



## Terms and Conditions Memorandum

December 20, 2022

This memorandum is to inform you, the taxpayer, of the services we will provide you, and the responsibilities you have for preparation of your tax return. It is intended to be incorporated by reference into any agreement between the taxpayer and the firm.

### *Engagement Objective and Scope*

We will prepare your 2022 federal income and applicable state income tax returns. based upon information and representations that you provide to us. We may ask you to clarify some items but will not audit or otherwise verify the data you submit. You affirm that all expenses or other deduction amounts are accurate and that you have all required supporting written records. If you have taxable activity in any state, you are responsible for providing our firm with all information necessary to prepare any additional applicable state(s) or local income tax returns as well as informing us of the applicable states. It is our duty to perform services with the same standard of care that a reasonable tax return preparer would exercise in this type of engagement. It is your responsibility to safeguard your assets and maintain accurate records pertaining to transactions. Any other required services, forms or other actions on our part require a separate engagement letter. 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.

We will perform accounting services only as needed to prepare your tax return. Our work will not include procedures to detect errors, fraud, theft, find defalcations or other irregularities. Accordingly, our engagement should not be relied upon to disclose errors, fraud, theft, or other illegal acts, though it may be necessary for you to clarify some of the information you submit. We will, of course, inform you of any material errors, fraud, theft, or other illegal acts we discover.

You agree to indemnify and hold our firm and its partners, principals, shareholders, officers, directors, members, employees, agents or assigns (collectively, "firm," "we," "us," or "our") 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 and state and local tax authorities regardless of the nature of the claim, including the negligence of any party.

### *Client Responsibilities*

You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your tax returns. You must be able to provide written records of all items included on your return if audited by either the IRS or state tax authority. 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 tax authorities. You agree to hold our firm harmless from any liability including but not limited to, additional tax, penalties, interest and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.



Unless we are otherwise advised, you are responsible for confirming that personal expenses, if any, are segregated from business expenses and expenses such as meals, travel, entertainment, vehicle use, gifts, and related expenses are supported by necessary records required by the IRS and other taxing authorities. At your request, we are available to answer your questions and advise you on the types of supporting records required.

An organizer and/or tax preparation checklist may be enclosed to help you compile and document the information required for your return. These documents will help you avoid overlooking important information. Income from all sources, including those outside the U.S., is required. By using them, you will contribute to efficient preparation of your returns and help minimize the cost of our services.

#### State and local filing obligations

You are responsible for determining your tax filing obligations with any state or local tax authorities, including, but not limited to income, franchise, sales, use, property or unclaimed property taxes. If upon review of the information you have provided to us, including information that comes to our attention, we believe that you may have additional filing obligations, we will notify you. You acknowledge that any additional filing obligations are not within the scope of this engagement. If you ask us to prepare these returns, we will confirm this representation in a separate engagement letter.

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

As part of your filing obligations, you may be required to make certain information disclosures related to your foreign investments. It is your responsibility to inform us if you directly or indirectly hold any interest in assets, businesses located in a foreign country, received a gift or bequest from a foreign person or trust, or have signatory authority in any assets or financial accounts located in a foreign country. 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. Failure to file required forms can result in the imposition of both civil and criminal penalties, which can be significant. These are not tax returns and their preparation is 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 agree to provide us with complete and accurate information regarding any transactions in, or transactions that have used, digital assets during the applicable tax year. If you have any questions regarding your digital assets and/or transactions, please ask us, and we will respond in writing.

#### Substantial understatement penalties

The law imposes penalties when taxpayers underestimate their tax liability. Please call us if you have concerns about such penalties.



