Organizer for Partnerships & Multimember LLCs

LLC/Partnership: _____ _____ _____
EIN | Name | Date Formed

Address: _____ _____ _____ _____ _____
Mailing Address | Suite # | City | State | Zip Code

Contact Name: _____ Email:_____

Contact Phones: _____ _____ _____
(Office) (Home) (Mobile)

_____ _____ _____ _____ _____
Contact Mailing Address | Suite # | City | State | Zip Code

This Organizer is provided to help you gather and organize information relating to preparation of your partnership income tax return. Where indicated, we have provided additional worksheets and other specialized organizers where you can provide additional important information. Please provide us with a copy of the Partnership/LLC's tax returns for the past 3 years if you are a first-time client of Pacific Northwest Tax Service.

- **IMPORTANT**: If you use **QuickBooks** and are provide us with online access to, or a backup copy of, your Quickbooks records, then do NOT complete pages 6 - 9 of this organizer.

- **If you have employees**, please bring copies of the following documents:
  - Form W-3 *(This form is filed with W-2s to report total annual payroll)*
  - Federal Form 940 (FUTA) – Calendar year 2020
  - Federal Form 941 (FICA) quarterly reports for periods ending 3/31, 6/30, 9/30 and 12/31 of 2020
  - Oregon Combined Quarterly Reports *(other states if applicable)* for periods ending 3/31, 6/30, 9/30 and 12/31 of 2020

- **If you would like our accounting staff to prepare a business profit and loss for you**, we will need you to provide us with the following documents:
  - Business bank statements for all months of the year
  - Credit card statements (for business-use credit cards)
  - Receipts for cash purchases not shown on bank or credit card statements
  - Checkbook register *(Identify all checks by entering an expense category in the memo section)*

- **To minimize accounting and bookkeeping errors and costs, we strongly** recommend you do not mix personal and business expenses. You may transfer funds to and from your partnership and personal accounts.
  - Identify a personal withdrawal of funds from your business account as "Partner Distribution"
  - Identify a deposit of personal funds to your business account as "Partner Contribution"
  - If contributions and distributions were made for more than one partner during the year, provide separate information for each partner.

- **If you made payments of $600 or more during the year** to an attorney or an unincorporated business such as an LLC, a sole-proprietor or landlord, you must issue Forms 1099-MISC to these businesses or individuals. **Did you issue Forms 1099-MISC where so required?** **Yes☐ No☐**
  If not, do you want us to prepare Forms **1099-MISC** for you? **Yes☐ No☐**

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Filing Information. Please answer "Yes" or "No" to ALL of the following questions.	Yes	No
Is this the Partnership/LLC's first year as partnership/LLC?	☐	☐
What is the state of formation for the partnership/LLC? _____ What is the partnership/LLC's state of residence? _____		
What date was the Partnership/LLC first authorized to do business in the resident state?		
Did the Partnership/LLC have a change of business name during the year?	☐	☐
Is there a change of address for the year?	☐	☐
What is the principal business activity of the Partnership/LLC?		
Does the business manufacture or resell goods? Determine if subject to Uniform Capitalization Rules (UNICAP)	☐	☐
What accounting method does the Partnership/LLC use? Cash ☐ Accrual ☐ Other (describe)		
Does the Partnership/LLC file under a calendar year? (If no, what is the fiscal year?)	☐	☐
Did the business make any payments that would require it to issue a Form 1099-Misc?	☐	☐
If so required, did the business file all required Forms 1099-Misc?	☐	☐
Did the business make payments to foreign persons or businesses? (Preparer, determine if 1042-S required)	☐	☐
Was any debt cancelled or forgiven?	☐	☐
Does the partnership/LLC have foreign accounts? (Preparer, determine if FinCEN 114 or 8938 required)	☐	☐
Does the business own 20% or more of the stock in another partnership/LLC or 20% or more interest in a partnership/LLC, or trust?	☐	☐
What kind of accounting software does the business use?	☐	☐
Will the business provide a copy of or access to business accounting software?	☐	☐
Will the business provide the Profit & Loss, Balance Sheet, and any adjusting journal entries? If no, complete business income and expense sections of this organizer on pages 6 and 7.	☐	☐

