



# pennoptic

CPAs and Strategic Partners LLC

Dear Valued Client,

We appreciate the opportunity to work with you. To minimize the possibility of a misunderstanding between us, we are setting forth pertinent information about the services we will perform for you.

## **Tax Services**

We will prepare your 2024 federal, state, and local (if applicable) individual income tax returns from information you furnish us. To assist you in gathering and organizing the necessary information required for the preparation of your individual income tax returns, we will furnish you with a tax questionnaire. Providing us with the completed tax questionnaire will help to ensure that you are not overlooking important information that may be necessary for complete and accurate returns, as well as may help to minimize our fees.

We must receive all information to prepare your returns by March 21, 2025, to ensure that your returns will be completed by April 15, 2025. If we have not received all of your information by March 21, 2025, we cannot guarantee that your returns will be completed before the deadline. If we are unable to complete the returns, we will prepare an extension of time to file your returns. If you do *NOT* want us to prepare a protective extension on your behalf, you must notify us in writing before the above deadline. You should keep in mind that this would be an extension of time to file the returns; but any tax estimated to be due would need to be paid with the extension request. We assume no liability for late filing or late payment penalties.

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 "reside" (even on a temporary basis), "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 information. 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 the Internal Revenue Service ("IRS") considers virtual currency (e.g., Bitcoin) and other digital assets (e.g., NFTs) as property for U.S. federal tax purposes. As such, any transactions involving cryptoassets or transactions that use or exchange virtual currencies are subject to the same general tax principles that apply to other property transactions. If you had any cryptoasset or virtual currency activity during the 2024 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 cryptoassets or transactions using any virtual currencies during the applicable tax year.

We will use our professional judgment and expertise in preparing your return(s) given the guidance as promulgated at the time our services are rendered. Subsequent changes in law, regulatory rulings, or interpretations by the applicable taxing 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 share our knowledge and understanding of the possible positions that may be taken on your return(s). 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, interest and penalties. We assume no liability for any such assessment of additional tax, penalties or interest. 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 their tax liability. Taxpayers 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) there was a reasonable basis for the position taken on the return and the relevant facts affecting the item's tax treatment were adequately disclosed on the return. You agree to advise us if you wish disclosure to be made in your returns or if you desire 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 issue in your returns.

If your individual return includes business activities, you may be required to collect and remit sales taxes. In addition, if your business has employees working remotely in another state or foreign country, even on a temporary basis, your company may be viewed as having "nexus" in that location for tax purposes and may be obliged to pay additional franchise, income, sales or use tax, payroll, or other business tax, and to comply with other tax or reporting requirements.

As our engagement is limited to preparing the income tax returns specified above, our firm is not rendering any services designed to assess your sales and use tax risks and potential exposure to substantial ("economic") nexus. By your signature below, you understand and acknowledge that you are responsible for compliance with applicable laws in the respective jurisdictions in which you do business. If you require our assistance to assess your potential tax exposure, please let us know. Any additional services will be covered under a separate engagement letter.

Starting in 2024, the Corporate Transparency Act ("CTA") mandates certain entities (primarily small and medium-size businesses) created in or registered to do business in the United States report information about their beneficial owners -- the individuals who ultimately own or control a company -- to the Financial Crimes Enforcement Network ("FinCEN"). If your individual return includes a business, you are responsible for compliance with the CTA, if applicable, and for ensuring that any required reporting of beneficial ownership information is timely filed with FinCEN as required by the CTA. Our firm's services under the terms of this agreement do NOT include any advising, consulting, or submission of any required reporting related to your compliance with the CTA.

**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 foreign reporting requirements are very complex, so if you have any questions regarding the application of the U.S. Department of the Treasury 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.**

Taxing authorities require us to electronically file all federal and state individual income tax returns ("e-filing"). However, you do have the right to "opt out" of the e-filing program. Please notify our firm immediately should you desire not to have your returns e-filed, so that we may provide you with the form(s) necessary for opting out of the e-file program. Please note that unless you notify us of your desire to not e-file your returns, we will prepare your returns to be e-filed.

We will provide you with a copy of the income tax returns for your review prior to electronic transmission. After you have reviewed the returns, you must provide us with a signed authorization indicating that you have reviewed the returns and that, to the best of your knowledge, you feel they are correct. We cannot transmit the returns to the taxing authorities until we have the signed authorization. Therefore, if you have not provided our firm with your signed authorization by April 11, 2025, we will place your returns on extension, even though they might already have been completed. In that event, you will be responsible for ensuring that any payment due with the extension is timely sent to the appropriate taxing authorities. You will also be responsible for any additional costs our firm incurs arising from the extension preparation.

Finally, please note that although our firm will use our best efforts to ensure that your returns are successfully transmitted to the appropriate taxing authorities, we will not be financially responsible for electronic transmission or other errors arising after your returns have been successfully submitted from our office.

By your signature below, you understand and agree that you are responsible for the accuracy and completeness of the records, documents, explanations, and other information provided to us for purposes of this engagement and you agree to provide us with such information. You have the final responsibility for the income tax returns; therefore, you should review them carefully before you sign the e-file authorization forms, or sign and submit your income tax returns directly to the appropriate taxing authorities. 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**

Fees for our services will be at our standard rates plus computer charges and out-of-pocket expenses. Payment for service is due when rendered and interim billings may be submitted as work progresses and expenses are incurred. If we have not received payment within ninety (90) days of our invoice, all work will be suspended until your account is brought current. You acknowledge and agree 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 professional fees for the services outlined above are based on the complexity of the work to be performed, our acquired knowledge attained from substantial research regarding new laws and regulations, and the related time to complete the work; plus other out-of-pocket costs such as report production, typing, postage, etc. Our fees will depend upon the availability, quality and completeness of your records. You agree that you will deliver all records requested by our staff on a timely basis. In the event that your records are not submitted in a timely manner, or they are incomplete or unusable, we reserve the right to charge additional fees and expenses for services to complete the work or withdraw from the engagement.

Our invoices for these services will be rendered each month as work progresses and are payable upon presentation. We are required to inform you that we charge interest at a rate of 18% per annum on all invoices more than thirty (30) days old. There will be a \$40.00 charge for all returned checks.

Any return that is mailed, will incur an additional charge of \$15.00.

We are responsible for preparing only the returns listed above. 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.

### **Other Matters**

In connection with this engagement, we may communicate with you or others via email transmission. We take reasonable measures to secure your confidential information. 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 to 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, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or disclosure or communication of confidential or proprietary information.

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 terms 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 appropriate confidentiality terms with a third-party service provider, 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 with such third parties secure from unauthorized access, no completely secure system for electronic data transfer exists. As such, you understand that the firm makes no warranty, expressed or implied, on the security of electronic data transfers.

It is our policy to keep records related to this engagement for 10 years. However, Pennoptic CPAs and Strategic Partners does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. It is your responsibility to retain and protect your records (which includes any work product we provide to you as well as any records that we return) for possible future use, including potential examination by any government or regulatory agencies. Pennoptic CPAs and Strategic Partners does not accept responsibility for hosting client information; therefore, you have the sole responsibility for ensuring you retain all your financial and non-financial information, data and records. Upon the expiration of the 10-year period, Pennoptic CPAs and Strategic Partners shall 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. 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 Pennsylvania. 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.

**If the above fairly sets forth your understanding, please sign the enclosed copy of this letter and return it to us.**

We are pleased to have you as a client and look forward to a long and mutually satisfying relationship.  
Sincerely,

Pennoptic CPAs and Strategic Partners

Approved:

Accepted By: \_\_\_\_\_

Date: \_\_\_\_\_