

**Internal Revenue Service**  
**TE/GE MS 7401**  
450 Golden Gate Avenue  
San Francisco, CA 94102

**Department of the Treasury**

Name of Plan:

Plan Number  
001

Form Number:  
5500

Plan Year(s) Ended:  
December 31, 2011

Date: December 17, 2013

Dear Sir or Madam:

Your retirement plan has been selected for examination for the year indicated above. This selection does not imply that the information on your Form 5500, *Annual Return/Report of Employee Benefit Plan*, was incorrectly prepared. Most returns are randomly selected from the universe of Form 5500 returns filed for qualified plans, or they are selected as part of a special project. Our objective is to insure compliance with the applicable laws and regulations governing retirement plans.

Enclosed you will find information providing a simplified explanation of the audit process and your rights as a taxpayer (the flowchart and bookmark). Additionally, Publication 1-EP, *Understanding the Employee Plans Examination Process*, provides more comprehensive information. Please take a moment to review this material.

If you wish to have someone represent you during the examination other than employees or officers of the company, you must provide a completed Form 2848, *Power of Attorney and Declaration of Representative*, or other written declaration containing the same information required on Form 2848, by the start of the examination. If you do not provide this, your representative will not be permitted to receive or discuss confidential information.

To help make the examination as brief as possible, please have the items available that are listed on the attachment. In accordance with section 301.7605-1(d) of the Income Tax Regulations, the audit should generally be conducted at your place of business. Please call me within 10 days after receipt of this letter to

schedule or confirm the date of the audit and to ask any questions that you may have. I can be reached at the telephone number shown in the heading of this letter.

Thank you for your cooperation.

Sincerely,

Revenue Agent/Employee Plan Specialist

Enclosures:

Publication 1-EP

Publication 4324 (flowchart)

Publication 4325 (bookmark)

Attachment

## Information and Document Request

Each of the listed items has a purpose in the audit process, so all are important. If any requested information or document presents a problem for you, please contact me to discuss it. Please provide copies of the requested documents. Do not send originals or "only" copies.

Please mail the listed information to me on **January 29, 2014**. Providing this information ahead of the scheduled audit will allow me time to review it and help make the actual examination as brief as possible. Please mail these documents to:

**Internal Revenue Service  
TEGE Division Mail Stop 7104  
450 Golden Gate Avenue  
San Francisco, CA 94102**

### IRS Letters

1. The adoption agreement, the prototype plan or volume submitter Plan, the IRS opinion letter or volume letter issued to the sponsor of the prototype plan or volume submitter plan.

### Plan Documents

1. The adoption agreement, basic plan and trust documents in effect for the year under examination and all amendments made to the Plan.
2. Please provide the signed Adoption agreement, opinion or volume submitter Letter that your Plan complied with the following laws:

Uruguay Round Agreement Act, Pub. L. 103-465;  
the Small Business Job Protection Act of 1996, Pub. L. 104-188;  
the Uniform Services Employment and Reemployment Rights Act of 1994, Pub. L. 103-353,  
the Tax Relief Act of 1997, Pub. L. 105-34;  
the Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. 105-206 and;  
the Community Renewal Tax Relief Act of 2000, Pub. L. 106-554  
collectively known as GUST

### Additional Amendments to verify when they were adopted:

Economic Growth and Tax Relief Act, including the "good faith amendments" and EGTRRA,  
401(a)(9) temporary and final regulations;  
401(a)(31)(B), automatic rollover provisions;  
401(k) and 401(m) final regulations;  
415 final regulations;  
Pension Protection Act  
Worker, Retiree and Employer Recovery Act and  
The HEART Act

Information to be mailed

Is your Plan an individually designed plan?

3. The summary plan description (SPD), and summaries of all material modification (SMM), if any, since the summary plan description was prepared.
3. **Please provide the signed Certificate of Intent to adopted a prototype plan or a volume submitter plan.**
4. Please provide on a disk all the employees in. name comp. 2010, 2011 & 2012, date of hire, date of entry, date of termination, hours, participant or not.

