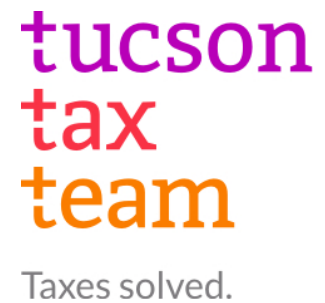


Partnership Engagement Letter



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. Beginning in 2017, 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. Under the new rules, 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 on your current return.

Fees and Deadlines: Our fees are based upon the complexity of the tax return and the completeness of information you provide. S Corp returns are due on March 15th but may be extended until September 15th.

Income: The IRS requires you to report all income received in a trade or business including bartering, cancelled 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 receive W-2s by January 31st. Independent contractors need not have payroll taxes withheld; you must file forms 1096/1099-MISC by February 1st for any contractor you paid \$600 or more during the calendar year.

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.

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.

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. 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.

Please initial below:

_____ You agree to provide us all income and deductible expense information.

_____ You agree that you have written records of all items included on your return in the event of an audit.

_____ You agree that if all information required to complete this return are not received by us by March 1st, we will automatically file an extension.

_____ You understand that documentation is kept on the portal for no longer than one year; it is your responsibility to download portal information before we remove it.

_____ You understand that signing the tax return constitutes your agreement with it.

_____ You understand that we will provide simple tax planning at no additional cost between May and October; complex tax planning and tax planning required after November 1st will be billed at our hourly rate of \$150 per hour, minimum charge ½ hour.

_____ Some forms must be paper filed with taxing authorities; it is your responsibility to have mailings tracked to ensure proof of timely receipt.

_____ Fees must be paid before the return is delivered to you or filed for you. If you terminate this engagement before completion, you agree to pay \$150 per hour for work completed. Work papers remain the property of our firm.

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