



CERTIFIED PUBLIC ACCOUNTANTS

Terms & Conditions

CPA Firm Responsibilities

The objective of our engagement is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

Unless otherwise noted, we will perform our tax services in accordance with the Statements on Standards for Tax Services ("SSTS") issued by the American Institute of Certified Public Accountants ("AICPA") and U.S. Treasury Department Circular 230 ("Circular 230"). It is our duty to perform services with the same standard of care that a reasonable income tax preparer would exercise in this type of engagement. It is your responsibility to safeguard your assets and maintain accurate records pertaining to transactions. We will not hold your property in trust for you, or otherwise accept fiduciary duties in the performance of the engagement.

We will prepare your tax returns based upon your filing status (single, married filing jointly, married filing separately, head of household or qualifying widow[er] with dependent child) as reflected in your income tax returns for last year. If your filing status has changed, you wish to change your filing status, or you have questions about your filing status, please contact us immediately.

Confidentiality

If the tax returns prepared in connection with this engagement are filed using the married filing jointly filing status, both spouses are deemed to be clients of the firm under the terms of this Agreement. Both individuals acknowledge that there is no expectation of privacy from the other concerning our services in connection with this Agreement. We are at liberty to share with either of you, without prior consent of the other, documents and other information concerning the preparation of your tax returns.

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Bookkeeping assistance

We may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the tax returns. These services will be performed solely in accordance with the AICPA Code of Professional Conduct. Acceptance of this letter provides approval for rendering these services. Additional charges will apply for such services.

Estimated tax payments

You may be required to make quarterly estimated tax payments. We will calculate these payments for the following year's tax year based upon the information you provide to prepare your current year's tax returns and have no obligation to update recommended payments after the engagement is completed. If you ask us to update your estimated tax payments as a part of this engagement, additional fees will apply.

Tax planning services

Our engagement does not include tax planning services. During the course of preparing the tax returns identified above, we may bring to your attention potential tax savings strategies for you to consider as a possible means of reducing your taxes in subsequent tax years. However, we have no responsibility to do so, and will take no action with respect to such recommendations, as the responsibility for implementation remains with you, the taxpayer. If you ask us to provide tax planning services, we will confirm this representation in a separate engagement letter.

Services Not Included in Tax Engagement

Unless otherwise specified in the front pages of the engagement letter, the following services are not included:

- Preparation, compilation, or review of financial statements (e.g., balance sheet, income statement, etc.) within the meaning of Statement on Standards for Accounting and Review Services Number 21 (SSARS 21) as issued by the American Institute of Certified Public Accountants (AICPA).
- Preparation of amended income tax returns, for either the current year or any previous tax years.
- Representation in an IRS or state taxing agency examination (but see below for additional information).

If any of these services are needed, then the nature, extent, and cost of the services to be provided will be covered in a separate engagement letter.

Company Responsibilities

You are responsible for the safeguarding of assets, the proper recording of transactions in the books of accounts, the substantial accuracy of the financial records, and the full and accurate disclosure of all relevant facts affecting the return(s) to us. You also have final responsibility for the tax return and, therefore, the appropriate officials should review the return carefully before an authorized officer signs and files it.

You are responsible for assuming all management responsibilities, and for overseeing any services we provide by designating an individual, preferably within senior management, who

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possesses suitable skill, knowledge, or experience. In addition, you are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for the results of such services.

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is the preparation of the financial statements in accordance with the accounting principles generally accepted in the United States of America. Management has the following overall responsibilities that are fundamental to our undertaking this engagement, in accordance with SSARS, to prepare your financial statements:

- a. The prevention and detection of fraud.
- b. To ensure that the entity complies with the laws and regulations applicable to its activities.
- c. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements.
- d. To provide us with:
 1. Documentation, and other related information that is relevant to the preparation and presentation of the financial statement;
 2. Additional information that may be requested for the purpose of the preparation of the financial statements; and,
 3. Unrestricted access to persons within the company to whom we determine necessary to communicate.

The financial statements will not be accompanied by a report. However, you agree that the financial statements will clearly indicate that no assurance is provided on them.

Use of Consultants and Third-Party Service Providers.

