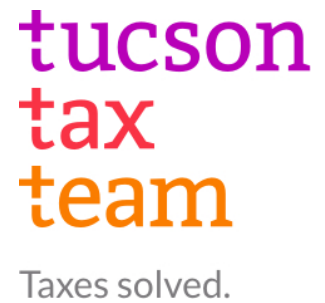


Partnership Engagement Letter



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 make sure we both have the same understanding of the services we are providing.

Our Responsibilities: Our responsibility is to accurately prepare your Federal and State Partnership 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.

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; 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.

Because a Partnership is an entity whose tax attributes generally flow through to its partners or members, the penalty for substantial understatement of tax relating to Partnership items may be imposed at either the partnership or partner/member level. 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; review them carefully before you sign them.

Confidentiality: 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.

Fees and Deadlines: Our fees are based upon our fee schedule and the complexity of the tax return. Providing us with complete and organized information is the best way to reduce your tax preparation costs. Unless other arrangements have been made in advance of beginning tax return preparation, we require full payment of your preparation fees before we file your return. We cannot guarantee the completion of your tax return unless all information is received within ten days of the filing deadline. If all information is not received by that time, we will request that you file an extension; otherwise, penalties may be assessed by taxing authorities. Your returns are subject to review by taxing authorities. Should an examination occur, we are available to represent you at an additional fee. If additional tax, penalties or interest are assessed, they will be your responsibility. In the event this engagement is terminated prior to completion, we reserve the right to request payment for the work we have completed up to that point at the rate of \$150 per hour.

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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. Unreported income is subject to accuracy-related penalties.

Assets: You are permitted to expense any assets under \$2,500 each; assets over \$2,500 must be depreciated.

Health Insurance: 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.

Accountable Plans: 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.

Travel Expenses: Mileage from a non-company vehicle is subject to reimbursement from an accountable plan in order 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, you may deduct 100% of the travel to and from the destination, but lodging, meals and incidentals only for those days when the primary purpose was business.

Employees and Contract Labor: Partners are not employees or contract laborers; they should not receive a W-2 or a 1099. 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 a 1096/1099-MISC by February 1st of the following year. Partnership income is subject to self-employment tax.

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.

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. In most cases, you should be able to produce a year-end balance sheet; this is one of the first items requested in an audit. 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.

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

Signature

Date

Print Business Name