Additional Information for Oregon State and County/City Returns

Did the Partnership/LLC conduct business inside the City of Portland? Yes☐ No☐ If yes, what portion of the gross receipts of the Partnership/LLC were from activities inside the City? $_____

Did the Partnership/LLC conduct business inside Multnomah County? Yes☐ No☐ If yes, what portion of the gross receipts of the Partnership/LLC were from activities inside Multnomah County? $_____

Did the Partnership/LLC conduct business in any cities other than Portland? Yes☐ No☐ If yes, provide the names and income earned in these cities.

City name _____ Income apportionment $_____
City name _____ Income apportionment $_____
City name _____ Income apportionment $_____
City name _____ Income apportionment $_____

Business income from other states

Did the Partnership/LLC conduct business in more than one state? Yes ☐ No☐

If yes, please apportion income by state.

State name _____ Income apportionment $_____ Payroll apportionment $_____
State name_____ Income apportionment $_____ Payroll apportionment $_____
State name _____ Income apportionment $_____ Payroll apportionment $_____

Asset Depreciation Worksheet

- You must report the purchase and disposition of all assets you used in your business.
- For each asset costing $500 or more that was bought or sold, provide the following information:

Assets purchased during the year			Assets sold or disposed of during the year		
Description	Date Bought	Cost	Description	Disposition date	Sales price

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Daily per diem travel worksheet							
City visited	# of days in city	Daily rate	Total per diem	City visited	# of days in city	Daily rate	Total per diem
				(Preparer use only) Total per diem allowable			

Information relating to deductions and credits the partnership may qualify for. Answer "Yes" or "No" and provide information as applicable.	Yes	No	Details	Form Notes
Did the Partnership/LLC purchase a plug-in electric vehicle this year?	☐	☐		8910 or 8936
Did the Partnership/LLC pay wages to any employees who were members of a targeted group?	☐	☐		5884
Did the Partnership/LLC initiate a new 401K plan during the year?	☐	☐		8881
Did the Partnership/LLC pay for disabled access equipment or improvements during the year?	☐	☐		8826
Did the Partnership/LLC provide for or reimburse employees for childcare expenses during the year?	☐	☐		8882
Did the Partnership/LLC make energy-efficiency improvements?	☐	☐		8908
Did the Partnership/LLC pay Social Security and/or Medicare on employee tips?	☐	☐		8846
Did the Partnership/LLC participate in SHOP (Small Business Health Options Program)?	☐	☐		8941
Preparer use only - **Qualified Business Income information**				
Is this business a SSTB?	□	□		
Does business have income that doesn't qualify for the QBI deduction?	□	□		

Automobile Expenses			
Mileage reimbursement amount paid to shareholders and employees for the year $_____			
(Provide these expenses for the partnership)			
Garage rent	$	Repairs	$
Gas	$	Tires	$
Insurance	$	Tolls	$
Licenses	$	Registration fees	$
Oil	$	Other expenses (list):	$
Parking fees	$		$
Lease payments	$		$
When a business auto is used by a 5% or greater shareholder determine business, commuting and personal miles.			

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Partner/Member Information					
First Name–Last Name *(Enter information for all Partner/Members who owned shares at any time during the year)*	**Social Security Number**	**Partner/Member Mailing Address** **Street Address City, State, Zip**	**Share of ownership interest at start of year**	**Share of ownership interest at end of year**	**Dates of ownership change (if any)**

Provide the following information for any person who was a partner or owner/member during the year.						
Partner or Member name	**Guaranteed payments to the partner or member**	**Health insurance premiums paid for partner or member during the year**	**Capital contributions made by the partner or member during the year**	**Distributions made to the partner or member during the year**	**Partner loans to the Partnership during the year**	**Loans repaid by the Partnership the partner during the year**

Note: partnership contributions and distributions should always be proportionate to ownership percentages.

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This page is for preparer use only.

