

Carol Keane & Associates, CPAs
1660 OLYMPIC BLVD STE 200
WALNUT CREEK, CA 94596
(925) 937-5200
(925) 937-5202 fax

INDIVIDUAL TAX RETURN ENGAGEMENT LETTER

Dear Client:

We appreciate the opportunity to work with you. In order to minimize the possibility of a misunderstanding between us, we are setting forth pertinent information about the services we will perform for you. This engagement between you and our firm will be governed by the terms of this Agreement and as such, in order to insure an understanding of our mutual responsibilities, we ask all clients for whom returns are prepared to confirm the following arrangements.

Engagement Objective and Scope:

We will prepare your 2018 federal and requested state individual income tax returns based on timely information that you submit to us. This engagement does not include any services not specifically within the scope of services provided for in this letter. We will not audit or otherwise independently verify the data you submit, although it may be necessary to ask you for clarification of some of the information. Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. However, under the rules of professional responsibility governing our practice, we may have to provide additional accounting or research services which are incidental to preparing your tax return. Incidental services of this nature will be included with the billing for your tax return.

In December 2017, the President signed into law the *Tax Cuts and Jobs Act* ("Tax Act" or "Act") which introduces the most significant changes to the U.S. tax system since 1986. With a few exceptions, the provisions are generally effective starting in the 2018 tax year. As such, your federal and state income tax returns for the 2018 tax year may look substantially different as compared to prior years.

At your request, we would be pleased to consult with you regarding other income tax matters, such as proposed or completed transactions, income tax projections, and for research in connection with such matters. We will render additional invoices for such additional services at our standard billing rates. Our fee does not include responding to inquiries or examination by taxing authorities. However, we are available to represent you. Our fees for such services are at our standard rates and would be covered under a separate engagement letter.

Timing:

The filing deadline for the tax return is April 15, 2019. While we cannot guarantee that an extension of time to file won't be necessary, we will make every effort to complete your return by the filing deadline if we receive all of your information by March 8, 2019. **If we do not receive your complete information by March 8, 2019, we will apply for an automatic extension of time to file your return.**

If an extension of time to file is required, any tax that may be due with this return must be paid with that extension. Any amounts not paid by the filing deadline are subject to interest and late payment penalties when those amounts are actually paid.

CPA Firm Responsibilities:

We will use our professional judgment in preparing your returns. Given the magnitude of the changes the recent Tax Act contains, as well as some new concepts introduced in the law, additional stated guidance from the IRS, and possibly from Congress in the form of technical corrections, may be forthcoming. We will use our professional judgment and expertise to assist you given the Tax Act guidance as currently promulgated. Subsequent developments issued by the applicable tax authorities may affect the information we have previously provided, and these effects may be material. Whenever we are aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that may be taken on your return. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated.

If a taxing authority should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional penalties or assessments. In the event, however, that you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable for any damages that occur as a result of ceasing to render services.

Confidentiality

Federal law has extended the attorney-client privilege to some, but not all, communications between a client and the client's CPA. The privilege applies only to non-criminal tax matters that are before the IRS or brought by or against the U.S. Government in a federal court. The communications must be made in connection with tax advice. Communications solely concerning the preparation of a tax return will not be privileged.

We will not respond to any request from banks, mortgage brokers or others for verification of any information reported on these tax returns. We do not communicate with third parties or provide them with copies of tax returns without your written consent. Your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing any privileged information to a third party.

Government Inquiries

This engagement does not include responding to inquiries by any governmental agency or tax authority. If your tax return is selected for examination or audit, you may request our assistance in responding to such an inquiry. Our fees for such services are at our standard rates and would be covered under a separate engagement letter.

Estimated tax payments

You may be required to make quarterly estimated tax payments. We will calculate these payments for the 2019 tax year based upon the information you provide to prepare your 2018 tax returns (the "safe harbor" basis) and have no obligation to update recommended payments after the engagement is completed. If you ask us to update your estimated tax payments, we will confirm this representation to you via verbal or email communication and our fees for this service will be at our standard rates.

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 without our mutual agreement as expressed via verbal or email communication.

Client Responsibilities:

We will provide you with an income tax organizer to help you compile and document the information necessary to prepare your income tax returns. In addition, we will furnish you with a questionnaire for you to complete. The completion of the questionnaire and organizer will help to ensure that you are not overlooking important information that may be necessary for complete and accurate returns, as well as help to minimize your tax preparation fees.

We rely upon the accuracy and completeness of both the information you provide in the organizer and other supporting data. However, the data included in your returns is your representation and we are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties, or interest.

Documentation

You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your tax returns. You should retain all documents that provide evidence and support reported income, credits, and deductions on your returns, as required under applicable tax laws and regulations. You are responsible for the adequacy of all information provided in such documents. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that your expenses for business meals, travel, gifts and promotion, as well as charitable contributions, dues and memberships, and vehicle use are supported by records as required by law which you can produce, if necessary, to respond to any audit or inquiry by tax authorities. It is our policy to keep records related to this engagement for seven years, after which time, our firm is free to destroy our records related to this engagement. However, we do not keep any original client records, so any original records submitted to us will be returned to you at the completion of the services rendered under this agreement and it is your responsibility to retain and protect your records for future use, including potential examination by any government or regulatory agencies.

Gift Tax Returns

The IRS considers a gift to be any transfer to an individual, either directly or indirectly, where full consideration (measured in money or money's worth) is not received in return. Under federal tax law, certain gifts are taxable and subject to reporting if they exceed the annual gift tax exclusion amount. For 2018, the annual gift tax exclusion amount is \$15,000 per taxpayer per recipient. You are responsible for informing us if gift tax returns are required to be filed.

