

# Gould, Stinson & Comer, P.C.

## -- Engagement Letter--

We appreciate the opportunity to work with you and advise you regarding your income tax return(s). This letter confirms the services you have asked our firm to perform and the terms under which we have agreed to do that work. Please read this letter carefully because it is important to both our firm and you that you understand what you can and cannot expect from our work. If you have questions concerning this letter or agreement, please call us before signing.

1. This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on the heirs, successors and assigns of you and us. The Internal Revenue service imposes penalties on taxpayers, and on us as return preparers, for failure to observe due care in reporting for income tax returns. To ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

### **Tax Preparer Responsibilities**

2. We will prepare your 2016 Federal and primary resident State/City (if applicable) Individual Income Tax Form 1040 and related schedules from information you furnish us. We will not audit, review, compile or otherwise verify the data you submit although we may ask you to clarify some of the information. We are not responsible for returns prepared by other preparers. ***If you have taxable activity in a state/city other than your primary resident state/city, you are responsible for providing our firm with all information necessary to prepare any additional applicable state or local income tax returns as well as informing us of the applicable states/city.***

3. You may request that we perform additional services not contemplated by this engagement letter. If this occurs we will communicate with you regarding the scope and estimated cost of these additional services. Engagements for additional services may necessitate that we amend this letter and issue a separate engagement letter to reflect the obligations of both parties. 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.

### **Taxpayer Responsibilities**

4. 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 having an aggregate value exceeding \$10,000 in a foreign country, 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 Treasury may result in substantial civil and/or criminal penalties. Such disclosure includes filing Form 8938 with this Form 1040. ***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 Income Tax related forms, and penalties may be due, for which we have no responsibility. In the absence of such information being provided we will presume you do not have any foreign assets or financial interests and will not file any applicable disclosure forms without separate written authorization.***

5. If you and/or your entity have a financial interest in any foreign accounts, you are also responsible for filing Form FinCen 114 required by the U.S. Department of Treasury on or before April 15<sup>th</sup> of each tax year. U.S. citizens are required to report worldwide income on their U.S. tax return.

6. In addition, currently the Internal Revenue Service requires information reporting if you are an officer, director or shareholder with respect to certain foreign corporations; a foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business; a U.S. transferor of property to a foreign corporation; and, for taxable years beginning after March 18, 2010, if you hold foreign financial assets with an aggregate value exceeding \$50,000. If you fall into any of the above categories you may be required to file certain form(s) which are due when your income tax return(s) are due, including extensions. Failure to timely file may result in substantial monetary penalties. By your signature below, you accept responsibility for informing us if you believe you fall into any of the above categories and you agree to provide us with the information necessary to prepare the appropriate form(s). We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

7. It is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax return(s), including but not limited to the auto, travel, entertainment, and related expenses and the required documents to support charitable contributions. 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 return(s) before signing and submitting them to the tax authorities. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest. We will rely, without further verification, upon information you provide to us from third parties, including, but not limited to, W-2's, K-1's, 1095's, 1098's, 1099's, and receipts and similar items.

*We must receive your information by April 1 to complete your return(s) in a timely manner. If we have not received your information by April 1 and your return is not completed by the April 18, 2017 due date, you may be subject to late filing and/or late payment penalties. Information received after April 1 may cause your return(s) to be extended and completed after the due date. We DO NOT automatically file tax extensions for clients. You must notify us in writing, email or fax if you wish us to file an extension, and the notification should include your estimate of any balance due with the extension. Failure to file an extension may make you subject to various penalties and interest. If your returns are extended it does not relieve you from paying any tax due by the due date or making quarterly estimated tax payments. Failure to pay any tax due with the extension or failure to pay quarterly estimated tax payments may make you subject to various penalties and interest.*

#### **Other Items**

8. Our fee does not include responding to inquiries or examination by taxing authorities or third parties. In the event of such examination, we will be available, upon request, to represent you and will render additional invoices for the time and expense involved. You agree to immediately notify us upon the receipt of any correspondence from any agency covered by this letter.

9. We will use our professional judgment in preparing your return(s). Whenever we are aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that may be taken on your return(s). We will adopt whatever position you request on your return(s) so long as it is consistent with the codes, regulations, and interpretations that have been promulgated. If the Internal Revenue Service later contests the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional penalties or assessments. *When a self-employed taxpayer reduces taxable income there may also be a reduction in earned income reported to the Social Security Administration, which could reduce current and future benefits for the taxpayer and his or her dependents. You acknowledge and agree to the current tax reduction and the potential negative effects on future social security benefits for you, your spouse and any dependents.* Also, our work in connection with the preparation of your income tax return(s) does not include any procedures designed to disclose misused funds or other irregularities, should any exist.

