

January 2025

\*\*\*\*\* ENGAGEMENT LETTER \*\*\*\*\*

Dear Client:

**JTK Advisors, LLC** (“firm,” “we,” “us,” or “our”) is pleased to provide you with the professional services described below. This letter and any other attachments incorporated herein (collectively, “Agreement”), confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

***Engagement Objective and Scope***

We will prepare the following federal and state tax returns for the year ended 20\_\_\_\_:

Individual      Estate/Trust      Partnership      S-Corporation      C-Corporation

Other (please describe) \_\_\_\_\_

Other State Tax Returns - State of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

*(for additional state income tax returns, please list State initials above)*

We will rely upon the completeness and accuracy of the information and representations you provide to us to prepare your tax returns. We have not been engaged to and will not prepare financial statements. We will not audit or otherwise verify the data you submit to us, although we may ask you to clarify certain information.

We will prepare the above-referenced tax returns solely for filing with the Internal Revenue Service (“IRS”) and applicable state and local tax authorities. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose. You agree to indemnify and hold us harmless with respect to any and all claims arising from the use of the tax returns for any purpose other than filing with the IRS, state and local tax authorities regardless of the nature of the claim, including the negligence of any party, excepting claims arising from our gross negligence or intentional wrongful acts.

Our engagement cannot be relied upon to disclose any errors, fraud, theft, or other wrongdoing. You are responsible for developing and implementing internal controls applicable to your operations.

You may request that we perform additional services not contemplated in this engagement letter. Engagements for additional services may necessitate that we amend the Agreement or issue a separate agreement to reflect the obligations of all parties.

***Firm Responsibilities***

It is our duty to prepare your returns based on the same standard of care that a reasonable tax return preparer would exercise in this type of engagement. Unless otherwise noted, the applicable standard of care for a “reasonable tax return preparer” shall be based upon the following pronouncements:

- the Statements on Standards for Tax Services (“SSTS”) issued by the American Institute of Certified Public Accountants (“AICPA”);
- U.S. Treasury Department Circular 230 (“Circular 230”); and
- the Internal Revenue Code, Treasury Regulations, and any applicable state/local corollaries (collectively, “the Code”).

As tax return preparers, these pronouncements also prohibit us from signing a tax return unless we have a reasonable belief that there is substantial authority for tax positions taken on the tax return, or we have a reasonable basis for tax return positions taken on the return which are disclosed as required by the Code. If you are unwilling to disclose a position where required or we conclude that your failure to disclose does not permit us to sign your tax return, we will be unable to proceed.

JTK Advisors, LLC will not make any management decisions or perform management functions on your behalf.

#### Bookkeeping assistance

If it is deemed that such services are necessary to prepare your tax returns, we will advise you in writing before services are performed. These services will be billed at our standard hourly rates and will be subject to the terms of this Agreement.

#### Tax planning services

We may communicate potential tax strategies to you. If we determine that assisting you with the implementation of any proposed tax strategy, or responding to your question requires additional research, analysis, discussion, or documentation, we will confirm our understanding with you in writing prior to proceeding. Any tax advice described in this paragraph and provided to you shall be governed by this Agreement and billed at our standard hourly rates.

#### Government inquiries

This engagement does not include responding to inquiries by any governmental agency or tax authority. If you are contacted by a tax authority, either for an examination or other inquiry, you may request our assistance in responding.

#### ***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. You are responsible for fully and accurately completing the income tax organizer, including any activities in which you engage outside of the U.S. or your home state.

#### Changes in ownership

A change in ownership may have unanticipated tax consequences if that change is not analyzed prior to completing the transaction. You are responsible for advising us of any changes in ownership, including the death of a shareholder or partner, so that it may be accurately reflected on the tax returns.

Certain transfers of ownership may result in the termination of an S election of an S-Corporation. A change in ownership also may be required to be reported on your return. You should understand the effects of any transaction involving new or existing ownership interests prior to completion, including the impact on the entity and/or shareholders or partners, and any additional elections, calculations, and reporting required. Assistance with analysis of any change in ownership transaction is not within the scope of this engagement. You should review your partnership or LLC agreement to ensure that it meets your goals for the transfer of ownership and distribution of income. A review of your partnership or LLC agreement or analysis of proposed transactions under any existing or draft language is not within the scope of this engagement.

