



TAX DISCLOSURE FOR PASS-THROUGH ENTITIES

Taxable income is reported on the federal tax returns of the individual owners. Therefore no provision has been made for federal income tax in the accompanying company financial statements.

The amount of taxable income passed through to owners as of December 31, _____ is \$ _____.
For the year ending December 31, _____, the company distributed \$ _____ to its owners. Subsequent to year end, management has plans for additional distributions of \$ _____ based on the earnings recognized during the period ending December 31, _____.

For federal tax purposes, income is recognized on a _____ basis and depreciation is computed using _____.

Due to timing differences, income is recognized in different periods for tax reporting purposes than for financial statement purposes. The deferred taxable income and the resulting deferred taxes that would have been recognized if the company were not considered a pass-through entity are comprised of the following:

	Deferred Income	Deferred Tax
Contract income recognition differences	\$ _____	\$ _____
Differences in depreciation methods	\$ _____	\$ _____
Other timing differences	\$ _____	\$ _____
Total deferred taxes	\$ _____	\$ _____

Dated _____