



January 2018

TAX PREPARATION AGREEMENT

Dear Client:

This letter is to confirm our understanding of the terms and objectives of our tax services engagement and to clarify the nature and limitations of the tax services to be provided.

We will prepare your Federal and California Individual Income Tax Returns for calendar year 2017. Additional state returns will be prepared as requested. Your 2018 estimates will be based on your income and withholding taxes for 2017. If you anticipate substantially higher or lower income for 2018 or a change in withholding taxes, we must rely on you to advise us when you submit your tax data for 2017. Should this occur later in the year, please notify us at that time and we will determine if your estimate requires an amendment.

We will provide questionnaires and worksheets to guide you in organizing the information we need to prepare your tax returns. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge. We will not verify or audit the information you give us; however, we may ask for additional clarification of some information.

If you are mailing/emailing us your tax documents, please do so prior to March 19, 2018. If your appointment has not been scheduled, we request the appointment date also be prior to March 19, 2018. If we do not receive your information or have an appointment scheduled prior to that date, there is a chance we will not be able to complete your return by the due date of April 17, 2018, which could subject you to penalties.

Our fees for tax services will be at our standard hourly rates for the time spent, plus out-of-pocket expenses, including computer-processing charges and duplicate or additional copies of documents. Hourly rates vary from \$150.00 to \$480.00 per hour depending on the individual providing the services. Our bills are due when you receive them. We may bill you on an interim basis prior to completion of this engagement.

The IRS has provided that an individual and his/her spouse may authorize the preparer who signed the taxpayer's return to discuss the tax matters with them. Authorization is granted by checking the "yes" box in the signature area of your tax return. This grants the IRS permission to contact our firm so we can answer any questions that may arise during the processing of your return. You are also granting our firm permission to (1) provide the IRS with any information that may be missing from your return, (2) call the IRS to inquire on the processing or the status of your refund, and (3) respond to any IRS notices that you have provided relating to mathematical errors, offsets and return preparation. The authorization cannot be revoked and will automatically end no later than the due date for filing your next year's tax return. If you do not want to grant authorization, please inform your tax preparer.

Some taxing authorities provide online tax information for taxpayers. GP&M preparers have secured accounts that allows them to access client tax data in the event you are unable to locate certain tax information. If your preparer finds it necessary to access your account, you will receive a letter notifying you. Please tell your tax preparer if you do not want them to initiate online access of your account.

Please note that our firm will **not** receive separate copies of IRS or state notices. Therefore, you must provide us copies of any notices that you receive before we will be able to respond on your behalf. Any time we incur by responding to inquiries and/or notices on your behalf will be billed at our normal hourly rates.

GP&M will electronically file (e-file) your individual tax return whenever possible with the IRS and state taxing authority unless instructed otherwise. We will monitor the acceptance of your electronically filed income tax return(s) and notify you if there are any questions. If you do not want your return to be e-filed please inform your tax preparer.

As you know, your returns are subject to examination by the taxing authorities. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on a tax return. If an examination occurs, we will represent you if you so desire; however, these additional services are not included in our fee for preparation of your returns.

It is important for you to know that the law imposes a penalty if a taxpayer makes a substantial understatement of tax liability. For individual taxpayers, a substantial understatement is when the understatement for the year exceeds the greater of 10% of the tax required to be shown on the return, or \$5,000. The penalty is 20% of the tax underpayment. You should also know that IRS audit procedures will almost always include questions on bartering transactions and on deductions that require strict documentation such as travel and entertainment expenses and expenses for business usage of autos and computers. In preparing your returns, we rely on your representations that we have been informed of all bartering transactions and that you understand and have complied with the documentation requirements for your expenses and deductions. If you have questions about these issues, please contact us.

As your CPA, we are required to keep all information about our engagement confidential, so we will not disclose any information about you unless we have your approval or are required/permitted by law. This applies even if you are no longer a client. Copies retained for our files will be for internal use only. Our policy for retaining records varies depending on the type of entity and the service provided. Please call if you have any questions.

The firm may from time to time, and depending on the circumstances, use third-party service providers in serving your account. 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. 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 that we are unable to secure a 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, the firm will remain responsible for the work provided by any such third-party service providers.

If the tax services and terms outlined above are in accordance with your understanding of our engagement, please sign this letter and return it with your organizer.

We appreciate this opportunity to serve you. If you have any questions or need any additional information, please do not hesitate to call.

Gray, Proctor & McMannis
Certified Public Accountants, LLP

AGREED TO AND ACCEPTED:

By: _____
Signature

Print Name Date