Reconcile Book Net Income	
M-1 Line 1	Book Net Income

Preparer Notes

Reconcile RE/Partner's Capital Account				
	Retained Earnings	Variance	Partner's Capital Account	Notes
Beginning Balance				
Ordinary Income - Book				
Contributions				
Distributions				
Other Items				
Ending Total				
Actual Ending Balance				
Cause of Variance:				
Distributions in Excess of Basis				
Suspended Losses				
Other				
Total				

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Complete pages 6 – 9 of this organizer only if the partnership/LLC is NOT providing PNW Tax with a copy of QuickBooks file.

Income	
What were the business gross receipts or sales for the year?	$
Restaurant? What portion of the income is from tips?	$
What portion of gross sales listed above was refunded or returned?	$
Did the partnership/LLC have income from rental property? If yes, complete the last page of the **rental property** organizer.	Yes☐ No ☐
Restaurant? What portion of the income is from tips?	$
Did the Partnership/LLC have any other income from this business activity not included in gross receipts above? If yes, describe. Yes☐ No ☐ (If the Partnership/LLC had interest or dividend income, complete Interest/Dividend Worksheet on Page 7 of this Organizer)	
Describe any other income of the Partnership/LLC not included elsewhere in this Organizer.	

Cost of Goods Sold (COGS)		
Business such as restaurants, retail sales and manufacturing generally must account for COGS. COGS includes all costs associated with manufacturing a product or purchasing a product for resale.		
Do you manufacture or produce a product for sale to customers? Preparer note: UNICAP applies if gross receipts over $25 million.		Yes☐ No☐
Do you operate a wholesale or retail business where you maintain an inventory of goods? Preparer note: UNICAP applies if gross receipts over $25 million.		Yes☐ No☐
Did you change your method of counting inventory during the year?		Yes☐ No☐
What was your opening cost of inventory on the first day of the year?		
What were your purchases of product (less cost of items withdrawn for personal use)?		
Cost of labor related to sale or production of goods held for sale		
Materials and supplies used in manufacture or sales production		
Closing inventory at end of year		
Preparer use only Net COGS	$	

Travel Expense Worksheet

Meal Per Diem (Important facts)

- For each day you traveled away from home for business outside the metro area, you may claim the actual cost of your lodging and meals. For meals only, you may claim a daily per diem amount instead of the actual costs.
- If you paid travel expenses for your employees outside the metro area, you may choose between claiming the actual cost of employee meals and lodging; or you can reimburse the employee a daily per diem amount for meals and lodging.
- The daily per diem amount varies depending on the city and country you and/or your employee traveled to. Please provide a detailing of each city that you or your employee travelled to for business during the year and the number of days in each city. *(PNW Tax will look up the **daily rate** and figure the **total per diem** deduction amount)*
- You can alternate between actual expenses and the per diem method for each business trip; however you may not use both per diem and actual for the same business trip.
- A partial per diem is allowed when you travel outside the metro area for less than a full day.

Travel Expenses	$	Travel Expenses	$
Airfare		Meals - actual receipts *(Do not include cost of meals where you are claiming the daily per diem rate)*	
Bus, train, taxi		Other travel *(describe below)*	$
Entertainment is not deductible			
Lodging			
Parking & tolls		(Preparer use only) Total travel	

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Interest and Dividend Income Worksheet

- Please attach copies of all interest and dividend statements the Partnership/LLC received for the year.
- If the partnership received interest payments under a seller financed mortgage, we will need the name, address and SSN or EIN of the party making payments.
- For each payer of interest or dividends, enter the total interest or dividend amount received.