Gifts received from foreign persons

If you received a gift or bequest from a foreign person or trust, you may be required to file a separate IRS Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. It is your responsibility to inform us of any such gifts, and if applicable, you are responsible for requesting our services to prepare this return. We will confirm our representation via verbal or email communication

State and local filing obligations

Upon our review of the information you provide to us, if it comes to our attention that you may have additional filing obligations, we will notify you of this responsibility via verbal or written communication. However, it is your responsibility, not ours, 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 you request our preparation services, we will confirm our representation via verbal or email communication.

Filing obligations related to foreign income or 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 via verbal or email communication.

In addition, 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.

Other items

If your individual return also includes business activities, please note that we will not be responsible for advising you with respect to independent contractor status as part of our services. If you have any questions regarding the classification of employees versus independent contractors, we strongly encourage you to consult with legal counsel experienced in employment practice matters.

The Affordable Care Act (ACA) added various new health insurance mandates, penalties, and credits beginning in 2014. Our services in connection with this engagement are not designed to address the legal or regulatory aspects of your compliance with the Affordable Care Act. In preparing your individual tax returns, we will rely solely on the information you provide us regarding the ACA mandates and you agree to accept full responsibility for the accuracy and completeness of this information, as well as your compliance with the ACA. As such, we will not be responsible for any taxes, penalties, or interest that may be assessed.

The Internal Revenue Service (IRS) considers virtual currency (e.g., Bitcoin) as property for U.S. federal tax purposes. As such, any transactions in, or transactions that use, virtual currency are subject to the same general tax principles that apply to other property transactions. If you had virtual currency activity during the 2018 tax year, you may be subject to tax consequences associated with such transactions, and may have additional foreign reporting obligations. You agree to provide us with complete and accurate information regarding any transactions in, or transactions that have used, virtual currency during the applicable tax year.

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.

Procedures:

Transmission of return

Taxing authorities require us to electronically file all federal and most state individual income tax returns ("e-filing"). However, you do have the right to "opt out" of the e-filing program. If it is your desire that your return(s) not be e-filed, you need to notify our office immediately by indicating in your questionnaire that you would like to opt out of filing your return electronically. Please note that unless you notify us of your desire to not e-file your return, we will prepare your return to be e-filed.

Although e-filing requires both you and our firm to complete additional steps, the same filing deadlines will apply. You must therefore ensure that you complete the additional requirements on or before the due dates in order for our firm to be able to timely transmit your return. We will provide you with a copy of the income tax returns for your review prior to electronic transmission. After you have reviewed the returns, you must provide us with a signed authorization indicating that you have reviewed the return and that, to the best of your knowledge, you feel it is correct. We cannot transmit the returns to the taxing authorities until we have the signed authorization. Therefore, if you have not provided our firm with your signed authorization by the due date, we will place your return on extension, even though it might already have been completed. In that event, you will be responsible for ensuring that any payment due with the extension is timely sent to the appropriate taxing authorities. You will also be responsible for any additional costs our firm incurs arising from the extension preparation. Please note that although our firm will use our best efforts to ensure that your returns are successfully transmitted to the appropriate taxing authorities, we will not be financially responsible for electronic transmission or other errors arising after your return has been successfully submitted from our office.

Fees

The fee for our services will be based upon the amount of time required at standard billing rates plus out-of-pocket expenses. You may also be charged an additional fee for extension preparation services if an extension is necessitated by your late submission to us of your complete tax information. All invoices are due and payable upon presentation which will be upon the completion of our services. **Payment in full will be required in order for us to electronically file your return, or if applicable, before delivery of your paper return.** In addition to cash, check and e-check, we do accept Mastercard, VISA, American Express and Discover. **However, please note that if you choose to pay by credit/debit card, you will be responsible for the credit card processing fees which are approximately 3% of the amount charged. No charge will be incurred for processing an e-check (auto withdrawal from your checking account).**

You may terminate your engagement of our services at any time. Should you do so, however, you remain liable for all unpaid fees as discussed above. We reserve the right to withdraw from this engagement at any time because of unpaid fees, the guidance of our Professional Standards, or for any other reason. We will notify you in advance of any decision by us to withdraw, and will take all reasonable steps to assist in the orderly transfer of your tax services.

Penalties & Interest Charges

Federal, state, and local tax authorities impose various penalties and interest charges for non-compliance with tax laws and regulations, including failure to file or late filing of returns, and underpayment of taxes. You, as the taxpayer, remain responsible for the payment of all tax, penalties, and interest charges imposed by tax authorities. We rely on the accuracy and completeness of the information you provide to us in connection with the preparation of your tax returns. Failure to disclose or inadequate disclosure of income or tax positions may result in the imposition of penalties and interest charges.

If the foregoing fairly sets forth your understanding, please sign and date this letter in the space indicated and return it to our office when you submit your tax organizer and documents. Please note that you are affirming to our firm your understanding of, and agreement to, the terms and conditions of this engagement letter by any one of the following actions: returning your signed engagement letter to our firm; returning your income tax information to us for use in the preparation of your returns; the submission of the tax returns we have prepared for you to the taxing authorities; or the payment of our return preparation fees.

We want to express our appreciation for this opportunity to work with you.

Very truly yours,

Carol M. Keane

Accepted By (Signature): _____ Date: _____

Print Name: _____