

2014 PARTNERSHIP ENGAGEMENT PACKAGE TAX FORM 1065 FILER

(Business Name)

IMPORTANT TAX INFORMATION:

YOUR BUSINESS INCOME TAX RETURNS ARE DUE APRIL 15, 2015

This package is required for the preparation of your 2014 Partnership Income Tax Returns and related services. Your use of this organizer helps us to prepare a more accurate return, and to take advantage of the various tax deductions and credits that may be available to you.

Please read it carefully and provide us all information to us no later than February 20, 2015. If we do not receive all information by this date, we will need to extend your corporate and possible also your personal returns.

If an extension is needed, please read and sign the engagement letter and return it to us by March 10, 2015. **Please note that if an extension on your return is required due to our not receiving your information before February 20, 2015, we will also need to extend your personal tax return as well.**

Be sure to complete the extension request under your signature on the last page of the engagement letter.

SMT & ASSOCIATES, INC.

TAX & ACCOUNTING SERVICES

2014 PARTNERSHIP TAX RETURN PREPARATION ENGAGEMENT

CORPORATION NAME
("CLIENT"):

Dear Client,

This letter is to confirm and specify the terms of our engagement with you for the year ended **December 31, 2014** and to clarify the nature and extent of the services we will provide.

We will prepare the federal and state income tax returns for the above named partnership, and we will advise you on income tax matters for which you specifically ask our advice. This firm is responsible for preparing only the returns listed above.

We will not audit or verify the data you submit, although we may ask you to clarify it, or furnish us with additional data. 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. We will render such accounting and bookkeeping assistance as we find necessary for preparing the income tax returns.

By your signature below, you are confirming to us that unless we are otherwise advised, all expenses listed in your accounting records, including the travel, entertainment, gifts, and related expenses are ordinary and necessary business expenses supported by the necessary records required under Internal Revenue Code. If you have any questions as to the type of records required, please ask us for advice in that regard.

We will use our professional judgment in preparing your returns. 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 explain 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 the Internal Revenue Service should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional penalties or assessments. 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 to you for any damages that occur as a result of ceasing to render services.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or circumstances of these penalties, please contact us.

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 review them carefully before you sign and file them.

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 government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

It is our policy to keep records related to this engagement for seven years. However, SMT & Associates, Inc. does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

The filing deadline for the tax return is **April 15, 2015**. In order to meet this filing deadline, the information needed to complete the return should be received by us no later than **February 20, 2015**. If an extension of the time is required or requested, any tax that may be due with this return must be paid with that extension. Any amounts not paid by the filing deadline are subject to interest and late payment penalties when those amounts are actually paid.

For clients who are not billed through a fixed-fee Client Services Agreement for their income tax return(s), our fee for these services will be based upon the amount of time required at standard billing rates plus out-of-pocket expenses and will be billed as the work progresses. If we have not received payment within 30 days of our invoice for progress billings, all work may be suspended until your account is brought current. Final payment is due upon completion of your return.

The fee does not include responding to Internal Revenue Service, Illinois Department of Revenue, or any other governmental inquiries, and the client understands that we are not responsible for Internal Revenue Service disallowance of doubtful deductions or deductions unsupported by adequate documentation or for resulting taxes, penalties, and interest.

Fees for services outside of the tax return will be billed as follows: tax consulting and planning: \$220/hour; accounting, QuickBooks training / consulting: \$75-150/hour

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 Rules for 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 Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. 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.

We will be pleased to discuss this letter with you at your convenience. If the foregoing is acceptable to you, please sign the original copy of this letter in the space provided and return it to us in the enclosed envelope. **We are required to obtain a signed copy of this letter before starting work on your 2014 income tax returns.**

We want to express our appreciation for this opportunity to work with you.

Very truly yours,

SMT & ASSOCIATES, INC.

