

WITHROW & BAGGETT, LLP

Certified Public Accountants

Dear Client:

This letter is to confirm our understanding of the terms of our engagement and to clarify the nature and limitations of the services we will provide. In order to ensure an understanding of our mutual responsibilities and to comply with the requirements of our insurance carrier, we ask all clients for whom returns are prepared to confirm the following arrangements.

We will prepare your Federal and California income tax returns for the year ended December 31, 2019; from the information you provide. We will make no audit or other verification of the data you submit, although we may ask you for clarification or elaboration of some of the information. We will use our judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretation of the law and what seems to be other supportable positions. We will resolve such questions in your favor if there is reasonable justification for the position taken. **Note that you have the final responsibility for the income tax returns and, therefore, you should carefully review them before you sign and file them.**

Under both federal and California law, we are required to electronically file your returns. However, you may opt out of electronically filing without explanation. If you would rather not e-file please let us know and we will provide you with the government opt-out forms you must sign and return to us.

If a joint return is prepared, tax returns and copies of all supporting documentation will be made available to either spouse without the consent or notification of the other spouse.

You are responsible for reporting foreign activities. By signing this letter, you acknowledge that you will inform us if you have income from foreign sources or if you have signatory authority over any foreign account. If you are unsure whether income or an account is foreign, we will review it. **Note that the penalties for failure to report foreign activities are severe.**

If your individual return also includes business activities or rental property, please note that the IRS and U.S. Treasury have issued final tangible property regulations (TPR's) that govern when taxpayers must capitalize and when they can deduct expenditures for acquiring, producing or improving tangible property.

By signing this agreement, you authorize Withrow & Baggett, LLP to execute the Online Account View Access Authorization on the Franchise Tax Board's website. You understand Withrow & Baggett, LLP will have view-only access to all the tax year information available on the FTB's website that is associated with you. This authorization remains in effect until you revoke it in writing.

Fees for these services will be based upon the amount of time required at our standard billing rates, plus out-of-pocket expenses. We will bill you on that basis and all fees will be due upon completion of your returns. A 1.5% billing charge will be assessed on the remaining balance of any bill not paid in full by the end of the month.

Your returns, of course, are subject to review by the taxing authorities. Any items which may be resolved against you by the examining agent are subject to certain rights of appeal. If you have not retained adequate records or documentation to verify the items, significant penalties (many times in amounts greater than the tax) will be imposed by the taxing authorities. In the event of such government tax examination, we will be available upon request to represent you and will render additional invoices for the time expended.

We appreciate the opportunity to work with you.

Withrow & Baggett, LLP

Approved: _____

Date: _____