



CARAS & SHULMAN, PC
Certified Public Accountants
Business Advisors

Date: _____

Dear _____:
(Client Name)

Subject: Engagement Letter 2018 Tax Return(s)

This letter is to confirm and specify the terms of our engagement with (hereinafter “you” or “the Company”) for the year ended December 31, 2018, and to clarify the nature and extent of tax services we will provide. We will perform our services in accordance with the Statements on Standards for Tax Services issued by the American Institute for Certified Public Accountants. Our engagement is limited to performing the following services:

1. Prepare the federal and state income tax returns listed on the attached exhibit.
2018 Federal Form 1040, U.S. Individual Income Tax Return
2018 State Tax Return(s) as requested by you

This engagement pertains only to the 2018 tax year, and our responsibilities do not include preparation of any other tax return years that may be due to any taxing authority. We are responsible for preparing only the returns referenced above. **If you have taxable activity in a state or local municipality other than that referenced, you are responsible for providing our firm with all the information necessary to prepare any additional applicable state and local income tax returns as well as informing us of the applicable states and local municipalities.** If you have income tax filing requirements in a given state or local municipality but do not file that return, there could be possible adverse ramifications such as an unlimited statute of limitations, penalties, etc. This engagement letter does not cover the preparation of any financial statements sales and use tax, or gift tax returns, which, if we are to provide, will be covered under a separate engagement letter.

It is your responsibility to provide us with all the information required for preparing complete and accurate returns. We will not audit or verify the data you submit, although we may ask you to clarify it, or furnish us with additional data. You should retain all the documents, canceled checks, and other data that form the basis of income and deductions. The documents may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that you have disclosed to us all relevant facts affecting the returns. **You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.** We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest.

We may provide you with a questionnaire or other document requesting specific information. Completing those forms will assist us in making sure you are well served for a reasonable fee. We will not verify the information you give us; however, we may ask for additional clarification of some information.

If, during our work, we discover information that affects prior-year tax returns, we will make you aware of the facts. However, we 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 us to discuss the best resolution of the issue. We will be happy to prepare appropriate amended returns as a separate engagement.

Our services are not designed to provide assurance on internal controls or to identify reportable conditions, that is, significant deficiencies or material weaknesses in the design or operation of internal control.

Accordingly, we have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal control as part of this engagement, and our engagement cannot be relied upon to disclose the same. However, during the procedures, if we become aware of such reportable conditions, we will communicate them to you.

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.

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

If we determine, at our sole discretion, that we may be subject to a preparer penalty due to a tax position on your return, you agree to either adequately disclose that position on your return or change the position to one that we confirm would not subject us to penalty. If you choose not to change your position or adequately disclose the tax position so as to eliminate, at our sole discretion, our exposure to the preparer penalty, we, at our sole discretion and at any time, may withdraw from the engagement without completing or delivering tax returns to you. Such withdrawal will complete our engagement and you will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenses incurred through the date of our withdrawal.

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

The Affordable Care Act (ACA) has added various new health insurance mandates, penalties and credits. You acknowledge and Caras & Shulman P.C. agrees, that we will rely solely on information provided by you to us for the specific returns identified above for the purposes of preparing your 2018 tax returns and have provided no advice regarding your eligibility for any credits, estimates of any payments or estimates of any penalties under the ACA, all of which would require a separate written engagement letter for those purposes.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. We will render such accounting and bookkeeping assistance as we find necessary for preparing the income tax returns.

Your returns may be selected for review by taxing authorities. In the event of an examination or other IRS contact, we are available to represent you. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examinations, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred. Fees for these additional services will be communicated in a separate engagement letter.

We are responsible for preparing only the returns listed. Our fee does not include responding to IRS inquiries, and you understand that we are not responsible for IRS disallowance of doubtful deductions or inadequately supported documentation, or for resulting taxes, penalties, and interest.

We will use our professional judgment in preparing your returns. Whenever we are aware that a possible 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. 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 the Internal Revenue Service 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 penalties, interest, or assessments. 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 to you for any damages that occur as a result of ceasing to render services. If we cease to render services you are responsible to pay our fees incurred to date.

By your signature below, you agree that you have the proper records to substantiate all items of income and deductions, including travel and entertainment expenses, and that you will carefully examine and approve your completed tax returns before signing and mailing them to the tax authorities.

