

Cover Page - Business

Your 2022 tax preparation fee will be higher than in past years.

In order to minimize the impact of this increase,

PLEASE do all of the following and return the full engagement packet with your tax documents.

Please check the boxes below as you complete each item.

- 1 Sign your engagement letter
- 2 Complete the client questionnaire
- 3 Choose a completion date for your tax return on the Request Date Form
(It is to your advantage to provide your information to us as early as you possibly can)
- 4 Enclose bank statements
- 5 Enclose credit card statements
- 6 Enclose loan statements
- 7 Enclose quarterly (941/943, SUTA, etc) and annual (940, W-3, W-2) payroll reports unless we prepare them
- 8 Enclose sales tax reports unless we prepare them for you
- 9 Enclose Forms 1096 and 1099 that you issue unless we prepare them for you

By signing below, I certify that I have completed all of the items above and that the entries on the attached documents are complete and accurate.

Signature

Once you have completed all of the above, please submit to **Jeff** with your tax documents.

If you have ANY questions, please contact **Jeff** at jeff@candwcpas.com.

If we process Forms 1099 or W-2 for you, we must have all of your information no later than Monday, **January 16** in order to timely prepare them.

Client Questionnaire - Business
ALL CLIENTS MUST COMPLETE THIS PAGE

Entity Name _____

Y N

- 1 Did your business mailing address or owner address change during the year? If yes, please provide new address below _____
- 2 Did you have any change in owners/beneficiaries during the year? If yes, please provide details _____
- 3 Do you expect to bring in additional information at a later time? If yes, explain below _____
- 4 Did you provide a QuickBooks file to us? If yes, enter the password _____
- 5 Do you have one or more rental properties? If yes, enter # of days rented _____
- 6 Do you use a vehicle for both business and personal purposes? If yes, provide **BOTH** business and total mileage _____
- 7 Did you purchase or dispose of any business assets in 2022? If yes, please provide details _____
- 8 Did you convert any personal assets to business use in 2022? If yes, please provide details _____
- 9 Did you at any time during the year, receive, sell, or exchange any interest in a digital currency? If yes, please provide details _____
- 10 Did you have interest in or signature authority over an account in a foreign country? If yes, please provide details _____
- 11 Did you make any payments in 2022 that would require you to file Form(s) 1099? If yes, did you file the required Form(s) 1099? ____
- 12 Please provide the best phone number to reach you and note how early and late may we call?
Number: _____ How early may we call? _____ How late may we call? _____
- 13 Current e-mail address: _____
- 14 Do you want a digital copy of your tax return?
- 15 Do you want a printed copy your tax return?

Mileage log:

Vehicle: _____
Total business miles*: _____ Total personal miles: _____

Vehicle: _____
Total business miles*: _____ Total personal miles: _____



December 31, 2022

Dear _____,

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the tax services we will provide. Please read this letter carefully as it is important to both Campbell and Watson, CPAs, PC and you that you understand and accept the terms under which we have agreed to perform our services, as well as management's responsibilities under this agreement. In order to better understand each party's obligations, the terms "we, us, and our" will identify the office of Campbell and Watson, CPAs, PC. The terms "you and your" will identify your partnership.

We will prepare your 2022 federal and Colorado partnership tax returns, and we will advise you on income tax matters as to which you specifically request our advice. Our firm is responsible for preparing only the returns listed above.

Your tax return is due March 15, 2023. In order to make sure we meet this deadline, we must have ALL of your tax information by **February 15, 2023**. You agree that in the event your return cannot be completed by the due date, it will be necessary for us to apply for an extension. You will need to inform us if you require an extension. You may be subject to late filing or late payment penalties.

You are confirming that you will furnish us with all the information required for preparing the returns. This includes, but is not limited to, providing us with the information necessary to identify 1) all states and foreign countries in which you "do business" or derive income (directly or indirectly) and 2) all states and foreign countries in which you have employees (includes employees residing on a temporary basis); and 3) the extent of business operations in each relevant state and/or country. We will not audit or verify the data you submit, although we may ask you to clarify it or furnish us with additional information. You should retain all the documents, books, and records that form the basis of your income and deductions. The documents may be necessary to prove the accuracy and completeness of the returns to a taxing authority. If you have any questions as to the type of records required, please ask us for advice in that regard.

