



Dear Clients:

David A. Flanders, CPA, LLC, herein after referred to as The Flanders Group, is pleased to provide you with the professional services described below. This letter, and the attached Terms and Conditions Addendum and any other attachments incorporated herein (collectively, "Agreement"), confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. The engagement between you and our firm will be governed by the terms of this Agreement.

Scope of Engagement

We will prepare your federal and state tax returns for the year ended December 31, 2016.

We will not prepare any tax returns except those identified above, without your written request, and our written consent to do so. We will prepare your tax returns based upon information and representations that you provide to us. 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 state and local tax authorities as identified above. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

As a result, 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.

You agree that you are not and will not be entitled to rely on any advice given to you by us unless your request and our response are provided in writing.

Client Responsibilities

We will provide you with an income tax organizer to help you compile and document the information we will need to prepare your income tax returns. You must complete the tax organizer, or a similar organizer of your choosing, with accurate and complete information, including all income from all sources including those outside the U.S.

We rely upon the accuracy and completeness of both the information you provide in the income tax organizer and other supporting data you provide in rendering professional services to you.

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 needed, to respond to any audit or inquiry by taxing authorities. You agree to hold us 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.

Personal expenses

You are responsible for ensuring that personal expenses, if any, are segregated from business expenses and that 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 written request, we are available to provide you with written answers to your questions on the types of supporting records required.

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. 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 may 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 financial assets, so we may properly advise you regarding your tax 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 signatory 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 matter in a separate engagement letter and delineate the additional charges for this service.

Foreign filing obligations

You are responsible for complying with 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.

Ultimate responsibility

You have final responsibility for your income tax returns. We will provide you with a copy of your electronic income tax returns and accompanying schedules and statements for review prior to filing with the IRS and state taxing authorities (as applicable). You agree to review and examine them carefully for accuracy and completeness.

You will be required to verify and sign a completed Form 8879, *IRS e-file Signature Authorization*, and the State Equivalent Authorization Form before your returns can be filed electronically.

In the event you do not wish to have your income tax returns filed electronically, please contact our firm. Additional procedures will apply. You will be responsible for reviewing the paper returns for accuracy, signing them, and filing them timely with the taxing authorities.

CPA Firm Responsibilities

Unless otherwise noted, we will perform our services in accordance with the Statements on Standards for Tax Services (“SSTS”) issued by the American Institute of Certified Public Accountants (“AICPA”).

We will prepare your tax returns based upon your filing status (single, married filing jointly, married filing separately, head of household or qualifying widow with dependent child) as reflected in your income tax returns for last year. If your filing status has changed, you wish to change your filing status, or you have questions about your filing status, please contact us immediately.

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. We will request your approval in writing before rendering these services. These services will be performed solely in accordance with the AICPA Code of Professional Conduct. 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, our engagement cannot be relied upon to disclose such matters.

Estimated Tax Payments

You may be required to make quarterly estimated tax payments. We will calculate these payments for the 2017 tax year based upon the information you provide to prepare your 2016 tax returns and have no obligation to update recommended payments after the engagement is completed.

Tax planning services

Our engagement does not include tax planning services, which are available upon request and will be considered as a separate engagement. During the course of preparing the tax returns identified above, we may bring to your attention potential 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 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 representation in a separate engagement letter and delineate how additional charges for this service will be calculated.

Third-Party Verification Requests

We will not respond to any request from banks, mortgage brokers or others for verification of any information reported on these tax returns.

Timing of the Engagement

We expect to begin the preparation of your returns upon receipt of this executed Agreement, the completed 2016 tax organizer and all tax documents requested either in the organizer or by our office.

If your return is electronically filed, our services will conclude upon the earlier of:

- the filing and acceptance of your 2016 tax returns by the appropriate taxing authorities, or
- one year from the execution date of this Agreement.

If you have the option to file a paper return and choose to do so, our services will conclude upon the earlier of:

- delivery to you of your 2016 tax returns for your review and filing with the appropriate taxing authorities, or
- one year from the execution of this Agreement.

Extensions of Time to File Tax Returns

The original filing due dates for your tax returns are April 15, 2017 for federal and most states. **Due to the high volume of tax returns prepared by our firm, the information needed to complete the tax returns must be received no later than April 1, 2017 so that the returns may be completed by the original filing 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.

To the extent you wish to engage our firm to apply for extensions of time to file tax returns on your behalf, you must notify us of this request in writing. Our firm will not file these applications unless we receive an executed copy of this Agreement and your express written authorization to file for extension. 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 at your request at our regular hourly fee 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 disclosure of income or tax positions may result in the imposition of penalties and interest charges.

Professional Fees

Our professional fee for the services outlined above will be based upon a pre-determined charge per tax form plus out-of-pocket expenses. A copy of our fee schedule is available at www.flanderscpa.com. All invoices are due and payable upon presentation. Amounts not paid within 30 days from the invoice date will be subject to a late payment charge of 1.5% per month (18% per

year). If, for any reason the account is turned over to an attorney for collection, an additional charge of 33 ¹/₃% will be added to cover collection costs. If billings are not paid within 60 days of the invoice date, at our election, we may stop all work at our discretion until your account is brought current, or we may withdraw from this engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of you failure to pay on a timely basis, we shall not be liable to you for any damages that occur as a result of our ceasing to render services. Our services will conclude upon our suspension of service or resignation from the engagement.

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We appreciate the opportunity to be of service to you. To accept our firm's offer to perform services on the terms set forth in this Agreement, forward the completed tax organizer and other tax return information requested to us. By doing so, you are agreeing to be bound by the terms set forth above.

