

Robert C. Alario

Certified Public Accountants, PC

75 North Main Street, Leominster, MA 01453

67 Millbrook Street, Suite 501, Worcester, MA 01606

www.robotalario.com

TELEPHONE
978-534-1999
508-755-7575

FAX
978-534-0499
508-755-7599

January 1, 2019

TO: Partnership / LLC Clients
FROM: Robert C. Alario, CPA
RE: Partnership / LLC Tax Return for 2018

The due date to file a Partnership / LLC Tax Return with a December 31st year-end is March 15, 2019. **We would like you to provide us with your tax information as soon after year-end as possible to enable us to complete your tax return by the due date.**

Enclosed is an engagement letter with the understanding of the tax services we are to provide to your company. Please read and sign the enclosed engagement letter and return to us with your information to prepare your tax returns. If you have any questions please call our office.

Also enclosed is a 2018 DeMinimis Accounting Policy. Please review, sign and return to us.

If you use QuickBooks® as your accounting system, we would like the accountants' review copy. This will enable us to obtain the necessary information for the tax return, and to make year-end adjusting entries for you. Please provide your Quickbooks® file on either a CD, thumb drive or upload your file through Quickbooks® to rca@robotalario.com. **Please provide us with your company name, the QuickBooks® version you are using, as well as any user name and password needed to access the file.**

In addition to the QuickBooks® file, we will need:

1. Details of any changes in your operating agreement, ownership or allocations of profit or loss.
2. Changes in any address, email and telephone numbers of the business and of the partners / members.
3. Who is the best person to contact with accounting related questions?
4. All bank account statements for December 31, 2018.
5. Value (at cost) of ending inventory as of December 31, 2018.
6. List of all new assets purchased during the year, including date of purchase and how they were paid, cash, loan, leased, etc. (include leased vehicles).
7. List of all assets sold or traded during the year, including date of sale, selling price and/or trade-in value.
8. Balances as of December 31, 2018 for all loans outstanding including date of loan, original amount borrowed, interest rate, number of payments, amount of monthly payment, and bank or organization borrowed from.
9. Quarterly Payroll tax returns - Form 941, State unemployment, Federal unemployment, State withholding for the period January 1, 2018 through December 31, 2018.
10. Weekly / biweekly payroll report for the week including December 31, 2018.
11. If you use a vehicle or equipment for off-highway business use, we will need the number of gallons of gas or diesel fuel used in the year. There is a tax credit for federal taxes paid on fuel used in off-highway business use (if you paid the federal tax at the pump).
12. Sales and Meals Tax reports filed for the periods of January through December 31, 2018.
13. If your business performs services in multiple states we will need sales and wages broken down by each state.
14. Do you provide health insurance coverage to your employees? If yes, and you purchase it through the Federal Marketplace Exchange, then there may be a credit for health insurance premiums paid for your employees.

15. List of items any partner / member paid for the business, which was not reimbursed and not recorded in the books.
16. If you would like us to prepare the 2018 1099's for your company we will need the following information: recipients' name, address, social security number or FID number and the amount paid.
17. If you have a 401K plan please confirm that an annual 5500 report is filed every year. Please contact us if you need assistance.

If you are not using QuickBooks®, or not using all of the features of QuickBooks®, please be sure you provide us with the following, in addition to the above:

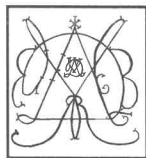
1. Trial balance, balance sheet and profit / loss statement for the year ended December 31, 2018.
2. Total sales for the year January 1, 2018 through December 31, 2018.
3. Total cash received for the year from all sources (i.e. sales, loans from banks, loans from partners / members, sales of equipment, etc). This should tie back to deposits made to the bank.
4. Total of all expenses paid for the year broken down by category (i.e. materials, supplies, taxes, wages, partner / member fringe benefits, partner / member distributions etc). We will also need a detailed breakdown of the taxes paid between sales tax, excise tax, property tax, payroll tax, federal corporate tax, state corporate tax and any other taxes paid. Meal expenses for the year should be separately stated.
5. Bank reconciliations and bank statements from January through December 31, 2018 for all business bank accounts.
6. List of all Accounts Receivable as of December 31, 2018 (i.e. money owed to you from sales that were not collected by December 31, 2018).
7. List of all Accounts Payable as of December 31, 2018 broken down by categories (i.e. bills for goods and services relating to the year ending December 31, 2018 that were not paid by December 31, 2018).

If you could provide the above information to our office as soon as possible, it would be greatly appreciated. We must complete the Partnership or LLC return before your personal return.

If we have not received all your information or if we are unable to complete your business return by March 1, 2019, we will apply for an extension of time to file your return. If you are a partnership or an LLC, your personal tax return will also require an extension. With the application for extensions, checks must be enclosed to cover any tax liability. We are able to extend the time to file your return but not the time to pay the tax due. If we find it necessary to extend your tax returns, you will either receive the extension forms in the mail to sign and mail out, or you will be contacted to pick them up from our office. If you have any questions, please call me.

Thank you for the opportunity to assist you in meeting your tax compliance obligations.

