

**Bjorge & Ellis PC**  
CERTIFIED PUBLIC ACCOUNTANTS  
3000 Joe DiMaggio Blvd., Suite 10 Round Rock, TX 78665

MARK A. BJORGE, CPA  
FLORINE E. ELLIS, CPA

TELEPHONE (512) 255-1227  
FAX (512) 255-1292

**TERMS & CONDITIONS:**

The following terms & conditions are incorporated by reference to all tax and consulting related engagement letters issued by Bjorge & Ellis, PC.

**Client Responsibilities:**

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 for reported income, credits, and deductions on your returns as required under applicable tax law and regulations. You are responsible for the adequacy of all information provided in such documents. You represent that you have such documentation and can produce it, if necessary, to respond to any audit or inquiry by taxing authorities. You agree to hold our firm harmless with respect to any additional taxes, penalties, or interest imposed on you by taxing authorities resulting from the disallowance of tax deductions due to inadequate documentation.

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 an annual gift tax exclusion amount, which for 2018, is \$15,000. You are responsible for informing us if gift tax returns are required to be filed. If you ask us to prepare these returns, we will confirm this representation in a separate engagement letter.

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. If you ask us to prepare this return, we will confirm this in a separate engagement letter.

Personal expenses

You are responsible for ensuring that personal expenses, if any, are segregated from business expenses and that expenses such as meals, travel, vehicle use, gifts, and related expenses are supported by necessary records required by the IRS and other tax authorities. At your written request, we are available to provide you with written answers to your questions on the types of supporting records required.

### Other income, losses and expenses

If you realized income, loss or expense from a business or supplemental income or loss, these are subject to the reporting requirements of federal and state income tax authorities. You are responsible for complying with all applicable laws and regulations pertaining to such operations, including the classification of workers as employees or independent contractors and related payroll tax and withholding requirements.

### Bartering transactions

You should also know that IRS audit procedures will almost always include questions on bartering transactions and on deductions that require strict documentation such as travel and entertainment expenses and expenses for business usage of autos and computers. In preparing your returns, we rely on your representations that we have been informed of all bartering transactions and that you understand and have complied with the documentation requirements for your expenses and deductions. If you have questions about these issues, please contact us.

### State and local filing obligations

You are responsible for determining your state or local 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 upon review of the information you have provided us and other information that comes to our attention, we believe you may have an obligation to file additional tax returns, we will notify you of this responsibility in writing and ask you to contact us. If you ask us to prepare these returns, we will confirm this in writing.

### U.S. filing obligations related to 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 in a separate engagement letter.

### Foreign filing obligations

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.

## **CPA Firm Responsibilities:**

It is our duty to perform services with the same standard of care that a reasonable income tax preparer would exercise in this type of engagement. It is your responsibility to safeguard your assets and maintain accurate records pertaining to transactions. We will not hold your property in trust for you, or otherwise accept fiduciary duties in the performance of the engagement.

### Additional filing obligations

If information comes to our attention when preparing your return indicating that you may have additional filing obligations, we will notify you accordingly and schedule a time to discuss these obligations. We will follow up this discussion with a letter or e-mail summarizing the discussion and delineate any additional charges for additional filing obligations.

### Bookkeeping assistance

We may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the income tax returns. Additional charges will apply to such services.

### Errors, fraud, or theft

Our engagement does not include any procedures designed to discover errors, fraud, or theft. Therefore, you acknowledge and agree that our engagement cannot be relied upon to disclose such matters.

### Tax planning services

Unless expressly set forth in the engagement letter to the contrary, our engagement does not include tax planning services. Tax planning services are available upon request and will be considered as and subject to a separate engagement. During the course of preparing the tax returns identified above, we may bring to your attention certain available tax saving strategies for you to consider as a possible means of reducing your income taxes in subsequent tax years. However, we have no responsibility to do so, and will take no action with respect to any such recommendations, as the responsibility for implementation remains with you, the taxpayer.

### 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 inquiry. If you ask us to represent you, we will confirm this in a separate engagement letter and delineate how additional charges for this service will be calculated.

### Brokerage or investment advisory statements

If you provide our firm with copies of brokerage (or investment advisory) statements and/or read-only access to your accounts, we will use the information for the purpose of preparing your income tax returns. We will rely on the accuracy of the information provided in the statements and will not undertake any action to verify this information. We will not monitor transactions, investment activity, provide investment advice, or supervise the actions of the entity or individuals entering into transactions or investment activities on your behalf. We recommend you receive and review all statements promptly and carefully, and direct any questions regarding account activity to your banker, broker or investment advisor.

## Timing of the Engagement:

### Extensions of Time to File Tax Returns

The original filing due dates for your tax returns are the 15<sup>th</sup> day of the fourth month after your year-end for individual tax returns and the 15<sup>th</sup> day of the third month after your year-end for most business tax returns. State income or franchise tax returns, if any, have various due dates. Please contact us for the exact due date for your state income tax return, if any.

Due to the high volume of tax return compliance services performed by our firm, the information needed to complete the tax returns must be received no later than 6 weeks prior to the due date to provide us with adequate time to prepare your returns for filing by the due dates.

