

# Sandra M Rose, CPA

PLLC

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We are pleased to have this opportunity to assist you with your tax return preparation. 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. This engagement pertains only to the 2022 tax year unless noted elsewhere.

I will provide the federal and state Corporation or S Corporation income tax returns as requested by you using the information you provide. It is your responsibility to provide all of the information required for the preparation of complete and accurate returns. You represent that the information you are supplying to me is accurate and complete to the best of your knowledge and that you have disclosed to me all relevant facts affecting the returns. I will not verify the information you give me; however, I may ask for additional clarification of some information. You should retain all documents, canceled checks and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns, and therefore, you should review them carefully before you sign them.

The timeliness of your cooperation is essential to my ability to complete this engagement. Specifically, I must receive sufficient information from which to prepare your returns within a reasonable period of time prior to the applicable filing deadline. If I do not receive information from you, it may be necessary to pursue an extension of the due date of your returns. If an extension is required, you assume all responsibility for the difference in tax liability, including penalties and interest, between projected amounts and final amounts after subsequent information is received.

You (management) are responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of the financial records. You also have the final responsibility for the tax return and, therefore, you should review the return carefully before you sign and file it.

The IRS requires that all shareholders who work for the company pay themselves a "reasonable" salary for the services provided to the company as an employee. The reasonableness of the salary is based on facts and circumstances, including the nature of the work performed, the number of hours worked, the experience and qualifications of the employee, and comparable market rates, among others. If the IRS determines that a shareholder/employee salary does not meet the "reasonableness" standard, they may assess additional payroll taxes in addition to interest and penalties. By signing this letter, you acknowledge that you understand this requirement and your responsibility for compliance.

You should also know that IRS audit procedures will almost always include questions on bartering transactions and on deductions that require strict documentation such as travel and entertainment expenses and expenses for business usage of autos, computers, home office and cell phones. By signing this document, you acknowledge that your travel, entertainment, gift, mixed-use property,

and charitable expenses are supported by the necessary documentation required under the Internal Revenue Code. In preparing your returns, I rely on your representations that I have been informed of all bartering transactions and that you understand and have complied with the documentation requirements for your expenses and deductions. You also will disclose to me before the return is filed if you have had credits disallowed or reduced in previous years. You also agree to provide documentation to substantiate eligibility for any credits or filing status claimed on this return. If you have questions about these issues, please contact me.

My work in connection with the preparation of your income tax return does not include any procedures designed to discover defalcations or other irregularities, should any exist. If I discover information that affects your prior-year tax returns, I may make you aware of the facts. However, I cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact me to discuss the best resolution of the issue.

Your returns will be prepared without verification solely from information provided by you and will be prepared in accordance with the appropriate federal and state income tax laws and regulations. I will use professional judgment in resolving questions where the tax law is unclear, or when conflicts exist between taxing authorities' interpretations of the law and other supportable positions. Unless otherwise instructed by you, I will resolve such questions in your favor whenever possible.

It is important for you to know that the law imposes a penalty if a taxpayer makes a substantial understatement of tax liability. Generally, a substantial understatement is when the understatement for the year exceeds the greater of 10% of the tax required to be shown on the return or \$5,000. The penalty is 20% of the tax underpayment. It may be necessary to make certain disclosures in the return to avoid exposure to penalties. I will discuss tax positions that may increase the risk of exposure to penalties and any recommended tax return disclosures with you before completing the preparation of the returns. You should also know that IRS audit procedures will almost always include questions on bartering transactions and on deductions that require strict documentation such as travel and entertainment expenses for business usage of autos and computers. In preparing your returns, I rely on your representations that I have been informed of all bartering transactions and that you understand and have complied with the documentation requirements for your expenses and deductions. If you have questions about these issues, please contact me.

Although I am available to provide you with tax planning advice, I am not obligated to do so unless you specifically request it.

Certain communications involving tax advice may be privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you may be waiving this privilege. To protect this right to privileged communication, please consult with me or your attorney prior to disclosing any information about my tax advice.

Your returns may be selected for examination by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. If an examination occurs, I will represent you if you so desire; however, these additional services are not included in my fee for preparation of your returns and I will render additional invoices for the time and expenses incurred.

My fees for tax preparation services will be billed upon completion of your return. My invoices are due (net of any retainer collected) when you receive them. Our engagement will be complete upon the delivery of the completed returns to you. My fees for this engagement are not contingent on the results of my services. I reserve the right to suspend my services or to withdraw from this

engagement at my discretion if you do not comply with reasonable requests, do not provide requested information in a timely manner, misrepresent any facts or in the event that any of my invoices are deemed delinquent. If I elect to terminate my services for nonpayment, or for any other reason provided for in this letter, our engagement will be deemed to have been completed upon written notification of termination, even if I have not completed your return. My withdrawal will release me from any obligation to complete your return and will constitute completion of our engagement. You will be obligated to compensate me for all time expended, and to reimburse me for all out-of-pocket costs, through date of termination. By signing below, you agree that you personally are responsible for any and all payments due to my office for services provided to you.

If the tax services and terms outlined are in accordance with your understanding of our engagement, please sign the enclosed copy of this letter in the space provided and return to me. If I do not receive from you the original of this letter, in fully executed form, but receive from you a completed copy of the enclosed tax organizer and/or 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.

I appreciate this opportunity to serve you. If you have any questions or need any additional information, please do not hesitate to contact me.

Sincerely,

Sandra M. Rose, CPA

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.

Accepted by:

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Client signature and date