Accepted By: _____

Signature

Name and Title: _____

Date: _____

IF YOU REQUIRE AN EXTENSION, PLEASE COMPLETE THE FOLLOWING:

_____ (initial) Yes, please file an extension for our partnership income tax returns.

TAX ORGANIZER FOR PARTNERSHIPS

For Use in Preparing 2014 Annual Income Tax Returns

Carefully complete this organizer for each business for which we are preparing a tax return. This organizer will assist in preparing an accurate and complete return, and will help ensure all available tax deductions and tax credits are properly taken on your tax returns.

Business Name: _____

Tax Year _____

DONE **N/A**

GENERAL ITEMS:

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 1. Sign and return your engagement letter. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Review your financial statements carefully before submitting them to us for your tax return. Your review should include some analysis that the amounts are correct to the best of your ability. Please make note of any accounts you know that need adjustment and provide us with the information and documentation needed to make the adjustments for you. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. (QuickBooks Users) If you use QuickBooks, complete the attached QuickBooks Year-End Checklist . This will help you prepare your QuickBooks file before sending us your file. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. If you do not use QuickBooks, please provide a general ledger, trial balance, balance sheet, and profit and loss statement. If possible, please provide this in an electronic format (such as an excel file or other file format). | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Provide copies of correspondence with tax authorities regarding changes to prior year(s) returns, if not already provided during the year. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Details of changes in business ownership, if any.
If there were changes in ownership during the year, provide SSN, percentage of ownership, time devoted to business, date ownership acquired and detail of distributions received for any new shareholders, partners or members. | <input type="checkbox"/> | <input type="checkbox"/> |

PAYROLL RELATED

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 7. Provide copies of Form W-3 and W-2s for the company. | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Did you hire any new employees during 2012 or 2013 that qualify for the "Work Opportunity Credit" in 2014? If so, please provide the employee names and amounts paid in 2014 that qualify for this credit. | <input type="checkbox"/> | <input type="checkbox"/> |

DONE **N/A**

9. If you could qualify for the Health care Tax Credit, complete the *2014 Small Business Health Care Credit Worksheet* found on our website at www.smt-associates.com/client-toolbox/information-for-business-owners/. Please note that your group plan must have been purchased on SHOP in order to qualify for the credit.

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ASSETS & LIABILITIES:

10. Provide copies of year-end bank statements and a reconciliation report for each bank account open at the end of the year that shows the bank account reconciled to your general ledger.
11. Provide copies of year-end credit card statements and a reconciliation report for each credit card account open at the end of the year that shows the credit card accounts reconciled to your general ledger.
12. Provide copies of year-end loan statements and a reconciliation report for each loan that shows the loan balance reconciled to your general ledger as of the end of the year.
13. Schedule of assets acquired and/or sold during the year including description, date acquired, date sold, sales or purchase price (including any trade-in allowance).
14. If the company maintains inventory, has the balance you provided us been calculated by means of a physical inventory at year end, and is the inventory amount stated at cost (not retail value)?

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☐ Yes ☐ No (If no, please attach an explanation as to why not)

15. Schedule of loans to/from partners/members, and related parties including interest rates and payment schedules. Provide copies of formal loan documents for all loans initiated or revised during the tax year.
16. Schedule of loans to/from employees (non-owners) including interest rates and payment schedules. If you have formal loan documents, please provide a copy.
17. If the company owns or leases vehicles, you must complete a Vehicle Use Information Schedule for each vehicle (available on our website at www.smt-associates.com/client-toolbox/information-for-business-owners/)
18. If the business distributed earnings to its owners during the year, please attach a schedule showing the amounts distributed, by owner, during the year. (Not required if the information is easily attainable in your accounting records).

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EXPENSES AND INCOME ITEMS:

19. Copies of Forms 1099 and K1 Schedules that have been received by the business.
20. Copy of your sales tax return (Form ST-1) for the end of the year.
21. Schedule of any club dues (health clubs, golf clubs, boating clubs, etc) paid.

