

## **Frequently asked questions (FAQs) about XB and our services:**

### **Where is your operation located?**

Our main office is based in Phoenix, Arizona and our operations team is based in Puerto Penasco (aka "Rocky Point"), and Mexicali, Mexico. Puerto Penasco is approximately one hour from the Arizona/Mexico border and Mexicali is approximately two hours from San Diego and three hours from Phoenix.

### **Which accounting system do you use?**

We use Sage Intacct, a cloud-based ERP system, for our all our clients. For our clients who were using other accounting software programs (e.g., QuickBooks etc.), we assist them in converting their data from QuickBooks into Sage Intacct.

As part of our service agreement, we provide several hours of free training on how to navigate Sage Intacct and any other third-party systems that we may use to service your account.

### **How do you differ from other outsourced accounting practices in the U.S.?**

The main difference is that we have a more comprehensive service model. Most outsourced firms specialize in providing accounting services and some payroll/HR support. We provide full accounting services including vendor management solutions (AP), insurance claims support for guest incidents, property management services to help clients manage all their leases, subleases and new builds, IT help desk & POS systems support, payroll processing services and benefits support, and repairs and maintenance support. We offer all of these services "in house" under one location which benefits our clients in terms of coordination and communication between all groups and we maintain one system of record, Sage Intacct. We can offer our services as one set fee, or we can provide services "a la carte" as some clients may decide to internally retain certain functions and/or departments.

### **Who files our sales tax returns and determines our royalties and advertisement payments?**

We do. For sales tax returns, we provide your CFO/Controller/Accounting manager with the month and/or quarterly calculations and once approved, we file the return with the specific state you are doing business with.

For royalties and advertisement payments to your franchisor, we provide the calculation based upon your agreed upon % (could be as frequent as weekly) and we provide a payment request to your team for approval.

### **How can you manage my locations' repairs and maintenance needs from Mexico?**

We have a 24-hour dispatch team and repairs and maintenance request system that we use to manage the whole process from request to vendor payment. Your team simply submits a request (online or using a mobile app) and we take it from there. We will provide you with as many bids as you would like to see before engaging a service provider to repair or replace equipment. We also will manage your equipment warranties, helping you avoid purchasing replacement equipment for equipment with warranties in place.

**How can you provide IT support from Mexico?**

We have a team of dedicated IT professionals that can remotely troubleshoot your POS system(s) or access your stores video equipment as needed.

**What is your competitive advantage?**

Our greatest asset and competitive advantage is our staff! Many of our staff members have been with us for 10 years. We have a great culture, benefits package, and professional development opportunities for our staff members.

**If we decide to move to XB, how long will the transition take and what could we expect?**

For starters, you and your executive team will hold operational discussions with our team to plan the transition in the least disruptive way to your business. From the planning process, we will determine if a 30-day transition makes sense or something over a longer timeframe. While we provide a complete back-office solution (accounting, payroll, IT, repairs, and maintenance), some clients may prefer to move portions of their business over sooner than other services such as payroll.

For payroll, we have relationships in place with Paylocity, Paychex, and AlphaStaff to name a few. If you are using another payroll provider and like to continue to use them, we can accommodate your request.

**Is your staff licensed?**

No and nor are they required to be. Similar to other outsourced accounting services firms, we are not CPA's and we do not provide tax or legal advice. We work with your CPA and legal counsel when specific questions arise that need the appropriate parties to opine and provide guidance. Our team adopts your existing business practices and enters data per generally accepted accounting principles (GAAP). For 842 compliance, we partner with Swenson Advisors. Swenson is one of the leading firms in this space who is assisting public, private and nonprofits companies with valuation, workpapers, and auditor communication.

**Does your Mexico based staff speak English?**

Yes, all of our staff members speak English. Speaking and writing in English is a requirement for working at XB. Many of our staff members lived, worked, or studied in the U.S. at one point in time so they are very familiar with the brands that we manage how business is done in the U.S.

