

Tax and Financial Records

The quality of your business tax return and the timeliness of its preparation depend strongly on obtaining all your tax-related documents and information. Therefore we have created the following checklist. You might also want to review or use our fillable Small Business Worksheet PDF-

www.wcgurl.com/64 (fillable pdf)

Or... an Excel spreadsheet to help organize your income and expenses-

www.wcgurl.com/21 (excel)

If you do not use a formalized accounting system such as QuickBooks, Xero, Waveapps, etc., then we strongly encourage that you use one of the links above.

Formalized Accounting

If you use QuickBooks or MS-Excel for your accounting records, please make sure your bank reconciliations are completed and all transactions are categorized. Double check your entries after reviewing the rest of the categories on this form. We prefer to get financial data from these programs in MS-Excel or .csv formats since we can massage and manipulate them easily without ruining the integrity of the original data. We need-

- ▲ Balance Sheet for Dec 31 (and preferably another data dump for Dec 31 of the previous year).
- ▲ Profit and Loss Statement (Income Statement) for Jan 1 thru Dec 31.
- ▲ General Ledger for All Accounts (details every transaction) for Jan 1 thru Dec 31. While we can work with PDFs when it comes to Balance Sheets and Income Statements, G/L data is much easier to work with when in MS-Excel or .csv formats.

If you use online accounting software and you feel comfortable giving us access, please use accounting@watsoncpagroup.com as the email address for the accountant invitation. We do not make changes or submit journal entries into your accounting records. If these are needed to be done, we can either guide you thru it or refer you to a third party bookkeeper.

Balance Sheet Items (in addition to the data dump above)

- ▲ Bank Statements, showing January 2018 and December 2018 cash balances (we need to tie out your cash)
- ▲ January 2018 and December 2018 Credit Card Statements
- ▲ Equipment Purchases and Dispositions, Including Autos
- ▲ New Loans, Paid Loans, to and from the Company
- ▲ Loan Statements, Year-End Summaries showing Interest / Principal paid, 12/31/18 Balances

Income and Expenses (in addition to the data dump above)

- ▲ 1099 MISCs (that you received from your clients or customers)
- ▲ 1099-Ks (issued by merchant card providers, such as PayPal and Google)
- ▲ Health Insurance Premiums, Health Savings Account (HSAs), Long-Term Care
- ▲ Health Reimbursement Arrangements (HRAs)

Accountable Plan Reimbursements (Company Expenses Paid Personally or Shared Expenses)

- Automobile Mileage, Home Office, Cell Phone, Internet
- Health Insurance, Health Savings Account (HSA), Long-Term Care (LTC)
- Health Reimbursement Arrangements (HRA)

Submit these here- www.watsoncpagroup.com/APlan

Payroll (you can skip if we process 1099s or payroll for you)

- ▲ 1099s, W2s You Issued Including W3s
- ▲ End of Year Payroll Summaries showing wages paid, taxes deducted and taxes paid

You can also provide accountant login credentials and we'll get it ([use accounting@watsoncpagroup.com](mailto:use_accounting@watsoncpagroup.com))

Retirement

- ▲ Plan Documents for new 401k plans (an introduction to your financial advisor is also nice)
- ▲ Amounts deferred by Employees, Contributions made by Employer (we can compute the max)

Housekeeping for New Clients :)

- ▲ Copy of your Articles of Organization, Formation or Incorporation (if you can, no biggie otherwise)
- ▲ Original EIN Issuance Letter, if you can
- ▲ Operating Agreement, if you have one
- ▲ S Corp Election, if you did
- ▲ 2017 Tax Returns and all K1s including State(s), if applicable
- ▲ Accountable Plan, As Adopted
- ▲ Shareholder Basis Information
 - Paid in Capital Amounts
 - Owner Full Legal Names, SSNs, Addresses, Ownership Percentage

Financial Documents are Not in Good Order

At times, the financial documents that are supplied to us cannot be translated into an **accurate business tax return**. What the heck does this mean? Good question... if we believe the information is not in good order we will need to have a discussion. We are very sensitive to every business owner's ability to perform accounting functions so we try to be gentle and put ourselves in your shoes.

