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DAVID M. MULDOWNNEY, JR.
CERTIFIED PUBLIC ACCOUNTANTS

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www.muldowneycpa.com

January 2021

Another year has passed, and tax time is upon us again. These previous months have been a challenge for us all and we would like to extend our well wishes for a happy and healthy 2021. **For the safety of our clients and staff, we will not be offering in-person tax meetings.** You have the option of uploading your documents to your secure client portal, mailing, dropping off your information, or a virtual meeting with a tax preparer.

We are pleased to announce our acquisition of Kathryn Winthrop, CPA, located in Little Silver. Kathy has been handling similar clients for quite some time, which makes this association very logical. The staff at each location will remain the same.

Enclosed you will find our annual client tax mailer, which includes the following documents:

- 1040 Engagement Letter – outlines both parties' responsibilities, along with the services that are to be performed. This letter is a **requirement** of our professional standards, along with our insurance carrier, and **must** be signed by both taxpayers (if filing jointly) and returned to our office along with your documents. We will not begin work on your taxes until we have a signed engagement letter.
- "What We Need" – a list of common documents used to prepare your return
- Questionnaire – If your answer is "yes" to any question, please provide the appropriate support document(s)

If you prefer to print a copy of the client tax packet, please {Click Here}. If your computer's security does not allow access via a hyperlink, please visit us at www.muldowneycpa.com. At the top of the page, click "Client Center" and choose "What We Need to Prepare Your Tax Return".

Due to IRS regulations, it is necessary for us to obtain written permission to release or discuss financial information with **anyone** other than the taxpayer. This includes dependent children over the age of 18 and parents/relatives for whom you handle financial matters. A consent form may be obtained by contacting the office.

Please feel free to call us with any questions you may have. As always, thank you for your past support, continued patronage, and kind referrals.

Sincerely,

David M. Muldowney, Jr., CPA



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INDIVIDUAL TAX RETURN ENGAGEMENT LETTER

We appreciate the opportunity to work with you. This letter is to specify the terms of our engagement, clarify the nature and extent of the services we will provide, and confirm an understanding of our mutual responsibilities.

We will prepare your 2020 federal and applicable state(s) individual income tax returns. If you would like to add any additional forms or services to this engagement, please use the *Comments or Additional Requests* space provided.

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

Certain individuals may be required to electronically file FinCen Form 114, Report of Foreign Bank and Financial Accounts (FBAR) with the U.S. Department of the Treasury. Failure to comply with the filing requirements may result in significant civil and criminal penalties. Unless otherwise specifically agreed in writing, we will not prepare, file, or provide assistance with this form. If you would like to add Form 114 to this engagement, please use the *Comments or Additional Requests* space provided below.

It is your responsibility to provide all the information required to prepare your returns. We may provide you with an organizer or checklist of information required for the returns, and you represent that the information you provide will be accurate and complete to the best of your knowledge. We will not audit or otherwise verify the information provided, although we may ask for clarification if the information appears to be incorrect, inconsistent, or incomplete. Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover errors or other irregularities, should any exist.

You have the final responsibility for the income tax returns and, therefore, should review them carefully before you sign the necessary E-file Signature Authorization form(s), authorizing us to file them.

You should also know that IRS audit procedures will usually include questions on bartering transactions and on deductions that require strict documentation such as travel and entertainment expenses and expenses for business usage of autos and computers. In preparing your returns, we rely on your representations that we have been informed of all bartering transactions and that you understand and have complied with the documentation requirements for your expenses and deductions. If you have questions about these issues, please contact us.

Taxpayers are required to maintain all the documents that form the basis of income, deductions, credits and payments shown on the return. In addition, some items have specific substantiation requirements set forth by the IRS (e.g., auto, meals & entertainment, and charitable contributions over \$250, etc.). If you have any questions as to the type of records required, please ask us for advice in that regard. Your signature on this letter confirms that we have advised you of the record keeping requirements.

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

Your returns may be selected for examination or audit by tax authorities. In the event of such governmental tax examination, we would be pleased to represent you under the terms of a separate engagement.