We may use third-party service providers or other outside consultants to assist us in preparing your tax returns, due to time constraints and other mitigating circumstances. These service providers will not make any substantive decisions concerning the returns. We may share your tax return information with these service providers, but we remain committed to maintaining the confidentiality and security of your company's information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your company's information when using third-party service providers and outside consultants.

Under these policies and procedures, we obtain agreements from all service providers to maintain the confidentiality of your information, and we take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. If we are unable to obtain an appropriate confidentiality agreement, we will ask for your written consent prior to sharing your confidential information with the third-party service provider. Furthermore, we remain responsible for all work provided by any third-party service providers.

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Disclosures to Internal Revenue Service, State Taxing Agencies, and Third Parties

In accordance with federal law, we will not disclose your tax return information to any location outside the United States, to another tax return preparer outside of our firm (for purposes of a second opinion), or to any other third party (for any purpose other than to prepare your return) unless we first obtain your written consent to do so.

The Internal Revenue Code and regulations impose preparation and disclosure standards with noncompliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures to you and/or in the tax return concerning positions taken on the return that do not meet these standards. We will advise you if we identify such a situation, and we will discuss those tax positions that may increase the risk of exposure to penalties (including any recommended disclosures) with you before completing the preparation of the return. We reserve the right to withdraw from the engagement if we conclude that we are obligated to disclose a position and you refuse to permit this disclosure. Likewise, if we disagree about the obligation to disclose a position, you reserve the right to choose another professional to prepare your return. In either case, you agree to compensate us for our services to the date of withdrawal. Our engagement with you will terminate upon our withdrawal.

The IRS permits you to authorize us to discuss, on a limited basis, aspects of your return for one year after the return's due date. Your consent to such a discussion is evidenced by checking a box on the return. **Unless you tell us otherwise, we will check that box authorizing the IRS to discuss your return with us.**

It is our policy to keep records related to this engagement for seven (7) years. However, we do not keep any of your original records, so we will return those to you at the completion of the engagement. When records are returned to you, it is your responsibility to retain and protect the records for potential future use, including examination by governmental or regulatory agencies. By signing this engagement letter, you agree that at the expiration of the seven (7) year period, we are free to destroy our records related to this engagement.

Certain communications involving tax advice are privileged and not subject to disclosure to the IRS by us. But if you disclose the contents of those communications to anyone, or if you turn over information about those communications to the government, then you or your employees or your agents may be considered to have waived this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communication, you agree to provide us with written authorization in advance to make that disclosure.

If we receive any request for disclosure of privileged information from any third party, including a subpoena or IRS summons, we will notify you of such request. If you direct us not to make the disclosure, you agree to hold us harmless from any expenses incurred in defending the privilege, including, by way of illustration only, our attorney's fees, court costs, outside adviser's costs, or

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penalties or fines imposed because of your asserting the privilege or your direction to us to assert the privilege.

Representation Before Internal Revenue Service and State Taxing Authorities

Your company's tax returns may be selected for examination by the IRS or state taxing authorities. If your company's returns are selected for audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on the returns. Any proposed adjustments by the examining agent are subject to certain rights of appeal.

We are available to respond to tax notices and information requests, and to represent the company in an examination by the IRS or state taxing agency, but the cost for these services is not included in the estimated fees for preparing the income tax returns. Responding to tax notices will be billed as an additional cost on a time-and-materials basis and, if requested, tax audit representation would be covered by a separate engagement letter.

Dispute Resolution

In the event of a dispute related in any way to our services, 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. 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 to determine the prevailing party's identity for awarding attorneys' fees.

Divorce

If you inform us of your pending divorce, we will advise each of you to seek independent tax advice. As you may have conflicting interests you will both be required to sign a conflict of interest waiver. We will not be able to advise either of you until your divorce is finalized. For example, your income tax return filing status is an item about which we will need instruction. Electing a filing status of married filing jointly establishes joint liability for taxes owed and requires that certain tax-related decisions be made prior to the preparation of income tax returns. Consequently, we will require a letter of instruction from both of your divorce attorneys identifying items needed to prepare your tax return and your agreement to same before the tax returns can be prepared. In the event you elect to file separate tax returns, you will both be required to sign new engagement letters prior to the preparation of your returns.

