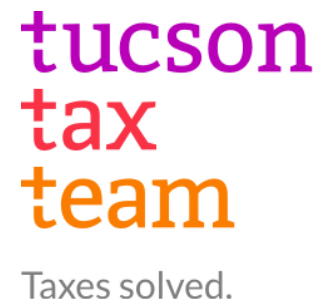


Partnership Engagement Letter



Thank you for using Tucson Tax Team for your tax preparation needs. Clear communication is key to a successful business relationship. The purpose of this letter is to ensure we share an understanding of the services we provide.

Our Responsibilities: Our responsibility is to accurately prepare your Federal and State Corporation income tax returns including all supporting schedules. We are not responsible for the preparation of other business taxes such as state use tax, payroll tax, etc. We will complete income tax returns using the information you provide to us. Although we may ask for explanations regarding certain items, we will not audit or verify any information. If we encounter a situation in which the tax laws are unclear, we will advise you of it and use our professional judgment as to the correct handling of the situation. Our work in connection with the preparation of your Form 1065 filing does not include any procedures designed to discover defalcations or other irregularities, should any exist. Information you provide will be kept confidential but is not protected from the IRS. We cannot disregard the implications of any information you provide in the process of preparing the return. Your returns are subject to review by taxing authorities. Should an examination occur, we are available to represent you at an additional fee. Any additional tax, penalties or interest assessed are your responsibility. The Bipartisan Budget Act (BBA) created new Centralized Partnership Audit Rules. In the past when the partnership was audited, individual partners made corrections to their individual returns and paid tax at their individual tax rate. Partnerships with imputed underpayments will now pay tax at the partnership level at the highest tax rate of 37%. The IRS allows certain partnerships to elect out of the Centralize Partnership Audit Rules. If you have opted out of this rule in prior years, we will continue to opt out; if you did not opt out in prior years, then we will not opt out unless you notify us.

Fees and Deadlines: Our fees are based upon the complexity of the tax return and the completeness of information you provide. Partnership returns are due March 15th but may be extended until September 15th. We reserve the right to file an extension if your information is not received by us by March 1st. Fees must be paid before the return is delivered / filed. If you terminate this agreement before completion you agree to pay \$250.00 per hour for work completed. Work papers remain the property of our firm.

Income: The IRS requires you to report all income received in a trade or business including bartering, canceled debt, kickbacks, etc. The IRS receives income information from merchant cards and will occasionally test to make sure you are reporting all your income based on credit card sales reported.

Deductions: You are permitted to expense any assets under \$2,500 each; assets over \$2,500 must be depreciated. If the partnership deducts the cost of health insurance to the partners, then the partners must include the cost of the premiums as a guaranteed payment. In order to deduct expenses that the partners pay personally, the Partnership must have a written accountable plan that states how and when employees will be reimbursed for expenses that are paid outside the Partnership. Mileage from a non-company vehicle is subject to reimbursement from an accountable plan to be deductible. 50% of the cost of business-related meals is deductible. 50% of meals just for yourself are deductible only if you are away from your tax home. Meal expenses must be documented with the date, the client or associate, and the purpose of the meal. Travel is deductible if you can demonstrate a substantial business purpose. These expenses may include ground/air transportation, lodging, meals as described above, incidental expenses. If your travel is mixed business and personal, your deduction may be limited.

Employees and Contract Labor: Partners are not employees or contract laborers; they should not receive a W-2 or a 1099. Active partnership income is subject to self-employment tax. Employees must be paid with paychecks; payroll taxes must be withheld and paid to the Treasury Dept. W-2s must be provided to employees by January 31st of the following year. Independent contractors need not have payroll taxes withheld; you must file forms 1096/1099-NEC by January 31st for any contractor you paid more than \$600.

Losses: The amount of loss each partner can take on their personal tax return is limited to that partner's investment in the Partnership. It is each partner's responsibility to maintain and keep a record of their basis. We have worksheets to help with this. Tucson Tax Team LLC may not take any loss generated from a Partnership without adequate basis records from the partner. We can recreate your basis for a fee if the required information is available.

Mid-Year Review: We provide simple tax planning at no cost between May and October. We also offer a comprehensive Mid-Year Review through Sept 15th. Complex tax planning or Reviews after these dates will be billed at a discounted hourly rate of \$150.00 per hour, minimum charge ½ hour.

Portal: Our portal is meant for short term storage of your tax records. Please immediately download a copy of your tax return and other needed documents.

