

2017 – CORPORATE/PARTNERSHIP/TRUST/ESTATE INCOME TAX RETURN ENGAGEMENT LETTER

(Required by our Insurance Carrier)

Thank you for selecting Hanrahan & Associates, LLC to assist you with the preparation of your original or amended 2017 entity income tax return. This letter confirms the terms of our engagement with you and the nature and extent of services we will provide.

We will prepare your federal and Alaska state (if applicable) income tax returns, and any other returns you specifically request, using information you provide to us. We may ask for clarification of some items, but we will not audit or otherwise verify the data you submit. Our responsibilities do not include the preparation of any returns that may be due to any other taxing authority. If there are other tax returns you expect us to prepare, such as sales tax or business property tax returns, please inform us by noting so at the end of this letter.

This engagement pertains only to the tax year identified above. Our engagement is completed upon the delivery of the completed tax returns to you. We will not file or submit your return to the IRS on your behalf. You are responsible for signing and filing the return with the taxing authority. In the event information is requested by any of the parties on the return (S Corporation shareholders, partners, LLC members, beneficiaries, etc.), that information will be furnished without obtaining the additional consent of the other parties.

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. Unless you instruct us otherwise, we will try to resolve such issues in your favor when possible. Our work will not include any procedures to discover defalcations or other irregularities. The only accounting or analysis work we will do is that which is necessary for preparation of your income tax returns, which you hereby authorize.

It is management's (your) responsibility to provide all the information required for preparation of complete and accurate returns. You should keep all documents, canceled checks and other data that support your reported income and deductions. Management is responsible for the proper recording of transactions in the accounts, safeguarding of assets, and substantial accuracy of the financial records. Because you have final responsibility for the returns, you should review them carefully before you sign and file them, and send tax reporting information to the shareholders/partners/members. The law imposes penalties when taxpayers understate their tax liability.

Your returns may be selected for audit by a taxing authority. Any proposed adjustments are subject to appeal. In the event of such tax examination, we will be available, upon request, to represent you for an additional fee based upon the amount of time required at our standard billing rates, plus out-of-pocket expenses.

In order to complete your tax return in time for you to file it by the due date, we must have your complete information three weeks prior to the tax return deadline. If we have not received your information, we will NOT automatically file tax extensions. 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 total taxes, taxes paid in and any balance due. If you have provided your information, you agree that in the event we cannot complete your return by the due date, we may apply to extend the due date. An extension of time may also extend the time available for a taxing authority to audit your return. Failure to file an extension may make you subject to various penalties and interest. Additionally, if your return is extended, it does not relieve you from paying any tax due on the due date, or making quarterly estimated tax payments for the current year. 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.

We generally base our prices on the amount of time required at standard billing rates plus out-of-pocket expenses and software charges. Our total charges may include other appropriate factors, including difficulty of the assignment, time constraints imposed on us by others, and relative experience and professional expertise required.

In some cases, we will issue progress billings or request a retainer that will be applied to our final invoice. All invoices are due and payable upon presentation. A late fee of 1% per month is charged on any balances not paid within 15 days. We reserve the right to suspend or terminate our work due to nonpayment, which may cause you to miss due dates and thereby incur additional penalties and interest charges. A rebilling fee of \$40 per month may be charged for all balances owed for 30 days or more. If we have to institute collection actions, you are responsible for our additional time at standard rates, as well as any and all collection costs, including legal fees, we incur.

We will retain electronic copies of records you supplied to us along with our work papers for a period of three years. After three years, our work papers and engagement files may be destroyed. All of your original records will be returned to you at the end of this engagement.

In the course of preparing your tax return, we may incur additional time not directly related to preparing the return (i.e. preparing bookkeeping adjustments, summarizing documents, answering any questions you may ask, conducting tax research, or requesting additional information), which you hereby authorize and will also be billed for. You may also 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. In the absence of any other written communication from us documenting such additional services, our services will be limited to and governed by the terms of this engagement letter.

You agree to provide us, on a timely basis, with any information, documentation, and explanations we request to support the data and positions in your tax return. If you fail to comply with this requirement or any of the terms of this engagement, as outlined herein, we reserve the right to suspend work or withdraw from this engagement without completing any tax returns. In such case, we will not be responsible for any missed filing or other deadlines, or any tax, interest or penalties that may be levied against you resulting from your failure to meet such deadlines, or for any other reason.