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DONE **N/A**

22. If the company maintains any employer-owned life insurance policies, or pays for life insurance for any partners/members (other than through a group life plan), provide a listing of amounts paid if not already broken out in your accounting records. ☐ ☐
23. Details of miscellaneous income/expense accounts. The detail we need could be a general ledger listing the activity during the year or a spreadsheet detailing the individual items that make up the amounts in these accounts. ☐ ☐
24. Furnish a total of meal and entertainment expenses, if not separately stated in your accounting records. ☐ ☐
25. Did the business make payments that requires it to issue and file Forms 1099 to its vendors or payees? ☐ ☐
- ☐ Yes ☐ No

If Yes, did the business file, or will it file, all required Forms 1099? ☐ Yes ☐ No

INVESTMENT INCOME, SALES OF STOCK, BONDS & SECURITIES:

DONE **N/A**

26. Did the corporation receive interest or dividend income during the year? If so, provide copies of 1099s received reflecting these amounts. ☐ ☐
27. Did the corporation sell any stocks, bonds, or securities during the year? If yes, provide details as to description of asset sold, date acquired, cost basis plus selling expense, date sold, total sales price. ☐ ☐

MISCELLANEOUS:

28. List of activities conducted in other states, if any. Activities include renting property, maintaining employees, performing services in other states, owning assets in other states, etc. ☐ ☐
29. Did the business started a retirement plan during the last three years? If so, please indicate any expenses associated with setting up or maintaining the plan last year. ☐ ☐
- \$ _____

2014 QUICKBOOKS YEAR-END CHECKLIST

Perform these steps **BEFORE** making the Accountant's Copy of your QuickBooks File

Business
Name: _____

Tax Year _____

QB User ID _____ QB Password _____

Closing Date Password _____

DONE

1. Make sure all QuickBooks entries provided by SMT & Associates in the prior year have been entered in your books and that no entries have been made to prior year since last year. ☐
2. **RECONCILE ALL BANK ACCOUNTS** and print out the reconciliation report for the last month of the year. Provide us a copy of the bank statement and reconciliation report. ☐
3. **RECONCILE ALL CREDIT CARD ACCOUNTS** and print out the reconciliation report for the last month of the year. Provide us a copy of the credit card statement and reconciliation report. ☐
4. Check your reconciliation reports for any outstanding (un-cleared) checks or deposits that are more than 6 months old. Consider deleting these transactions if you determine they were entered in error, and if the transaction is in 2014. Do NOT delete any transaction in a prior year as this will cause your accounts to be out of balance with prior year tax returns. You may note the questionable questions and bring them to our attention so we can properly reverse the transaction for you. ☐
5. Review your current year Profit & Loss statement, Balance Sheet, Accounts Receivable and Accounts Payable reports. Review for any possible erroneous postings, and correct any errors. If you have questionable transactions or balances, please make note of these and ask us to review these transactions for possible adjustment.. ☐
6. **SET CLOSING DATE**: Do this after all your accounts have been reconciled and you have reviewed your financial statements for accuracy. You must be logged in as administrator to set the closing date.
 - a. Go the 'Company' in the drop-down menu bar
 - b. Select 'Set Up Users'
 - c. Click on 'Closing Date' at the bottom of the box
 - d. On the Company Preferences tab, set the closing date as "12/31/2014" and setup a password. Don't forget to provide us with the Admin ID, password, and closing date passwords so we can open your file and make adjustments.☐
7. **BACKUP** your data file for your own archiving purposes. We recommend keeping a backup on a computer or backup device OTHER than your computer. ☐
8. Make an **Accountant's Copy** with a dividing date of 12/31/2014 if you use QuickBooks 2012-2015. If you use version 2011 or earlier, provide us a backup copy of your data file, Either email this file, send it on a CD or USB drive, or upload the file to our portal. If we have not yet provided you with a portal, please contact us. NOTE: If you are on a hosted version of QuickBooks or utilize our QBox service, we do not need you to make an Accountant's Copy or Backup of your QuickBooks file. ☐