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NIEDERHAUSER & DAVIS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

[Date]

[Client Representative]

[Client Name]

[Client Address]

Dear [Client Representative]:

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

Engagement Objective and Scope

We will project [Client Name's] federal and [Name of State(s)] income tax for the [tax year] based upon the information provided. This is an income tax projection prepared solely for your use, and is not a financial projection as described in the American Institute of Certified Public Accountants ("AICPA") Statements on Standards for Attestation Engagements.

Our tax projections are dependent upon the timeliness, accuracy and completeness of the information and representations that we receive from you. Actual amounts will likely differ from our estimate due to incomplete information, improper estimates and other change. In addition, changes in laws, regulations and interpretations following the completion of the engagement may result in a variance between our estimate and the actual amounts. Any significant representations made to us by you or incomplete information could cause material differences in our projections.

We will not audit or otherwise verify the data you submit to us, although we may ask you to clarify certain information.

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.

This engagement is limited to the professional services outlined above.

## Engagement Approach

- We will request year-to-date income, expenses and other relevant information.
- We will project year-end income, expenses and other relevant information by annualizing the provided amounts.
- Based upon discussions with and information provided by you, we will adjust the projected information, as appropriate. For example, it would generally not be appropriate to annualize property taxes that have been already paid. Similarly, wages may require adjustment for an anticipated year-end bonus.
- We rely upon applicable tax law at the time we perform our analysis without consideration of anticipated changes to the tax law, even if those changes appear likely to occur.

## Deliverables

At the conclusion of the engagement, we will provide you with an estimated taxable amount and the corresponding federal and the agreed upon state tax liabilities. We will also provide a schedule of estimated tax payments based on those liabilities.

The deliverables presented as part of this engagement are for internal use only and are not to be distributed externally to third parties, in whole or in part, or used for any other purpose. You agree to indemnify and hold us harmless with respect to any and all claims arising from the use of these projections by third parties regardless of the nature of the claim, including negligence of any party.

Our tax projection is based upon facts, assumptions, and representations as stated as well as relevant tax reference materials that are subject to change. Tax reference materials include but are not limited to the Internal Revenue Code (“IRC”), regulations, Revenue Rulings, Revenue Procedures, private letter rulings and court cases. We will not update our projection for subsequent changes to tax reference materials.

If the tax law changes after the conclusion of the engagement we may be available to update our projection as a separate engagement. If you ask us to update our projection, we will confirm this representation in a separate engagement letter.

If for any reason we are unable to complete the engagement, we will not issue the deliverables.

## Niederhauser & Davis, LLC Responsibilities

We will perform our services in accordance with the AICPA Code of Professional Conduct, Statements on Standards for Tax Services and Statement on Standards for Consulting Services. These services are not considered personal financial planning services because we do not consider ourselves to be personal financial planners. As such, the personal financial planning standards do not apply.

It is our duty to perform services with the same standard of care that a reasonable income tax preparer would exercise in this type of engagement. It is your responsibility to safeguard your assets and maintain accurate records pertaining to transactions. We will not hold your property in trust for you, or otherwise accept fiduciary duties in the performance of the engagement.

## Tax planning services

Our engagement does not include tax planning services. During the course of preparing the tax returns identified above, we may bring to your attention potential tax savings strategies for you to consider as a

possible means of reducing your taxes in subsequent tax years. However, we have no responsibility to do so, and will take no action with respect to such recommendations, as the responsibility for implementation remains with you, the taxpayer. If you ask us to provide tax planning services, we will confirm this representation in a separate engagement letter.

Our projections are based upon tax reference materials, facts, assumptions, and representations that are subject to change. 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 U.S. Treasury Department Circular 230, §10.37, Requirements for Written Advice.

#### Client Responsibilities

You agree to provide us with complete copies of previously filed tax returns, supporting schedules and any other records or information that we may request, either at the inception or during the course of the engagement.

#### State and local filing obligations

You are responsible for determining your tax filing obligations with any state or local tax authorities, including, but not limited to income, franchise, sales, use, property or unclaimed property taxes. You agree that we have no responsibility to research these obligations or to inform you of them. If upon review of the information you have provided to us, including information that comes to our attention, we believe that you may have additional filing obligations, we will notify you of this responsibility in writing and ask you to contact us. If you ask us to prepare these returns, we will confirm this representation in a separate engagement letter.

#### U.S. filing obligations related to foreign financial assets

**As part of your filing obligations, you are required to report the maximum value of specified foreign financial assets, which include financial accounts with foreign institutions and certain other foreign non-account investment assets that exceed certain thresholds. You are responsible for informing us of all foreign assets, so we may properly advise you regarding your filing obligations.**

**These assets include any ownership interests you directly or indirectly hold in businesses located in a foreign country, and any assets or financial accounts located in a foreign country over which you have signature authority. Based upon the information you provide, this information will be used to calculate any applicable foreign tax credits. We will also use this data to inform you of any additional filing requirements, which may include *Form 8938, Statement of Specified Foreign Assets*, and *FinCEN Form 114, Report of Foreign Bank and Financial Accounts* (“FBAR”). Failure to file required forms can result in the imposition of both civil and criminal penalties, which may be significant. The FBAR is not a tax return and its preparation is not within the scope of this engagement. If you ask us to prepare the FBAR, we will confirm this representation in a separate engagement letter.**

#### Ultimate responsibility

You have final responsibility for your tax projection services. We will provide you with a copy of the deliverables for review prior to finalization. You agree to review and examine them carefully for accuracy and completeness. You are solely responsible for implementation of any strategies discussed in the deliverables.

Penalties and Interest Charges

Federal, state, and local tax authorities impose various penalties and interest charges for non-compliance with tax laws and regulations, including failure to file or late filing of returns, and underpayment of taxes. You, as the taxpayer, remain responsible for the payment of all tax, penalties, and interest charges imposed by tax authorities.

We rely on the accuracy and completeness of the information you provide to us in connection with the preparation of your tax returns. Failure to disclose or inadequate disclosure of income or tax positions may result in the imposition of penalties and interest charges.

Timing of the Engagement

Our engagement shall commence upon receipt of this executed Agreement. Our services will conclude after one of the following events has occurred:

- transmission of the deliverable(s) as identified above,
- notice to you that no deliverable(s) will be provided,
- written notification by either party that the engagement is terminated, or
- one year from the execution date of this Agreement.

Professional Fees

Our professional fee for the services outlined above is estimated to be \$[X]. This fee is based upon the complexity of the work to be performed, and our professional time, as well as out-of-pocket expenses. In addition, this fee depends upon the timely delivery, availability, quality, and completeness of the information you provide to us. You agree that you will deliver all records requested and respond to all inquiries made by our staff to complete this engagement on a timely basis. You agree to pay all fees and expenses incurred whether or not we prepare the tax return projections.

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We appreciate the opportunity to be of service to [*Client Name*]. Please date and execute the enclosed copy of this Agreement and return it to us to acknowledge your acceptance. We will not initiate services until we receive the executed Agreement.

Very truly yours,

NIEDERHAUSER & DAVIS, LLC

The foregoing is in accordance with my understanding of your engagement to provide tax services. The terms described in this letter are acceptable and are hereby agreed to.

AGREED TO AND ACCEPTED: (Sign below)

By: \_\_\_\_\_ (client name)

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