10. Privacy laws were established by the IRS effective January 1, 2009 and we are now prohibited from providing confidential information or copies to anyone other than you without your specific, written authorization. To comply with these laws, and in the interest of maintaining service quality and timeliness, we may use a 3<sup>rd</sup> party service provider to assist us in the use of technology to facilitate compliance with disclosure and storage of your tax information. Such providers will have established procedures and controls designed to protect client confidentiality and maintain data security. *Additionally, to protect your identity we will verify your ID, birthdate and social security number when you call or visit our office.*

11. In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the internet. Such communications may include information that is confidential to you. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these electronic devices during this engagement.

12. If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue that the communications are privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, that result from attempts to protect any communication as privileged. In addition, 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, friend or a business associate. We recommend that you contact us before releasing any privileged information to a third party.

13. From time to time various third parties may request that we sign, for you, some verification of income, employment or tax filing status. Because we are engaged only to prepare your income tax return(s), without examination, review, audit or verification, our insurance carrier as well as the state board of accountancy prohibit us from signing any such document. We suggest that you have the third party send IRS Form 4506 to the IRS to obtain such verification.

14. It is our policy to keep records related to this engagement for five years, after which time they will be destroyed. However, we do not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. *When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.* Prior to each tax filing season we send organizers to most of our clients as a convenience to assist them in gathering their tax information. If you move or do not wish to receive an organizer, please notify us or we will send the organizer to the address we used on your prior year's tax return.

15. We may, depending on the circumstances, use certain third-party service providers in serving your account. One example of this is using contracted seasonal help within our office. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

16. From time to time during our relationship, you may seek our advice with regard to potential investments. We are not investment advisors. Accordingly, we suggest that you seek the advice of qualified investment advisors appropriate to each investment being considered.

17. **Fees:** We generally base our prices on the time required at our regular rates for the services and personnel assigned plus out-of-pocket expenses and relevant technology charges. Other factors may be taken into consideration, including degree of difficulty or risk, time limitations placed on us by others, past experience and professional expertise required, and the priority and importance of the work to the client. **Payment will be due upon delivery of the return.** If fees are not received upon delivery of the return, 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 and 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 delivery of the completed income tax returns discussed above or upon our suspension of services or resignation from the engagement. Fees not received at delivery of the 1040 will accrue interest charges of 1.5% per month (18% per year), starting at the date of delivery. \* **Additional consulting or tax planning work during the rest of the year will be invoiced separately from tax preparation fees.**

18. In recognition of the relative risks and benefits of this agreement to both the client and the accounting firm, the client and the accounting firm have agreed on the fair allocation of risk between them. As such, the client agrees, to the fullest extent permitted by law, to limit the liability of the accounting firm to the client for any and all claims, losses, costs, and damages of any nature whatsoever, so that the total aggregate liability of the accounting firm to the client shall not exceed the accounting firm's total fee for services rendered under this agreement. The client and the accounting firm intend and agree that this limitation apply to any and all liability or cause of action against the accounting firm, however alleged or arising, unless otherwise prohibited by law. Both parties agree that there is a one-year limitation period to bring a claim against us for errors and omissions. The one-year period will begin upon the date of the tax professional's signature on the tax returns covered by this engagement letter

19. Notwithstanding anything contained herein, both the accountant and client agree that regardless of where the client is domiciled and regardless of where this agreement is physically signed, this agreement shall be deemed to have been entered into at Gould, Stinson & Comer, P.C. located in Kalamazoo County, Michigan, USA, and said location 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 Michigan.

20. All returns will be electronically filed as mandated. We are required to obtain a copy of certain forms before we are allowed to electronically file your return(s) under the rules of IRS circular 230.

**The Affordable Care Act:** Due to constraints of time and extension of the deadline for providing Forms 1095, please complete the separate questionnaire for compliance with the individual insurance mandate of the ACA. We will rely, without independent verification, on the information you provide on the questionnaire to determine your eligibility for credits, application of penalties, and reconciliation of any advance credit payments where applicable.

21. Please sign and date this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this agreement. If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

*We sincerely thank you for your business.*

Gould, Stinson & Comer, P.C.  
(269) 372-0001

I (We) have read the above terms of the engagement letter and agree with the terms of this engagement.

\_\_\_\_\_ (Client Signature) Date: \_\_\_\_\_

\_\_\_\_\_ (Client Signature) Date: \_\_\_\_\_