Please note the Internal Revenue Service ("IRS") considers virtual currency (e.g., Bitcoin) and other digital assets (e.g., NFTs) as property for U.S. federal tax purposes. As such, any transactions involving digital assets or transactions that use or exchange virtual currencies are subject to the same general tax principles that apply to other property transactions. If you had any digital asset or virtual currency activity during the 2022 tax year, you may be subject to tax consequences associated with such transactions and may have additional foreign reporting obligations.

You agree to provide us with complete and accurate information regarding any transactions in digital assets or transactions using any virtual currencies during the applicable tax year. Please ask us for advice if you have any questions.

The Bipartisan Budget Act of 2015 made significant changes to the IRS partnership audit rules effective for partnership tax years beginning in 2018, although there are provisions to allow certain partnerships the ability to make an annual election to opt out. To ensure that our firm has the required documentation to support the partnership's decision as to how to apply the partnership audit rules to your 2022 returns, we ask that you provide

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our firm with the name of your designated “partnership representative,” as well as your decision with respect to **“opting out”** of the partnership audit rules if you are an eligible small partnership. If you have any questions regarding the application of the IRS partnership audit rules, please ask us for advice.

We will use our professional judgment in preparing your returns. Given the magnitude of recent tax law changes including, but not limited to, modifications to certain economic tax relief provisions that were part of recent U.S. stimulus packages, as well as some new tax concepts introduced in the law, additional stated guidance from the taxing authorities and possibly from Congress in the form of technical corrections or revisions to certain income tax provisions may be forthcoming. We will use our professional judgment and expertise to assist you given the guidance as currently promulgated at the time our services are rendered. Subsequent developments issued by the applicable tax authorities may affect the information we have previously provided, and these effects may be material. Whenever we are aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will share our knowledge and understanding of the possible positions that may be taken on your return. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated.

If a taxing authority should later contest the position taken, there may be an assessment of additional tax, interest and penalties. We assume no liability for any such assessment of additional tax, penalties or interest. In the event, however, that you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable for any damages that occur as a result of ceasing to render services.

The law provides for a penalty to be imposed where taxpayers make a substantial understatement of their tax liability. Taxpayers may seek to avoid all or part of the penalty by showing 1) that they acted in good faith and there was reasonable cause for the understatement, 2) that the understatement was based on substantial authority, or 3) there was a reasonable basis for the position taken on the return and the relevant facts affecting the item’s tax treatment were adequately disclosed on the return. You agree to advise us if you wish disclosure to be made in your returns or if you desire us to identify or perform further research with respect to any material tax issues for the purpose of ascertaining whether, in our opinion, there is “substantial authority” for the position proposed to be taken on such issues in your returns.

If your business has employees working remotely in another locality, state and/or foreign country, even on a temporary basis, your company may be viewed as having “nexus” in that location for tax purposes. If a business is deemed to have “nexus” for that location, the business may be obligated to pay additional franchise, income, sales or use tax; payroll or other business tax; and to comply with other tax or reporting requirements. By your signature below, you understand that Management is responsible for tracking the locations where company employees live and work and determining the tax compliance requirements in those respective locations. If you require our assistance to assess your potential tax exposure in locations other than your normal place of business where you may have employees residing, please let us know. Any additional services will be covered under a separate engagement letter.

If you and/or your entity have a financial interest in, or signature authority over, any foreign accounts, you may be subject to certain filing requirements with the U.S. Department of the Treasury, in addition to the IRS. Filing requirements may also apply to taxpayers that have direct or indirect control over a foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have foreign account(s).

