

1065 - PARTNERSHIP/LLP/LLC TAX RETURN ENGAGEMENT LETTER

This letter is to confirm and specify the terms of our engagement with _____(Name of Partnership or Limited Liability Company) for the year ended December 31, 2011 and to clarify the nature and extent of the services we will provide. Also, by sending you this engagement letter we have assumed that you are the person responsible for the tax matters of the partnership. If this is not a correct assumption, please provide us with the name of the tax matters partner.

Our engagement will be designed to perform the following services:

1. Prepare the federal, state, and local income tax returns with supporting schedules from information that you will provide to me/us.
2. Perform any bookkeeping necessary for preparation of the income tax returns.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. However, should we find any irregularities or unusual items we will bring them to your attention. If we discover any errors or omissions on a prior year return we will bring that to your attention.

We will use our judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. Unless otherwise instructed by you, we will resolve such questions in your favor whenever possible.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on these penalties, please contact us. Because this is an entity whose tax attributes flow through to its partners or members, the penalty for substantial understatement of tax relating to this entity may be imposed on the partners or members.

Management is responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of the financial records. **You have the final responsibility for the income tax returns and, therefore, you should carefully review them before you sign and file them.**

The filing deadline for the tax return is April 15, 2012. In order to meet this filing deadline, the information needed to complete the return should be received in this office no later than March 15, 2012.

If an extension of the time is required, any tax that may be due with this return must be paid with that extension. Any amounts not paid by the filing deadline may be subject to interest and late payment penalties.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such governmental tax examination, we will be available, upon request, to represent you under a separate engagement letter for that representation.

Our fee for these services will be based upon the amount of time required at standard billing rates. All invoices are due and payable upon presentation.

This engagement letter does not cover the preparation of any financial statements. Any services related to the preparation of financial statements will be addressed in a separate engagement letter.

If the foregoing fairly sets forth your understanding, please sign the enclosed copy of this letter in the space indicated and return it to our office. However, if there are any additional returns you expect us to prepare, please inform us/me by noting so just below your signature at the end of the returned copy of this letter.

We appreciate this opportunity to work with you.

Sincerely,

James L. Beddow, CPA

Accepted By: _____

Title: _____

Date: _____

Comments or additional requests: _____

PARTNERSHIP/LLC TAX ORGANIZER
FORM 1065

Enclosed is an organizer to assist in gathering the information necessary to prepare the current year tax returns.

The Internal Revenue Service matches information returns with amounts reported on income tax returns. A negligence penalty may be assessed where income is underreported. Accordingly, all Forms 1099, Schedules K-1 and other information returns reflecting amounts reported to the Internal Revenue Service should be submitted with this organizer.

Also enclosed is an engagement letter which explains the services we will provide to the partnership. Please sign a copy of the engagement letter and return it in the enclosed envelope. Keep the other copy for your records.

The filing deadline for your partnership (Form 1065) return is April 15, 2012 and your completed tax organizer needs to be received no later than March 15, 2012. Any information received after that date may require an extension of time.

If an extension of time to file is required, any tax due with this return must be paid with that extension. Any taxes not paid by the filing deadline may be subject to late payment penalties and interest.

We look forward to providing services to you. Should you have any questions regarding any items please do not hesitate to contact us.

PARTNERSHIP/LLC TAX ORGANIZER
FORM 1065

Organization Name _____ Telephone # _____

Address _____ Fax # _____

E-mail Address _____

Tax Period _____ Federal ID # _____ State ID # _____

Provide a general ledger, trial balance, depreciation schedules, balance sheet and profit and loss statement. In addition, provide the following information:

	<u>DONE</u>	<u>N/A</u>
1. Copies of correspondence with tax authorities regarding changes to prior year returns.	_____	_____
2. Details of partner/member ownership changes, capital contributions & distributions.	_____	_____
3. For each partner/member, TIN, address, percentage of ownership/profit/loss, general or limited classification and relationship, if any, to other partners. Identify the Tax Matters Partner/Member.	_____	_____
4. Copy of most recent operating agreement.	_____	_____
5. Schedule of all payments or distributions to or for partners/members including descriptions, amounts and the accounts to which these amounts have been posted.	_____	_____
6. Schedule of loans to/from partners/members and related parties including interest rates and payment schedules.	_____	_____
7. Schedule of all fringe benefits paid on behalf of partners/members and indicate which benefits have been included in their guaranteed payments.	_____	_____
8. Detailed analysis of entries in prepaid and accrued expense accounts.	_____	_____
9. Copies of all federal and state payroll reports filed including Forms W-2/W-3, 940, 941.	_____	_____
10. Copies of Forms 1096/1099, 5500, 1042, 8804, 8805, 5471, 8865, 8858, and 8886 <u>that have been filed.</u>	_____	_____
11. Copies of Forms 1099, 5471, 8865, 8858, 8886 and Schedules K-1 <u>that have been received.</u>	_____	_____
12. Schedule of all interest and dividend income not included on Forms 1099.	_____	_____
13. Schedule and invoice copies of assets acquired and/or sold during the year including date acquired, date sold, sales or purchase price, including any trade-in allowance. Include Form HUD-1 for real estate transactions.	_____	_____
14. Copy of the inventory uniform capitalization computation.	_____	_____

DONE N/A

- 15. Schedule of charitable contributions (cash and non-cash). _____
- 16. Details of any lobbying expenses. _____
- 17. List of potential non-deductible expenses, such as penalties and life insurance premiums. _____
- 18. Schedule of any club dues paid. _____
- 19. Vehicle and mileage data for passenger vehicles owned by the partnership/LLC. _____
- 20. Information to complete domestic activities production deduction. _____
- 21. List details of all entries in miscellaneous income/expense accounts. _____
- 22. Detail of meal and entertainment expenses. _____
- 23. List each type of trade, business, or rental activity and the date started or acquired. _____
- 24. List activities conducted in other states, including gross receipts, property, payroll and rents by state. _____
- 25. Can the Internal Revenue Service discuss questions about this return with the preparer?
 Yes ___ No ___
- 26. Determine if Form TD F 90-22.1 is needed to report foreign bank and financial accounts. Note that this is separate and distinct from any potential filing requirement at 27) below. _____
- 27. Determine if Form 8938 is needed to report specified foreign financial assets. New for 2011. § 6038D, enacted as part of the HIRE Act. Notice 2011-55 defers the deadline to report until issuance of Form 8938. Note that this is separate and distinct from any potential filing requirement at 26 above. _____

COMMENTS OR EXPLANATIONS