We also understand from over a decade of working with business owners that they want to do the right thing; however for lack of a better way, business owners will do it their way. As such we can offer some guidance. There several paths we can take after our conversation-

- ▲ You add clarity to the information by chatting with us, and we carry on with a nice tax return for your review.
- ▲ You synthesize your financial information and documentation into a spreadsheet template that we've created-

www.wcgurl.com/21

- ▲ You synthesize your financial information and documentation into a fillable PDF-

www.wcgurl.com/64

- ▲ You authorize us to forward your financial information to our outside bookkeeper who will re-work the data into useable financial statements. This option is one that we do not take lightly since it costs additional money above tax preparation. If this option is entertained, the usual retainer is about \$400 to \$600 and the bookkeeping is billed at \$90 per hour. This is the high-water mark for most situations.
- ▲ The last option is extending the tax returns until May or June where we can re-assess what is needed without the pressures of deadlines and other tax season madness. Please remember that an extension is an extension to file tax returns, not an extension to pay. We can advise further if this option seems appealing to everyone.

We don't expect financial documents to be perfect. We work with a huge variety of formats, from bar napkins to audited financial statements. However, as mentioned before, there are times where the financial documents that are supplied to us cannot be translated into an accurate business tax return. We also fear that you might not be taking advantage of all the allowed deductions (**we want to minimize your tax exposure**). And... if financial documents are not in good order, it would not support the tax return in the event of an IRS audit or challenge.

Sorry to be all gloom and doom, but our goal is to truly be your advocate.

Tax Preparation Process

2018 S Corporations and Partnerships

Timelines and Considerations

Here are some important dates and considerations for us to help manage expectations-

▲ Monday, February 25, 2019

All tax documentation must be received for us to guarantee an on-time filing (we routinely receive business documentation well into March and still complete the tax returns on time- we just can't promise it).

▲ Friday, March 8, 2019

All eFile or Extension authorizations must be received.




▲ Friday, March 15, 2019

The filing deadline for Partnerships (Form 1065) and S Corporations (Form 1120S). Note that C Corporations (Form 1120) are April 17, 2018. **Tax payments might also be due in some situations.**

▲ Our normal turn-around time **after receiving everything we need is 10-12 days**. We will update you with email and text alerts along the way.

▲ We have a **soft-close at 3:01PM** on Fridays to enjoy a beer, chips and salsa, and to unwind a bit. Apparently having fun before 3:00 is frowned upon in our establishment. Back at it on Saturday!

If you miss our cutoff (**green circle above**) and still want your tax returns filed on time, we might be able to but we cannot guarantee it. However, we are willing to stay late, order takeout and pay some over-time to get your tax returns pushed through. Our typical fee for this is \$250, but might be waived or increased depending on your situation. Please note- we are not saying you must pay this rush fee if you miss a cutoff; we only charge it if you want a guaranteed timely filing once we are past the cutoff. Having said all this, nothing good happens when people are rushed at the last minute. We will accept the rush arrangement on a case by case basis.

March 2019 						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	 8	9
10	11	12	13	14	 15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

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2017 C Corporations

Timelines and Considerations

Here are some important dates and considerations for us to help manage expectations-

▲ Monday, March 25 2019

All tax documentation must be received for us to guarantee an on-time filing (we routinely receive business documentation well into April and still complete the tax returns on time- we just can't promise it).

▲ Monday, April 8 2019

All eFile or Extension authorizations must be received.

▲ Monday, April 15 2019

The filing deadline for C Corporations (Form 1120). Note that Partnerships (Form 1065) and S Corporations (Form 1120S) are March 15, 2018. **Tax payments might also be due in some situations.**

▲ Our normal turn-around time **after receiving everything we need is 10-12 days**. We will update you with email and text alerts along the way.


▲ We have a **soft-close at 3:01PM** on Fridays to enjoy a beer, chips and salsa, and to unwind a bit. Apparently having fun before 3:00 is frowned upon in our establishment. Back at it on Saturday!

If you miss our cutoff (**green circle above**) and still want your tax returns filed on time, we might be able to but we cannot guarantee it. However, we are willing to stay late, order takeout and pay some over-time to get your tax returns pushed through. Our fee for this is \$250. Please note- we are not saying you must pay this rush fee if you miss a cutoff; we only charge it if you want a guaranteed timely filing once we are past the **February 26 cutoff**. Having said all this, nothing good happens when people are rushed at the last minute. We will accept the rush arrangement on a case by case basis.

