

Blair & Associates, LLC
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January 14, 2020

2019 INDIVIDUAL TAX RETURN ENGAGEMENT LETTER

Dear 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.

We will prepare your 2019 Federal and State of New Jersey individual income tax returns from information you furnish us. We **will not** audit or otherwise verify the data you submit. Accordingly, our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist. However, it may be necessary to ask you for clarification of some of the information you provide, and we will inform you of any material errors, fraud or other illegal acts that come to our attention. This engagement pertains only to the 2019 tax year, and our responsibilities **do not** include preparation of any other tax returns that may be due to any other taxing authorities, the preparation of any tax returns for any entities that you may own or the review of any tax returns for prior years prepared by another firm or tax preparer. Our services are not intended to determine whether you have filing requirements in other taxing jurisdictions other than the one(s) you have informed us of.

We must receive all information to prepare your return by **March 25, 2020**, to ensure that your return will be completed by April 15, 2020. If we have not received all of your information by **March 25, 2020**, we cannot guarantee your return will be completed by April 15, 2020. If this requires an extension form to be filed on your behalf, we can assist you in filing the extension. Any client who submits no information and needs an extension filed on their behalf, must request an extension in writing via email or fax. Phone requests for extensions **are not** accepted nor will our office automatically file an extension as a result of you being a past client of the firm. Extensions do not give you additional time to pay any taxes due only additional time to file the returns. Interest and penalties may apply to any taxes owed as of April 15, 2020 and our office is not responsible for any tax, interest, or penalties that are assessed, and we disclaim all liability in connection therewith.

It is **your responsibility** to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns, including but not limited to the auto, travel, entertainment, and related expenses and the required documents to support charitable contributions for a period of seven years. If you have any questions as to the type of records required, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns before we e-file them to the tax authorities. **We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, or for any missing information, or the responsibility to uncover or determine the existence of missing information, nor for any resulting taxes, penalties and interest, and we disclaim all liability in connection therewith.** This reinforces the need for proper documentation to support the amounts listed on the tax return and for you, the client, to ensure that you provide complete information.

Please note that any person or entity subject to the jurisdiction of the United States (includes individuals, corporation, partnerships, trusts and estates) having a financial interest in, or signature or other authority over, bank accounts, securities, or other financial accounts having, at any time during the tax year, a value exceeding \$10,000 in a foreign country, shall report such a relationship. 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). For example, a corporate-owned foreign account would require filings by the corporations and by the individual corporate officers with signature authority. Failure to disclose the required information to the U.S. Department of Treasury may result in substantial civil and/or criminal penalties.

The Internal Revenue Code ("IRC") and the related Treasury regulations, as well as certain other laws and regulations, require taxpayers to disclose various transactions, sometimes specifying the actual tax treatment, and frequently impose strict penalties as well as interest for noncompliance. Most of these penalties provide for an additional assessment in the event of some wrongdoing or negligence on the part of the taxpayer. However, penalties may be imposed even though there is no fraud, negligence or willfulness on your part. Accordingly, you must use reasonable efforts to identify all reportable transactions and promptly inform us if you are required to disclose any transaction relevant to this engagement. Our firm will inform you of any such transactions that come to our attention, but the ultimate responsibility for identifying transactions lies with you, the client.

If your tax return requires the reporting of business activity (i.e. sole-proprietor, limited liability company, etc.), your business may have additional reporting obligations regarding sales and use taxes, payroll taxes, litter tax, certain city taxes, unclaimed property etc., Our responsibility under this engagement is to prepare the income tax returns only. If you, the client, would like assistance with these other possible reporting obligations, **you must request that assistance in writing**. Our firm can then refer you to an outside consultant or firm who can assist with these obligations.

If you and/or your entity have a financial interest in any foreign accounts, you are responsible for providing our firm with all the information necessary to prepare and electronically file a Financial Crimes Enforcement Network (finCEN) report required by the U.S. Department of the Treasury. 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 assist you in complying with your filing obligations in this regard.

We are responsible for preparing only the returns listed above. Our fee **does not** include responding to inquires or examination by taxing authorities. There will be a separate charge at our standard hourly rates to respond to inquiries through the mail regarding your tax return. We will only respond to the inquiry if you direct us to do so. Our firm **does not** provide audit representation.

We will use our judgment to resolve questions in your favor where a tax law is unclear if there is a reasonable justification for doing so. 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 explain the possible positions that may be taken on your return. We will follow whatever position you request, so long as it is consistent with the codes and regulations and interpretations that have been promulgated. If the IRS or the State of New Jersey 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 tax, interest, or penalties assessed.

In connection with this engagement, we may communicate with you or others via email transmission. 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 or communication of confidential or proprietary information.

If the income tax returns, we are to prepare in connection with this engagement are joint returns, and because you will each sign those returns, you are each our client. You each acknowledge that there is no expectation of privacy from the other concerning our services in connection with this engagement, and we are at liberty to share with either of you, without the prior consent of the other, any and all documents and other information concerning preparation of your returns.

