

ADDITIONAL TERMS, CONDITIONS, AND REPRESENTATIONS

1. We are responsible for preparing only the state and local returns which we have historically prepared and which you authorize us to prepare. If you have taxable activity in a state or local municipality that has not historically been recognized on a return filing, please discuss with us. We will assist you in determining whether or not a filing requirement exists with the state or local municipality. If you have tax filing requirements in a given state or local municipality but do not file that return, there could be possible adverse ramifications, such as an unlimited statute of limitations, penalties, etc.
2. Our engagement will be fulfilled upon delivery of the completed returns to you. Therefore, you have the final responsibility for the tax returns and should review them carefully before you sign and file the returns with the appropriate taxing authorities and/or authorize us to e-file them on your behalf.
3. Pursuant to standards prescribed in IRS Circular 230 and IRC 6694, we are forbidden from signing a tax return unless we have a reasonable belief that there is substantial authority for a tax position taken on the return or we have a reasonable basis for a tax position taken on the return and we disclose this tax position on a separate attachment to the tax return. Substantial authority is generally viewed by tax professionals as requiring at least a 40% probability that the tax position taken will be sustained on its merits. However, under no circumstances may we sign a tax return with a tax position that has no reasonable basis.
4. Your returns may be selected for review by the taxing authorities or you may receive a notice requesting a response to certain issues on the tax returns. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination or inquiry, we will be available upon request to represent you or respond to such inquiry. If such services are requested by you, all of the terms, conditions and representations of this engagement letter shall apply and we will render additional invoices for these services and any expenses incurred.
5. The law provides various penalties and interest that may be imposed when taxpayers understate their tax liability and/or fail to pay the full amount of taxes owed by the original filing due date. Furthermore, additional penalties and interest are imposed when taxpayers fail to remit the proper amount of subsequent year tax estimates. Based on information you provide to us, we can assist you in determining the correct amount of taxes owed for the current year and subsequent year tax estimates. You acknowledge that any such understated or underestimated tax, and any imposed interest and penalty thereon, are your responsibility, and that we have no responsibility in that regard. If you would like information on the amount or the circumstances of these interest and penalties, please contact us.
6. To the best of your knowledge and belief, and unless specifically indicated to us that the representation below cannot be made, you confirm that:
 - You have not been involved in a reportable transaction. These are transactions which produce questionable tax shelters such as: provide refunds of lost tax benefits, require strict confidentiality of the transaction's tax benefits that result in significant amounts of losses with book to tax differences, and/or provide tax credits with holding periods of less than 45 days. Tax avoidance transactions are included in this category.
 - You have disclosed all related party transactions between you, family members and/or a business in which the business shareholders, partners or members have a related interest with you. These types of transactions include borrowing and/or lending funds, paying and/or receiving rents, buying and/or selling products or property, and performing and/or receiving services.
 - You have disclosed financial interest in, or signature or other authority over, bank accounts, securities, or other financial accounts in a foreign country or maintained by a foreign financial institution, especially those having a value exceeding \$10,000. If you and/or your entity have a financial interest in any foreign accounts, you may be required to file Form 8939 and/or the FinCEN Report 114 that is required by the U.S. Department of the Treasury. Such filing requirements apply to taxpayers that have direct or indirect control over a foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have foreign account(s). For example, a corporate-owned foreign account would require filings by the corporations and by the individual corporate officers with signature authority. If you fail to disclose the required information to the U.S. Department of the Treasury, the failure to disclose may result in substantial civil and/or criminal penalties. You are responsible for providing our firm with all the information necessary to prepare Form 8939 and/or FinCEN Report 114 required by the U.S. Department of the Treasury. If you do not provide our firm with information regarding any interest you may have in a foreign account, we will not be able to prepare any of the required disclosure statements. **Failure to file can result in penalties ranging from \$25,000 to \$100,000.**
 - You have disclosed if, at any time during the tax year, you received, sold, sent, exchanged, or otherwise acquired any financial interest in any virtual currency.
 - You have disclosed if you materially participated in any entity (such as an S-Corporation, LLC, or Partnership) in which the tax attributes from that entity passed through to you.

Note:

Any determination of material participation in a pass-through entity is complex and based on certain facts and circumstances that may be particular to your personal situation. If you are unsure as to whether you did materially participate in a pass-through entity, please contact us.