We will not initiate services until we receive the executed Agreement. If you have any questions about the provisions of this letter, please feel free to contact us.

Very truly yours,



The Flanders Group

Divorce (Optional)

If you inform us of your pending divorce, we will advise each of you to seek external tax advice regarding your income tax return filing status. As you may have conflicting interests, we may not be able to advise you going forward. Electing a filing status of married filing jointly establishes joint liability for taxes owed and requires that certain tax related decisions be made prior to the preparation of income tax returns. As a result, we will require a letter of instruction from both of your divorce attorneys detailing these items and your agreement to same before the tax returns can be prepared. In addition, we will require both of you to sign a conflict of interest waiver. In the event you elect to file separate tax returns, you will both be required to sign new engagement letters prior to the preparation of your returns.

Tax Advice (Optional)

Our advice is based upon facts, assumptions, and representations as stated and tax authorities that are subject to change. Tax authorities include but are not limited to the Internal Revenue Code, regulations, Revenue Rulings, Revenue Procedures, Private Letter Rulings and court cases. 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 U.S. Treasury Department Circular 230 (“Circular 230”), §10.37, Requirements for Written Advice.

Arguable Positions (Optional)

We will use our judgment to resolve questions in your favor where a tax law is unclear, assuming there is reasonable justification 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.

Reliance on Others (Optional)

If you wish to take a tax position based upon the advice of another tax advisor, you agree to obtain a written statement from the advisor confirming that the position should meet the substantial authority, or “more likely than not” standards, as applicable. In preparing your U.S. income tax return, we are subject to a reasonable practitioner standard as defined in revisions to Circular 230. To the extent a position is based upon the advice of another tax advisor, prior to preparing or signing the tax return, the AICPA SSTS §100 also requires our firm to have a good faith belief that the position has, at a minimum, a realistic possibility of being sustained administratively or judicially on its merits, if challenged. You agree to pay additional charges incurred by the firm to perform required research.

Substantial Understatement Penalties (Optional)

The IRS and many states impose penalties for substantial understatement of tax. To avoid the substantial understatement penalty, you must have substantial authority to support the tax treatment of the item challenged by the IRS or adequate disclosure of the item. A completed IRS Form 8275, Disclosure Statement, or 8275-R, Regulation Disclosure Statement, which discloses all relevant facts, may be required to be attached to your tax return to meet the adequate disclosure requirement. A disclosed tax position that meets the reasonable basis standard must have some authority supporting the position and be more than simply arguable.

You agree to advise us if you wish to disclose a tax treatment(s) on your return. If you request our assistance in identifying or performing further research to ascertain if there is "substantial authority" for the proposed position to be taken on the tax items in your returns, we would be pleased to discuss providing this additional service to you under the terms of a separate engagement letter. It is your responsibility to contact us if additional assistance is required.

Unless an undisclosed tax position meets the substantial authority or "more likely than not" standard, as applicable, we will be unable to prepare the return and will withdraw from the engagement.

If we conclude as a result of our research that you are required to disclose a transaction on your tax return, you consent to attach a completed Form 8275 or 8275-R to your tax return for filing after we discuss the situation with you. You also agree to hold our firm and any of its partners, principals, shareholders, officers, directors, members, employees, agents or assigns harmless from any and all actual and consequential damages (including but not limited to taxes, penalties, interest, and professional fees and costs) you incur as a result of including such disclosures with your filed tax returns regardless of the nature of the claim, including the negligence of any party.

Listed Transactions and Transactions of Interest (Optional)

You acknowledge your responsibility to inform us of any listed transactions or transactions of interest as designated by the IRS. You agree to hold us harmless with respect to any additional taxes, penalties, or interest imposed on you by taxing authorities resulting from your failure to timely notify us, in writing, of all such transactions in order to facilitate the timely preparation and filing of your tax returns.

Tax Shelters (Optional)

Section 506 of the Tax Extenders and Alternative Minimum Tax Relief Act of 2008 requires our firm, as tax return preparers, to conform to a higher standard than the taxpayer when an undisclosed tax position is related to a tax shelter as defined in IRC §6662(d)(2)(C)(ii), Imposition of Accuracy-Related Penalty on Underpayments, or a reportable transaction to which IRC §6662A, Imposition of Accuracy-Related Penalty on Underpayments with Respect to Reportable Transactions, applies. This higher standard requires the preparer to have a reasonable belief that the undisclosed tax position would more likely than not be sustained on its merits if challenged by the IRS, and that there be a reasonable basis for the tax treatment. Moreover, we may have to spend additional time preparing your return due to the extra research and analysis necessary to meet the standard. Accordingly, by executing this Agreement, you acknowledge that you are aware of this difference in standards, and consent to our preparation of your federal income tax return in accordance with the standards applicable to our firm as tax preparers.

The law imposes substantial penalties on taxpayers and tax advisors for failure to disclose listed and other reportable transactions on Form 8886, Reportable Transaction Disclosure Statement. Reportable transactions are potentially abusive transactions identified by the IRS whose primary purpose is tax avoidance, including but not limited to listed transactions, confidential transactions, transactions with contractual protection, loss transactions, and transactions of interest. You agree to advise us of any reportable transactions identified under tax law and regulations. You agree that it is solely your decision to disclose any reportable transactions in the returns we prepare for you. You agree to pay all fees and expenses incurred in performing these services whether or not we prepare the income tax returns.