

Riley & Associates PC

P.O. Box 157 ☆ 5-7 Perry Way ☆ Newburyport, MA 01950

Dear Client,

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. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom returns are prepared to confirm the following arrangements by signing and returning this letter to our office.

We will prepare your _____ federal and state income tax returns, where applicable from information that you will furnish us. We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information. If you have taxable activity in a state or local municipality, you are responsible for providing our firm with all the information necessary to prepare any additional applicable state and local income tax returns, as well as informing us of the applicable states and local municipalities. If you have income 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.

We will furnish individual clients, on request, with tax organizers, and/or worksheets to guide you in gathering the necessary information. You may also download checklists, organizers and other material from our website to aid you in submitting the proper tax information. Your use of such forms will assist us in keeping pertinent information from being overlooked. Our engagement will be complete upon the delivery of the completed returns to you.

We will prepare the returns from information that you will furnish to us. It is your responsibility to provide all the information required for the preparation of complete and accurate returns in a timely manner (these dates are noted on our client letter & website). I.R.S. audits are becoming more stringent and frequent. You should retain all the documents, bank statements, 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 your income tax returns whether they are filed on paper or electronically submitted.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. You acknowledge that any such understated 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. Your returns may be selected for review by the taxing authorities or you may receive a notice requesting a response to certain issues on your tax return. 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. At that time, we will provide you a subsequent engagement letter to clarify the nature and extent of services we will provide regarding the tax examination or inquiry response and will render additional invoices for these services and any expenses incurred.

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. 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 unless we have a reasonable belief that there is a reasonable basis for the 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.

If you have 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, you are required to report such a relationship. 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 accounts. 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. Please make sure you let us know if you have such a financial interest in any foreign accounts as you are required to file the Form TD-F-90-22.1 that is required by the U.S. Department of the Treasury.

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 upon completion of the engagement. The

phone: 978 463-9350 ☆ fax: 978 462-2109 ☆ skype: 978-225-3584 ☆ e-mail: contact@cpa-services.com

Visit us on the Internet at www.cpa-services.com ~ www.artstaxinfo.com

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.

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, then 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.

If an extension of the time to file is required, any tax that may be due with the return in questions must be paid with the extension request. Any tax amounts not paid by the filing deadline are subject to interest and late payment penalties when those amounts are actually paid. Due to increasing regulations regarding on-line and other direct payments we may be unable to process these on your behalf. 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.

Our fee for these services are not contingent on the results of our service but will be based upon the amount of time required at standard billing rates plus out-of-pocket expenses. A general and current guide to our fees can be found on our website. All invoices are due and payable upon presentation.

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 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 become obligated to pay any judgment or similar award, agree to pay any amount in settlement, and/or incur any costs as a result of any inaccurate or incomplete information that you provide to us during the course of this engagement, you agree to indemnify us, defend us, and hold us harmless as against such obligations, agreements, and/or costs.

You agree that 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 that the parties will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. Any mediation initiated as a result of this engagement shall be administered within the county of Essex, Massachusetts by American Arbitration Association according to its mediation rules, and any ensuing litigation shall be conducted within said county, according to Massachusetts 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 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 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.

We want to express our appreciation for the opportunity to work with you. If the foregoing fairly sets forth your understanding, please sign the enclosed copy of this letter in the space indicated and return it to our office (fax = 978.462.2109 or scan and e-mail to the address below). You may also return this signed letter when you bring in your tax organizer and/or supporting tax documentation (such receipt by this office shall be deemed as evidence of your acceptance of all of the terms set forth in this letter).

Sincerely,

Riley & Associates, PC

Accepted By: _____ Date: _____

Cell Phone: _____ E-mail address: _____

phone: 978 463-9350 ☆ fax: 978 462-2109 ☆ skype: 978-225-3584 ☆ e-mail: contact@cpa-services.com

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