Name of bank or other payer	Interest Received	Name of Partnership/LLC or other payer	Dividends Received
	$		$
	$		$
	$		$
	$		$

Does the Partnership/LLC have ownership or control over a foreign financial account or trust? Yes☐ No☐
If yes, provide the name(s) of the foreign country and maximum account values for the year $_____

Business Expenses	$
Advertising	
Auto (Complete auto worksheet, page 6)	
Bank fees and charges	
Cell phone *(100% of cost) $_____* (x Business use _____%) =	
Commissions and fees	
Computers, equipment, furniture (Complete the Asset Depreciation Worksheet shown on page 2)	
Contract labor You must issue a 1099 Misc to any unincorporated entity to whom you paid $600 or more for the year.	
Dues and Subscriptions	
Employee benefit programs	
Health Insurance (employee)	
Health Insurance (shareholder)	
Insurance (other than health)	
Internet service	
Interest – Mortgage *(business- **not** home)*	
Interest – Business credit cards	
Interest – Business loans/credit line	
Laundry/cleaning/janitorial	
Legal and professional services	
Local (in-town) business **meals** (Enter travel meal expense on Page 6)	
Entertainment is not deductible in 2020	
Merchant credit card fees	
Office expense (Do not include equipment costing more than $500 per item – use Asset Depreciation Worksheet on page 2)	
Parking & tolls	
Postage & shipping	
Professional education & training	
Rent *(office, leasehold, storage) (1099-MISC to unincorporated payees required)*	
Rent or lease *(vehicles, machinery, and equipment)*	
Repairs and maintenance	

Business Expenses	$
Software (if cost is over $500, enter on Asset Depreciation Worksheet on page 3)	
Supplies and small tools (Items that cost more than $500 must be listed on Depreciation Worksheet on page 2)	
Taxes - Local & business licenses (eg. City, personal property)	
Taxes - Payroll (941, 940 & OR)	
Taxes – Other (business - not personal)	
Annual business registration fees	
Telephone expense (land line) *(Do not include cost of main home phone line)*	
Travel (Complete Travel Expense Worksheet on Page 6 of this organizer)	
Utilities (Do not include home office)	
Wages (W-2s issued to employees) Provide PNW Tax w/copies of W-3, Annual 940 & Quarterly 941 along with all state reports.	
Guaranteed payments to partners	
Website maintenance & support	
Other expenses (Describe)	
Reconciliation to Drake (Preparer use only)	
Total Expenses (per worksheet)	
Total Income (per worksheet)	
Net COGS (per worksheet)	
Net income or loss (per worksheet)	
Depreciation (per Drake)	
50% of meals (per Drake)	
Auto expense (per Drake)	
Net income or loss (per Drake)	
Difference (should be $0)	

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Automobile Expenses

Mileage reimbursement amount paid to partner/members and employees for the year $_____

(Use this section to report actual expenses (not mileage) paid by the Partnership/LLC)

Garage rent	$	Repairs	$
Gas	$	Tires	$
Insurance	$	Tolls	$
Licenses	$	Registration fees	$
Oil	$	Other expenses (list):	$
Parking fees	$		$
Lease payments	$		$

Business Use of Automobile Reporting Requirements

The IRS closely scrutinizes business-use of automobiles. Documentation must be kept to prove business use of Partnership/LLC-owned or Partner/Member-owned vehicles.

- If a partner/member or an employee used his or her automobile for active conduct of Partnership business:
  - The Partnership/LLC can provide reimbursement for actual operational expenses of the vehicle or it can reimburse using an allowable standard mileage rate.
  - A written log or other record must be maintained and submitted to the Partnership/LLC.
  - For each partner/member or employee for whom the Partnership/LLC paid auto-expense reimbursements during the year, the Partnership/LLC should maintain a written record of the expenses incurred and the reimbursements paid.
- The Partnership/LLC may claim actual operational expenses incurred for vehicles that are owned by the Partnership/LLC.
  - Proof of business use in the form of a mileage log or a written calendar must be maintained unless it can be shown the vehicle was 100% business use.
  - If the business provided a vehicle for employee use, complete Section B below.
- **For any vehicle that was used by a 5% or more owner** of the business, additional information must be reported to IRS. **Complete Section A** shown below.