## ***Firm Responsibilities***

### Arguable positions

We will use our judgment to resolve questions in your favor where a tax law is unclear, provided there is substantial support for doing so. If there are conflicting interpretations of the law, we will explain the possible positions that may be taken on your return. We will follow the position you request, provided it is consistent with our understanding of the applicable tax code, laws, regulations, and their interpretations. If the IRS or state tax authorities later contest the position taken, there may be an assessment of additional tax, interest, and penalties. We assume no liability, and you hereby release us from any liability for such additional tax, interest, and penalties or other fees and assessments. Our advice is based upon tax reference materials, facts, assumptions, and representations that are subject to change. Tax reference materials include, but are not limited to the Internal Revenue Code ("IRC"), tax regulations, Revenue Rulings, Revenue Procedures, Private Letter Rulings and court decisions. We will not update our advice after the conclusion of the engagement for subsequent legislative or administrative changes or future judicial interpretations. To the extent we provide written advice concerning federal tax matters, we will follow the guidance contained in Circular 230, §10.37, Requirements for Written Advice.

### Tax planning services

Our engagement does not include tax planning services. During the course of preparing the tax returns identified above, we may bring to your attention potential tax savings strategies for you to consider as a possible means of reducing your taxes in subsequent tax years. However, we have no responsibility to do so, and will take no action with respect to such recommendations, as the responsibility for implementation remains with you, the taxpayer. If you ask us to provide tax planning services, we will confirm this representation in a separate engagement letter.

### Record Retention

We will return your original records to you at the end of this engagement. You should securely store these records, along with all supporting documents, canceled checks, etc., as these items may later be needed to prove accuracy and completeness of a return. We will retain copies of your records and our work papers for your engagement for seven years, after which these documents will be destroyed. Our copies of your records and documents are solely for our documentation purposes and are not a substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations. You are responsible for maintaining complete and accurate books and records, which may include financial statements, schedules, tax returns and other deliverables provided to you by us. If we provide deliverables or other records to you via an information portal, you must download this information within [X] days. Professional standards preclude us from being the sole repository of your original data, records, or information

### Electronic Data Communication and Storage

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 will utilize Drake Portal a collaborative, virtual workspace in a protected, online environment. Drake Portal permits real-time collaboration across geographic boundaries and time zones and allows AvantiPRO and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use Drake Portal, you may be required by the provider of Drake Portal to execute a client portal agreement and agree to be bound by the terms, conditions and limitations of such agreement. You agree that we have no responsibility for the activities of Drake Portal and agree to indemnify and hold us harmless with respect to any and all claims arising from or related to the operation of Drake Portal.

While Drake Portal backs up data to a third-party server, you are responsible for maintaining your own copy of this information. We do not provide back-up services for any of your data or records, including information we provide to you. Portals are utilized solely as a method of transferring data and are not intended for the storage of your information.

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.

#### Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature is intended to authenticate a written signature, shall be valid, and shall have the same force and effect as a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, a scanned copy of a manual signature, an electronic copy of a manual signature affixed to a document, a signature incorporated into a document utilizing touchscreen capabilities, or a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement.

#### Third-party requests

From time to time various third parties may request that we sign, for you, some verification of income, employment or tax filing status. We do not communicate with third parties or provide them with copies of tax returns.

#### Entire Agreement



The engagement letter, including this Terms and Conditions Addendum and any other attachments, encompass the entire agreement of the parties and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this Agreement must be made in writing and signed by both parties.

#### Timing of the Engagement

Our engagement to prepare your 2022 federal tax return will conclude with the delivery of the completed return to you (if paper-filing), or your signature and our subsequent submittal of your tax return (if e-filing). If you have not selected to e-file your return with our office, you will be solely responsible to file the return with the appropriate taxing authority. Review all tax-return documents carefully before signing them.

#### Professional Fees

Our fee will be based on the complexity of the work to be performed, plus an hourly rate for accounting services required to prepare your return. Our fee does not include responding to inquiries or examination by taxing authorities or third parties, for which you will be separately billed for time and expenses involved. However, we are available to represent you and this service would be covered under a separate engagement letter. You agree to immediately notify us upon the receipt of any correspondence from any agency covered by this letter. Invoices are due and payable upon presentation. To the extent permitted by state law, an interest charge may be added to all accounts not paid within thirty (30) days.