If, during our work, we discover information that affects prior-year 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.

The engagement does not include any services not specifically identified above. We may need to perform additional accounting or tax research services incidental to the preparation of your tax returns. These incidental services will be billed as part of your tax return preparation fee, at our standard rates.

Your returns are required to be filed electronically with the IRS and applicable state(s). We will provide you with a copy of your final returns for review prior to electronic transmission. The IRS requires 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 cannot transmit any return until we have the appropriate signed authorizations. E-filing of state returns vary by tax authority. If e-file is not available, paper copies will be provided for you to sign and mail.

The filing deadline for individual tax returns is April 15, 2021. To meet this deadline, the information needed to complete the returns should be received in this office no later than March 19, 2021. If we receive your information after that time, we will make every effort to complete your returns without an extension but will give priority service to clients who have submitted information on time. This means an extension may be filed on your behalf, depending on our workload. If an extension of time is required, any tax due with these returns must be paid with that extension. Any amounts not paid by the filing deadline may be subject to interest and late payment penalties.

No extensions will be filed unless we have received sufficient data to estimate your tax liability by April 1, 2021.

The fee for your tax preparation will be based upon the complexity of your information and/or the amount of time required at our standard billing rates plus out-of-pocket expenses. Amounts not paid within 30 days will be charged interest at a rate of 1% per month (12% per year). We accept cash, checks made payable to "David M. Muldowney, Jr., CPA", and all major credit cards.

It is our policy to keep records related to this engagement for 6 years. However, we do not keep any of your original records, and 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 those records for possible future use, including potential examination by governmental or regulatory agencies. By signing this engagement letter, you acknowledge and agree that upon the expiration of the 6-year period, we are free to destroy our records related to this engagement.

You may terminate this engagement at any time. However, you remain liable for all unpaid fees as discussed above. We reserve the right to withdraw from this engagement at any time because of unpaid fees, 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 records. Otherwise, this engagement will be considered complete upon acceptance of your e-filed returns by the tax authorities. If, for any reason, your returns are not e-filed, you will have final responsibility for mailing them to the applicable taxing authorities.

In the event of a dispute related in any way to our services (other than our efforts to collect a past due invoice), our firm and you agree to discuss the dispute and, if necessary, to promptly mediate in a good faith effort to resolve. We will agree on a mediator, but if we cannot, either of us may apply to a court having personal jurisdiction over the parties for appointment of a mediator. We will share the mediator's fees and expenses equally, but otherwise will bear our own attorneys' fees and mediation cost. Participation in such mediation shall be a condition to either of us initiating litigation. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or

required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identity for purposes of the award of attorneys' fees.

If the foregoing is in accordance with your understanding, please sign in the spaces indicated below and return to us. If you have any questions, please do not hesitate to contact our office. We appreciate the opportunity to work with you and look forward to serving you for many years to come.

Very truly yours,

David M. Muldowney, Jr., CPA

David M. Muldowney, Jr., CPA

Accepted by:

Taxpayer printed name

Spouse printed name (if applicable)

Taxpayer signature & Date
(parent, if return is for a dependent under age 18)

Spouse signature & Date
(required) for joint returns)

IF WE HAVE AN E-MAIL ADDRESS ON FILE, YOUR TAX RETURNS WILL BE UPLOADED TO YOUR CLIENT PORTAL. IF YOU WOULD PREFER A PAPER COPY MAILED TO YOUR HOME, PLEASE CHECK HERE

Comments or additional requests:



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CERTIFIED PUBLIC ACCOUNTANTS

What We Need

- Income

- Wages, salaries, tips, etc. Provide all W-2's and your final 2020 paystub or Form 1099-MISC
- Interest – taxable/non-taxable (Form 1099-INT)
- Dividends (Form 1099-DIV)
- Sales of stocks, bonds, or other securities (Form 1099-B)
- Alimony
- **Do you have an interest in, or signing privileges for a foreign bank, securities, or trust account?**
- Refunds, credits, or offsets of state and local income taxes (Form 1099-G must be obtained on-line)
- Business income and expense schedules
- IRA, pension, or annuity distributions (Form 1099-R), provide all 12/31/20 IRA Brokerage statements
- Unemployment (Form 1099-G-must be obtained on-line) or Social Security benefits (Form SSA-1099).
- Real estate rental or royalties
- K-1's from partnerships, S corporations, LLC's, Estates and Trusts
- Sale/purchase of real estate – copies of closing documents, cost basis, improvements made during your ownership and Form 1099-S, if received.
- Did you receive an Economic Impact Payment (stimulus check) in 2020?
- Any other income