Section A

Provide the following information for <u>each</u> vehicle used by a 5% or more owner of the business

Purchase price of vehicle		$
Description *(Model and year of vehicle)*		
Date vehicle was first used in your business		
For this tax year only, enter the number of miles your vehicle was used for:		
	Business miles *(not including commute miles)*	
	Commuting miles	
	All other personal-use miles	
Interest paid on auto loan used to purchase this vehicle		$
Was the vehicle available for personal use? Yes☐ No☐		
Was the vehicle used primarily by a 5% or more owner of the Partnership/LLC? Yes☐ No☐		
Is another personal-use auto available? Yes☐ No☐		

Section B

Additional Questions for Partnership/LLCs Providing Vehicles for Use by Employees

Does the Partnership/LLC maintain a written policy prohibiting all personal use of company vehicles?	Yes☐ No☐
Does the Partnership/LLC maintain a written policy prohibiting all use except commuting?	Yes☐ No☐
Does the Partnership/LLC treat all use of vehicles by employee as personal use?	Yes☐ No☐
Does the Partnership/LLC provide more than five vehicles to employees and keep records?	Yes☐ No☐

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Partnership/LLC Balance Sheet		
Assets at year end	**Beginning**	**Ending**
Bank account end of year balance	$	$
Accounts receivable at end of year	$	$
Loans to Partners	$	$
Mortgages and loans held by partnership	$	$
Stocks, bonds and securities	$	$
Other current assets (describe)	$	$
Debts and Equity at year-end		
Accounts payable at year end	$	$
Payables less than 1 year	$	$
Payables more than 1 year	$	$
Mortgages and loans owed by business	$	$
Partner's Capital Accounts	$	$
Loans from partners/members	$	$
Retained Earnings	$	$

Cash Reconciliation	
Beginning Cash Balance	$
Additions	
Income	$
Cash Contributions	$
Increase in Debt Balances	$
Asset Sales Proceeds	$
Depreciation	$
Amortization	$
Other Items	$
Subtractions	
Expenses	$
Nondeductible Expenses	$
Asset Purchases	$
Decrease in Debt Balances	$
Other Items	$
Total	$
Ending Cash Balance	$
Variance is Distributions	$

Preparer Notes

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TERMS OF ENGAGEMENT

Thank you for choosing Pacific Northwest Tax Service to assist with preparation of tax year _____ returns for the Partnership. This letter confirms the terms of our engagement and outlines the nature and extent of the services we will provide.

We will prepare federal and state income tax returns for the Partnership. We will depend on the Management of the Partnership to provide the information we need to prepare complete and accurate returns. We may ask Management to clarify some items but will not audit or otherwise verify the data submitted.

Tax organizers are available on our website at www.pnwtax.com. We encourage Management to use these organizers to help collect the data required for preparation of the Partnership returns. Our staff can also provide Management with a paper copy of the organizer upon request. If Management is using QuickBooks or Excel to track income and expenses, please provide us with a backup copy of these records. If Management is using another accounting program, please provide us with copies of company financials including P&L, and balance sheets for 2019 and 2020 tax years.

Tax Return Preparation Procedures

To help ensure we deliver the best possible service, it is important that Management understand the procedures involved in the preparation of business return which are as follows:

Step 1. **Information collection:** We will collect required information via in-person or telephone interview, and via email correspondence. Management may hand-deliver documents to us at the time of the interview or through the use of our SecureFilePro portal system.

Step 2. **Analysis and preparation:** We will analyze tax documents and prepare tax returns based upon the information Management provides to us.

Step 3. **Draft return review:** We will present Management with a draft copy of returns we prepare for review. Management should review the return and notify your preparer of any required changes Management believes should be made. It is especially important to advise your preparer of incorrect names, addresses, and tax identification numbers.

Step 4. **Signatures and payment of bill.** Your preparer will provide Form 8879P (*E-File Authorization Form*) for Management's signature. IMPORTANT: Management must sign Form 8879P and return the form to us before we will file the Partnership return(s). Your tax preparation bill will be provided at this time and must be paid before we can electronically file the Partnership returns.

Step 5. **Tax Consultant review and electronic Filling**: After the signed Form 8879P is returned to us and our tax preparation fees have been paid, the tax return(s) will be routed to our processing department where they will be error-checked. If significant errors are discovered, your preparer will contact Management to notify of the errors. Management will be provided with a corrected copy of the Partnership return and will be asked to sign a new Form 8879P and return it to us before we will file the return(s).

