

January 2019

Dear Client,

We are pleased to provide you with professional business tax services. This engagement letter and the attached ***Checklist of Services*** confirms our understanding of the terms and objectives of our engagement and the nature and limitation of the services we will provide.

We will perform services as requested on the attached ***Checklist of Services***. Please acknowledge acceptance of the services requested by signing at the bottom of both this letter and the attached checklist and return to us.

We are using a new system to collect and deliver your tax documents. You will receive an invite to a secure folder which you can use to upload documents, or you can mail or drop off documents to our office. All of your important tax documents will be delivered and stored in our secure ShareFile Account.

This letter covers important information for you for year-end planning and preparing for this tax filing season. To help you manage the to-do list at this busy time of year, we have created a list of key upcoming deadlines.

We can assist you as you gather the information necessary to prepare and file the 2018 returns, but it is your responsibility to be aware of the due dates. Please forward all IRS/State/County notices and forms to us when you receive them.

#### **See attached checklist for filing deadlines**

**W-2 Forms:** The ***amount of health insurance paid on behalf of all S Corporation or LLC members*** should be included on the W-2 form. If you are an S Corp or LLC owner, we need to know how much you paid for family health insurance coverage during 2018. If we prepare your W-2 forms, please provide that information to us no later than January 7, 2019.

**1099 Forms:** If you have paid sub-contractors or individuals more than \$600 in the 2018 calendar year, you will need to file 1099 Forms. We recommend that you get contractors to provide you with a signed W-9 form before you pay them. We can assist you with filing the 1099 Forms if you provide us with the name, address, social security number or tax id number, and amount paid for each contracted individual. Please have this information to us by January 10, 2019.

**Corporate and LLC tax returns:** Please provide us with your business financial information by February 15, 2019.

We need a copy of your 2018 financial statements in Quickbooks Online, Quickbooks Desktop or your own general ledger software. In addition, we need:

- Bank statements for December 2018
- Year-end loan balances if applicable
- A list of business assets purchased in 2018
- Paper work for new loans
- Retirement account information

**Personal Property Tax Form:** Please review the list you receive from the county and add new assets purchased and remove old assets disposed of in 2018. We will prepare this return from information you provide.

**Take Advantage of Tax Breaks for Purchasing Equipment, Software, and Certain Real Property.** If you purchased a new business computer, office furniture, equipment, vehicle, or other tangible business property or made certain improvements to real property, *be sure to let us know* so that we can take advantage of the rules for accelerated depreciation.

**Auto Expenses** – If you have a business vehicle(s) we need to know how many miles you drove for business during 2018. *Please provide something in writing that documents your business miles per vehicle.* We highly recommend using an app such as MileIQ to track your business miles.

**Inventory** – If you hold and sell inventory in your business, track the value of the inventory as of December 31, 2018, and count your inventory at year end to match up with your records. Value your inventory at the amount it cost you to purchase or produce the items.

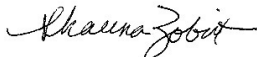
**Receipt Bank app** – We offer a very simple new app for you to take advantage of using artificial intelligence and cloud-based technology to track your receipts, invoices and bills. Please let me know if you are interested in learning more.

This letter confirms the terms of our engagement with you and outlines the nature and extent of the services we will provide. Our fees are based on our annual maintenance agreements.

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, **please sign this letter** in the space indicated and return to us. We will send you to sign electronically.

We appreciate your confidence in us. Please feel free to contact us if you have any questions or need additional information.

Sincerely,



Shauna Zobrist

Client Acceptance:      Client Name \_\_\_\_\_

Officer's Signature \_\_\_\_\_ Date \_\_\_\_\_

**2018 Year End Checklist - Please check the option that applies**

**CORPORATE OPERATIONS**

- Have you documented your annual Board Meeting?  YES  NO  UNSURE
- Have you renewed your corporation with the Secretary of State?  YES  NO  UNSURE
- Is your insurance coverage adequate? Review your policies annually.  YES  NO  UNSURE
- Did you send us your Personal Property Tax Return for review?  YES  NO  UNSURE
- Do you have inventory? Count of your inventory at year end.  YES  NO  UNSURE
- Do you have a home office or do you own the building that your S Corp occupies?  YES  NO  UNSURE
- Have you purchased new assets or acquired new loans?  YES  NO  UNSURE
- Did you sell any assets this year?  YES  NO  UNSURE