7. You should retain all documents, canceled checks and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority, and as such, you should retain and protect these records. You are responsible for substantiating any amount upon which a deduction is taken on the return. The type of deduction taken will determine the specific substantiation needed. The following is a list of common deductions taken on a tax return and the substantiation required for each.
 - Automobile Expenses - Mileage logs and trip sheets for each trip. Commuting miles between home and a fixed work location are not considered deductible business miles.

- Meals Expenses (50% deductible) - Business meals with clients require documentation substantiating who the client was and the business purpose of the meal. A receipt is not required for expenses under \$75, but documentation is still required.
- Charitable Cash Contributions (in any one day to any one organization):
 - Less than \$250 - A bank record (e.g. canceled check/ credit card statement) or a written acknowledgement from the charity.
 - \$250 or more - A written acknowledgement from the charity.
- Charitable Non-Cash Contributions (in any one day to any one organization):
 - Deduction of less than \$250 - A receipt is not required where it is impractical to get one.
 - Deduction between \$250 and \$500 - A written acknowledgement by the charitable organization.
 - Deduction between \$501 and \$5,000 - Same records required as the \$250 to \$500 category. In addition, records must show how the property was acquired, the date acquired and the adjusted basis of the property.
 - Deduction of more than \$5,000 - Same records required as the \$501 to \$5,000 category. In addition, most contributions require a written appraisal.

The list above provides only general guidance on substantiating a limited number of deduction types. There are many other types. If you are unsure as to whether or not the information you possess is sufficient to substantiate a deduction, please call us.

8. We reserve the right to suspend our services or withdraw from this engagement. If we elect to terminate our services, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed the return. You will be obligated, through the date of termination, to compensate us for all outstanding invoices as well as our final invoice, and to reimburse us for all of our out-of-pocket costs. For these purposes, any nonpayment, inability to sign the tax return, or non-response by you of information requested (among other things) will constitute a basis for our election to terminate our services.
9. It is our policy to retain copies of engagement documentation for a period of seven years (five years for former clients), after which time we will commence the process of destroying the contents of our engagement files. Any work papers prepared in conjunction with this engagement are our property, constitute confidential information, and will be retained by us in accordance with this record retention policy. To the extent we accumulate any of your original records during the engagement, those documents will be returned to you promptly upon completion of the engagement.
10. In the interest of facilitating our services to you, we may communicate with you by means of electronic communications, such as fax, email, or via a secure file sharing portal. 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 consent to our use of these devices during this engagement.
11. In the event we are required to respond to a subpoena, court order or other legal process for the production of documents, work papers and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you acknowledge our right to release this information and agree to compensate us for the time we expend in connection with such response and to reimburse us for all of our out-of-pocket costs incurred in that regard.
12. If the income tax returns we are to prepare in connection with this engagement are joint returns, and because you will each sign those returns, each of you is our client. You each acknowledge that there is no expectation of privacy from the other concerning our services in connection with this engagement, and we are at liberty to share with either of you, without the prior consent of the other, any and all documents and other information concerning preparation of your returns.
13. In the event that we become obligated to pay any judgment, award, or penalty you agree to pay any costs incurred as a result of any inaccurate or incomplete information that you provided to us during the course of this engagement. You agree to indemnify us, defend us, and hold us harmless against such obligations and/or costs. Any litigation arising out of this engagement, except actions by us to enforce payment of our professional invoices, must be filed within one year from the completion of the engagement, notwithstanding any statutory provision to the contrary. In the event of litigation brought against us, any judgment you obtain shall be limited in amount, and shall not exceed the amount of the fee charged by us, and paid by you, for the services set forth in this engagement letter.
14. You agree that notwithstanding anything to the contrary herein, your domicile, or the location at which this agreement shall be signed, this contract of engagement shall be deemed to have been entered into at our office and any dispute arising under this contract or matters relating to it shall be interpreted, governed, and resolved exclusively by the laws of the state of our office.
15. You agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation, and that you will engage in the mediation process in good faith once a written request to mediate has been given by either party to the engagement. Any mediation initiated as a result of this engagement shall be administered by a law firm specializing in the mediation process, not associated with either party, and selected by us, according to its mediation rules. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.
16. Unless you tell us otherwise, we will presume that you authorize us to discuss certain aspects of your tax returns with the IRS and certain states/ local municipalities, if necessary.