Extensions

If you want to extend your tax returns, a few things to keep in mind. First, we must get explicit approval from you to extend your tax returns. We cannot legally file an extension without permission. So, if we don't hear from you an extension will not be filed. Failure to file is a huge penalty (5% per month based on tax due).

Second, an extension to file is NOT an extension to pay. A pass-thru entity such as partnership or S corporation generally does not have a federal tax obligation. However some states charge a franchise tax or a "pleasure to do business in our state" tax. If this applies, taxes might be due **March 15, 2019**.

April 2019 

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

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Here is quick list of states that have some sort of tax-

California	Louisiana	New York	Tennessee
Georgia	Massachusetts	North Carolina	Texas (limits)
Idaho	Mississippi	Oregon	Vermont
Illinois	New Jersey	Rhode Island	Washington (B&O Tax)
Kentucky	New Mexico	South Carolina	

Here is the link to extend your tax returns-

www.watsoncpagroup.com/extend

Critical Note: Extended business tax returns will be **completed in May or June** provided we have everything we need from you. As such your individual tax returns will also need to be extended. Our turnaround time increases to **12-15 days** during the off-season to accommodate for mental breaks and vacations.

Client Engagement Agreement

The IRS, American Institute of Certified Public Accountants (AICPA), ethical guidelines and our professional liability insurance require client engagement agreements. They can be demanding that way. Please click on the link below to electronically review and sign this agreement.

www.watsoncpagroup.com/engagement

It is easy and painless, and needs to be submitted prior to the preparation of your tax returns.

Security and Privacy Procedures

Your security and privacy are very important to everyone at the Watson CPA Group. Please review the various policies and procedures which are implemented to protect your confidential information.

www.watsoncpagroup.com/safe

Tax Deductions and Fringe Benefits

As a small business owner, we want to help you leverage the most out of your business through proper business tax deductions and fringe benefits. Please review the online version of Chapter 11 of our book at-

www.watsoncpagroup.com/biz

If you are a subscription small business client, you are familiar with our Periodic Business Reviews (PBRs). Either way, please review our PBR agenda since it might trigger additional comments or concerns-

www.watsoncpagroup.com/pbr

Fillable PDF Worksheets

Here is a list of our fillable PDF worksheets. As mentioned before, you do not have to replicate data that is available elsewhere. For example, mortgage interest and real estate taxes reported on Form 1098 do not need to be entered again with our worksheets. Let's keep life simple and easy for you; that's why you hired us.

Small Business	Used for LLCs and S Corps to report income and expenses	www.wcgurl.com/64
Small Business Template	MS Excel template used to report income and expenses	www.wcgurl.com/21
Rental Property	Used for rental property income and expenses	www.wcgurl.com/65
Auto Expenses	Used for actual expenses and mileage information	www.wcgurl.com/66
Home Office	Used for home office deductions	www.wcgurl.com/67

You can also access all this stuff with our Getting Started webpage link-

www.watsoncpagroup.com/taxes

You will find our forms very short and concise, and in general they will help ensure that your tax returns are comprehensive. Our past experience has shown that errors and misunderstandings come from scribbled notes and the like. While you are telling us about your favorite food, we hear green is your favorite color. So, everyone wins if we can efficiently and accurately process your tax information during the preparation of your tax returns.

Sending Us Your Documents

We provide worldwide tax preparation service and your ability to communicate with us is critical to everyone's success. And your comfort level in sending sensitive and personal information is our top priority so we have implemented three ways to safely and securely send your tax documents to us:

Client Portal

Since 2007 we have used ShareFile to administer our Client Portal which provides secure, online document exchange. The Client Portal will allow you to securely upload your tax documents to our office. As more companies electronically provide year-end tax statements and forms, and as scanners become more user friendly, uploading these files will save you time and resources. In addition, the Client Portal can be used to retrieve and review your tax return prior to eFiling.

Note on Scanning: Our preference is for you to create one ginormous PDF file of all your paper tax documents. We understand that some of your tax statements will be separate PDFs since you received them electronically. No worries- do what you can, but know that submitting one PDF is our preference.