**HEALTH INSURANCE PREMIUMS**

**For you and your family**

- Do you pay for you or your family's health insurance through your business?  YES  NO  UNSURE
- Do you have a HSA eligible health insurance plan?  YES  NO  UNSURE
- Is your health insurance plan in the Corporation/LLC name or individual name?  Corp/LLC  Individual

**For your employees**

- Do you pay for health insurance for any of your employees?  YES  NO  UNSURE
- Are you aware of your employee's eligible enrollment dates for insurance?  YES  NO  UNSURE

**RETIREMENT ACCOUNT PLANS**

**For you and your family**

- Do you contribute to a company retirement account for yourself?  YES  NO  UNSURE  
If YES – what type of plan do you have? IRA  ROTH IRA  SEP IRA  Solo 401K

**For your employees**

- Do you offer any type of retirement account to your employees?  YES  NO  UNSURE  
If YES – what type of plan do you have? SEP IRA  Simple IRA  401K  Solo 401K
- Do you know your employee's eligible enrollment dates for your plan?  YES  NO  UNSURE
- Have you enrolled all eligible employees in your plan?  YES  NO  UNSURE

**\*\* Oregon requires you to have a retirement plan for your employees or offer the Oregon Saves program. Let's discuss your options.**

**OTHER EMPLOYEE BENEFITS**

**Employee reimbursements**

- Do you reimburse your employees for business expenses on a regular basis?  YES  NO
- Do you have a written policy for this? Referred to as an "Accountable Plan"  YES  NO
- Do your employees provide you with documentation for these expenses?  YES  NO

**Cell phone**

- Do you provide employees with company vehicles to use off hours or for personal use?  YES  NO
- Do you provide employees with a company cell phone to use off hours or for personal use?  YES  NO
- Do you add any personal use of cell phone or auto to their wages/salary?  YES  NO
- Do you provide any other non-wage benefits to your employees?  YES  NO

Please check the option that applies – all questions will need to be completed.

### WORKER'S COMPENSATION INSURANCE

- Do you have a current worker's compensation policy to cover all your employees?  YES  NO  
*(Note: Owners, officers, and family members are exempt from workers' comp.)*

### EMPLOYEE LABOR LAW COMPLIANCE

- Do you have salaried employees?  YES  NO
- Are you currently paying the **state minimum wage** to your employees?
- Do you have employees working in any state other than **Oregon**?  YES  NO  
If YES – please list which states? **(List States):**  
\_\_\_\_\_

- Are you compliant with all current employee overtime laws?  YES  NO
- Do you provide any paid time off (PTO)?  YES  NO
- Do you have all current labor law posters and notices posted in your workplace?  YES  NO
- Are you aware of the new Oregon Equal Pay laws?  YES  NO

### RESOURCES FOR YOU TO ACCESS

You can access these websites for more information about "employer" responsibilities.

- <https://www.oregon.gov/boli/pages/index.aspx>
- US Department of Labor: <http://www.dol.gov/>

### INDEPENDENT CONTRACTORS

#### Payments to non-employees

- Do you pay anyone as a 1099 independent contractor?  YES  NO
- If you answered "YES" above, please complete this section.
- Do you have a written contract with your service providers?  YES  NO
  - Do they all meet the IRS standard to be viewed as an independent contractor?  YES  NO
  - Do your contactors have their own insurance?  YES  NO

**DISCLOSURE:** This audit checklist is intended to cover broad areas of compliance issues you face as employers and business owners. Sherwood Tax and Accounting PC does not provide any legal advice, nor does Sherwood Tax and Accounting PC act as your employee benefits provider or administrator. This checklist is not meant to be "all inclusive" of employment related issues that could potentially arise. If you have a more detailed need of employment issues, please consult with your legal counsel, or Sherwood Tax and Accounting PC **CAN** refer you to legal counsel who can address your specific issues.

**ACKNOWLEDEMENT:** I hereby verify the information represented in this compliance checklist is completed to the best of my knowledge. Sherwood Tax and Accounting PC can assist you with what options you might have and help you determine the correct course of action.

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_