- Deductions

- Out of pocket costs for medical & dental, prescriptions, and eyeglasses (separately identify any premiums paid for insurance coverage, if not withheld from your W-2 or 1099-SSA)
- Real estate and other taxes paid
- Mortgage interest (Form 1098)
- Charitable contributions.
 - Cash – all contributions substantiated by a cancelled check (letter for individual contributions of \$250 or more), bank statement or credit card statement
 - Non-cash – contributions totaling >\$500 – please provide details of donation (who, what, where, when, and dollar amount)
- Sales tax paid on motor vehicles, boats, airplanes, homes, or home building materials

- Casualty Loss – cost of items less insurance proceeds, subject to limitations, only if attributable to a federally declared disaster
- Unreimbursed teaching supplies paid by elementary and secondary school teachers
- Educational expenses incurred by you, your spouse, or dependents attending college or other post-secondary educational institution.
 - *Provide Form 1098-T received from the institution*
 - *Student loan interest*

- **Miscellaneous**

- A list of all federal and state estimated taxes paid for 2020. Please note that a final payment may have been made in January 2021.
- We should be made aware of all gifts to individuals over \$15,000, as well as other monetary gifts to trusts or 529 plans.
- Amounts contributed to an IRA, Roth IRA, SEP, Keogh, or Simple accounts
- We will prepare your 2021 estimates (if needed), based on your income and withholdings/payments from 2020. If you anticipate a significant change, please advise us so that we can make the necessary adjustments. This will minimize the possibility of an underpayment penalty by the taxing authorities.

- **Conclusion**

We rely on you to provide us with complete and accurate tax return information. The above information is a **general** overview of items used to prepare your tax return(s). If you have additional items and are not sure of its relevance, please include the information/document with an explanation. As always, if you have any questions, please call our office (732-431-4332) or e-mail (donna@muldowneycpa.com).

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Questions

Please check the appropriate box and include all necessary details and documentation.

	Yes	No
Personal Information		
Did your marital status change during the year?	<input type="checkbox"/>	<input type="checkbox"/>
If yes, explain: _____		
Did your address change from last year?	<input type="checkbox"/>	<input type="checkbox"/>
Can you be claimed as a dependent by another taxpayer?	<input type="checkbox"/>	<input type="checkbox"/>
Did you change any bank accounts, or did routing transit numbers (RTN) and/or bank account number change for existing bank accounts that have been used to direct deposit (or direct debit) funds from (or to) the IRS or other taxing authority during the tax year?	<input type="checkbox"/>	<input type="checkbox"/>
Do you, your spouse (if applicable), and any dependents have a taxpayer identification number (SSN, ITIN, or ATIN)?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive an Identity Protection PIN (IP PIN) from the IRS or have you been a victim of identity theft? If yes, attach the IRS letter.	<input type="checkbox"/>	<input type="checkbox"/>
Did you reside in or operate a business in a Federally declared disaster area? The Federally declared disaster areas include victims of hurricanes, tropical storms, floods, as well as wildfires.	<input type="checkbox"/>	<input type="checkbox"/>
COVID-19 Information		
Did you receive an Economic Impact Payment (EIP or EIP 2) as reported on Notice 1444 or 1444-B?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive a Paycheck Protection Program (PPP) loan?	<input type="checkbox"/>	<input type="checkbox"/>
If yes, did you apply for Paycheck Protection Program (PPP) loan forgiveness?	<input type="checkbox"/>	<input type="checkbox"/>
Are you a telecommuting employee that was required to "shelter in place" due to local COVID-19 protocols while working in a state that was not your home state?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive emergency leave sick pay?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive emergency family leave wages?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive any special unemployment benefits or compensation under the Coronavirus Relief Act during the year?	<input type="checkbox"/>	<input type="checkbox"/>
If you are self-employed, were you unable to perform your self-employed activities due to coronavirus related care you needed?	<input type="checkbox"/>	<input type="checkbox"/>
If you are self-employed, were you unable to perform your self-employed activities due to coronavirus related care you provided to your son or daughter under the age of 18?	<input type="checkbox"/>	<input type="checkbox"/>
If you are self-employed, were you unable to perform your self-employed activities due to coronavirus related care you provided to another?	<input type="checkbox"/>	<input type="checkbox"/>
Dependent Information		
Were there any changes in dependents from the prior year?	<input type="checkbox"/>	<input type="checkbox"/>
If yes, explain: _____		
Do you have any children under age 19 or a full-time student under age 24 with unearned income in excess of \$2,200?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have dependents who must file a tax return?	<input type="checkbox"/>	<input type="checkbox"/>

