



Agreement for 2018 S Corporation Income Tax Preparation

Dear Client:

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the tax services we will provide. Please read this letter carefully as it is important to both our Firm and _____ that you understand and accept the terms under which we have agreed to perform our services, as well as management's responsibilities under this agreement.

Tax Services

We will prepare the federal, state (if necessary) and local S-corporation income tax returns for the year ended 2018 and we will advise you on income tax matters for which you specifically request our advice. This firm is responsible for preparing only the returns listed above.

In December 2017, the President signed into law the *Tax Cuts and Jobs Act* ("Tax Act" or "Act") which introduces the most significant changes to the U.S. tax system since 1986. With a few exceptions, the provisions are generally effective starting in the 2018 tax year. As such, your federal and state income tax returns for the 2018 tax year may look substantially different as compared to prior years. If you have any questions regarding the application of the Tax Act, please ask us for advice in that regard.

You are confirming that you will furnish us with all the information required for preparing the returns. This includes, but is not limited to, providing us with the information necessary to identify (1) all states and foreign countries in which you "do business" or derive income (directly or indirectly) and (2) the extent of business operations in each relevant state and/or country. We will not audit or verify the data you submit, although we may ask you to clarify it, or furnish us with additional data. You should retain all the documents, books, and records that form the basis of your income and deductions. The documents may be necessary to prove the accuracy and completeness of the returns to a taxing authority. If you have any questions as to the type of records required, please ask us for advice in that regard.

Please note that the Internal Revenue Service (IRS) considers virtual currency (e.g., Bitcoin) as property for U.S. federal tax purposes. As such, any transactions in, or transactions that use, virtual currency are subject to the same general tax principles that apply to other property transactions. If you had virtual currency activity during the 2018 tax year, you may be subject to tax consequences associated with such transactions, and may have additional foreign reporting obligations.

You agree to provide us with complete and accurate information regarding any transactions in, or transactions that have used, virtual currency during the applicable tax year. Please ask us for

advice if you have any questions regarding the type of records required for virtual currency transactions.

We will use our professional judgment in preparing your returns. Given the magnitude of the changes the Tax Act contains, as well as some new concepts introduced in the law, additional stated guidance from the Internal Revenue Service, and possibly from Congress in the form of technical corrections, may be forthcoming. We will use our professional judgment and expertise to assist you given the Tax Act guidance as currently promulgated. Subsequent developments issued by the applicable tax authorities may affect the information we have previously provided, and these effects may be material. 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. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated.

If a taxing authority should later contest 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. In the event, however, that you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable for any damages that occur as a result of ceasing to render services.

The law provides for a penalty to be imposed where a taxpayer makes a substantial understatement of his or her tax liability. Taxpayers other than “tax shelters” may seek to avoid all or part of the penalty by showing (1) that they acted in good faith and there was reasonable cause for the understatement, (2) that the understatement was based on substantial authority, or (3) that the relevant facts affecting the item's tax treatment were adequately disclosed on the return. A taxpayer is considered a “tax shelter” if its principal purpose is to avoid federal income tax. You agree to advise us if you wish disclosure to be made in your returns or if you wish for us to identify or perform further research with respect to any material tax issues for the purpose of ascertaining whether, in our opinion, there is “substantial authority” for the position proposed to be taken on such issues in your returns.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover fraud, defalcations, or other irregularities, should any exist. We will render such accounting and bookkeeping assistance as we find necessary for preparing the income tax returns.

If you and/or your entity have a financial interest in, or signature authority over, any foreign accounts, you may be subject to certain filing requirements with the U.S. Department of the Treasury, in addition to the IRS. Filing requirements may 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).

The filing deadline for the Report of Foreign Bank and Financial Accounts (FBAR) required by the U.S. Department of the Treasury is April 15th and follows the federal

income tax due date guidance, which notes that if the tax due date falls on a weekend or legal holiday, the form is considered timely filed if filed on the next business day. An automatic 6-month extension is available. Electronic filing of the FBAR is mandatory using the Bank Secrecy Act (BSA) e-filing system for the Financial Crimes Enforcement Network (FinCEN). We must receive a signed consent form from you prior to submitting the foreign reporting form. If we do not receive your signed authorization to file your foreign reporting form, we will not be able to file any of the required disclosure statements on your behalf.

Additionally, the IRS requires information reporting on foreign interests or activities under applicable IRC sections and related regulations, and the respective IRS tax forms are due when your income tax return is due, including extensions. The IRS reporting requirements are in addition to the U.S. Department of the Treasury reporting requirements stated above. Therefore, if you have any direct or indirect foreign interests that require disclosures to the IRS, you must provide us with the information necessary to prepare the applicable IRS forms.

Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the IRS may result in substantial civil and/or criminal penalties. By your signature below, you agree to provide us with complete and accurate information regarding any foreign accounts that you and/or your entity may have had a direct or indirect interest in, or signature authority over, during the above referenced tax year. The foreign reporting requirements are very complex, so if you have any questions regarding the application of the U.S. Department of the Treasury and/or the IRS reporting requirements to your foreign interests or activities, please ask us for advice in that regard. We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

Management understands that all individual shareholders are responsible for submitting their individual K-1s to their own tax preparers for inclusion with their individual tax returns.

Management is responsible for the design, implementation, and administration of applicable policies that may be required under the Affordable Care Act. As Kirkey & Co., Inc. is not rendering any legal services as part of our engagement, we will not be responsible for advising you with respect to the legal or regulatory aspects of your company's compliance with the Affordable Care Act.

By your signature below, you understand and agree that management is responsible for the accuracy and completeness of the records, documents, explanations, and other information provided to us for purposes of this engagement. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them. You agree that our firm is not responsible for a taxing authority's disallowance of deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest.

Fees

Our fees for these services will be computed at our standard rates and will be billed as the work progresses. Invoices will be mailed monthly and are due when received. If we have not received

payment within 30 days of our invoice, all work will be suspended until your account is brought current. The undersigned acknowledges and agrees that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable for any damages that occur as a result of our ceasing to render services.

Our fee does not include responding to inquiries or examination by taxing authorities. However, we are available to represent you. Our fees for such services are at our standard rates and would be covered under a separate engagement letter.

In addition, in the event our firm or any of its employees or agents is called as a witness or requested to provide any information whether oral, written, or electronic in any judicial, quasi-judicial, or administrative hearing or trial regarding information or communications that you have provided to this firm, or any documents and workpapers prepared by Kirkey & Co., Inc. in accordance with the terms of this agreement, you agree to pay any and all reasonable expenses, including fees and costs for our time at the rates then in effect, as well as any legal or other fees that we incur as a result of such appearance or production of documents.

Other Matters

Federal law has extended the attorney-client privilege to some, but not all, communications between a client and the client's CPA. The privilege applies only to non-criminal tax matters that are before the IRS or brought by or against the U.S. government in a federal court. The communications must be made in connection with tax advice. Communications solely concerning the preparation of a tax return will not be privileged.

In addition, the confidentiality privilege can be inadvertently waived if the contents of any privileged communication are discussed with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing any privileged information to a third party. As a corporation, you need to be especially careful about privileged communications. If a communication is made in the presence of a corporate employee who is not authorized to act or speak for the corporation in relation to the communication's subject matter, then the communication will be deemed to be made in the presence of a third party and any privilege will be waived.

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 communication is privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, that are a result of attempts to protect any communication as privileged.

Because of the importance of oral and written management representations to the effective performance of our services, The undersigned releases and indemnifies our firm and its personnel from any and all claims, liabilities, costs and expenses attributable to any misrepresentation by management and its representatives.

We may from time to time, and depending on the circumstances and nature of the services we are providing, share your confidential information with third-party service providers, some of whom may be cloud-based, but we 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 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 that 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. Although we will use our best efforts to make the sharing of your information to such third parties secure from unauthorized access, no completely secure system for electronic data transfer has yet been devised. As such, by your signature below, you understand that the firm makes no warranty, expressed or implied, on the security of electronic data transfers.

In connection with this engagement, we may communicate with you or others via email transmission. We take reasonable measures to secure your confidential information in our email transmissions, including password protecting tax returns and other confidential documents. However, as emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of email transmissions, or for the unauthorized use or failed delivery of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

It is our policy to keep records related to this engagement for 7 years. However, Kirkey & Co., Inc. does 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.

By your signature below, you acknowledge and agree that upon the expiration of the 7-year period, Kirkey & Co., Inc. shall be free to destroy our records related to this engagement.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable rules for resolving professional accounting and related services disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the applicable rules for resolving professional accounting and related services disputes of the American Arbitration Association, except that under all circumstances the arbitrator must follow the laws of Ohio. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION. The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

We will be pleased to discuss this letter with you at your convenience. If the foregoing is acceptable to you, please sign the original copy of this letter in the space provided and return it to us in the enclosed envelope. **Please note that you are affirming to Kirkey & Co., Inc. your understanding of, and agreement to, the terms and conditions of this engagement letter by any one of the following actions: returning your signed engagement letter to our firm; returning your income tax information to us for use in the preparation of your returns; the submission of the tax returns we have prepared for you to the taxing authorities; or the payment of our return preparation fees.**

Very truly yours,

David R. Kirkey, CPA, CFP

David R. Kirkey, CPA, CFP
Kirkey & Co., Inc. CPAs

Accepted:

Client Representative

Business Name

Date