

## S CORPORATION TAX ORGANIZER

We appreciate your business and look forward to working with you again this year. We hope you had a wonderful year blessed with health. Please provide the following information to complete your 2020 business tax return.

The completed Business Organizer Handout with vehicle mileage and home office expense, if applicable.

Provide the financial information by one of following:

1. QuickBooks Accountant's Copy File; with reconciled bank, credit card and liability accounts, **or**
2. A Profit and Loss and Balance Sheet for the tax reporting year (be sure bank and liability account balances are correct), **or**
3. Financial Data if you require bookkeeping services:
  - a. 2020 Monthly Bank Statements (with check copies), including 12/31/20 balance, **and**
  - b. 2020 Monthly Credit Card Statements, including 12/31/20 balance.

Our hourly CPA billing rate for tax services will be \$220 this year, as reflected in the engagement letter. Our bookkeeping services (done by a CPA with significant experience) will be \$145 per hour. Enclosed is an engagement letter which explains the services that we will provide.

When you have gathered all your tax information, please return the organizer, along with your **signed engagement letter** and financial information to our offices at your convenience. If you are uncertain of the appropriate response to any questions, please consult us. Alternatively, you can load documents to your Portal (via the [www.turnertax.net](http://www.turnertax.net) website). Please email or call us if you have loaded your documents to your Portal. An appointment is not necessary unless you wish to discuss items with your CPA. Please contact us if you have additional questions.

Thank you!

# Turner & Associates, Inc.

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[www.turnertax.net](http://www.turnertax.net) use Secure Send or your Portal

January 1, 2021

## **TAX PREPARATION ENGAGEMENT LETTER**

Dear Client,

We appreciate the opportunity to work with you. This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide in preparing your 2020 return. Unless otherwise noted, we will perform our services in accordance with the Statements on Standards for Tax Services ("SSTs") issued by the American Institute of Certified Public Accountants ("AICPA") and U.S. Treasury Department Circular 230 ("Circular 230"). The engagement between you and our firm will be governed by the terms of this Agreement.

We ask that all clients for whom we prepare tax returns **return a signed copy of this engagement letter to us prior to beginning preparation of your return.**

**Payment for services is due PRIOR to electronic filing of your tax return. We will provide you with an invoice for services when we alert you that your return is ready for review. Your return will be electronically filed after we have received and validated payment for service and signed e-file authorizations. New clients will be required to provide a deposit before we begin services.**

As part of our engagement we will:

1. Prepare your 2020 federal and Colorado S Corporation income tax returns from information provided by you.
2. Perform any bookkeeping necessary for preparation of the income tax returns. (Additional charges apply.)

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. Income from all sources, including those outside the U.S., is required. You represent that the information you provide will be accurate and complete to the best of your knowledge. We will not audit or otherwise verify the information provided, although we may ask for clarification if the information appears to be incorrect, inconsistent, or incomplete. We have not been engaged to and will not prepare financial statements.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover errors or other irregularities, should any exist. **You have the final responsibility for the S Corporation income tax returns and, therefore, you should carefully review them before you sign and file them.**

You should retain all the documents, canceled checks and other data that form the basis of income, deductions, credits and payments shown on the return. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You represent that you have such documentation and can produce it if necessary, to respond to any audit or inquiry by tax authorities. You agree to hold our firm harmless from any liability including but not limited to, additional tax, penalties, interest and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.

You are responsible for ensuring that personal expenses, if any, are segregated from business expenses and that expenses such as meals, travel, vehicle use, gifts, and related expenses are supported by necessary records required by the IRS and other tax authorities. At your request, we are available to provide you with written answers to your questions on the types of supporting records required.

We will use our judgment to resolve questions in your favor where the tax law is unclear or where there are conflicts between the taxing authorities' interpretation of the law and what seem to be other supportable positions. There may be situations where we are required by law to disclose a position on a tax return. We are not attorneys; therefore, we cannot provide you with a legal opinion on various tax positions. We can, however, advise you of the consequences of different positions. We will adopt whatever position you request on your returns so long as it is consistent with our professional standards and ethics. In the event, however, that you ask us to take an unsupported tax position or refuse to make any required disclosures, we reserve the right to withdraw from the engagement without completing or delivering the tax returns. Such withdrawal would complete our engagement and you agree to pay our fees based on time expended (at our standard rates) plus all out-of-pocket expenses through the date of withdrawal.

Your returns may be selected for examination or audit by the tax authorities. Our engagement does not include responding to inquiries by any government agency or tax authority. In the event of such governmental tax examination, we would be pleased to represent you under the terms of a separate engagement letter.

Our engagement does not include any services to determine whether you have filing requirements in taxing jurisdictions other than the one(s) you have informed us of. You are responsible for determining your tax filing obligations with any state or local tax authorities, including, but not limited to, income, franchise, sales, use, property or unclaimed property taxes. We may need to perform additional services under the terms of a separate engagement letter to provide a nexus study that will enable us to determine whether any other state tax filings are required. These incidental services will be billed with your tax return, at our standard rates.