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 any privileged information to a third party. The tax returns provided in this engagement may not be used or relied upon for any other purpose or by any other person other than for fulfilling your filing requirements with the IRS and state 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 the event we are required to respond to subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our hourly rates for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard. If you would like to request a copy of our hourly rates, please contact our office prior to the completion of this engagement.

In the event that we are or may be obligated to pay any cost, settlement, judgment, fine, penalty or similar award or sanction as a result of a claim, investigation, or other processing instituted by any third party, and if such obligation is or may be a direct or indirect result of any inaccurate, incomplete or misleading information that you provide to us during the course of this engagement (with or without your knowledge or intent), you agree to indemnify us, defend us, and hold us harmless as against such obligation.

The terms of this letter supersede any prior oral or written representations or commitments by us or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties. Our engagement will terminate when we send you our final statement for service rendered in this matter. Once we have filed the tax returns referred to on page 1 of this letter, we will not be obligated to take any steps such as keeping track of future deadlines, filing any other papers, or monitoring or advising you about changes in the tax laws.

It is our firm's policy to retain copies of your tax returns for seven years, after which they will be destroyed. One copy is provided with your return. Our firm does not notify clients prior to the proper destruction of the returns and any pertinent information. Additional copies can be provided for a fee of \$40 per return.

Our fees for this engagement are not contingent on the results of our services. Rather, our fees for this engagement, will be based on our standard hourly rates. In addition, you agree to reimburse us for all of our out-of-pocket costs incurred in connection with the performance of our services. If you require a fee estimate or schedule of our standard hourly rates, please request this information prior to the preparation of your return. However, we may encounter unusual circumstances that would require us to expand the scope of the engagement, and/or if we anticipate our fees exceeding the customary range, we will adjust our estimate, and obtain your prior approval before continuing with the engagement.

Prior to commencing our individual tax preparation services, we do not generally require that you provide us with a retainer. However, **payment in full** is required upon completion of this engagement along with signed e-file forms. Any retainer we do require will be applied against our final invoice, and any unused portion will be returned to you upon our collection of all outstanding fees and costs related to this engagement. Our fees and costs will be billed monthly and are payable upon receipt. Invoices unpaid 30 days past the billing date may be deemed delinquent and are subject to an interest charge of 1.0% per month. In the absence of a written objection to any invoice within 30 days of the invoice date, you will be deemed to have accepted and acknowledged, as correct, the services rendered as described in the invoice and the vale thereof.

We reserve the right to suspend our services or to withdraw from this engagement in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due us, you agree to reimburse us for our costs of collection, including attorneys' fees. If we elect to terminate our services for nonpayment, or any other reason provided for in this letter, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended, and to reimburse us for all of our out-of-pocket costs, through the date of termination.

Any dispute (other than our efforts to collect an outstanding invoice) that may arise regarding the meaning, performance or enforcement of this engagement or any prior engagement that we have performed for you, will, prior to resorting to litigation, be submitted to mediation, and the parties will engage in the mediation process in good faith. Any mediation initiated as a result of this engagement shall be administered in accordance with rules and procedures established by the American Arbitration Association, according to its mediation rules, and any ensuing litigation shall be conducted within Monmouth County, according to New Jersey law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding (other than professional fees incurred by each party) shall be shared equally by the participating parties. If the dispute is not resolved through mediation, the parties agree to enter into binding arbitration using a mediator appointed by the American Arbitration Association.

Our liability relating to the performance of the services rendered under this letter is limited solely to direct damage sustained by the individual tax client(s). In no event shall we be liable for the consequential, special, incidental or punitive loss, damage or expense caused to the individual tax client(s) or to any third party (including without limitation, lost profits, opportunity costs, etc.). Notwithstanding the foregoing, our maximum liability relating to services rendered under this letter (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fees received by us for this engagement. The provisions set forth in this paragraph shall survive the completion of the engagement.

All claims relating to the performance of these services rendered under this letter must be asserted within 3 years of the delivery of the returns or they will be stale and time-barred.

If any provision of this letter is unenforceable, the remaining provisions shall be enforced to the maximum extent possible. If any provision of this letter is overbroad or unreasonable, such provision shall be given effect to the maximum extent possible by narrowing or removing that aspect of the provision found overbroad or unreasonable, and enforcing the remaining portions to the full extent reasonable.

Notwithstanding anything contained herein, both accountant and client agree that regardless of where this agreement is physically signed, this agreement shall have been deemed to have been entered into at our office located in Monmouth County, New Jersey, U.S., and Monmouth County, New Jersey, U.S., 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 New Jersey.

If the above fairly sets forth your understanding, please sign the enclosed copy of this letter and return it to us. If this firm does not receive this letter from you, in fully executed form, but receives supporting documentation requested therein, then such receipt by this office shall be deemed to evidence your acceptance of all of the terms set forth above and we will have the right to commence with the tax return preparation process.

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

Sincerely, 1/14/20


Christopher J. Blair, CPA
Blair & Associates, LLC

Client Name

Accepted:

Client Signature/Date

Client Spouse Signature/Date

Current email address

Current email address

****If we do not receive a signed copy of this engagement letter but do receive information necessary to prepare your individual tax return, the terms of this engagement letter will govern this engagement.***