Tax Advice

Our advice is based upon tax reference materials, facts, assumptions, and representations that are subject to change. Tax reference materials include, but are not limited to, the Internal Revenue Code ("IRC"), tax regulations, Revenue Rulings, Revenue Procedures, Private Letter

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Rulings and court decisions. We will not update our advice after the conclusion of the engagement for subsequent legislative or administrative changes or future judicial interpretations. To the extent we provide written advice concerning federal tax matters, we will follow the guidance contained in Circular 230, §10.37, Requirements for Written Advice.

Arguable Positions

We will use our judgment to resolve questions in your favor where a tax law is unclear, provided there is substantial support for doing so. If there are conflicting interpretations of the law, we will explain the possible positions that may be taken on your return. We will follow the position you request, provided it is consistent with our understanding of the Internal Revenue Code (“IRC”), tax regulations, Revenue Rulings, Revenue Procedures, Private Letter Rulings and court cases. If the IRS, state or local tax authorities later contest the position taken, additional tax, penalties, and interest may be assessed. We assume no liability, and you hereby release us from any liability for such additional tax, penalties, interest, and related professional fees.

Reliance on Others

If you wish to take a tax position based upon the advice of another tax advisor, you agree to obtain a written statement from the advisor confirming that the position should meet the “substantial authority,” or “more likely than not” standard, as applicable. In preparing your federal tax return, we are subject to a diligence as to accuracy regarding reliance on others standard, as defined in revisions to Circular 230, §10.22(b). To the extent a position is based upon the advice of another tax advisor, prior to preparing or signing the tax return, the AICPA SSTS No. 1 also requires our firm to have a good faith belief that the position has, at a minimum, a realistic possibility of being sustained administratively or judicially on its merits, if challenged. Additional charges will apply to such research.

Substantial Understatement Penalties

The IRS and many states impose penalties for substantial understatement of tax. To avoid the substantial understatement penalty, you must have substantial authority to support the tax treatment of the item challenged by the IRS or adequate disclosure of the item. To fulfill the adequate disclosure requirement, you may be required to attach to your tax return a completed IRS Form 8275, Disclosure Statement, or 8275-R, Regulation Disclosure Statement, which discloses all relevant facts. A disclosed tax position that meets the reasonable basis standard must have some authority supporting the position and be more than simply arguable.

You agree to advise us if you wish to disclose a tax treatment on your return. If you request our assistance in identifying or performing further research to ascertain if there is “substantial authority” for the proposed position to be taken on the tax item(s) in your returns, we will confirm this representation in a separate engagement letter. It is your responsibility to contact us if additional assistance is required.

If we conclude as a result of our research that you are required to disclose a transaction on your tax return, you consent to attach a completed Form 8275 or 8275-R to your tax return for filing after we discuss the situation with you. You also agree to hold our firm harmless from any and all actual and consequential damages (including but not limited to tax, penalties, interest, and

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professional fees) you incur as a result of including such disclosures with your filed tax return regardless of the nature of the claim, including the negligence of any party. Unless an undisclosed tax position meets the “substantial authority” or “more likely than not” standard, as applicable, we will be unable to prepare the return and will withdraw from the engagement.

Personal expenses

You are responsible for ensuring that personal expenses, if any, are segregated from business expenses and that expenses such as meals, travel, entertainment, vehicle use, gifts, and related expenses are supported by necessary records required by the IRS and other tax authorities. At your written request, we are available to provide you with written answers to your questions on the types of supporting records required.

State and local filing obligations

You are responsible for determining your tax filing obligations with any state or local tax authorities, including, but not limited to income, franchise, sales, use, property or unclaimed property taxes. You agree that we have no responsibility to research these obligations or to inform you of them. If upon review of the information you have provided to us, including information that comes to our attention, we believe that you may have additional filing obligations, we will notify you of this responsibility in writing and ask you to contact us. If you ask us to prepare these returns, we will confirm this representation in a separate engagement letter.

U.S. filing obligations related to foreign financial assets

As part of your filing obligations, you are required to report the maximum value of specified foreign financial assets, which include financial accounts with foreign institutions and certain other foreign non-account investment assets that exceed certain thresholds. You are responsible for informing us of all foreign assets, so we may properly advise you regarding your filing obligations.

