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BUSINESS TAXPAYER ENGAGEMENT AGREEMENT

We are pleased to have this opportunity to do business with you and consider it a privilege to count you among our clients. This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide. To confirm understanding of our mutual responsibilities, please sign below and return to our office as soon as possible.

It is our responsibility to:

- Prepare your 2022 federal, state, and local income tax returns using information that you will provide to us.
- We will not audit or otherwise verify the data you submit beyond the required documents listed in the Checklist, although it may be necessary to ask for clarification.

It is your responsibility to:

- Pay in full all outstanding balances due to the firm, and/or required retainer deposits before we will begin work on your tax returns.
- Provide timely all required documents and information in the enclosed Checklist. Incomplete or missing information will delay preparation of your returns.
- Retain for seven years, all documents, cancelled checks and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of your returns to a taxing authority.
- Represent that the information you provide, and the resulting tax return, is complete and accurate to the best of your knowledge.
- Carefully review your tax returns for accuracy and completeness before you sign them. You are ultimately responsible for filing complete, accurate and timely tax returns.

Scheduling work:

- Partnership and S corporation returns are due March 15th 2023. Calendar year C corporation returns are due April 17th 2023 (fiscal year returns are due the 15th day of the fourth month after the close of the fiscal year.)
- Tax returns will be prepared on a first come, first served basis, with the "Received Date" indicating your place in the queue.



- Received Date is the date we receive complete required information and required deposit.
- Incomplete information will delay the completion of your tax returns and trigger a new Received Date, which will be the date we received the missing information.
- Incomplete information may result in a suspension of our services, or withdrawal from the engagement.

Fees for services:

- Fees for tax return preparation are based on forms required to complete your returns.
- Retainer of 50% of previous years invoice or 50% of estimated total fee payable at engagement with balance due upon delivery of completed tax returns.
- Accounting and bookkeeping assistance required to prepare your income tax returns will be invoiced separately from the income tax returns.
- Fees up to \$160/hour will be charged to correct and adjust incomplete or inaccurate general ledger, unreconciled bank accounts, unreconciled credit card statements, unsupported balance sheet accounts, or incorrectly categorized income and/or expenses.
- Any outstanding invoices are subject to interest on the outstanding balance at 1.5% per month. We reserve the right to suspend our services or withdraw from the engagement for delinquent outstanding balances. If collection action is required to collect unpaid balances, you agree to reimburse us for our costs of collection, including attorney's or agency fees.
- Electronically filed returns will be filed only after full payment is received.

Uncertain tax positions:

- 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 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.

- We are not attorneys; therefore, we cannot provide you with a legal opinion on various tax positions. We can, however, advise you of the tax consequences of different positions.

Audit or tax authority examination:

- Our work, in connection with the preparation of your income tax returns, does not include any procedures designed to discover defalcations and/or other irregularities, should any exist.
- Your returns may be selected for examination 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 under a separate engagement agreement and will render additional invoices for the time and expenses incurred.
- The law provides various penalties that may be imposed when taxpayers understate their tax liability and/or file or pay late. Unless penalties are directly a result of our error, negligence or delay, all penalty and interest are your responsibility. If you would like information on the amount or circumstances of penalties, please contact us.

Electronic filing:

- The IRS and most state and local taxing agencies require your tax returns to be electronically filed.
- We will provide you with a copy of your final returns for review prior to electronic transmission.
- The IRS and most state and local agencies require 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 are legally prohibited from transmitting any return without the appropriate signed authorizations.
- If your returns are not e-filed, you will have final responsibility for mailing your returns to the applicable taxing authorities.

Termination:

- You may terminate this engagement at any time. Should you do so, however, you remain liable for all unpaid fees as discussed above.



- We reserve the right to withdraw from this engagement at any time due to unpaid invoices, 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.

If the foregoing fairly sets forth your understanding, please sign below and return to us by either 1) uploading a signed copy to your client portal 2) emailing to info@shan-cpa.com or 3) delivering to our office. THANK YOU.

Shanafelt CPA LLC

Accepted By: _____ Date: _____



BUSINESS TAX PREPARATION CHECKLIST (FORMS 1065/1120S/1120)

Please provide one of the following General Ledger Options:

- QuickBooks Backup (*.QBB) or Accountant's Copy (*.QBA), or
- QuickBooks Online accountant's access (or equivalent, Wave, Xero, Bench), or,
- Trial balance and full general ledger detail in Excel

Required information and documents:

- Signed Engagement Letter.
- Prior year ending Balance Sheet accounts must match prior year tax return, as filed.
- All accounts reconciled, i.e. Bank accounts, loan receivables, credit cards, payables.
- Current year transactions recorded and categorized correctly, including credit card transactions and asset purchases.
- Personal contributions and/or expenditures should be recorded in Equity.
- Shareholder/partner record and/or meeting minutes of ownership changes, if applicable.
- Business/shareholder/partner address changes, if applicable.
- Year-end bank statements, all bank accounts.
- Copies of all year-end bank account reconciliations.
- Year-end inventory count, as applicable.
- Settlement statements for any land/building purchases/sales.
- Settlement statements for any vehicle purchases/sales.
- Invoices for any asset purchases (useful life greater than one year), and/or sales agreements or bills of sale for any assets sold.
- Year-end/final credit card statements and reconciliations, all credit cards. Credit card payments are NOT deductible expenses. The IRS requires credit card charges, not payments, be recorded to be considered deductible expenses.
- Year-end loan statements, all loans (if paid off, final statements).
- Payroll reports, including forms 941, 940, W3/W2's, and all state quarterly and annual reports.
- Payroll summary report from payroll provider (no need to provide if we are your provider).
- All 1099's received.
- All Forms 1096/1099 issued.
- Copies of checks for Federal and/or state estimated tax payments and/or extension payments
- All correspondence received from IRS or Oregon Department of Revenue (other states as applicable).
- Shareholder/partner health insurance premiums amount paid.
- **If any the above requirements are not met, or any other unusual circumstances exist in the general ledger, we will suspend preparation of your tax returns to give you an opportunity to correct the errors, or approve our performing the corrections, to be billed separately and in addition to the tax returns engagement.**