

January 5, 2018

It is time to begin preparation of your 2017 Corporate tax return. Please ensure that the following information is in my office by Friday, **March 2, 2018** in order to facilitate completion by the April 15, 2018 due date. I will prepare returns in the order they are received, and returns received after March 2nd will most likely be extended.

• Quicken or Quickbooks back-up disk. Regular back-up, **NOT** accountant's back-up. **Please provide password.**

• Description, acquisition date and cost of equipment purchased between 1/1/17 and 12/31/17. If this information is in Quickbooks, please indicate what was purchased in the memo section.

• Date, sales price and description of equipment sold between 1/1/17 and 12/31/17.

• If Hendrick & Kellison, LLC does not prepare your quarterly payroll reports, please provide copies of quarterly payroll reports (Forms 941 and OQ) and year-end payroll reports (Forms 940, W-2 and W-3). Often times your payroll service can send a pdf version directly to our office. Please send these files to hk\_cpa@mkcpa.us.

• Copy of December 31, 2017 bank statement(s) and bank reconciliations for **all** bank and investmen**t** accounts.

• Copy of December 31, 2017 credit card statement(s) showing year-end balance.

• Year-end account statements showing December 31, 2017 balance on **all** corporate loans, notes payable, and mortgages.

• **Any 1099 forms received (1099MISC, 1099K, 1099INT, 1099DIV, etc.)**

For accounting packages other than Quickbooks, please include the following in place of the above requested computer back-up:

• Income statement, showing revenues and expenses, for 1/1/17 to 12/31/17

• Balance Sheet for 12/31/17

• General Ledger or other account detail

The above information can be mailed, emailed (hk\_cpa@mkcpa.us) or dropped off at our office. We have a locked drop box which is available 24 hours a day located to the left of our door. I look forward to receiving your information and will attempt to provide quick processing of your tax returns.

Sincerely,



Michele Kellison, CPA, CFP™

Hendrick & Kellison, LLC

**PRIVILEGED AND CONFIDENTIAL** This communication and any accompanying documents are confidential and privileged. They are intended for the sole use of the addressee. If you receive this transmission in error, you are advised that any disclosure, copying, distribution, or the taking of any action in reliance upon this communication is strictly prohibited. Moreover, any such disclosure shall not compromise or waive the attorney-client, accountant-client, or other privileges as to this communication or otherwise. If you have received this communication in error, please contact me at (541)753-5441. Thank you.



January 5, 2018

We will prepare the Federal and State(s) corporate income tax returns for CLIENT NAME

for the year ended December 31, 2017 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. We will not audit or verify the data you submit, although we may ask you to clarify it or furnish us with additional data.

By your signature below, you are confirming to us that unless we are otherwise advised, the travel, entertainment, gifts, and related expenses are supported by the necessary records required under Section 274 of the Internal Revenue Code. If you have any questions as to the type of records required, please ask us for advice in that regard.

The law provides for a penalty to be imposed where a taxpayer makes a substantial understatement of his or her tax liability. For corporations and individual taxpayers, a substantial understatement exists when the understatement for the year exceeds the greater of 10 percent of the tax required to be shown on the return or $5,000. The penalty is 20 percent of the underpayment. 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.

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.

You are also confirming that you will furnish us with all the information required for preparing the returns.

We will use our professional judgment in preparing your returns. 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 the Internal Revenue Service 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 to you for any damages that occur as a result of ceasing to render services.

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 a 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 the Treasury may result in substantial civil and/or criminal penalties. If you have any interest in foreign assets, please indicate below and we will provide additional information on your filing requirements.

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.

It is our policy to keep our records related to this engagement for seven years subsequent to the termination of our professional relationship. However, Hendrick & Kellison, LLC does not keep any original client records. 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 seven-year period Hendrick & Kellison, LLC shall be free to destroy our records related to this engagement.**

Our fees for these services will be computed at our standard hourly billing 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 45 days of our invoice, all work will be suspended until your account is brought current. Additionally, there will be a charge of $35 for each NSF/ returned check.

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 Hendrick & Kellison, LLC 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 specified in our engagement letter, as well as any legal or other fees that we incur as a result of such appearance or production of documents.

The return preparation fee does not include responding to Internal Revenue Service inquiries, and the client understands that the tax preparer is not responsible for Internal Revenue Service disallowance of doubtful deductions or deductions unsupported by adequate documentation or for resulting taxes, penalties, and interest. This engagement letter covers services provided by the Firm through December 31, 2018.

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.

We will not be responsible for advising you with respect to independent contractor status as part of our services. If you have any questions regarding the classification of employees versus independent contractors, we strongly encourage you to consult with legal counsel experienced in employment practice matters.

By my signature below I agree that

(1) I am reporting all of my income.

(2) I have maintained written records of business automobile use.

(3) Only the business portion of cell phone use is included in business expenses.

(4) Meals and Entertainment records include who was entertained and the business purpose of the meal or entertainment.

(5) Business gifts are limited to $25 per person.

(6) No personal expenses are being claimed as business expenses.

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 Rules for 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 Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. 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.

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. Please note that you are affirming to Hendrick & Kellison, LLC 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,



Michele Kellison, CPA, CFP™

Hendrick & Kellison, LLC

**□** The Corporation has foreign bank or investment accounts or signature authority over foreign accounts.

I have read, understood and accepted the above:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Client Name Date: