and easy. Our software integrates with Gusto or ADP to make payment adjustments and run payroll right from ScaleFactor. On top of that, payroll data immediately syncs with your accounting file, giving you a fuller picture of your finances.

- **Payroll Administration Disappears**

Provide ScaleFactor with approved hours, hourly rate, finalized commission totals, total salary amounts to be paid to your employees or contractors, pay rate changes, and any other impacts

to payroll. With this information, we will make sure your payroll is administered properly through Gusto or ADP. Payroll adjustment requests can be made directly from ScaleFactor.

- **Multiple Pay Schedules**

ScaleFactor can pay your employees on up to two (2) different pay schedules, including: weekly, bi-weekly, semi-monthly, or monthly.

- **Employees and Contractor Management**

From paperless employee onboarding and compliance to digital paystubs, new employees fill out their information online, including contact information, bank account details, and W-4's. Gusto utilizes direct deposit and digital paystubs so everything is accessible to your employees. Work with a lot of contractors? Consider ScaleFactor Bill Pay for those folks.

- **Data Syncing**

Payroll data integrates with your Quickbooks Online or Xero accounting software for accurate payroll reporting by department.

- **Payroll Taxes**

All local, state, and federal payroll taxes are calculated, filed, and paid automatically by Gusto or ADP. Gusto and ADP deliver required forms such as W-2's, 940's, 941's, 8974's, and specific forms for state and local taxes.

- **Sending W-2s**

From the time an employee is first paid via Gusto or ADP, Gusto or ADP issue and file W-2s, along with providing electronic copies to employees.

## ScaleFactor Invoicing Administration

*Metering Unit: One (1) Active Subscription per Entity for up to 10 Invoices Processed by ScaleFactor per Month.*

Are you spending too much time sending emails and managing communications back and forth with your customers? ScaleFactor Invoicing allows you to spend less time generating invoices, chasing down delinquent customers, and trying to understand your cash flow. All you have to do is upload a completed purchase order or finalized contract to the ScaleFactor portal along with a few key customer details, and ScaleFactor will take care of the rest using the invoicing feature in QuickBooks Online or Xero.

ScaleFactor offers you the ability to send automated communications and reminders to your customers to drive on-time payment fulfillment and settle outstanding delinquency.

- **Timely Weekly Invoicing Entry**

Provide ScaleFactor the key invoice details and the invoice will be created, up to once per week, to ensure timely delivery of invoices to clients.

- **Easy Invoice Approval**

Review the draft invoice and approve so that you can minimize the delay between completed work and cash collection.

- **Increase Cash Flow**

Start the clock on your invoice payment terms so you can minimize the time between sale and cash flow.

- **View your Receivables Health in a Glance**

Get informed on the health of your receivables by using the invoicing dashboard that offers an interactive visual view of all of your sent, paid, and overdue bills (30, 60, & 90 days) with clickable filtering

## ScaleFactor Sales Tax Filing

*Metering Unit: One (1) Active Subscription per Entity per US State or Municipality.*

Stay in compliance with ScaleFactor. ScaleFactor will remit and file sales tax in the states you have nexus. ScaleFactor will work alongside a sales tax system to ensure sales tax is properly collected.

## ScaleFactor Cash Vision

*Metering Unit: One (1) Active Subscription per Entity. Requires **ScaleFactor Bookkeeping**.*

ScaleFactor Cash Vision helps you set, measure, and achieve your goals from a cash planning standpoint. See a six-month projection of transaction-level cash in and cash out activity and always know your expected cash balance on hand. Cash Vision integrates seamlessly with your accounting file to create an automated cash flow forecast so you can get a pulse on where your business is today and where you're heading in the future.

- **Real-Time Predictions**

Optimize your cash flow planning to meet the unique and changing needs of your business in real time. Your Cash Vision forecast is updated daily to give you the most accurate and up to date details you need to make important strategic decisions for your business. ScaleFactor's unique machine learning model incorporates seasonality and historical trends, getting smarter over time.

- **Multiple Views**

Choose how you want to view your Cash Vision forecast by selecting from monthly, weekly, and even daily views. See a snapshot, calendar, and granular views of your cash flow projection, and include actuals to compare your forecast to historical trends. Not only can you estimate your future cash balances down to the day, with Cash Vision you'll always know your cash runway and date.

- **Scenario Building**

Create Cash Vision Scenarios to make informed decisions on growing your business. Take the guesswork out of knowing when to hire new employees, buy a company vehicle, or move in to a new office by creating "what if" scenarios. See the impact of those financial decisions modeled in real time.

*"ScaleFactor Cash Vision" was formerly known as, and has replaced, "ScaleFactor vCFO" and "ScaleFactor Advanced Cash Management" products.*

# ScaleFactor TaxMax™

*Metering Unit: One (1) Active Subscription per Entity (Includes One Federal, One US State, and One US Municipal Filing). Requires **ScaleFactor Bookkeeping** and **ScaleFactor Data Clean Up** if Accounting File is Not Tax-Ready.*

Staying in compliance with federal, state, and local income taxes has never been easier or more economical. You stay on top of all other major expenses in your business on a monthly basis, why not taxes as well? Throughout the year, you can stay ahead of the tax implications of business operations and decisions, benefiting from tax insights to guide your decision-making. Maximize the deductibility of expenses in your business with ScaleFactor TaxMax™.

## ● Tax Deadline Notifications

Avoid costly late payment penalties! ScaleFactor TaxMax™ provides you with notifications of upcoming deadlines so you have plenty of time to get things done on time, and you stay in compliance.

## ● Monthly TaxMax™ Newsletter with Savings Strategies

Stay on top of the ever-changing tax code is impossible, so we do it for you. Maximize your deductions with TaxMax™, in real-time, as you operate your business. TaxMax™ provides you with insights to guide your decision-making.

## ● Quarterly Business Asset Acquisition and Depreciation Analysis

Need a new piece of equipment for your business but want to understand if it's better to lease or buy? TaxMax™ calculates the tax implications of your asset purchases as you operate your business. Consult with our tax experts to analyze your asset depreciation and provide you with insights to guide your decision making.

## ● Quarterly Federal Estimate of Business Tax Liability (payment not included)

TaxMax™ lets you plan for potential cash flow implications due to upcoming tax payments and ensures you avoid costly penalties associated with missing quarterly payments. TaxMax™ calculates your tax liability in real time for your entity, so you'll be aware of any potential cash flow implications well ahead of any quarterly deadlines.

## ● Federal, State, and City Income Tax Returns

Staying on top of your taxes each month makes filing your Federal, State, and City Income Tax Returns easy, accurate, and timely. TaxMax™ includes filing the following:

- One expert-prepared Federal tax return per entity per annual subscription of the TaxMax™ Service, and one of the following:
- One State Income tax Return, or
- One TX Franchise Filing, or
- Delaware C-Corp Filing

## ● Tax Cleanup

Remaining compliant with the IRS can be a daunting task for anyone, luckily ScaleFactor has filed hundreds of business tax returns knows exactly how to remain compliant. ScaleFactor's Tax

Cleanup focuses only on the items that the IRS is concerned with so that there is no wasted time or money during the tax filing process.

ScaleFactor will review back to the beginning of the fiscal year in question and will ensure that the key accounts match the prior year tax return, if applicable, and based on the IRS guidelines, will also review and adjust key accounts and transactions that have a material impact

## ScaleFactor TaxMax™ Additional Filing

*Metering Unit: One (1) active subscription for each additional State Nexus. Requires **ScaleFactor TaxMax™**.*

If we find anything in your returns that requires more than what is included in TaxMax™, we'll notify you well before it's filing time, and you have the flexibility to use ScaleFactor Managed Services to meet any additional tax preparation needs. (See ScaleFactor Managed Services below in this document.)

## ScaleFactor TaxMax™ R&D Tax Credit

*Metering Unit: One (1) Active Subscription per Entity (Includes One Federal, One US State, and One US Municipal Filing). Requires **ScaleFactor TaxMax™**.*

The ScaleFactor TaxMax™ R&D Tax Credit makes it fast and easy for you to take advantage of the Federal Research & Development Tax Credit. We maximize your R&D Tax Credit by helping you stay on top of your eligible payroll, contract and equipment expenses.

The TaxMax™ R&D Tax Credit includes:

- **Study:** During the onboarding phase, we will administer a questionnaire to determine eligible expenses for the R&D tax credit.
- **Credit Filing:** Come tax time, we'll handle the R&D tax filing for you.

\*Based on the data provided, ScaleFactor guarantees filing accuracy. ScaleFactor does not provide audit support.

## ScaleFactor TaxMax™ BackTax

*Metering Unit: One (1) Active Subscription per Entity (Includes One Federal, One US State, and One US Municipal Filing with Past Due Filing). Requires **ScaleFactor TaxMax™** for Current Year and **ScaleFactor Data Clean Up** if Accounting File is Not Tax-Ready.*

If your organization has not filed taxes for prior years, the ScaleFactor team can help you get back on track and assist you in filing your taxes (up to 2 years prior to the current tax year). If you need more than two years of back taxes filed, a trusted partner from the ScaleFactor Partner network can help you get back on track. If your accounting file is out of date, ScaleFactor will perform a Data Cleanup that will ensure that your business is in a position to file any necessary taxes.

