

Cardinal Accounting & Tax

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Subject: Preparation of Your **2023** Tax Returns

Thank you for the privilege of allowing us to provide you with tax services. This engagement letter confirms the terms and conditions under which we will provide you with tax services, and it outlines responsibilities for each of us. Please read this letter carefully because it is important to both our firm and you that you understand what you can and cannot expect from our work. In other words, we want you to know the limitations of the services you have asked us to perform. If you are confused at all by this letter or believe we have misunderstood what you need, please call us before you sign it.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on the heirs, successors and assigns of you and us. The Internal Revenue Service imposes penalties on taxpayers, and on us as return preparers, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

We will prepare your **2023** federal income tax return, any state returns, or amended returns you may require, from information you provide to us. In preparing your returns, we will not audit or verify the data you submit although we may ask for clarification. It is your responsibility to provide all the information required for the preparation of complete and accurate returns. *Our services are not intended to determine whether you have filing requirements in other taxing jurisdictions than the one(s) for which you have provided information to us.* If you have taxable activity in the City of St. Louis, or in states other than Missouri, it is your responsibility to provide our firm with all information necessary to prepare the St. Louis City or other state income tax return. Any other requested services, forms or other actions on our part require a separate written, signed engagement letter. In the absence of written communications from us documenting such services, our services will be limited to and governed by the terms of this engagement letter.

At your request, we will furnish a questionnaire/organizer to help you gather the necessary information. Your use of such forms will assist us in keeping our fee to a minimum. You must provide us with all the information required to prepare your return(s) representing that the information is accurate and complete to the best of your knowledge. You also represent that the income and expense items you claim on your returns(s) are substantiated by proper records and receipts. To the extent we render any accounting and/or bookkeeping assistance, including (but not limited to) telephone calls, letters, emails and 3rd party consultations, it will be limited to those tasks we deem necessary for preparation of the returns and will be billed at our standard billing rate, billed in ¼ hour increments.

Please note—due to IRS rules, we are required to obtain copies of all Forms W-2, Forms 1099, Forms 1095 and Forms 1098 including Form 1098 for college tuition before we are allowed to e-file your return. We will return all original records to you. It is your responsibility to retain, in your records, all the documentation necessary to support the data used in preparing your returns. If you have any questions as to the type of records required, please ask us for advice in that regard. These records may be necessary to prove the accuracy and the completeness of the returns to a taxing authority. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest. We will rely, without further verification, upon information you provide to us from 3rd parties including, but not limited to, K1's, 1099's, 1098's, and receipts and similar items. **It is your responsibility to carefully examine and approve your completed returns before signing and e-filing with the tax authorities. You are ultimately responsible for the accuracy of your return(s) and should review all returns carefully before signing.**

We will use our professional judgment in preparing your returns. Whenever we are aware that a possibly applicable tax law is unclear or where there may be different interpretations of the law, we will discuss such instances with you outlining the reasonable course of action and the risks and consequences of each. We will adopt whatever position you request on your return so long as it is consistent with the codes, regulations, and

interpretations that have been promulgated. If the IRS 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 assessments, interest or penalties.

When a self-employed taxpayer reduces taxable income there is also a reduction in earned income reported to the Social Security Administration, which could reduce current and future benefits for the taxpayer and his or her dependents. You acknowledge and agree to the current tax reduction and the potential negative effects on future social security benefits for you, your spouse and any dependents.

Your returns, of course, are subject to review by the taxing authorities. However, just because you receive a letter from the IRS or your return is selected for audit does not mean there is a problem. **Our fee does not include responding to inquiries or examination by taxing authorities or third parties. However, we are available to represent you, and our fees for such services are at our standard rates.** You agree to immediately notify us upon receiving correspondence from the Internal Revenue Service or any state or local departments of revenue. **Please do not respond to or click any links from emails purportedly from the IRS—the IRS never initiates correspondence via email and any such emails are attempts to steal your identity. Additionally, in order to protect your identity, we may verify your ID, birthdate, and social security number when you call or visit our office.**

If there is an error on the return which results from incorrect information supplied by you, you are responsible for the payment of any additional taxes which would have been properly due on the original return(s), and any interest and penalties charged by the IRS. If we have made an error, other than an error caused by incorrect information you supplied, we will be responsible for payment of penalties. We will not pay interest or any additional tax due since the tax would have been payable had the return been correctly prepared, and you have had use of such monies in the interim.

Please note that the IRS requires that any U.S. person or entity (includes individuals, corporations, partnerships, trusts, and estates) that has 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, must 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). Failure to disclose the required information to the U.S. Department of the Treasury may result in substantial civil and/or criminal penalties. Such disclosure includes filing Form 8938 with the Form 1040. **If you do not provide our firm with information regarding any interest you may have in a foreign account, we will not be able to prepare any of the required disclosure statement(s) and tax related form(s), and penalties may be due, for which we have no responsibility. In the absence of such information being provided we will presume you do not have any foreign assets or financial interests and will not file any applicable disclosure forms without separate written authorization.**