ANTHONY J. ALARIO 1941-1989
ROBERT C. ALARIO, CPA, MBA, CSEP
KEVIN G. McCONNELL, CPA, MST
NANCY F. WASHINGTON, CPA, MST



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PARTNERSHIP / LLC TAX RETURN ENGAGEMENT LETTER

January 1, 2019

Dear Client,

This letter is to confirm and specify the terms of our engagement with your business for the year ended December 31, 2018 and clarify the nature and extent of the tax services we will provide.

Our engagement is limited to performing the following services:

1. Prepare the federal and state partnership income tax returns.
2. Prepare any bookkeeping entries we find necessary in connection with preparation of the income tax returns.
3. Prepare and post any adjusting entries.
4. Preparation of depreciation schedules.

The engagement letter does not cover the preparation of any financial statements, which, if we are to provide, will be covered by a separate engagement letter.

We will prepare the above-referenced tax returns solely for filing with the Internal Revenue Service and state tax authorities. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

You are responsible for the safeguarding of assets, the proper recording of transactions in the books of accounts, the substantial accuracy of the financial records, and the full and accurate disclosure of all relevant facts affecting the return(s) to us. You also have the final responsibility for the tax return and, therefore, the appropriate officials should review the return carefully before an authorized officer signs and files it. You are responsible for the timely distribution of Schedule K-1 to the partners, if applicable.

You are responsible for assuming all management responsibilities, and for overseeing any services we provide by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience. In addition, you are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for the results of such services.

Our work in connection with the preparation of the tax return(s) does not include any procedures designed to discover defalcations or other irregularities, should any exist. The returns will be prepared solely from information provided to us without verification by us. If, during our work, we discover information that affects prior-year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue. We will be happy to prepare appropriate amended returns as a separate engagement.

It is our policy to keep records related to this engagement for 5 years. However, we do not keep any of your original records, so we will return those to you upon the completion of the engagement. When records are returned to you, it is your responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies.

By signing this engagement letter, you acknowledge and agree that upon expiration of the 5 year period, we are free to destroy our records related to this engagement.

Should we receive any request for the disclosure of privileged information from any third party, including a subpoena or IRS summons, we will notify you. In the event you direct us not to make the disclosure, you agree to hold us harmless from any expense incurred in defending the privilege, including, by way of illustration only, our attorney's fees, court costs, outside adviser's costs, or penalties or fines imposed as a result of your asserting the privilege or your direction to us to assert the privilege.

The return(s) may be selected for review by the taxing authorities. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on a tax return. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of a tax examination, we will be available, upon request, to represent you. However, such additional services are not included in the fees for the preparation of the tax return(s).

Our fees for tax services will be based in part upon the amount of time required at our standard billing rates for the personnel working on the engagement, plus out-of-pocket expenses. Hourly rates vary from \$75 to \$275 depending on the staff member providing the services. All invoices are due and payable upon presentation. Amounts not paid within 30 days from the invoice date will be subject to a late payment charge of 1.5% per month (18% per year). If the account is turned over to an attorney or collection, an additional charge of 33 1/3% will be added to cover collection costs.

We have the right to withdraw from this engagement, in our discretion, if you do not provide us with any information we request in a timely manner, refuse to cooperate with our reasonable requests or misrepresent any facts. Our withdrawal will release us from any obligation to complete your return and will constitute completion of our engagement. You agree to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

If the foregoing correctly sets forth your understanding of our tax engagement, please sign this letter in the space below and return it to our office. If you disagree with any of these terms, please notify us immediately.

Sincerely,

Robert C. Alario, Certified Public Accountant, P.C.

Accepted By:

Partnership / LLC Name: _____

Partner / Member Name: _____

Title: _____

Date: _____

Taxpayer Name: _____

Taxpayer Address: _____

Accounting Policy

For accounting purposes the company will expense all acquisitions under a specific dollar amount in 2018 and future years. Each item on an invoice will be affected by this policy.

Specific Dollar Amount	Record as
\$2,500.00 or less	DeMinimis Purchases

Example:

An invoice is paid for 5 printers at a cost of \$476 each and 2 tables at a cost of \$200 each. Delivery charges of \$100 are shown on the invoice for a total of \$2,880. This will be recorded as follows after allocating the applicable delivery charges.

Supplies Expense	450.00	(Tables 400 + Delivery 50)
DeMinimis Purchases	2,430.00	(Printers 2,380 + Delivery 50)
Accounts Payable or Cash	2,880.00	

To test the dollar limits, a ratable share of associated expenses shown on each invoice must be added to the per cost unit of each item. The following comments should assist you.

1. You are not required to include in the cost of tangible property the additional cost of acquiring or producing such property if these costs are not included in the same invoice as the tangible property.
2. You must include in the cost of each item all additional costs shown on the invoice. For example, delivery fees, installation service, sales tax or similar charges, when these costs are shown in the same invoice as the purchased items.
3. If the invoice includes amounts paid for multiple items of tangible property or expenses and such invoice includes costs related to multiple purchased items, you must allocate the additional invoiced costs to each item using a reasonable allocation method. There are no annual limits to this policy.

Signature

Date: 01/01/2018