

**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.



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 the client.

We will prepare your 2022 federal and Colorado (and/or any other related states that you inform us you need to prepare based on location of your income earned) state S-corporation income tax returns and we will advise you on income tax matters for which you specifically request our advice. This firm is responsible for preparing only the returns listed above. The due date for you to file your federal and state income tax returns is 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 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); (2) all states and foreign countries in which employees "reside" (including employees whose foreign or out-of-state residency is temporary); 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 data. 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.

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

306 South Third Montrose, CO 81401 Phone (970) 249-7973 Fax (970) 249-7826
candwcpas.com

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 wish for 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.

Our work in connection with the preparation of your 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 income tax returns.

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).

The filing deadline for the Report of Foreign Bank and Financial Accounts (FBAR) required by the U.S. Department of the Treasury is April 15th and follows the federal income tax due date guidance, which notes that if the tax due date falls on a weekend or legal holiday, the form is considered timely filed if filed on the next business day. An automatic 6-month extension is available. Electronic filing of the FBAR is mandatory using the Bank Secrecy Act (BSA) e-filing system for the Financial Crimes Enforcement Network (FinCEN). We must receive a signed consent form from you prior to submitting the foreign reporting form. If we do not receive your signed authorization to file your foreign reporting form, we will not be able to file any of the required disclosure statements on your behalf.

Additionally, the IRS requires information reporting on foreign interests or activities under applicable IRC sections and related regulations, and the respective IRS tax forms are due when your income tax return is due, including extensions. The IRS reporting requirements are in addition to the U.S. Department of the Treasury reporting requirements stated above. Therefore, if you have any direct or indirect foreign interests that require disclosures to the IRS, you must provide us with the information necessary to prepare the applicable IRS forms.

Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the IRS may result in substantial civil and/or criminal penalties. 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 U.S. Department of the Treasury and/or the IRS reporting requirements to your foreign interests or activities, please ask us for advice in that regard. We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

Management understands that all individual shareholders 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.

Management is responsible for the design, implementation, and administration of applicable policies that may be required under the Affordable Care Act or any state-specific health mandate. As Campbell and Watson, CPAs, 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 company'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 any questions with such issues, we strongly encourage you to consult with legal counsel experience 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. If our fees are not paid as agreed, we shall have the right to cease further work or withdraw from the engagement. 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. If either party elects to terminate this engagement for any reason, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our services. You will be obligated to compensate us for all time expended and all related costs.

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.

In addition, in the event our firm or any of its employees or agents is called as a witness or requested to provide any information whether oral, written, or electronic in any judicial, quasi-judicial, or administrative hearing or trial regarding information or communications that you have provided to this firm, or any documents and workpapers prepared by Campbell and Watson, CPAs, PC in accordance with the terms of this agreement, you agree to pay any and all reasonable expenses, including fees and costs for our time at the rates then in effect, as well as any legal or other fees that we incur as a result of such appearance or production of documents.

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, including encrypting password protecting tax returns and other confidential documents. 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 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.

Engagement Letter

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 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 will be pleased to discuss this letter with you at your convenience. If the foregoing is acceptable to you, please sign in the space provided and return it to us. Please note that you are affirming to Campbell and Watson, CPAs, PC your understanding of, and agreement to, the terms and conditions of this engagement letter by any one of the following actions; returning your signed engagement letter to our firm; providing your income tax information to us for use in the preparation of your returns; the submission of the tax returns we have prepared for you to the taxing authorities; or the payment of our return preparation fees.

Sincerely,

Campbell and Watson, CPAs, PC

Accepted:

Name of S Corporation

Signature

Date

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: _____

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

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 _____