**If you have a power of attorney who will be handling the audit, please provide this letter to them as soon as possible. Please notify us of any changes to the date of the audit. We are asking for these documents before hand to expedite the audit.**

**Please provide the above documents to expedite the audit.**

Information to be mailed

**Information and Document Request – 401(k) Plan**

Each of the listed items has a purpose in the examination process, so all are important. If any requested information or document presents a problem for you, or is available in electronic or other form, please contact me to let me know and discuss possible alternatives.

Each request relates to the year(s) under examination unless otherwise specified.

Please have each of these items available for review during the examination. It is not necessary for you to make copies of everything. If I need copies of items for my file, I will let you know.

The initial review will be more efficient for both of us if the requested information and documents are complete and well organized. For example, it will be helpful if the information and documents are numbered to correspond to the numbered items below.

Please feel free to contact me about any questions that arise when you are getting the information and documents together.

**Please have the following items available during the examination:**

- A. To document plan provisions and ensure that the plan is qualified in form and verify filings.**
1. Forms 5500 series returns, *Annual Return Report of Employee Benefit Plan*, for each year under examination, the preceding year and succeeding year. Please be sure to include all schedules and attachments required to be filed with the Form 5500.
  2. Forms 5500 series returns, *Annual Return Report of Employee Benefit Plan*, for any other qualified retirement plan sponsored by the employer for the year(s) under examination. **IF APPLICABLE**
  3. If applicable, any Forms 5330, *Return of Excise Taxes Related to Employee Benefit Plans*, for the year(s) under examination. **IF APPLICABLE**
  4. If applicable, any Form 990-T, *Exempt Organization Business Income Tax Return*, for the year(s) under examination. This return applies only if the plan had unrelated business taxable income for the year(s) under examination. **If applicable**
- B. If the plan was intended to be a safe harbor plan, to verify that the requirements of IRC section 401(k) (12) were satisfied, please provide:**
1. A copy of the required notice given to eligible employees.

**C. To determine if the plan satisfies the eligibility and coverage requirements of IRC section 410, please provide the following:**

1. A demonstration to establish that the IRC section 401(k) portion of the plan, by itself, met the coverage requirements of IRC section 410(b). Such demonstration should detail any exclusion by category (i.e., age, service, union employees, etc.).
2. Participant allocation schedules, employee census reports and participant account statements.
3. If the Plan is part of a control group, provide that all employees from all entities are covered under the Plan.

**D. To demonstrate that the plan is in compliance with the nondiscrimination requirements, contribution limitation and top-heavy requirements of IRC sections 401(k), 401(a)(4), 415 and 416 respectively.**

1. Please provide the W-2s and if other than gross compensation is used, please identify those elements included and excluded from compensation.
2. Please provide the top heavy ratio calculation as defined in IRC section 416(g).
3. Provide a list of the Highly Compensated Employees as defined in IRC section 414(q) for current and prior year.
4. Please provide if the Plan uses current or prior year testing for the ADP or ACP Test..
5. Please demonstrate how the plan satisfies either a Safe Harbor (Income Tax Regulations 1.401(a)(4)-2(b)) or the General Test (Income Tax Regulations 1.401(a)(4)-2(c)).
6. A complete copy of the Average Deferral Percentage (ADP) test. (IRC section 401(k)(3)).

**E. The following items are being requested to examine the operation of the trust including determining the ownership, existence and fair market value of trust assets, and whether the provisions of IRC sections 72, 401(a)(2), 513, 514 and 4975 are being complied with:**

1. Evidence of a fidelity bond for all people handling trust assets as required by ERISA section 412(a) and does it properly cover 10% of the beginning year assets. Provide documentation that you also have a current fidelity bond.
2. Supporting documents for all plan assets and liabilities, such as broker's statements, bank statements, insurance contracts, loan documents, deeds, etc, and how assets are valued at fair market. Provide the bank statements and/or brokerage statement for January 2011 and December 31, 2011

3. Please provide documentation of the deposit the participant's deferrals, such as authorization of a wire transfer and when they received. Is the deferrals made during each pay period?

**Please be advised that we may ask for additional documentation during our audit.**