Most operating systems have a PDF printer already installed- if not, please do an internet search for free PDF printers (we use Cute PDF ourselves). This is a very handy tool which installs a **PDF printer** allowing you to print anything to a PDF file. Screen shots, online activity, Excel spreadsheets; anything you normally print to paper can be saved as a PDF. This is especially useful for bank website or other dynamic websites where you cannot directly save the information.

We understand not everyone will be comfortable using the Client Portal and therefore we will accommodate all requests for alternative ways of sending your tax documents to us.

Otherwise, you can access the Client Portal at-

www.watsoncpagroup.com/portal

Secure Fax

If you decide to fax your tax documents our toll-free fax number is 855-345-9700. We will email you and send a text message alerting you that your fax was received. We will also upload your faxed documents to your Client Portal should you need this information again in the future.

Note: Please provide a cover letter with all faxes. If you want to be a superstar and have our tax admins think you are the best client ever, you should **initial and number each page**. But that is not required.

Mail, Road Trip

If you do not have access to a fax machine or scanner, you may also mail your information to us. We encourage the use of FedEx or UPS. Our address is:

Watson CPA Group
9475 Briar Village Point Suite 325
Colorado Springs CO 80920

If making a road trip to our office, tax preparation seems to improve dramatically with donuts.

Note: The ability to maintain our competitive fees relies on receiving soft copies (faxes, scans, emails) or hard copies of your originals. If you send us original documents and do not want them returned to you we will maintain them in our office for three years. If you want originals sent back to you, we must charge a **\$45 fee** for the costs of copying and mailing. We do not have extra resources during tax season for this activity- **we can only return originals in May**.

All tax documents and work papers that you provide as hard copies will be scanned and uploaded to your client portal.

Let Us Know

Lastly, you can use any combination of these methods- if you want to upload some documents and fax others, we are flexible. However, **it is difficult to know when clients are done sending their tax documents**. So, please send an email to support@watsoncpagroup.com or give us a shout at 719-387-9800 to let us know you are done. We love phone calls from our clients- voices, stories, weather updates- all good stuff!

Also, if you are waiting on one last tax document such as a rogue K-1 or 1099, please send what you have. We will prepare a preliminary tax return, and simply drop in the late document at the last minute.

Directions, Appointment

Over 65% our tax clients live outside of Colorado, therefore we are proficient in preparing your tax return without an appointment. However, if Colorado Springs is convenient for you or if you would like to Skype, please call or email us to schedule.

If you want to make an appointment, please contact us. We are located in Colorado Springs, but can Skype (screenname of WatsonCPAGroup) or screenshare with clients all over the globe. If an appointment is inconvenient, remember you can always mail, fax or scan your tax documents to us.

View directions at

www.watsoncpagroup.com/Directions.pdf

Contact Info

The tax team consists of four managers, including several seasoned tax professionals and admins. Here is the contact information for your Tax Pod-

Pod A



Tina Watson, CPA, CFP®, MBA
Senior Partner

719-428-3257 direct

Pod A distribution email is poda@watsoncpagroup.com and has Lana Rollins, Terry Bryan, CPA, Pat Herrera, EA, as Tax Seniors, and Emily Roberts and Taylor Pryor as Staff Accountants.

Pod B



Michelle Day, EA
Tax Manager

719-428-3248 direct

Pod B distribution email is podb@watsoncpagroup.com and has Brian Baum, CPA and Roberta Bertrand, EA as Tax Seniors, and Marchyll Jones and Jerrod Aud as Staff Accountants.

Pod C



Sally Rhoades, CPA, CFP®
Partner

719-428-3269 direct



Sarah Hintz, CPA
Tax Manager

719- 387-9947 direct

Pod C distribution email is podc@watsoncpagroup.com and has Rachel Berry, Amber Sicola (who just passed the CPA exam), Lacey McCullough and Joseph Bassett as Staff Accountants.

This pod arrangement provides better ownership of each tax client's unique situation and allows us to learn as much as we can about you so that we can comprehensively prepare your tax returns. Want to see all our smiley faces?

www.watsoncpagroup.com/team

Where the heck is Jason Watson? The Watson CPA Group has grown to 31 tax and business consultation professionals. Jason's full-time job as Managing Partner is training new people, raising the bar for seasoned staff and overall quality control. You can always email him at jason@watsoncpagroup.com or call **719-428-3261** with your questions or concerns. Always.