#### Tax basis schedules

An S corporation return discloses historical and adjusted balances in the Accumulated Adjustment Account (AAA), Other Adjustments Account (OAA) and Accumulated Earnings and Profits (E&P). However, it does not disclose each shareholder's tax basis in S corporation stock or tax/at-risk basis in loans made to the S corporation. The IRS may examine any or all of these tax attributes. Properly calculating these attributes is necessary for the accurate preparation of both S corporation and shareholder tax returns. We will rely upon the historical balances disclosed on last year's tax return.

A partnership return discloses partner capital accounts and partner's share of partnership debt on Schedule K-1. However, Schedule K-1 does not disclose the partner's share of allocable loss which may be deducted at the individual level or track partner tax/at-risk basis. Differences between a partner's capital account and tax basis in their partnership interest may exist which also affect allocations to the partners as presented on Schedule K-1. The IRS may examine any or all of these tax attributes to determine whether a partner is allocated the proper amount of partnership items, entitled to reduce taxable income as a result of tax losses allocated from a partnership, or avoid tax on certain distributions of cash from the partnership.

The IRS may examine any or all of these tax attributes. Properly calculating these attributes is necessary for the accurate preparation of both the business tax returns and shareholder/partner tax returns. We will rely upon the historical balances disclosed on last year's tax return or on Schedule K-1, or the most recent executed partnership agreement you provide to us.

You are also responsible for providing any necessary documentation to support transactions between shareholders or partners and the entity (such as sale/redemptions, loans, contributions/distributions), as these may impact your tax return. Additional analysis, such as recreating historical balances or analyzing proposed shareholder and partner transactions is not within the scope of this engagement.

#### Partner salaries and compensation

The payment of wages or compensation by a partnership or LLC to individuals who are limited partners or LLC members raises reporting issues if those limited partners or LLC members receive a Schedule K-1 instead of a Form W-2 or Form 1099. You are responsible for providing us detail

of the total compensation paid to any partner or LLC member expected to receive a Schedule K-1, including fringe benefits, retirement benefits, or other in-kind value paid or provided.

#### Schedule K-1 distribution

You are responsible for distributing a copy of the entity's Schedule K-1s, including any attachments, to each shareholder or partner.

#### 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, deductions, and other information on your returns, as required under applicable tax laws and regulations. You represent that you have such documentation and can produce it, if necessary, to respond to any examination or inquiry by tax authorities. You will be responsible for any liability, including but not limited to, additional tax, penalties, interest and related professional fees, resulting from the disallowance of tax deductions due to inadequate documentation.

#### 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 documentation and records required by the IRS and other tax authorities.

#### State and local filing obligations

You are responsible for fulfilling your filing obligations with any state or local tax authorities, including but not limited to, income, franchise, sales, use, and property taxes or abandoned and unclaimed property. The preparation of any state or local tax return not listed on page one is not within the scope of our engagement.

#### U.S. filing obligations related to foreign investments and activities

U.S. citizens and residents generally must report income and activities related to both domestic and foreign assets (worldwide income). You are responsible for fulfilling your filing obligations related to foreign activity where required. U.S. reporting requirements related to foreign activity are very complex. **Contact us immediately** if you have any incidents of ownership of, investment in, or officer responsibilities for a corporation, partnership, or other business entity formed under the laws of another country; have ownership of or control over any financial account held in a financial institution located in another country; if you have transferred cash or property offshore through the purchase of or investment in an entity formed under the laws of another country; received property, including cash, from a trust, business, or investment formed under the laws of another country or individual residing in another country; received property, including cash, or income from a source outside the U.S. which is not reported on a brokerage statement (such as a 1099-B or similar report); or any other activity which takes place outside of the U.S.