**What does your fee structure look like?**

We typically quote one fee per location which is inclusive of our ERP system, Sage Intacct. Depending upon your growth plans, we can provide a progressive scale (your cost reduces as you grow) so that you will know your cost of acquiring and onboarding additional locations onto our servicing platform.

**Who owns the data?**

You continue to own all your data. Should you decide to move from our service to another provider, we will assist you in securely transferring your electronic records to the destination of your choosing.

**How do you handle AP with an office in Mexico?**

We will obtain your vendor list(s) and we notify each vendor to direct future invoices to a shared email address. We upload invoices daily into Sage Intacct and can provide you with a real-time AP aging where you can decide what bills you would like to pay. For utility bills and vendors with web portals, we go directly to their sites to download your invoices and to upload them into Sage Intacct.

**Who will be servicing our account?**

We provide each of our clients with a dedicated team that exclusively services that client's account. Our staff members become your staff members and with our low turnover rate, you can rest assured that we will service your account with the same team members on a daily basis with no disruption. Each client is assigned a Relationship Manager that will be the client's main point of contact.

**What is the typical work week for your staff?**

Our dedicated team members work 8 to 4 (Mountain Time Zone) Monday through Friday and 8 to 12 on Saturday. We are flexible so if you need us to provide services 7 days a week and different time zones, we can accommodate your needs.

**I am using various software programs to operate my business today. Why would I change my current process?**

Well, there are many factors of why our clients have chosen us. Many software programs have certain requirements and/or limitations that does not work for everyone. These programs can become costly and changes by the provider (discontinued systems or provider is acquired for example) could be very disruptive to your operation. We are flexible. We have the ability to adapt and use your existing software program(s) and business practices (we can replicate what you have in place today) or we can adapt your model to our best practices that we have developed over the years.

**Is my information secure?**

Yes! We only use cloud-based systems (you will not see paper in our office) with servers based in the US. We also are fully insured (including a cyber policy) to provide you with peace of mind given all the data breaches many U.S. companies have been experiencing lately.

In terms of the movement of money, we provide data entry services into cloud-based programs. Typically, a client will have a controller or accounting manager in place in the U.S. who print checks or authorizes ACH transfers. We will initiate payment files, but our clients will approve and ultimately submit payments to their vendors and other payment recipients.

Lastly, we reconcile your bank accounts daily so in addition to using positive pay, we provide assurances that any fraud on your account will be caught quickly given you and your banking provider time to react limit the impact to your business.

**What do you not do?**

We are here to support your operation, not run it. Our focus is to provide our operators with timely reconciliations and reporting services so that they can effectively manage and grow their businesses.

We are not a call center. If you need a call center (such as to take orders), we have relationships in place with various providers who can service your needs.

**Do you have a brand preference?**

No. We are brand agnostic and POS system agnostic. We work with various brands and POS systems and adapt to their uniqueness.

**Who is your ideal client?**

We typically attract clients with larger operations (10 locations or more). As our customers grow, they experience many challenges such as adding more staff or absorbing other costly overhead into their business model (including software) to properly manage the business. We have also seen our operators (prior to XB) struggle with reducing overhead when business is not going as planned or they sell under-performing brands or locations. We easily scale with minimal impact to our client's business with a phone call. With XB in place, our clients can focus on revenue generating activities as we have everything else covered!

We have operators with several locations and as many as 200. Regardless of your size, we can accommodate your needs.

**Can I or my staff members visit the operation?**

Yes! We highly encourage visits and recommend that your CFO/Controller/Accounting Manager, visit our offices in Puerto Penasco and Mexicali as frequently as possible. Our clients typically spend a day in the office as our staff members are always happy to provide presentations on what their departments do and answer any questions you or your staff may have. When you are ready, we are happy to bring you and your staff member(s) to see and tour our Mexico based operation centers at any time.