- **Federal, State, and City Income Tax Returns**

Staying on top of your taxes each month makes filing your Federal, State, and City Income Tax Returns easy, accurate, and timely. TaxMax™ includes filing the following:

- One expert-prepared Federal tax return per entity per annual subscription of the TaxMax™ Service, and one of the following:

- One State Income tax Return, or
- One TX Franchise Filing, or
- Delaware C-Corp Filing

# ScaleFactor Professional Services

## Data Cleanup

*Metering Unit: Custom Scoped*

The majority of your needs can be met with the Bookkeeping Fresh Start or Tax Review but in the rare instance that your organization needs an in-depth review and completion of backdated work of your accounting file, the ScaleFactor team and Partner Network can help you get back on track. The Data Cleanup product allow you to run your business while our team gets your books up to date.

The team is capable of reconciling and classifying outstanding transactions, reviewing inconsistencies, separating commingled funds, and analyzing complex intercompany transactions. These types of actions are rarely necessary for retroactive activities but are sometimes required by investors or banking institutions.

# ScaleFactor Support

## Support

ScaleFactor offers a comprehensive support plan allowing customers to receive the support that meets their needs. All customers receive support included with their current software subscription.

### Primary Information

Support Hours (US Central Time) - 8AM - 5PM Mon. - Fri.  
Initial Response Time (Business Hours) - One Business Day  
Web Support Portal Access - Unlimited  
Message Center Support Access - Unlimited  
Help Center Support Access - Unlimited  
Phone Support - 4 Calls / Month

## Direct Connect for QuickBooks Online and Xero

*Metering Unit: One (1) Active Subscription per Entity.*

The ScaleFactor Direct Connect product is your ticket to the ScaleFactor Portal which includes the Activity Center, Dashboard, Transactions page, and Documents section. The connection between the ScaleFactor Portal and your bank, credit card, Salesforce, Stripe, and Gusto payroll accounts provides you with the insights you need to make educated decisions that will take your business to the next level.

- **Quickbooks Online and Xero Licensing**

We administer the licenses required for you to use a cloud-based accounting software system, either QuickBooks Online™ or Xero™.

- **Data Sync with Quickbooks Online or Xero**

We'll ensure your data integration between ScaleFactor and your Quickbooks Online™ or Xero™ account is continuously live and functioning as it should be.

# ScaleFactor Partner Network

ScaleFactor's Partner Network augments your team with accounting and finance experts to suit your specific business needs.

The ScaleFactor Partner Network is made up of highly experienced experts, including CFOs, accounting managers, bookkeepers, and administrators, who are always available to work with you as a blended team or independently, as your situation dictates.

ScaleFactor's Partner Network can help you with the following:

- Record Keeping
- Accounts Payable
- Specialized Tax Preparation
- State Tax Registration
- Consulting Services
- Sales Tax Services
- Revenue Services
- Fractional CFO Services
- Financial Planning and Analysis
- Financial Insights
- Board-level Financial Reporting and Presentation Preparation
- Budgeting and Forecasting
- KPI and Dashboard Development
- Valuation Analysis
- Inventory Services
- Reporting and Analysis Services

# ScaleFactor's Customer Expectations

ScaleFactor reserves the right to revise this Description of Products and Service at any time at its sole discretion.

You are solely responsible for obtaining, installing, maintaining, and paying for any designated third party software and system capabilities necessary to meet the minimum hardware and software requirements for the Scalefactor Software Products and Services as set forth in the documentation.

You represent and warrant that you possess system capabilities which meet or exceed the minimum hardware and software requirements for the Software as set forth in the product documentation accompanying the Software.

You will provide all system access, information, documentation, and assistance that ScaleFactor may require to provide Support.

You agree that ScaleFactor shall have the right to identify you as a ScaleFactor customer, and you grant ScaleFactor a license to use your name, logo(s), and trademark(s) for promotional and publicity purposes including, without limitation, press announcements, advertisements in trade and other publications, marketing collateral and media kits, listings on web pages, and links to your website subject to any of your trademark and or style guidelines then in effect.

# ScaleFactor Glossary

The following is a glossary of ScaleFactor terminology.

## Entity

An Entity is the discrete business, company, or person for which you keep a set of financial records for accounting purposes. For example, if you keep a set of financial books for your first business (an Entity), a second business (a second Entity), and for your personal finances (a third Entity), ScaleFactor considers each to be its own Entity, for a total of three (3) Entities. Some ScaleFactor Software Products and Managed Services may be offered based on by the number of Entities you keep financial records for.

## Financial Account

A Financial Account is an account you maintain with your financial institution. For example: a checking account, savings account, credit card account, Paypal account, Stripe account, etc.