Based upon the information you provide, we will use this data to inform you of any additional filing requirements, which may include FinCEN Form 114, *Report of Foreign Bank and Financial Accounts* (“FBAR”). The FBAR is not a tax return and its preparation is not within the scope of this engagement.

#### 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.

#### Digital assets

There are specific tax implications of investing in digital assets (e.g., virtual currencies such as Bitcoin, non-fungible tokens, virtual real estate and similar assets). The IRS considers these to be property for U.S. federal income tax purposes. As such, any transactions in, or transactions that use, digital assets are subject to the same general tax principles that apply to other property transactions. If you transacted in digital assets during the tax year, you may have tax consequences and/or additional reporting obligations associated with such transactions. You are responsible for providing us with complete and accurate information, including basis, regarding any transactions in, or transactions that have used, digital assets during the applicable tax year.

#### Ultimate responsibility

You have final responsibility for the accuracy of your tax returns, which includes Schedules K-1, Schedules K-3, all other attachments provided to support the filing, and any payments due. 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, state and local tax authorities, as applicable. You agree to review and examine them carefully for accuracy and completeness.

You will be required to review and sign a completed Form 8879-X, *IRS e-file Signature Authorization*, for your type of entity and any similar state and local equivalent authorization form before your returns can be filed electronically. **We will not file an extension on your behalf if you fail to timely sign and return Form 8879 or state equivalents.**

In the event that you do not wish to have your tax returns filed electronically, please contact our firm. You will be responsible for reviewing the paper returns (including Schedules K-1/K-3, supporting attachments, and payments due) for accuracy, signing them, and filing them timely with the tax authorities.

You have final responsibility for the payment of your taxes in whatever amount ultimately determined. If you choose, you may opt to have funds automatically withdrawn from a designated account and transmitted when your tax return is electronically filed.

#### ***Extensions of Time to File Tax Returns***

**Due to the high volume of tax returns prepared by our firm, you must provide the information needed to prepare the tax returns no later than Feb 28, 2025 (for Partnerships and S-Corporations) and March 28, 2025 (for C-Corporations, Trusts/Estates, and**

**Individuals). Failure to do so may result in the inability to complete your returns by the original filing due dates.**

It may become necessary to apply for an extension of the filing due dates if you have not provided us all of the information needed to prepare the tax returns by the original due date. You agree to hold our firm harmless from any consequences arising from any election waived. All taxes owed are due by the original filing due date.

**If you wish to engage our firm to apply for extensions of time to file tax returns on your behalf, we will not file these applications unless and until we receive both an executed copy of this Agreement and your express written authorization to file for an extension.**

### ***Penalties and 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 will be responsible for the payment of any additional tax, penalties, and interest charges imposed by tax authorities.

### ***Corporate Transparency Act***

Assisting you with your compliance with the Corporate Transparency Act (“CTA”), including beneficial ownership information (“BOI”) reporting, which commenced effectively in 2024, is not within the scope of this engagement. You have sole responsibility for your compliance with the CTA, including its BOI reporting requirements and the collection of relevant ownership information. We shall have no liability resulting from your failure to comply with CTA. Information regarding the BOI reporting requirements can be found at <https://www.fincen.gov/boi>. Consider consulting with legal counsel if you have questions regarding the applicability of the CTA’s reporting requirements and issues surrounding the collection of relevant ownership information.

### ***Professional Fee***

Our professional fee for the services outlined above are charged at the rate of \$175 per hour. This fee is based upon the complexity of the expected work to be performed, our professional time and out-of-pocket expenses. You agree that you will deliver all records requested and respond to all inquiries made by our staff to complete this engagement on a timely basis. You agree to pay all fees and expenses incurred in the delivery of all services provided.

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We appreciate the opportunity to be of service to you. Please date and execute this Agreement and return it to us to acknowledge your acceptance. We cannot initiate services until we receive the executed Agreement.

Very truly yours,  
JTK Advisors, LLC

ACCEPTED BY:

\_\_\_\_\_  
Individual name or Entity name

\_\_\_\_\_  
Jeffrey T. Kaczmarczyk, Sr.  
Managing Member



\_\_\_\_\_  
Officer/Partner Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date