



\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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 2020 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 September 15, 2021. In order to make sure we meet this deadline, we must have ALL of your tax information by **August 23, 2021**.

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. The duration and impact of the pandemic have been expansive, and several stimulus packages have been signed into law in the United States providing economic relief to businesses and individuals. Many of these relief measures have been in the form of tax provisions, and some of those tax provisions have retroactive application. If you have any questions regarding the application of these economic tax relief measures, please ask us for advice in that regard.

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) 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 that the Internal Revenue Service ("IRS") considers virtual currency (e.g., Bitcoin) as property for U.S. federal tax purposes. As such, any transactions in, or transactions that use, virtual currency are subject to the same general tax principles that apply to other property transactions. If you had virtual currency activity during the 2020 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, or transactions that have used, virtual currency during the applicable tax year. Please ask us for advice if you have any questions regarding the type of records required for virtual currency transactions.

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 elect out of the rules. 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 2020 returns, we ask that you provide 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.

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#### Engagement Letter

We will use our professional judgment in preparing your returns. Given the magnitude of the changes the economic tax relief provision the US stimulus packages have contained, as well as some new concepts introduced in the law, additional stated guidance from the Internal Revenue Service, and possibly from Congress the form of technical corrections on 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.

For the limited purpose of preparing the above-mentioned tax returns, you may have provided us with your QuickBooks file. 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 file.

In 2018, a Supreme Court Ruling in *South Dakota v. Wayfair, Inc.* ("*Wayfair*") significantly impacted businesses that engage in out-of-state sales (i.e., remote sales). *Wayfair* opened the door for other states to redefine what is deemed to be "sufficient contact" from a physical presence standard, to a much broader standard that looks at a business's economic presence ("economic nexus") in a given state. How this may impact your business depends on the individual states from which you derive sales and whether they have adopted an economic nexus standard. As our engagement is limited to preparing the income tax returns specified above, our firm is not rendering any services designed to assess your sales and use tax risks and potential exposure to substantial ("economic") nexus. By your signature below, you understand and acknowledge that you are responsible for compliance with applicable rules associated with the collection and remittance of sales and use tax for the various states in which you do business. If you require our assistance to assess your sales and use tax exposure and how the *Wayfair* decision may impact your business, please let us know. Any additional services will be covered under a separate engagement letter.

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.

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

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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 and acknowledges that all individual partners are responsible for submitting their individual Schedules K-1 to their own tax preparers for inclusion with their individual tax returns.

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.

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.

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.

Federal law has extended the attorney-client privilege to some, but not all, communications between a client and the client's CPA. The privilege applies only to non-criminal tax matters that are before the IRS or brought by or against the U.S. government in a federal court. The communications must be made in connection with tax advice. Communications solely concerning the preparation of a tax return will not be privileged.

In addition, the confidentiality privilege can be inadvertently waived if the contents of any privileged communication are discussed with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing any privileged information to a third party. As a partnership, you need to be especially careful about privileged communications. If a communication is made in the presence of a partner-employee who is not authorized to act or speak for the partnership in relation to the communication's subject matter, then the communication will be deemed to be made in the presence of a third party and any privilege will be waived.

If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue that the communication is privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, that are a result of attempts to protect any communication as privileged.

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.

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

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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.

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.

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 2020 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

**Business Update Form**

Name \_\_\_\_\_

Date \_\_\_\_\_

**How early in the morning may we call?** \_\_\_\_\_

(Please be aware we start working EARLY!)

**How late in the evening may we call?** \_\_\_\_\_

(Circle Y or N)

Address Change?                    Y    N

If yes, new mailing address \_\_\_\_\_

\_\_\_\_\_

Street address \_\_\_\_\_

\_\_\_\_\_

Phone Number Change?            Y    N

If yes, new number            \_\_\_\_\_ (h)            \_\_\_\_\_ (w)            \_\_\_\_\_ (c)

E-mail \_\_\_\_\_

Changes in Ownership / Owner Address?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Do you expect to receive additional tax information that you will bring in at a later date?

Y    N

If yes, what? \_\_\_\_\_

If you pay employees, did you have any COVID-19 related pay or credits?            Y    N

## 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**  
Please select your date carefully. Consider potential travel and other times of unavailability.

**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 8 Jun 9 Jun 14 Jun 15 Jun 16 Jun 21 Jun 22 Jun 23 Jun 28 Jun 29 Jun 30  
Jul 6 Jul 7 Jul 12 Jul 13 Jul 14 Jul 19 Jul 20 Jul 21 Jul 26 Jul 27 Jul 28  
Aug 2 Aug 3 Aug 4 Aug 9 Aug 10 Aug 11 Aug 16 Aug 17 Aug 18 Aug 23 Aug 24 Aug 25 Aug 30 Aug 31  
Sep 1 Sep 7 Sep 8 Sep 13 Sep 14 Sep 15

**If you provide all of your information to us between February 16 - April 15, please check this box and circle one of the following dates:**

Jul 6 Jul 7 Jul 12 Jul 13 Jul 14 Jul 19 Jul 20 Jul 21 Jul 26 Jul 27 Jul 28  
Aug 2 Aug 3 Aug 4 Aug 9 Aug 10 Aug 11 Aug 16 Aug 17 Aug 18 Aug 23 Aug 24 Aug 25 Aug 30 Aug 31  
Sep 1 Sep 7 Sep 8 Sep 13 Sep 14 Sep 15

**If you provide all of your information to us between April 16 - May 31, please check this box and circle one of the following dates:**

Jul 26 Jul 27 Jul 28  
Aug 2 Aug 3 Aug 4 Aug 9 Aug 10 Aug 11 Aug 16 Aug 17 Aug 18 Aug 23 Aug 24 Aug 25 Aug 30 Aug 31  
Sep 1 Sep 7 Sep 8 Sep 13 Sep 14 Sep 15

**If you provide all of your information to us between June 1 - July 14, please check this box and circle one of the following dates:**

Aug 9 Aug 10 Aug 11 Aug 16 Aug 17 Aug 18 Aug 23 Aug 24 Aug 25 Aug 30 Aug 31  
Sep 6 Sep 7 Sep 8 Sep 13 Sep 14 Sep 15

**If you provide all of your information to us between July 15 - August 23, please check this box and circle one of the following dates:**

Sep 13 Sep 14 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 \_\_\_\_\_