Step 6. **Pick up of paperwork:** When review of the Partnership returns is completed by our Designated Consultant, they will be electronically filed with the IRS and

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applicable state(s). Assuming the return(s) are accepted by the IRS and applicable state(s), Processing will print and assemble a final paper copy of the return(s). Management will then be notified by phone or email that paperwork is ready for pickup. Management can stop by our office during normal business hours to pickup original documents and printed copies of the return(s). Any documents not picked up within 4 years will be destroyed.

Accounting services

Pacific Northwest Tax Service offers bookkeeping, accounting and payroll services for small business. These services are offered separately from our tax preparation services and are not included in the tax return preparation price. The hourly rate for bookkeeping and payroll is $85/hour outside of tax season and $150/hour during the tax season. Complex accounting services performed by our CPA, Leonard Mitchell, are billed at a rate of $300/hour. Our work will not include procedures to find defalcations or other irregularities. Accordingly, our engagement should not be relied upon to disclose errors, fraud, or other illegal acts, though it may be necessary for Management to clarify some of the information submitted. We will, of course, inform Management of any material errors, fraud, or other illegal acts we discover.

Unclear law

Should we encounter instances of unclear tax law, or of potential conflicts in the interpretation of the law, we will outline the reasonable courses of action and the risks and consequences of each. We will ultimately adopt the reasonable alternative that Management selects.

Filing deadline and extensions

The filing deadline for the 2020 Partnership return(s) is March 15, 2021. Management may apply for an extension of time to file by filing Form 7004 on or before March 15, 2021. IMPORTANT: An extension of time to file does not allow more time to pay tax. Management is solely responsible for paying the Partnership tax on time. Management should remit any amount owed by March 15, 2021.

Price Schedule

We generally charge a flat fee for each form and worksheet that is included with the preparation of a tax return. A time charge may apply for additional bookkeeping or consulting services. Our fee for preparing the Partnership returns will be based upon the Price Schedule posted in our offices.

Return and retention of original documents

We will return original records to Management at the end of this engagement. Management should securely store these records along with all supporting documents, canceled checks, credit card statements, etc., as these items may later be needed to prove completeness or accuracy of the return(s). We will retain copies of returns, balance sheet and profit and loss for a minimum of 4 years, after which these documents will be destroyed.

Our engagement to prepare the Partnership's tax returns for tax year _____will conclude with the delivery of the completed returns to Management (if paper-filing), or Management signature on Form 8879P and our subsequent submittal of tax return (if e-filing). If Management chooses not to e-file returns or is not able to e-file returns with our office, Management will be solely responsible to file the returns with the appropriate taxing authorities. We will not mail paper returns to the government. Review all tax-return documents carefully before signing them.

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Identity theft alert and use of secure portal

The IRS strongly advises all taxpayers to avoid sending valuable personal information via email. Cyberthieves routinely target tax return preparers, banks, medical offices and other businesses that store confidential information that can be used to steal identity. We are committed to the protection of client information and therefore maintain the following policies for security reasons:

1. We will not email copies of tax returns and we strongly advise that Management not to use email for sending valuable information to your tax preparer.
2. Instead, we request that Management use our SecureFilePro cloud-based portal. The portal allows information to be sent and received in a secure environment. Information on how to use the portal is found on our website at www.pnwtax.com. Click on the ***User Instructions*** link in the upper left corner of the landing page. Your tax preparer will set up Portal access upon request.
3. We do not mail copies of returns however we will arrange for signature delivery via UPS or FedEx for an additional charge of $70.

Affirmation and acceptance of terms

To affirm that this letter correctly summarizes the arrangements for this work, and that all information provided on the accompanying Partnership/LLC Organizer is true and correct, please sign this letter in the space indicated below.

Thank you for your confidence in Pacific Northwest Tax Service.

Accepted By:

_____

Authorized partner/manager of the Company

_____ _____

Date

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