Your return will be electronically filed with the IRS and state of Colorado. We will provide you with an electronic copy of your final returns for review prior to electronic transmission. The IRS requires that you sign an e-file authorization form indicating that you have reviewed the return, it is correct to the best of your knowledge, and you authorize us to submit it electronically. We cannot transmit any return until we have the appropriate signed authorizations. We are not liable for late filing

penalties if you have not provided us signed forms and paid your fees by 12 pm the day before the applicable filing deadline.

Federal, state, and local tax authorities impose various penalties and interest charges for non-compliance with tax laws and regulations including failure to file or late filing of returns, and underpayment of taxes. You, as the taxpayer, remain responsible for the payment of all tax, penalties, and interest charges imposed by tax authorities.

As part of your filing obligations, you are required to report the maximum value of specified foreign financial assets, which include financial accounts with foreign institutions and certain other foreign non-account investment assets that exceed certain thresholds. You are responsible for informing us of all foreign assets owned directly or indirectly, so we may properly advise you regarding your filing obligations.

These assets include any ownership interests you directly or indirectly hold in businesses located in a foreign country, and any assets or financial accounts located in a foreign country over which you have signature authority. Based upon the information you provide, this information will be used to calculate any applicable foreign tax credits. We will also use this data to inform you of any additional filing requirements, which may include *FinCEN Form 114, Report of Foreign Bank and Financial Accounts* ("FBAR").

Failure to file required forms can result in the imposition of both civil and criminal penalties, which may be significant. The FBAR is not a tax return and its preparation is not within the scope of this engagement. If you ask us to prepare the FBAR, we will confirm this representation in a separate engagement letter.

You are responsible for determining the appropriate salary or wage to pay shareholders. If the IRS determines that the S corporation made distributions in lieu of an appropriate shareholder salary or wage the IRS may reclassify the payments. As a result of the reclassification, the shareholder and S corporation may be responsible for employment taxes and related penalties on the reclassified amounts.

You are responsible for determining the correctness of any employment relationship which you have deemed to be that of an independent contractor. Payroll tax withholding and related employer payroll tax implications as well as insurance coverage under the Affordable Care Act result from this determination. We recommend obtaining a Form W-9, Request for Taxpayer Identification Number and Certification, signed by the independent contractor, as well as a signed contract with the independent contractor. You should also issue a Form 1099-NEC, Non Employee Compensation, to all unincorporated independent contractors to whom you pay \$600 or more for services.

Our engagement does not include any services not specifically identified above. We may need to perform additional accounting or research services incidental to the preparation of your tax returns. These incidental services will be billed with your tax return at our standard rates.

The filing deadline for the tax returns is March 15, 2021. In order to meet this filing deadline, the information needed to complete the returns should be received in this office no later than **February 1, 2021**. If we receive your information after this date, we will make every effort to complete your returns without an extension, but will give priority service to clients who submitted

information on time. This means an extension may be filed on your behalf, depending on our workload.

Our professional fee for the services outlined above will be billed with your return at the standard billing rate for each of the professionals performing the work, plus out of pocket expenses. Our billing rates are \$220 per hour. Our fee is dependent on the availability, quality, and completeness of your records. You agree that you will deliver all records requested by our staff to complete this engagement on a timely basis. In the event your records are not submitted in a timely manner, or are incomplete or unusable, we reserve the right to charge additional fees and expenses for services required to correct the problem. If this occurs, we will contact you to discuss the matter and the anticipated delay in completing our engagement prior to rendering further services.

You may terminate this engagement at any time. Should you do so, however, you remain liable for all unpaid fees for work and time incurred prior to termination. We reserve the right to withdraw from this engagement at any time because of unpaid fees, the guidance of our professional standards, or for any other reason. We will notify you in advance of any decision by us to withdraw, and will take all reasonable steps to assist in the orderly transfer of your tax services. Otherwise, this engagement will be considered complete upon acceptance of your e-filed returns by the tax authorities. In the event that your returns are not e-filed, you will have final responsibility for mailing your returns to the applicable taxing authorities.

We will prepare the tax returns solely for filing with the IRS and state and local tax authorities. They are not intended to benefit or influence any third party, either to obtain credit or for any other purposes. As such, we will not respond to any request from banks, mortgage brokers or other lenders for verification of any information reported on these tax returns. Per our Privacy Policy, **we are not authorized to disclose your financial or personal data to any third party without specific written authorization from you. You agree to indemnify and hold us harmless with respect to any and all claims arising from the use of the tax returns for any purpose other than filing with the IRS and state and local tax authorities regardless of the nature of the claim, including the negligence of any party.**

By agreeing to the terms set forth herein, and by signing below, all signing individuals, individually and collectively, personally guarantee the payment of any fees invoiced to the individual(s), corporation(s), partnership(s), limited liability corporation(s) and/or company(s). The signing individual expressly recognized that this Guarantee creates a personal obligation of the signor.

If the foregoing is in accordance with your understanding, please sign the enclosed copy of this letter in the space provided and return it to us along with your tax information.

If you have any questions, please do not hesitate to contact us. We appreciate the opportunity to work with you.

Very truly yours,

*Cara M Turner*

Cara M. Turner, CPA, MT  
President

ACCEPTED BY:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

Would you like a paper copy of your 2020 return? (An electronic copy will be loaded to your Portal on the website.) Please circle one.

Yes

No

Comments or additional requests:

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