

BDH ASSOCIATES, INC.

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**PROPRIETORSHIPS
PARTNERSHIPS
SUB-S CORPORATIONS
LLC COMPANIES
FAMILY TRUST**

_____ Date

TAX FOOTNOTE DISCLOSURE FOR PASS THROUGH ENTITIES

INCOME TAXES

Taxable income is reported on the federal tax returns of the individual owners/shareholders/members. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

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

Due to various timing differences, income is recognized in different periods for tax reporting purposes rather 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:

	<u>Timing Differences</u>	<u>Deferred Taxes</u>
Contract income recognition differences	\$ _____	\$ _____
Differences in depreciation methods	\$ _____	\$ _____
Other timing differences	\$ _____	\$ _____
Totals	\$ _____	\$ _____

By: _____
CPA Signature

Title