Bookkeeping: The IRS places a higher burden of responsibility on business entities. It is important that you have proper bookkeeping procedures in place to support the income/expenses claimed on the business tax return. If you provide your own bookkeeping, we highly recommend that you have your books reviewed by a professional bookkeeper before you provide us with a P&L and balance sheet.

Foreign Issues: The IRS now requires flow through entities to provide partners who have personal foreign tax issues (file form 1116) a schedule reporting items of international tax relevance. If you have partners that are not clients of Tucson Tax Team, they will need to sign a disclosure stating if these forms are required.

Your Responsibilities: Your responsibility is to provide us with all the information needed to prepare your return. You need to keep substantiation documentation for the income and expenses that you are claiming on your return in the event such items are requested by a taxing authority. These records include income statements, bank and credit card statements, travel expenses, business mileage, business utilities, home utilities and other expenses for an office in home. You may be asked to prove that your expenses were reasonable and necessary; excessive or inappropriate expenses may be disallowed.

You are responsible for keeping personal and business funds separated; personal expenses should not be paid from the business account and vice versa. If you co-mingle personal and business credit card charges, you will not be permitted to deduct credit card interest.

You have the final responsibility for the income tax returns; review them carefully before you sign them. Some forms must be paper filed with taxing authorities; it is your responsibility to have mailings tracked to ensure proof of timely receipt.

Yes No

Did you pay any individual more than \$600 in cash/check?

If yes, did you file 1099's?

If this letter is in agreement with your understanding of our engagement, please sign below.

Signature

Date

Print Business Name

Tucson Tax Team LLC + 6111 East Grant Road + Tucson, AZ 85712 + (520) 777-7844

Corporate Transparency Act

Thank you for using Tucson Tax Team for your tax preparation needs. Clear communication is key to a successful business relationship. The purpose of this disclosure is to convey information about the Corporate Transparency Act and your responsibilities.

Effective January 1, 2024, virtually every legal entity incorporated, organized, or registered to do business in a state must disclose information relating to its owners, officers, and controlling persons with the Financial Crimes Enforcement Network (FinCEN) pursuant to the newly enacted Corporate Transparency Act. What this means is that if you have an LLC, partnership, S-Corporation, or any other type of entity that is registered with any Secretary of State, you are required to follow these regulations.

Reporting Due Dates

For reporting companies already in existence prior to January 1, 2024, the initial report is due one year after the CTA is effective (i.e., by January 1, 2025). For reporting companies created or registered on or after January 1, 2024, the initial report is due 90 calendar days after the entity is created or registered. Starting in 2025 you only have 30 days to file a form.

Following the initial report, if there are any corrections or changes of ownership, a new report must be filed within 30 days of the correction or change. Otherwise, there is no ongoing filing requirement. Some changes that would require a new filing include a change of address, change in senior management, or when an owner has died and the business interests pass on to new beneficiaries.

Reporting companies must submit the following information to FinCEN:

1. Identifying information on the reporting company
 - a. Legal name, trade name and "DBA"
 - b. Address for principal place of business
 - c. Jurisdiction in which it was formed or first registered
 - d. Tax ID number.
2. Identifying information on the beneficial owners and company applicants
 - a. Legal name
 - b. Date of birth

- c. Current Address
- d. ID number (passport, driver's license, etc.)
- e. **Image of document with ID**

3. FinCEN Identifier

- a. Unique identification number, useful for repeat filers

The information reported to FinCEN through these reports can only be disclosed by FinCEN to a government agency, law enforcement, or financial institutions for compliance with anti-money laundering or other diligence obligations. Freedom of Information Act (FOIA) requests do not cover the CTA reports, which means the reports will not be available to the public.

Penalties for Non-Compliance

Failing to report the information required by the CTA can result in stiff penalties. These penalties include civil penalties of up to \$500 per day as the violation continues, and they also include criminal penalties in the form of fines up to \$10,000, imprisonment of up to two years, or both.

For more information, please follow this link: www.fincen.gov/boi.

I have read the Corporate Transparency Act requirements. I have decided to:

- _____ File the Beneficial Owner Information report on my own
- _____ Have Tucson Tax Team prepare the Beneficial Owner Information report. I understand that this process will not start until May 1st and there is a \$150 filing fee.
- _____ I am unsure how I plan to proceed at this time, but have been informed of my options.

Signature

Print name

Date