

Dear Client:

This letter confirms the services you have asked our firm to perform and the terms under which we have agreed to do that work. The IRS imposes penalties on taxpayers and on us as return preparers for failure to observe due care in reporting for income tax returns. To ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements. **If you are confused at all by this letter** or believe we have misunderstood what you need, please discuss this letter with us before you sign it.

**We will prepare only your 2021 Federal Individual Income Tax Form 1040 series returns and the income tax returns for the State(s)/Cities where you reside or are employed, or that you name here:** \_\_\_\_\_, and the related income tax return schedules for each from information you furnish us. We will not in any way verify the data you submit to us, although we may ask you to clarify some of the information. We are not responsible for returns prepared by other preparers. We may furnish you with tax organizers and questionnaires to help you gather and organize the necessary information for us, in order to keep our fee to a minimum. If you have taxable activity in a state or locality other than those referenced above, you are responsible for providing our firm with all information necessary to prepare any additional applicable state or local income tax returns as well as informing us of the applicable states and localities. Our services are not intended to determine whether you have filing requirements in taxing jurisdictions other than those referenced above, nor to determine whether individual state sales tax rules apply to your business. To the extent we render any accounting and/or bookkeeping assistance including, but not limited to, telephone calls, letters, emails and 3<sup>rd</sup> party consultations, it will be limited to those tasks we deem necessary for preparation of the returns and will be billed at our standard billing rates and minimums.

**We are responsible for preparing only the SPECIFIC individual income tax forms for the specified reporting agencies listed in this letter.** You may request that we perform additional services not contemplated by this engagement letter. If this occurs we will communicate with you regarding the scope and estimated cost of these additional services. Engagements for additional services may necessitate that we amend this letter or issue a separate engagement letter to reflect the obligations of both parties. In the absence of written communications from us documenting such services, our services will be limited to and governed by the terms of this engagement letter.

**You are responsible to provide all the information required for the preparation of a complete and accurate return. You acknowledge that you have reported all income you received** including barter, virtual currency, consumer-to-consumer activity, cash based revenues and all other income whether received in-person, in-kind, or electronically. You also confirm that you have or will timely file any applicable required Forms W-2 and W-3 with the Social Security Administration for business employees or home-workers as well as any required 1099s.

US citizens are required to report worldwide income on their US tax return. If you and/or your entity had a financial interest in, or signature or other authority over, bank accounts, securities, or other financial accounts in a foreign country with an aggregate value exceeding \$10,000 at any time, directly or indirectly through another entity, you are required to file Form FinCen 114 on or before April 15<sup>th</sup> of each year. Other additional information reporting may be required to be attached to your income tax return if you are an officer, director or shareholder with respect to certain foreign corporations, foreign-owned U.S. corporations or foreign corporations engaged in a U.S. trade or business, a U.S. transferor of property to a foreign corporation, or if you hold foreign financial assets with an aggregate value exceeding \$50,000 at any time. Failure to timely file the appropriate information reporting forms may result in substantial civil and/or criminal penalties. If you do not provide our firm with information regarding interests you may have in foreign accounts, your relationships with corporations described above, or other foreign financial assets you have held, **we will presume you do not have any FOREIGN ASSETS OR FINANCIAL INTEREST** and will not file any applicable disclosure forms, and penalties may be due, for which we have no responsibility. However, if you provide information about foreign assets or financial interest to us with your income tax records demonstrating a filing requirement, or if you request preparation of the Form FinCen 114 despite falling below the filing threshold, we will prepare and file the Form FinCen 114 along with your income tax returns.

**Our fee does not include responding to INQUIRIES OR EXAMINATIONS by taxing authorities or third parties, 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; you will be separately billed for time and expenses involved. You agree to immediately notify us upon the receipt of any correspondence from any agency covered by this letter.**

**We do not automatically file tax extensions for clients** – you must notify in writing, email or fax if you wish us to file an extension, and the notification should **include your estimate of any balance due** with the extension. **We must receive all information to prepare your return by April 1<sup>st</sup>** to ensure that your return will be completed in a timely manner. Information received after that date may cause your return to be extended and completed after the unextended due date. This does not relieve you from paying any tax due on the due date, or making quarterly estimated tax payments for the current year; failure to file an extension or pay any tax due with the extension, or failure to pay quarterly estimated tax payments may make you subject to various penalties and interest.

We will provide you with a copy of your tax returns when completed, either on paper or in an electronic format. Privacy laws established by the IRS prohibit us from providing confidential information or copies to anyone other than you without your specific **WRITTEN AUTHORIZATION**. There will be an extra fee for additional copies; this fee will also apply to any copy provided to a third party.

You are responsible to **KEEP COPIES OF YOUR TAX RETURNS, and to maintain in your records the documentation necessary to support the data used in preparing your tax returns**, including but not limited to the auto, travel, meals, and related expenses and the required documents to support charitable contributions for three years from the filing date. If you have any questions as to the type of records required, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed returns before filing them. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for the resulting taxes, penalties and interest. We will rely, without further verification, upon information you provide to us from 3<sup>rd</sup> parties including, but not limited to, K-1s, 1099s, 1098s, 1095s, receipts and similar items.

**HOME EQUITY LOANS** are not deductible unless the mortgage funds are used to buy, build or improve your personal residence and are secured by the same residence, and do not exceed the allowable mortgage debt, or used for business purposes under a 10-T election. To comply with these rules we need to know any new or increased debt secured by your home, the date borrowed and the use of the funds. Without that information we are unable to deduct mortgage interest on new borrowings.