By your signature below, you agree to provide us with complete and accurate information regarding any foreign accounts that you and/or your entity may have had a direct or indirect interest in, or signature authority over, during the above referenced tax year. The foreign reporting requirements are very complex, so if you have any questions regarding the application of the US Department of the Treasury and/or the IRS reporting requirements to your foreign interests or activities, please ask us for advice in that regard. Failure to disclose the required information to the US Department of the Treasury and the IRS may result in substantial civil and/or criminal penalties. We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

For the limited purpose of preparing the above-mentioned tax returns, you have provided us with your monthly QuickBooks files. By your signature below, you understand that we are not responsible for the accuracy and completeness of your company’s books and records. Accordingly, we will not advise you regarding the proper recording or appropriateness of the underlying transactions in your QuickBooks files.

Our work in connection with the preparation of your partnership income tax returns does not include any procedures designed to discover fraud, defalcations, or other irregularities, should any exist. We will render such accounting and bookkeeping assistance as we find necessary for preparing the partnership income tax returns.

Management understands and acknowledges that all individual partners are responsible for submitting their individual K-1 and, if applicable, K-3 to their own tax preparers for inclusion with their individual tax returns.

By your signature below, you acknowledge that you are responsible for management decisions and functions. That responsibility includes designating a qualified individual, preferably within senior management, with suitable skills, knowledge and/or experience to be responsible and accountable for overseeing all the specific services we perform as part of this engagement, as well as evaluating the adequacy and results of the services performed.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities. Management is responsible for the design, implementation, and administration of the applicable policies that may be required under the Affordable Care Act or any state-specific health mandate. As Campbell and Watson, CPA, PC is not rendering any legal services as part of our engagement, we will not be responsible for advising you with respect to the legal or regulatory aspects of your partnership's compliance with the Affordable Care Act or any state-specific health mandate.

Campbell and Watson, CPAs, PC will not be responsible for advising you with respect to classification of employees versus independent contractor status as part of our services. If you have questions with such issues, we strongly encourage you to consult with legal counsel experienced in employment practice matters.

By your signature below, you understand and agree that management is responsible for the accuracy and completeness of the records, documents, explanations, and other information provided to us for purposes of this engagement. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them. You agree that our firm is not responsible for a taxing authority's disallowance of deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest.

You will be billed according to the complexity of your tax return. Estimates of our fees will be provided upon request. If during the preparation of your tax return we determine your fee will significantly exceed our initial estimate, you will be notified. An invoice will be given to you with your tax return. We expect payment at time of delivery. Exceptions will only be made for those who make arrangements with our office prior to delivery. Interest of 1.5% per month will be charged on overdue balances. If it becomes necessary for us to incur collection fees, those fees will be paid by you.

Our fee does not include responding to inquiries or examination by taxing authorities. However, we are available to represent you. Our fees for such services are at our standard rates and would be covered under a separate engagement letter.

Because of the importance of oral and written management representations to the effective performance of our services, you release and indemnify our firm and its personnel from any and all claims, liabilities, costs and expenses attributable to any misrepresentation by Management and its representatives.

In connection with this engagement, we may communicate with you or others via email transmission. We take reasonable measures to secure your confidential information in our email transmissions. However, as emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered to and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of email transmissions, or for the unauthorized use or failed delivery of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

We may from time to time and depending on the circumstances and nature of the services we are providing, share your confidential information with third-party service providers, some of whom may be cloud-based, but we remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality terms with all service providers to maintain the confidentiality of your information and

Engagement Letter

will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure appropriate confidentiality terms with a third-party service provider, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Although we will use our best efforts to make the sharing of your information with such third parties secure from unauthorized access, no completely secure system for electronic data transfer exists. As such, by your signature below, you understand that the firm makes no warranty, expressed or implied, on the security of electronic data transfers.

It is our policy to keep records related to this engagement for seven years. However, Campbell and Watson, CPAs, PC does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. It is your responsibility to retain and protect your records (which includes any work product we provide to you as well as any records that we return) for possible future use, including potential examination by any government or regulatory agencies. Campbell and Watson, CPAs, PC does not accept responsibility for hosting client information; therefore, you have the sole responsibility for ensuring you retain and maintain in your possession all your financial and non-financial information, data and records.