- Did you provide over half the support for any other person(s) other than your dependent children during the year?
- Did you pay for child care while you worked, looked for work, or while a full-time student?
- Did you pay any expenses related to the adoption of a child during the year?
- If you are divorced or separated with child(ren), do you have a divorce decree or other form of separation agreement which establishes custodial responsibilities?
- Did any dependents receive an Identity Protection PIN (IP PIN) from the IRS or have they been a victim of identity theft? If yes, attach the IRS letter.

Purchases, Sales and Debt Information

- Did you start a new business or purchase rental property during the year?
- Did you sell, exchange, or purchase any assets used in your trade or business?
- Did you acquire a new or additional interest in a partnership or S corporation?
- Did you sell, exchange, or purchase any real estate during the year?
- Did you purchase or sell a principal residence during the year?
- Did you foreclose or abandon a principal residence or real property during the year?
- Did you acquire or dispose of any stock during the year?
- Did you take out a home equity loan this year?
- Did you refinance a principal residence or second home this year?
- Did you sell an existing business, rental, or other property this year?
- Did you lend money with the understanding of repayment and this year it became totally uncollectable?
- Did you have any debts canceled or forgiven this year, such as a home mortgage or student loan(s)?
- Did you purchase a qualified plug-in electric drive vehicle or qualified fuel cell vehicle this year?

Income Information

- Did you have any foreign income or pay any foreign taxes during the year, directly or indirectly, such as from investment accounts, partnerships or a foreign employer?
- Did you receive any income from property sold prior to this year?
- Did you receive any unemployment benefits during the year?
- Did you receive any disability income during the year?
- Did you receive any Medicaid waiver payments as difficulty of care during the year?
- Did you receive tip income not reported to your employer this year?
- Did any of your life insurance policies mature, or did you surrender any policies?
- Did you receive any awards, prizes, hobby income, gambling or lottery winnings?
- Did you receive any income considered to be nonemployee compensation?
- Do you expect a large fluctuation in income, deductions, or withholding next year?
- Did you have any sales or other exchanges of virtual currencies (including from an airdrop or a hard fork, or used virtual currencies to pay for goods or services)?

Retirement Information

- Are you an active participant in a pension or retirement plan?
- Did you receive any Social Security benefits during the year?
- Did you make any withdrawals from an IRA, Roth, myRA, Keogh, SIMPLE, SEP, 401(k), or other qualified retirement plan?
- If yes, were any withdrawals due to a Federally declared disaster or COVID-19?
- If you received any qualified disaster retirement plan distributions, did you repay any of the distributions in 2020?
- Did you receive any lump-sum payments from a pension, profit sharing or 401(k) plan?
- Did you make any contributions to an IRA, Roth, myRA, Keogh, SIMPLE, SEP, 401(k), or other qualified retirement plan?