You shall have the right to terminate this agreement at any time, but this agreement shall apply to all services performed to the date we receive written notice of termination. We reserve the right to discontinue services at any time by giving written notice to you. Irrespective of whether you agree with the results of our tax analysis or we are able to issue a tax return, we are to be compensated for our time and costs incurred at our standard hourly rates.

In any and all events, our total liability arising from this engagement shall be limited to the lesser of any actual damages which were caused by our act or omission, or the amount of fees paid to us under this agreement. You also agree that our liability hereunder for damages, regardless of the form of action, shall not exceed the total amount paid for services under this agreement. You further agree that we will not be liable for any claim or demand against you by any other party. Full payment of all amounts billed under this fee agreement is a mandatory precedent to the right to sue.

You agree that any claim arising out of this engagement letter shall be commenced within one year of the delivery of the work product to you, regardless of any longer period of time for commencing such claim as may be set by law.

In connection with this engagement, we may communicate with you or others via email transmission. 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 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 revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

This engagement letter also includes and is subject to the provisions of the attached "Tax Engagement Addendum". To indicate that this letter and attachments correctly summarizes our understanding of the work, please sign this page in the space indicated and return it to us. If you do not return this signed page, by giving us your information with which to prepare your tax return, you understand, agree to and accept the terms of this agreement.

I appreciate your continued confidence. Please call me if you have questions.

Sincerely,



Michael R. Hanrahan CPA, CFP, MCBA
Hanrahan & Associates, LLC.

By signing this letter, you agree that you have read and understand the provisions and terms discussed in this letter and the attached addendum.

Entity Name: _____

Accepted By: _____ Title: _____

Printed Name: _____ Date: _____

TAX ENGAGEMENT ADDENDUM

1. In the event you are claiming a deduction for travel and entertainment expenses, you are confirming that you have adequate documentation to support the time, person, place, and business purpose. Also, if claiming a deduction for mixed use “listed” business and personal property, such as autos and computers, you are confirming that you have adequate records to support the business use portion. These and other records may be necessary to prove accuracy and completeness of the returns to a taxing authority.
2. There are stricter substantiation rules for charitable donations. All deductions of any amount must have a receipt. Any individual contribution over \$250 must also have an acknowledgement letter from the charity, and the letter must be dated by the date we file your return. The letter should show the date and amount of any individual contribution over \$250, and should also state that no goods or services were received in return for the contribution.
3. If you and/or your entity have a financial interest in any foreign accounts, you are responsible for filing Form FinCen 114 required by the U.S. Department of the Treasury on or before April 15th of each tax year.
4. The Internal Revenue Service, under IRC §6038 and §6046, requires information reporting if you are an officer, director or shareholder with respect to certain foreign corporations (Form 5471); foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business (Form 5472); U.S. transferor of property to a foreign corporation (Form 926)); and, for taxable years beginning after March 18, 2010, if you hold foreign financial assets with an aggregate value exceeding \$50,000 (Form 8938) . These code sections describe the information required to be reported on the respective forms, which are due when your income tax return is due, including extensions. Therefore, if you fall into one of the above categories you may be required to file one of the above listed forms. Failure to timely file may result in substantial monetary penalties. By your signature on the engagement letter, you accept responsibility for informing us if you believe that you fall into one 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.
5. Our engagement does not include any procedures designed to detect errors, fraud, or theft. Therefore, our engagement cannot be relied upon to disclose such matters.
6. Our 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 an inquiry. If you ask us to represent you, we will confirm this representation in a separate engagement letter.
7. We will not respond to any request from banks, mortgage brokers or others for verification of any information reported on these tax returns.
8. Our tax 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.
9. 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 Internal Revenue Code (“IRC”), tax regulations, Revenue Rulings, Revenue Procedures, Private Letter Rulings and

court cases. If the IRS, state or local tax authorities later contest the position taken, there may be additional tax, penalties, interest, and professional fees. We assume no liability, and you hereby release us from any liability for such additional tax, penalties, interest, and professional fees.

10. 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 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 item(s) in your returns, we will confirm this representation in 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 harmless our firm and its partners, principals, shareholders, officers, directors, members, employees, agents or assigns from any and all actual and consequential damages (including but not limited to tax, penalties, interest, and professional fees) 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.

11. You acknowledge your responsibility to inform us of any listed transactions or transactions of interest as designated by the IRS. You agree to hold harmless our firm and its partners, principals, shareholders, officers, directors, members, employees, agents or assigns with respect to any additional tax, penalties, and interest imposed on you by tax 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.

12. 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 Understatements 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. In general, 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.

13. You are responsible for complying with the 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