These assets include any ownership interests you directly or indirectly hold in businesses located in a foreign country, and any assets or financial accounts located in a foreign country over which you have signature authority. Based upon the information you provide; this information will be used to calculate any applicable foreign tax credits. We will also use this data to inform you of any additional filing requirements, which may include Form 8938, Statement of Specified Foreign Assets, and FinCEN Form 114, Report of Foreign Bank and Financial Accounts (“FBAR”). Failure to file required forms can result in the imposition of both civil and criminal penalties, which may be significant. The FBAR is not a tax return and its preparation is not within the scope of this engagement. If you ask us to prepare the FBAR, we will confirm this representation in a separate engagement letter.

Foreign filing obligations

You are responsible for complying with the tax filing requirements of any other country. You acknowledge and agree that we have no responsibility to raise these issues with you and that foreign filing obligations are not within the scope of this engagement unless specifically requested and added to this engagement.

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Listed Transactions and Other Reportable Transactions

The law imposes substantial penalties on taxpayers and tax advisors for failure to disclose listed and other reportable transactions on Form 8886, Reportable Transaction Disclosure Statement. In general, reportable transactions are potentially abusive transactions identified by the IRS whose primary purpose is tax avoidance, including but not limited to listed transactions, confidential transactions, transactions with contractual protection, loss transactions, and transactions of interest. You agree to advise us of any reportable transactions identified under tax laws and regulations. You agree that it is solely your decision to disclose any reportable transactions in the returns we prepare for you.

You acknowledge your responsibility to inform us of any listed transactions or other reportable transactions as designated by the IRS. You agree to hold our firm harmless with respect to any additional tax, penalties, interest and professional fees resulting from your failure to timely notify us, in writing, of all such transactions in order to facilitate the timely preparation and filing of your tax returns.

Privacy Policy

CPAs, like all providers of personal financial services, are now required by law to inform their clients of their policies regarding privacy of client information. CPAs have been and continue to be bound by professional standards of confidentiality that are even more stringent than those required by law. Therefore, we have always protected your right to privacy. We collect nonpublic personal information about you that is provided to us by you or obtained by us with your authorization. For current and former clients, we do not disclose any nonpublic personal information obtained in the course of our practice except as required or permitted by law. Permitted disclosures include, for instance, providing information to our employees, and in limited situations, to unrelated third parties who need to know that information to assist us in providing services to you. In all such situations, we stress the confidential nature of information being shared.

Electronic Communication

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the internet. Such communications may include information that is confidential to you. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent, and you consent to our use of these electronic devices.

Ultimate responsibility

You have final responsibility for your tax returns. We will provide you with a copy of your electronic tax returns and accompanying schedules and statements for review prior to filing with the IRS and state and local tax authorities (as applicable). You agree to review and examine them carefully for accuracy and completeness. You will be required to verify and sign a completed Form 8879, IRS e-file Signature Authorization, and any similar state and local equivalent authorization

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form before your returns can be filed electronically along with full payment of your invoice and a signed engagement letter.

In the event that you do not wish to have your tax returns filed electronically, please contact our firm. Additional procedures will apply. You will be responsible for reviewing the paper returns for accuracy, signing them, and filing them timely with the tax authorities.

Dispute Resolution

In the event of a dispute related in any way to our services, 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. 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 to determine the prevailing party's identity for awarding attorneys' fees.

Right to Withdraw from Engagement

We have the right to withdraw from this engagement at our discretion, if you do not provide us with any information we request in a timely manner, refuse to cooperate with our reasonable requests or misrepresent any facts. Our withdrawal will release us from any obligation to complete your return and will complete our engagement. You agree to compensate us for our time and out-of-pocket expenses through the date of our withdrawal. A client's engagement commences on the date of the term designated in the signed executed letter. Termination of services must be provided to an SMB Advisors Partner at least 30 days prior in writing.

Execution of any engagement authorizes SMB Advisors to automatically charge your debit, credit card or process an Automated Clearing House transaction each month for the balance due unless previous approved arrangements have been requested and agreed to in writing for another form of payment. This payment method will remain on file throughout the duration of the engagement. All payments made by Client to SMB Advisors are non-refundable. Any returned payment, including but not limited to any check, debit or credit card or ACH transaction that is deemed invalid due to insufficient funds or similar return notation will be charged a fee of \$50 and if not paid within 10 days from the invoice date will be subject to a late payment charge of 1.833% per month (22% per year). If for any reason the account is turned over to an attorney for collection, an additional charge of 33 1/3% will be added to cover collection costs.