

Bill Pollard, Jr CPA  
2014 Tax Season  
Engagement Letter

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide.

We will prepare your federal income tax return and California and other states as requested. This engagement pertains to the next ten tax years, although you are not required to use our firm for the next ten years. We will electronically file each return and in the event an issue should arise we will work diligently with you to remedy it, which may necessitate filing a paper return.

Your returns may be selected for review by one or more than one taxing authority. Our office has guidelines for representation which is detailed in our Audit Protection Plan. Should you decline to purchase one of the coverages offered under the Audit Protection Plan you agree that you will either represent yourself or pay our firm the standard hourly rates to represent you and/or respond to IRS or FTB correspondence.

We will prepare the returns from information which you will furnish to us. It is your responsibility to provide all the information required for the preparation of complete and accurate returns. We will furnish you with questionnaires and/or worksheets as needed to guide you in gathering the necessary information. Our office does not prepare payroll tax forms, sales tax returns, business license filings or any other returns other than those included with your federal and state personal income tax returns.

We will not audit or otherwise verify the data you submit. Accordingly, our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist. However, it may be necessary to ask you for clarification of some of the information you provide, and we will inform you of any material errors, fraud or other illegal acts that come to our attention.

You are responsible for maintaining an adequate and efficient accounting system, safeguarding assets, authorizing transactions, and retaining supporting documentation for those transactions, all of which will, among other things, help assure the preparation of proper returns. Furthermore, you are responsible for evaluating the adequacy and results of the services we provide.

The law provides various penalties and interest that may be imposed when taxpayers underestimate their tax liability. You acknowledge that any such understated tax, and any imposed interest and penalties are your responsibility, and that we have no responsibility in that regard. If you would like information on the amount or circumstances of these penalties, please contact me.

We may encounter instances where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. In those instances, we will outline for you each of the reasonable alternative courses of action, including the risks and consequences of each such alternative. In the end, we will adopt, on your behalf, the alternative which you select after having considered the information provided by us.

Please note that any person or entity subject to the jurisdiction of the United States (includes individuals, corporations, partnerships, trusts, and estates) having a financial interest in, or signature or other authority over, bank accounts, securities, or other financial accounts having a value exceeding \$10,000 in a foreign country, shall report such a relationship. Filing requirements also 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. Failure to disclose the required information to the U.S. Department of Treasury may result in substantial civil and/or criminal penalties.

If you and/or your entity have a financial interest in any foreign accounts, you are responsible for providing our firm with all the information necessary to prepare Form 114 as 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.

We will also provide you with interim and year-end tax planning services on issues that you specifically bring to our attention in writing. Our ability to provide you with appropriate guidance on such issues will be entirely dependent on the timeliness, accuracy, and completeness of the relevant information bearing on the issue which we will rely on you to provide to us. Although we may orally discuss tax planning issues with you from time to time, such discussions will not constitute advice upon which we intend for you to rely for any purpose. Rather, any advice upon which we intend for you to rely, and upon which you will rely, will be embodied in a written report or correspondence from us to you, and any such writing will supersede any prior oral representations between the parties on the issue.

Our fees for this engagement are not contingent on the results of our services. Our fees for this engagement are typically based on the forms required, and in unusual circumstances, the time spent. All fees are due immediately upon completion of the return.

We will file an extension for your income tax returns if, based on our most recent information, you are a current client and we have not been able to ascertain that you have already filed for the current year. It is necessary to file for the extension to protect your legal rights as well as to avoid certain penalties. We will base this extension upon the best available information. There will be a fee of \$50 for filing this extension. In the event that you have filed your own extension or will not be having our office prepare your return for the current year, it is your obligation to inform us prior to April 1<sup>st</sup>.

Our office has FREE call-in periods on Monday mornings from 9-10 am from May 1<sup>st</sup> – December 31<sup>st</sup> not including Holidays. This FREE call-in period is for answers to brief questions and does not include calculations or the preparation of any documents. The clients acknowledge that calls outside of the FREE call-in period will be billed at our normal hourly rates. The charge will be added to the tax return invoice for the next year. In the event the client does not have our office complete their returns they are still responsible for the balance due.

We reserve the right to suspend our services or to withdraw from this engagement in the event that information or payments are not provided promptly upon request.

You should retain all the 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. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

It is our policy to retain engagement documentation for a period of three years, after which time we will commence the process of destroying the contents of our engagement files. 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. The balance of our engagement file, other than a copy of your income tax return, which we will provide to you at the conclusion of the engagement, is our property, and we will provide copies of such documents at our discretion and if compensated for any time and costs associated with the effort.

Because the income tax returns we are to prepare in connection with this engagement are joint returns, and because you will each sign those returns, you are each 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. We will require, however, that any request for documents or other information be communicated to us in written form. You also acknowledge that unless we are notified otherwise in advance and in writing, we may construe an instruction from either of you to be an instruction on your joint behalf. Absent a contrary written instruction in the future, from either or both of you, we will communicate with either or both of you at the mailing address we have on record for you.

The IRS provides that you may authorize them to discuss your tax return with us as the preparer of the return. The authorization grants the IRS permission to contact our firm with questions that may arise during the processing of your return. The authorization also grants our firm permission to (1) provide the IRS with any information that may be missing from your return; (2) call the IRS to inquire on the processing of your return or on the status of your refund; and, (3) respond to any IRS notices that you provide to our firm relating to mathematical errors, offsets,

and return preparation. Please note that our firm does not receive separate copies of IRS notices; unless you have filed a POA with the IRS and/or FTB.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our hourly rates, as set forth above, 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.

In the event that we are or may be obligated to pay any cost, settlement, judgment, fine, penalty, or similar award or sanction as a result of a claim, investigation, or other proceeding instituted by any third party, and if such obligation is or may be a direct or indirect result of any inaccurate, incomplete, or misleading information that you provide to us during the course of this engagement (with or without your knowledge or intent), you agree to indemnify us, defend us, and hold us harmless as against such obligation.

Any dispute (other than our efforts to collect an outstanding invoice) that may arise regarding the meaning, performance or enforcement of this engagement or any prior engagement that we have performed for you, will, prior to resorting to litigation, be submitted to mediation, and the parties will engage in the mediation process in good faith. Any mediation initiated as a result of this engagement shall be administered within the county of San Joaquin, CA, by Mediation Center of San Joaquin County, according to its mediation rules, and any ensuing litigation shall be conducted within said county, according to California law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding (other than professional fees incurred by each party) shall be shared equally by the participating parties.

Any litigation arising out of this engagement, except actions by us to enforce payment of our professional invoices, must be asserted within one year from the date any such cause of action accrues, or within three years from the completion of the engagement, whichever is earlier, 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. In no event will we be responsible for any additional tax that may be assessed against you, or any interest that may be assessed against you with respect to such additional tax.

This engagement letter is contractual in nature, and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

If, after full consideration and consultation with counsel if so desired, you agree to authorize us to prepare your personal income tax returns pursuant to the terms set forth above, please execute the Engagement Letter Recap on the line designated for your signature. We will keep the original in our files. Your signature on the Recap shall be deemed to evidence your acceptance of all of the terms set forth above.