*When a self-employed taxpayer reduces taxable income there may also be a reduction in earned income reported to the Social Security Administration, which **could reduce current and future benefits** for the taxpayer and his or her dependents. You acknowledge and agree to the current tax reduction and the **potential negative effects on future social security benefits** for you, your spouse and any dependents.*

If we are asked to disclose any **PRIVILEGED COMMUNICATION**, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue that the communication is privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, that are a result of attempts to protect any communication as privileged. In addition,

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 information to a third party.

We are required to obtain and retain copies of Forms W-2, 1099-R and 1095 before we are allowed to electronically file your return under the rules of IRS Circular 230. **WE DO NOT KEEP ANY OTHER ORIGINAL CLIENT RECORDS**; we will return them to you at the completion of the services rendered under this engagement. It is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies. Prior to each tax filing season, we send reminders, check lists, and/or organizers to many of our clients as a convenience to assist them with gathering their tax information. If you move or do not wish these communications, please notify us or we will send them to the address we used on your prior year's tax return.

**OUR RECORDS and files**, including archival copies of tax returns and supporting documentation, both paper and electronic, including those delivered to you through our web portal, are our property and are not a substitute for your own records. We destroy our own engagement records in accordance with our records retention policy. Records may also become unavailable before the expiration of the intended retention period due to catastrophic events, physical deterioration, or technological limitations.

**WE MAY COMMUNICATE** with you by fax or email, or utilize a secure web portal. Your use of our portal is subject to the terms of our [Website and Web Portal Usage Policy](#) (available upon request). Faxes and 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. 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. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of faxes or 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 fax or email transmissions or postings to our portal, 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.

From time to time during our relationship, you may seek our advice with regard to potential investments. **WE ARE NOT INVESTMENT ADVISORS unless specifically and in writing by separate agreement hired for that purpose.** Accordingly, we suggest that you seek the advice of qualified investment advisors appropriate to each investment being considered. Unless otherwise specifically agreed to in a separate engagement letter signed by both parties, we will not advise you regarding the economic viability or consequences of an investment or whether you should or should not make a particular investment.

**BILLINGS will be due and payable upon completion of these returns**, and become delinquent if not paid within 30 days of the invoice date unless alternate payment terms have been approved by us in advance. In certain situations, we may require a retainer prior to commencing work. If you fail to pay for services rendered as required by this engagement or any other engagement, at our election we may stop all work at our discretion on this and any other engagement of which you are a party until your accounts are brought current, or we may withdraw from this and/or any other engagements. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this or any other engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this or any other engagement as a result of your failure to pay on a timely basis for services rendered as required by this or any other engagement letter or for any other reason outside of our control (including but not limited to conflicts of interest), we shall not be liable for any damages that occur as a result of our ceasing to render services. **OUR SERVICES WILL CONCLUDE upon delivery of the completed income tax returns** discussed above or upon our suspension of services or resignation from the engagement.

From time to time various lenders may request that we sign, for you, some **VERIFICATION** of income, employment or tax filing status. Because we were engaged only to prepare your income tax return, without examination, review, audit or verification, **we are prohibited from signing any such document.** These returns are not intended to benefit or influence any third party to obtain credit or for any other purpose.

While we are, of course, available to provide you with tax and business planning services, it is our policy to put all advice upon which a client might rely into a **written memorandum** prior to you relying on such advice. We believe this is necessary to avoid confusion and to make clear the specific nature of our advice. You should not rely on any advice that has not been put into writing for you.

In recognition of the relative risks and benefits of this agreement to both the client and the accounting firm, the client and accounting firm have discussed and have agreed on the **FAIR ALLOCATION OF RISK** between them. As such, the client agrees, to the fullest extent permitted by law, to limit the liability of the accounting firm to the client for any and all claims, losses, costs, and damages of any nature whatsoever, so that the total aggregate liability of the accounting firm to the client shall not exceed the accounting firm's total fee for services rendered under this agreement. The client and the accounting firm intend and agree that this limitation apply to any and all liability or cause of action against the accounting firm, however alleged or arising, unless otherwise prohibited by law. Both parties agree that there is a one-year limitation period to bring a claim against the accounting firm for errors and omissions. The one-year period will begin upon the date of the tax professional's signature on the tax returns covered by this engagement letter. If this engagement is for preparation of a joint return or a dependent's return, the signer agrees to indemnify the accounting firm against any claims made by the non-signing spouse or dependent after the one-year period or in excess of the accounting firm's total fee for services rendered under this agreement.

This engagement letter represents the **ENTIRE AGREEMENT** regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on the heirs, successors and assigns of you and us. Notwithstanding anything contained herein, both accountant and client agree that regardless of where the client is domiciled and regardless of where this Agreement is physically signed, it shall be deemed to have been entered into at the Accountant's office located in Genesee County, Michigan, USA, and Genesee County, Michigan, USA shall be the exclusive jurisdiction for resolving disputes related to this Agreement. This Agreement shall be governed and construed according to the laws of Michigan. If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

We appreciate the opportunity to serve you. Please date and sign this letter below to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. It is our policy to initiate services after we receive the executed engagement letter; at our election, we may initiate services in good faith with the expectation of receipt upon delivery of the completed income tax returns.

**MCLR Financial Center**

---

I have read the above terms of the engagement letter and agree with the terms of this engagement.

Signature(s)

Date

Printed Name