

Hines and Company, P.C.

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Business Engagement Letter and Client Questionnaire

We appreciate the opportunity of working with you and advising you regarding your income tax. This letter is to confirm and specify the terms of our engagement for the year ended December 31, 2018 and to clarify the nature and extent of the services we will provide.

Our engagement will be designed to perform the following services:

1. Prepare the federal and requested state income tax returns with supporting schedules.
2. Perform any bookkeeping we find necessary or you request for preparation of the income tax returns.

The Internal Revenue Service imposes penalties upon taxpayers, and upon us as return preparers, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

In order to assure that your returns are completed on or before the due date, we must receive substantially all of your information as follows:

- ***January 10th – Payroll tax returns, W2s and 1099s for your employees/contractors***
- ***February 10th – Partnership, S-Corp returns***
- ***March 10th – C-Corp, trust and individual returns***

Additionally, if we are missing information for your return 10 days prior to the return due date (March 5th for Partnership and S-Corp returns, April 5th for C-Corp, trust and individual returns), your return will be extended and completed after the deadline. This will allow us ample time to complete your return accurately.

Management is responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of the financial records. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign and file them.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. We may ask for clarification of some items, but we will not audit or otherwise verify the data you submit. We will render such accounting and bookkeeping assistance as you request for the preparation of the income tax returns.

We will use our judgment in resolving questions 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 order to avoid penalties, we will apply the "substantial authority" standard to resolve such issues. A position meets this test if it has at least approximately a four-in-ten likelihood of being sustained on its merits. You agree to honor our decisions regarding the need to make protective disclosures in your returns.

If an extension of time to file is required, any tax that may be due with the return in question must be paid with the extension request. ***Any tax amounts not paid in full by the filing deadline, without extensions, are subject to interest and late payment penalties when those amounts are actually paid.*** The IRS and state taxing authorities are becoming less and less willing to abate penalties for late filing without extreme circumstances.

The law also imposes penalties when taxpayers understate their tax liability. If you have concerns about such penalties, please call us.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to represent you. Such representation will be a separate engagement for which an engagement letter will be provided to you. Fees and expenses for defending the returns will be invoiced in accordance with terms we agree upon for the engagement.

Our fee for these services will be based upon the amount of time required at our standard billing rates, plus out-of-pocket expenses. ***All invoices are due and payable upon presentation.*** We accept personal checks, Visa, MasterCard, Discover and American Express. All payments received more than thirty days late, will be charged a 1.0% per month finance charge.

Certain communications involving tax advice are privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, you may be waiving this privilege. To protect the right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any privileged communications, you agree to provide us with advance written authority to make that disclosure. Should we receive any request for the disclosure of privileged information from any third party, including a subpoena or IRS summons, we will notify you. Communication solely concerning the preparation of the tax return is not considered privileged.

It is our policy to keep records relating to this engagement for **seven** years. When we return original records to you after the completion of the engagement, it is your responsibility to retain and protect the records for 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 seven year period, we are free to destroy our records relating to this engagement.

If the foregoing fairly sets forth your understanding, please sign this letter on page three in the space indicated and return it to our office. ***If you have any new entity returns that you would like for us to prepare, please inform us by contacting our office or noting so at the end of this letter. We will send a separate engagement letter for those entities.***

Our firm *Privacy Policy* and *Consent to Disclose Information* form are available on our website at <http://www.hinesandcompany.com/forms>.

We want to express our appreciation for this opportunity to work with you. Please call if you have any questions.

Please fill out the questionnaire on the next page, sign and return to us with your information for preparing your return. We cannot begin work on your return until we have this information.

Additionally, in order to maintain the same business standards that we advise you to employ, we shall not begin work on accounts with a past-due balance.

2018 Business Engagement Letter and Client Questionnaire

(please mark Yes or No to all questions and sign at the bottom)

- Y N Did you receive any correspondence from the IRS or other taxing authorities during the year?
- Y N Has your contact information changed since your return was filed last year?
- Y N Did you make any changes to your company structure? New shareholders/partners?
- Y N Did you have any operations/sales in any states you did not have last year?
- Y N Does your business have inventory?
- Y N Did you take a year end physical count of your inventory?
- Y N Did you make estimated tax payments? If yes, please provide dates and amounts _____.
- Y N Have you filed all required informational returns (W2s, 1099s)?
- If we do not prepare your W2s, how many W2s were issued for 2018?** _____
- Y N Have you filed all payroll tax returns (941, 940, SUTA), and did you pay all taxes timely?
- Y N Do you have a retirement plan and did you make all contributions for the year?
- Y N Do you have a group health insurance plan for your employees?
- Y N Do you reimburse employees for health insurance not provided by you?
- Y N Did you buy or sell any assets (equipment, furniture, fixtures)? If yes, please provide details.
- Y N If you provided summarized information to us, do you have appropriate documentation to substantiate what you have provided to us to prepare your return?
- Y N Do you have appropriate documentation to substantiate mileage and meals expenses (entertainment is no longer deductible)?
- Y N Did you receive any 1099-Ks from any third party payers (Merchant Services, Telecheck)? Please provide copies with your return documentation.
- Y N Did the company own or have signatory authority over foreign assets not held within a brokerage account (bank accounts, retirement or deferred compensation accounts, investments, annuities, life insurance, other assets, trusts or businesses)? If you are unsure, please contact your preparer to discuss.
- Y N Do you expect any extraordinary changes next year that may affect your tax situation?
- Y N **Do you want to use direct deposit/debit for funds due to/from the taxing authorities?**
If yes, please provide a copy of a cancelled check.
- Y N May we send correspondence via email or do you need to update the email address we have on file?
(please print clearly) _____

Very truly yours,

Hines and Company, P.C.

My signature below signifies acceptance of the terms of this engagement letter and affirms that I am providing complete and accurate information for Hines and Company, PC to prepare my tax return.

Accepted by: _____ Date: _____

Company: _____ Phone: _____
(please print clearly)