Tax Admins

We have eight wonderful tax admins who support our pods. Collectively, they are the gatekeepers and ensure all the trains run on time throughout our office. Each Tax Manager and all our tax return preparers rely heavily on and sincerely appreciate our tax admins.

Growing Pains

We are a growing company and every year we retool our procedures. The unfortunate thing about our business is that we don't know our process is broken or needs improvement until about March 26, and the devil we created is the devil we live with until April 15. Each year we attempt to improve our process for you- the feedback you provide is tremendous, and we appreciate all the comments and suggestions.

Rest assured that anytime you feel your needs are not being met, please contact Jason Watson or Tina Watson. If we stink at something, we want to know. And you should know that we'll make it right, right away.

The Process

Here is a timeline of what to expect. Life is all about managing expectations, and we attempt to do that here-

Assembly

- ▲ You send us your tax stuff, and we alert you through email and text message that it is received.
- ▲ A tax admin reviews it for obvious missing information or items, and contacts you if necessary.
- ▲ Your file is assigned to a tax pod based on legacy for returning clients, or type and complexity for new clients. We also alert you with an email and text.

Tax Preparation

- ▲ Your Staff Accountant and Tax Manager prepare your tax returns. Exciting!
- ▲ If there are questions or clarifications needed, the Tax Manager contacts you, and we also alert you.

Tax Return Review and Filing

- ▲ When your tax returns are ready for review, we send a secure copy via email and the client portal, and alert you.
- ▲ If you have questions or comments, you can email those directly by replying to the email containing your tax return or contact your Tax Manager directly. We **ALWAYS** want you to understand your tax returns and feel comfortable about the information being filed.
- ▲ We schedule a tax return review with you. We typically allocate about 15-20 minutes for individual tax returns, and **partnerships and corporate tax returns** we allocated 30-40 minutes. We can commonly combine these as well provided the individual tax return is done (or close to being done).

We do not have to review your tax returns directly with you. It is highly recommended since you are the most intimate with your business but it is not required.

Warning: We strongly encourage you to schedule your tax return review within 10 business days of receiving the draft copies. If you have had draft copies of your tax returns for more than 10 business days, , we might not have availability to review your tax returns prior to the filing deadline. Also, we cannot review your partnership and S corporation tax returns during March; same applies to C corporations and individual tax returns during April. Do not feel rushed! We can simply extend the filing of the tax returns until May or June, and schedule a review for that time.

Please move 'review tax returns' ahead of 'call mom' on your To-Do List just this one time. Pretty please.

▲ Once you review and approve your tax returns, you need to do two things-

1. Give us permission to eFile your tax returns on your behalf, AND
2. Pay your tax preparation fee. No tax returns are filed until payment is made. Do both here-

www.watsoncpagroup.com/bizfile

▲ About 2-3 days after eFiling you will receive emails from our tax software (UltraTax) letting you know that your tax returns have been received. It is common for states to accept your tax returns before the IRS.

We get the same notifications CCd to us and alert you with a text message. We monitor the acceptance of your tax returns, and follow up with the taxing agencies after 72 hours if an acceptance notification is not received.

▲ Boom! That's it (at least until next year). Enjoy your spring and summer!

August and November Financial Tune-Ups

For those clients who have a tax-only engagement with us, we offer a lot more than just a tax return. Tax returns are boring. Tax planning including projections and end of year tax moves is way more valuable to you than 100 pages of gobbly-goo in some dust-catching PDF aimed at IRS compliance. Wow, that is a long sentence... anyway, in August we offer a tax planning tune-up and later on in November we offer an end of year tax consultation. These are complimentary consultations. Sure, you're paying for it in some fashion with your tax preparation fees but then again, this is a valuable service that most tax professionals don't offer. Click the links below for more information. Riveting!

www.wcgurl.com/52 Tax Modeling / Planning Questionnaire

And...

www.wcgurl.com/eoy End of Year Thoughts and Tax Moves

In Closing

If you have any questions, please feel free to call us at 719-387-9800 or email at **support@watsoncpagroup.com**. Thanks again for your time- We look forward to working with you!!

Warm Regards,

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9475 Briar Village Point Suite 325
Colorado Springs CO 80920

719-387-9800 office
855-345-9700 fax

www.watsoncpagroup.com