U.S. citizens are required to report worldwide income on their U.S. tax return. You acknowledge that you have reported all 2023 income you received including barter, **crypto-currency**, consumer to consumer activity, cash-based income and all other income whether received in-person, in-kind, or electronically. You also confirm that you have or will timely file any applicable required Forms W-2 and W-3 with the Social Security Administration and IRS for business employees or home-workers. **Crypto-currency: Congress and the IRS are very aggressively pursuing cryptocurrency activity, reporting and tax situations. Crypto-currency activity of any type, including sales, staking, mining, lending, NFT activity, trades and other activities must be reported on your return, so you also acknowledge that you have reported all crypto-currency activity to us.**

We DO NOT automatically file tax extensions for clients. *You must notify us in writing, email, or fax if you wish us to file an extension, and the notification should include your estimate of any balance due with the extension.* An extension will be necessary if you do not submit all of your tax information to us by March 16, 2024. Failure to file an extension may make you subject to various penalties and interest. Additionally, if your return is extended it does not relieve you from paying any tax due on the due date, or making quarterly estimated tax payments for the current year. Even if you file an extension request, you may be assessed penalties and interest if you have paid less than 100% of your current tax liability by April 15th. Failure to pay any tax due with the extension or failure to pay quarterly estimated payments may make you subject to various penalties and interest.

We will bill you our normal and customary fees for the tax preparation services you require. Our fees are determined largely by the time we spend working on your returns, the forms required for your returns, as well as the complexity of your particular circumstances. Our fees are subject to change each year. **Full payment of your tax preparation fee is required before we will electronically file your return or release the paper return to you.** We do accept credit cards. We reserve the right to ask for retainer fees to be paid in advance of work done from new clients, as well as any client with whom we have experienced payment problems. We will impose a fee for any returned checks in the amount of \$35.00. One copy of your completed tax return will be provided to you for your files. Additional copies of your return will result in a minimum fee of \$30.00 each, whether the copies are delivered by email, fax or U.S. postal mail. Our services will conclude upon delivery of the completed income tax returns discussed above or upon our suspension of services or resignation from the engagement.

In the interest of facilitating our services to you, we have decided to offer the use of a secure web portal in order to provide copies of tax returns. Your use of this portal will be strictly at your option. If you choose to utilize the portal, your use must comply with our standards of use, and as owners of the portal we retain the right to limit and deny use of the portal for inappropriate purposes. All confidential information sent to you will be password protected. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these devices during this engagement.

The client agrees, to the fullest extent permitted by law, to limit our firm's liability to the client for any and all claims, losses, costs, and damages of any nature whatsoever, so that our total aggregate liability to the client shall not exceed the firm's total fee for services rendered under this agreement. Both parties agree that this limitation applies to any and all liability or cause of action against us, however alleged or arising, unless otherwise prohibited by law. Both parties agree that there is a one-year limitation period to bring a claim against our firm for errors and omissions. The one-year period will begin upon the date of your signature on this engagement letter.

We maintain a file of tax returns as required by law which we have prepared and/or electronically filed. Due to privacy laws established by the IRS, we are prohibited from providing confidential information including copies of your returns to anyone other than you, except as required by law, without your specific, written authorization.

It is our policy to keep records related to this engagement for a period of three years after which they are destroyed. However, we do not keep any original client records, so 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 three years for possible future use, including potential examination by any government or regulatory agencies.

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. In addition, your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing information to a third party.

Should the situation arise wherein we are subpoenaed or requested to give testimony, either at a deposition or trial of any type, regarding your returns with respect to the services we have provided you, we will require payment for our time and expenses at our prevailing billing rates, and you will also be responsible for any related attorneys' fees. We may require a retainer fee to be paid in advance in such cases where we believe it is necessary to ensure we will be duly compensated for our time and expense.

From time to time various third parties may request that we sign, for you, some verification of income, employment or tax filing status. Because we were engaged only to prepare your income tax return, without examination, review, audit or verification, our insurance carriers as well as the various licensing authorities prohibit us from signing any such document and any third party request to do so is a violation of those rules prohibiting us, by law, from issuance of an opinion without performing an audit. These returns are not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

At some point during our relationship, you may seek our advice with regard to potential investments. We are not investment advisors. Accordingly, we suggest you seek the advice of qualified investment advisors appropriate to each investment being considered. We do not and will not advise you regarding the economic viability or consequences of an investment or whether you should or should not make a particular investment.

Notwithstanding anything contained herein, both the accountant and client agree that regardless of where the client is domiciled and regardless of where this Agreement is physically signed, this Agreement shall have been deemed to have been entered into at Accountant's office located in St. Louis County, Missouri, USA, and St. Louis County, Missouri, USA, shall be the exclusive jurisdiction for resolving disputes related to this Agreement. This Agreement shall be interpreted and governed in accordance with the laws of Missouri.

In connection with this engagement, we may communicate with you or others via email transmissions. 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 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 revenues or anticipated profits, or disclosure of communication of confidential or proprietary information.

We appreciate your business. Please sign and date this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. It is our policy to initiate services after we receive the executed engagement letter. This agreement shall be interpreted and governed in accordance with the laws of the state of Missouri. If any provision of this agreement is declared invalid or unenforceable, no other provision of the agreement is affected and all other provisions remain in full force and effect.

Sincerely,

Cardinal Accounting & Tax

I (We) have read the above terms of the engagement letter and agree with the terms of this engagement.

(Both spouses must sign for preparation of joint returns.)

Accepted By:

Taxpayer

Spouse

Date