Education Information

- Did you, your spouse, or your dependents attend a post-secondary school during the year, or plan to attend one in the coming year?
- Did you have any educational expenses during the year on behalf of yourself, your spouse, or a dependent? If yes, attach any Form(s) 1098-T and receipts for qualified tuition and related expenses
- Did anyone in your family receive a scholarship of any kind during the year? If yes, were any of the scholarship funds used for expenses other than tuition, such as room and board?
- Did you make any withdrawals from an education savings or 529 Plan account? If yes, were any of these withdrawals rolled over into an ABLA (Achieving a Better Life Experience) account?
- Did you make any contributions to an education savings or 529 Plan account?
- Did you pay any student loan interest this year?
- Did you cash any Series EE or I U.S. Savings bonds issued after 1989?
- Would you like a worksheet to aid in the completion of a Free Application for Federal Student Aid (FAFSA) with the U.S. Department of Education?

Health Care Information

- Did you have qualifying health care coverage, such as employer-sponsored coverage or government-sponsored coverage (i.e. Medicare/Medicaid) for your family? "Your family" for health care coverage refers to you, your spouse if filing jointly, and anyone you can claim as a dependent. If yes, attach any Form(s) 1095-B and/or 1095-C you received.
- Did you enroll for lower cost Marketplace Coverage through healthcare.gov under the Affordable Care Act? If yes, attach any Form(s) 1095-A you received.
- Did you enroll for lower cost Marketplace Coverage through healthcare.gov under the Affordable Care Act and share a policy with anyone who is not included in your family?
- Did you make any contributions to a Health savings account (HSA) or Archer MSA?
- Did you receive any distributions from a Health savings account (HSA), Archer MSA, or Medicare Advantage MSA this year?
- Did you pay long-term care premiums for yourself or your family?
- Did you make any contributions to an ABLA (Achieving a Better Life Experience) account? If yes, attach any Form(s) 5498-QA you received.
- Did you receive any withdrawals from an ABLA (Achieving a Better Life Experience) account? If yes, attach any Form(s) 1099-QA you received.
- If you are a business owner, did you pay health insurance premiums for your employees this year?
- Did you receive any Health Coverage Tax Credit (HCTC) advance payments? If yes, attach any Form(s) 1099-H you received.

Itemized Deduction Information

- Did you incur a casualty or theft loss or any condemnation awards during the year? If yes, did the loss occur in a Federally declared disaster area?
- Did you pay out-of-pocket medical expenses (Co-pays, prescription drugs, etc.)?
- Did you make any cash or noncash charitable contributions (clothes, furniture, etc.)? If yes, please provide evidence such as a receipt from the donee organization, a canceled check, or record of payment, to substantiate all contributions made.
- Did you donate a vehicle or boat during the year? If yes, attach Form 1098-C or other written acknowledgment from the donee organization.
- Did you pay real estate taxes for your primary home and/or second home?
- Did you pay any mortgage interest on an existing home loan? If yes, attach any Form(s) 1098 you received.
- Did you incur interest expenses associated with any investment accounts you held?
- Did you make any major purchases during the year (cars, boats, etc.)?

Did you make any out-of-state purchases (by telephone, internet, mail, or in person) for which the seller did not collect state sales or use tax?

Miscellaneous Information

Did you make gifts of more than \$15,000 to any individual?

Did you utilize an area of your home for business purposes?

Did you engage in any bartering transactions?

Did you retire or change jobs this year?

Did you incur moving costs because of a permanent change of station as a member of the Armed Forces on active duty?

Did you pay any individual as a household employee during the year?

Did you make energy efficient improvements to your main home this year?

Did you receive a distribution from, or were you a grantor or transferor for a foreign trust?

Did you have a financial interest in or signature authority over a financial account such as a bank account, securities account, or brokerage account, located in a foreign country?

Do you have any foreign financial accounts, foreign financial assets, or hold interest in a foreign entity?

Did you receive correspondence from the State or the IRS?

If yes, explain: _____

Do you have previous years of tax returns that are either unfiled or filed with unpaid balances due?

Do you want to designate \$3 to the Presidential Election Campaign Fund? If you check yes, it will not change your tax or reduce your refund.

Printed name: _____

Signed: _____

Date: _____