

ENGAGEMENT LETTER – INDIVIDUAL INCOME TAX RETURNS

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 2023 Federal income tax return and income tax returns for the states of _____ (collectively, the “returns”) and related schedules from information you furnish us. This engagement pertains only to the 2023 tax year, and our responsibilities do not include preparation of any other tax returns that may be due to any taxing authority. Our services are not intended to determine whether you have filing requirements in taxing jurisdictions other than the one(s) you have informed us of. Our engagement will be complete upon the delivery of the completed tax returns to you and the return of the e-file authorizations to us.

We may from time to time, and depending on the circumstances, use certain third-party service providers and transmit information to them in serving your account. For example, such transmissions might include, but not be limited to tax software providers for electronic filing, technical assistance, automated processing of tax forms, and file sharing services. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information.

It is your responsibility to provide all the information required for the preparation of complete and accurate 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, we may ask you to clarify some of the information or to furnish written or verbal assurance that records or other evidence exists to substantiate deductions. We may furnish you with tax organizers and questionnaires to help you gather and organize the necessary information for us to keep our fee to a minimum.

Depending on the timing and circumstances an extension may need to be filed for your return. Please note, an extension only gives you extra time to file the return but does not extend the time to pay any taxes due.

It is your responsibility 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 and related expenses and the required documents to support charitable contributions. (Please note that you must have receipts for any charitable contributions, travel, or meal expenses claimed.) 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 tax returns before signing and filing them with the tax authorities. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest.

Be sure to let us know if you mined, bought, sold, or exchanged a virtual currency, used a virtual currency to pay for goods and services, or received a virtual currency as payment for goods or services.

In preparing your tax return(s) we may rely on information provided to you by other tax preparers such as, K-1 forms, Schedule C summaries, Schedule E summaries, etc. We will not undertake any responsibility to determine the accuracy of such information. However, we may ask for clarity and may have additional questions regarding such information. Such information may be challenged or questioned by the taxing authorities. We assume no responsibility for any changes made by the taxing authorities. In addition, you will hold us harmless for any additional tax, penalty, and interest that results from taxing authority changes.

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 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 in a foreign country having a value exceeding \$10,000 shall report such a relationship. Although there are some limited exceptions, 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 corporation and by the individual corporate officers with signature authority. Failure to disclose the required information to the U.S. Department of the Treasury may result in substantial civil and/or criminal penalties. You are responsible for informing us of all foreign assets, so we may properly advise you regarding your filing obligations.

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 8938 - Statement of Specified Foreign Assets* and *FinCEN Form 114, Report of Foreign Bank and Financial Accounts* required by the U.S. Department of the Treasury on or before April 15th of each tax year. 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 are not providing any service which can be construed as legal advice as part of this engagement. We assume no responsibility for advising you on the legal or regulatory aspects of the Corporate Transparency Act (CTA). Under the CTA businesses that meet certain criteria must submit a Beneficial Ownership Information Report to the US Department of Treasury's Financial Crimes Enforcement Network (FinCEN) providing details identifying individuals who are associated with the reporting company. In addition, we assume no responsibility for submission of any reports to FinCEN and client's beneficial ownership information. It should be noted that the beneficial owner or management is responsible for complete compliance with the CTA.

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.

We are responsible for preparing only the returns listed above. If there are additional returns you wish us to prepare, please discuss them with us. Your returns may be selected for review by one or more taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such a government tax examination, we will be available upon your written request to represent you during the examination and/or during an appeal. Our fee does not include responding to inquiries or examination by taxing authorities. However, we are available to represent you and our fees for such services are at our standard rates and would be covered under a separate engagement letter.

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, provided the position(s) satisfy the substantial authority standard.

Without disclosure in the return itself of the specific position taken on a given issue, we must have a reasonable belief that it is more likely than not that the position will be held to be the correct position upon examination by taxing authorities. If we do not have that reasonable belief, we must be satisfied that there is at least a reasonable basis for the position, and in such a case, the position must be formally disclosed on Form 8275 or 8275-R, which form would be filed as part of the return. If we do not believe there is a reasonable basis for the position, either the position cannot be taken or we cannot sign the return. In order for us to make these determinations, we must rely on the accuracy and completeness of the relevant information you provide to us. In the event we and/or you are assessed penalties due to our reliance on inaccurate, incomplete, or misleading information you supplied to us (with or without your knowledge or intent), you will indemnify us, defend us and hold us harmless as to those penalties.

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

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 business associate. We recommend that you contact us before releasing any privileged information to a third party.

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've obtained and/or prepared during the course of this engagement, you agree to compensate us at our standard hourly rates for the time expended in connection with such response and to reimburse us for all of our out-of-pocket costs incurred in that regard.

It is our policy to retain engagement documentation for at least 5 years, after which we may 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.

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. Therefore, you should review them carefully before you sign them.

If you need copies of any prior returns, feel free to call our office and request copies. There will be a \$30 fee charged for each year that is requested. Should you require a comfort letter to a mortgage lender during the year, there is a fee of \$150 per letter. Keep in mind our professional standards limit what we are able to provide in these comfort letters. This charge is for each letter, including each rewrite requested by the lender.

Our tax preparation fees are based upon the time required by the individuals assigned to the engagement. Billings are due upon submission. We reserve the right to hold the returns until payment is received.

If we are preparing a married filing joint tax return, there is a potential conflict of interest. You acknowledge that any information Heidenreich & Heidenreich, CPAs, PLLC receives from one party that may impact the other party will be made known to all parties; and, for that purpose, **waive the requirements of confidentiality**.

In the event that we are or may be obligated to pay any cost, settlement, judgement, 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 against such obligation.

If any dispute arises among the parties, they agree to try first in good faith to settle the dispute by mediation administered by the American Arbitration Association (AAA) under its Commercial Mediation Rules. All unresolved disputes shall then be decided by final and binding arbitration in accordance with the Commercial Arbitration Rules of the AAA. Fees charged by any mediators, arbitrators, or the AAA shall be shared equally by all parties. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

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, this Agreement shall have been deemed to have been entered into at the Accountant's office located in Maricopa County, Arizona, USA and Maricopa County, Arizona, USA shall be the exclusive jurisdiction for resolving disputes related to this Agreement. This Agreement shall be interpreted and governed in accordance with the Laws of Arizona.

This engagement letter is contractual in nature and includes all 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.

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 your responsibility to verify the bank information for direct deposit or withdrawal for payment of tax. You will not hold us responsible for any tax, penalties, or interest resulting from any issues with direct deposits or payment of taxes.

We appreciate the opportunity to serve you. Please date and sign this letter 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.

Sincerely,

Heidenreich & Heidenreich CPAs PLLC

Heidenreich & Heidenreich, CPAs, PLLC

I have read the above terms of the engagement letter and agree with the terms of this engagement. Both must sign if a married filing joint return.

PRINTED NAME: _____

SIGNATURE: _____

DATE: _____