By your signature below, you acknowledge and agree that upon the expiration of the seven-year period, Campbell and Watson, CPAs, PC shall be free to destroy our records related to this engagement.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable rules for resolving professional accounting and related services disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the applicable rules for resolving professional accounting and related services disputes of the American Arbitration Association, except that under all circumstances the arbitrator must follow the laws of Colorado. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution. The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If the foregoing is acceptable to you, please complete and sign the following Addendum, as well as sign the original copy of this letter in the space provided, and return both documents to us in the enclosed envelope.

Sincerely,

Campbell and Watson CPAs, PC

Name of Partnership

Signature

Date

Addendum to Engagement Letter

To ensure that Campbell and Watson CPAs, PC has the required documentation in our files to support your partnership's decision as to how to apply the new partnership audit rules to your 2022 income tax return, we request that you complete and sign the form below, and return a copy of this with your signed engagement letter.

Name of Designated *Partnership Representative*:

Are you a small partnership (with 100 or fewer eligible partners*)?

*Note: Each S-Corporation shareholder counts as a partner for purposes of the "100 or fewer eligible partners" rule. Eligible partners are individuals, C-Corporations, S-Corporations, and estates of deceased partners.

_____ **YES** _____ **NO**

If you responded **YES** to the above question, this indicates that your partnership may elect to "**opt out**" of the new partnership audit rules by making an annual election on a timely filed Form 1065. Please indicate below if you would like our Campbell and Watson CPAs, P.C. to make this "**opt out**" election on your behalf:

_____ **YES:** I/We **do** want to "**opt out**" of the new partnership audit rules.
_____ **NO:** I/We **do not** want to "**opt out**" of the new partnership audit rules.

CLIENT ACKNOWLEDGEMENT:

By your signature below, you acknowledge and agree that your partnership has the ultimate responsibility for decisions related to the application of the new audit rules to your partnership.

Print (Signing Partner)

Signature

Name of Partnership

Date

Request Date Form (Pass-Through Entities) - Extensions

Check the appropriate box and circle the date you would like to receive your tax return. Sign and return with your tax information.

**The date you select is the latest date we will contact you with final questions related to your tax return, not the date it will be e-filed!
We will honor these requested dates as long as you have provided complete information and respond to our questions in a timely manner**

If you provide all of your information to us between January 1 - February 15, please check this box and circle one of the following dates:

Jun 7	Jun 12	Jun 14	Jun 19	Jun 21	Jun 26	Jun 28			
Jul 10	Jul 12	Jul 17	Jul 19	Jul 24	Jul 26	Jul 31			
Aug 2	Aug 7	Aug 9	Aug 14	Aug 16	Aug 21	Aug 23	Aug 28	Aug 30	
Sep 6									

If you provide all of your information to us between February 16 - April 18, please check this box and circle one of the following dates:

Jul 10	Jul 12	Jul 17	Jul 19	Jul 24	Jul 26	Jul 31			
Aug 2	Aug 7	Aug 9	Aug 14	Aug 16	Aug 21	Aug 23	Aug 28	Aug 30	
Sep 6	Sep 11								

If you provide all of your information to us between April 19 - May 31, please check this box and circle one of the following dates:

Jul 26	Jul 31								
Aug 2	Aug 7	Aug 9	Aug 14	Aug 16	Aug 21	Aug 23	Aug 28	Aug 30	
Sep 6	Sep 11								

If you provide all of your information to us between June 1 - July 12, please check this box and circle one of the following dates:

Aug 14	Aug 16	Aug 23	Aug 28	Aug 30					
Sep 6	Sep 11	Sep 13	Sep 15						

If you provide all of your information to us between July 13 - August 23, please check this box and circle one of the following dates:

Sep 13	Sep 15								
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If you provide your information after August 23, we may not be able to complete your income tax return by the September 15 deadline.

Signature _____