It may become necessary to apply for an extension of the filing deadline if there are unresolved tax issues or delays in processing, or if we do not receive all of the necessary information from you on a timely basis. Applying for an extension of time to file may extend the time available for a government agency to undertake an audit of your return or may extend the statute of limitations to file a legal action. All taxes owed are due by the original filing due date. Additionally, extensions may affect your liability for penalties and interest or compliance with government or other deadlines.

In signing this engagement letter, you are authorizing our firm to prepare the applicable extensions should additional time be needed to complete your tax return.

You acknowledge and agree that our firm has no duty to file these applications unless we receive a signed copy of this engagement letter and your express written authorization to do so.

In some cases, your signature may be needed on such applications prior to filing. Failure to timely file for an extension of time to file can result in penalties for failure to file tax returns, which accrue from the original due date of the returns, and can be substantial.

We are available to discuss this matter with you if the need arises.

### Penalties and Interest Charges

Federal, state, and local taxing authorities impose various penalties and interest charges for non-compliance with tax law, including, for example, failure to file or late filing of returns, and underpayment of taxes. You, as the taxpayer, remain responsible for the payment of all taxes, penalties, and interest charges imposed by taxing 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 or untimely disclosure of income or tax positions can result in the imposition of penalties and interest charges.

## **Electronic Data Communication and Storage and Use of Third Party Administrative Services**

In the interest of facilitating our services to you, we may send data over the Internet, store electronic data via computer software applications hosted remotely on the Internet, or allow access to data through third party vendors' secured portals or clouds. Your confidential electronic data may be transmitted or stored using these methods. We may use third party service providers to store or transmit this data, such as providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and data access secure in accordance with our obligations under applicable laws and professional standards. We require our third party vendors to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or data once it has been sent or has been subject to unauthorized access, notwithstanding all reasonable security measures employed by us or our third party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third party service providers during this engagement.

### Client Portals

To enhance our services to you, we may utilize Onvio, a collaborative, virtual workspace in a protected, online environment. Onvio permits real-time collaboration across geographic boundaries and time zones and allows Bjorge & Ellis, PC and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use Onvio, you will be required to establish an account with Onvio and be subject to Onvio's own terms & conditions rules for using the Onvio service.

You agree that we have no responsibility for the activities of Onvio and agree to indemnify and hold us harmless with respect to any and all claims arising from or related to the operation of Onvio. While Onvio backs up your files to a third party server, we recommend that you also maintain your own backup files of these records.

### Data Transmission

If you decide to transmit your confidential information to us in a manner other than a secure portal, you accept responsibility for any and all unauthorized access to your confidential information. If you request that we transmit confidential information to you in a manner other than a secure portal, you agree that we are not responsible for any liability including but not limited to, (a) any loss or damage of any nature, whether direct or indirect, that may arise as a result of our sending confidential information in a manner other than a secure portal, and (b) any damages arising as a result of any virus being passed on or with, or arising from any alteration of, any email message.

### **Termination and Other Terms**

You agree that any claim arising out of this engagement letter shall be made within one year of the conclusion of our services as described in Timing of the Engagement, regardless of any longer period of time for commencing such claims as may be set by law. Claim is understood to be a demand for money or services, the service of a suit, or the institution of arbitration proceedings against Bjorge & Ellis, PC.

We reserve the right to withdraw from the engagement without completing services for any reason, including, but not limited to, if the tax organizer is not returned fully completed and signed, or if documents

requested in the organizer or by our office are not provided to our firm by the extended due date of each tax return covered by this agreement.

At the completion of our engagement, the original source documents will be returned to you. Workpapers and other documents created by us are our property. Such original workpapers will remain in our control, and copies are not to be distributed without our prior written consent.

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 any other written communications from us documenting additional services, our services will be limited to and governed by the terms of this engagement letter.

If any portion of this engagement letter is deemed invalid or unenforceable, such a finding shall not invalidate the remainder of the terms set forth in this engagement letter. In the event of a conflict between these standard terms and conditions and the engagement letter, the terms of the engagement letter shall control. Venue of any dispute arising between you and our firm shall be exclusively in the courts sitting in Williamson County, Texas and you irrevocably submit to the jurisdiction of such courts for any such action. Texas law governs this agreement, without reference to Texas' conflict of law provisions.

If, during our work, we discover information that affects prior-year tax returns, we will make you aware of the facts. However, we are not responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue. The preparation of appropriate amended returns would be the subject of a separate engagement.

The Internal Revenue Code and regulations impose preparation and disclosure standards with non-compliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures to you and/or in the tax return concerning positions taken on the return that don't meet these standards. Accordingly, we will discuss tax positions that may increase the risk of exposure to penalties and any recommended disclosures with you before completing the preparation of the return. If we concluded that we are obligated to disclose a position and you refuse to permit the disclosure, we reserve the right to withdraw from the engagement and you agree to compensate us for our services to the date of withdrawal. Our engagement with you will terminate upon our withdrawal.

The IRS permits you to authorize us to discuss, on a limited basis, aspects of your return for one year after the return's due date. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we will check that box authorizing the IRS to discuss your return with us.

#### **Records Retention:**

It is our policy to keep records related to this engagement for 5 years. However, we do not keep any of your original records, so we will return those to you upon the completion of the engagement. When records are returned to you, it is your responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies.

By signing this engagement letter, you acknowledge and agree that upon the expiration of the 5 year period, we are free to destroy our records related to this engagement.