Congress has greatly limited taxpayers' deductions for travel and entertainment expenses. As such, conflicting regulations and laws have been passed. At present, the minimum record keeping requirement is that you maintain certain records relating to meals, travel expense, entertainment expense, vehicle use, and business gifts. The minimal substantiation must include the amount of the expense; the place of either the travel, entertainment, and so on; the date and description of the gift; the business purpose of the expense; and the business relationship of the taxpayer to the person being entertained or receiving the gift. Although not required, the government prefers that the information be kept in a diary, or in some chronological order. There is a strong need for this information to be kept current. Where possible, charge cards should be used and the above information shown on the back of the slip you maintain.

Foreign Interest Filing Requirements. Please note that any person or entity subject to the jurisdiction of the United States (includes individuals, corporations, partnerships, trusts, and estates) having 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, 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 the Treasury may result in substantial civil and/or criminal penalties.

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 Form TD-F-90-22.1 required by the U.S. Department of the Treasury on or before June 30th of each tax year. 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 statements.

In addition, currently the Internal Revenue Service, under IRC §6038 and §6046, requires information reporting if you are an officer, director or shareholder with respect to certain foreign corporations (Form 5471); foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business (Form 5472); U.S. transferor of property to a foreign corporation (Form 926); and statement of specified foreign financial assets (Form 8938). These code sections describe the information required to be reported on the respective forms, which are due when your income tax return is due, including extensions. Therefore, if you fall into one of the above categories, you may be required to file one of the above listed forms. Failure to timely file may result in substantial monetary penalties. By your signature below, you accept responsibility for informing us if you believe that you fall into one of the above categories and you agree to provide us with the information necessary to prepare the appropriate form(s). We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

Record Retention. It is our policy to keep records related to this engagement for six (6) years. However, Caras & Shulman does 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 possible future use, including potential examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the six (6) year period, Caras & Shulman shall be free to destroy our records related to this engagement.

Confidentiality. All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis. In the event we receive a subpoena or summons requesting that we produce documents from this engagement or testify about the engagement we will notify you prior to responding to it if we are legally permitted to do so. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action with the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request. Time incurred in connection with subpoenas, and/or other related legal matters involving you, and or your account(s), will be billed at our normal hourly billing rates.

Certain communications involving tax advice are 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, your employees, or agents may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communication, you agree to provide us with written, advance authority to make that disclosure.

Internet Communication. In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the internet. This often involves sending data, documents and other information, including sensitive tax and financial information. Such communications may include information that is confidential to you. Massachusetts passed legislation that imposes restrictions on the type of data that can be sent to you via email. Our firm employs measures in the use of facsimile machines and computer technology designed to maintain data security. While we will use reasonable 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 electronic devices during this engagement. You should ensure that your email server and the information stored on your system is secure. We are not responsible for any transmission problems or for the failure of you or any authorized recipient of the information to receive files. You are solely responsible for (i) notifying the firm of the failure to receive files containing your information so that we may provide a copy in an alternate form; (ii) securing your email server and restricting access to your email in order to maintain confidentiality of the information transmitted; (iii) storing the electronic files containing the information; and (iv) acquiring and maintaining the software needed to open and access the files containing the information.

Fees & Billings—General. Our fee will be based upon the complexity of your return(s) and the level of expertise necessary to complete the services represented in this letter. All invoices are due and payable upon presentation.

In recognition of the relative risks and benefits of this agreement to both the client and the accounting firm, the client and the accounting firm have agreed on the fair allocation of risk between them. As such, the client agrees, to the fullest extent permitted by law, to limit the liability of the accounting firm to the client for any

and all claims, losses, costs, and damages of liability of the accounting firm to the client shall not exceed our accounting firms total fee for services rendered under this agreement. The client and the accounting firm intend and agree that this limitation apply to any and all liability or cause of action against the accounting firm, however alleged or arising, unless otherwise prohibited by law.

Limitation of Liability. You agree that our firm's liability for any and all claims, damages, losses and costs of any nature arising from this engagement is limited to the total amount of fees paid by you to our firm for the services rendered under this agreement.

Indemnification. You shall upon the receipt of written notice indemnify and hold Caras & Shulman and its affiliates and their partners, principals, and personnel, harmless against all costs, fees, expenses, damages, and liabilities (including legal defense costs) associated with any third-party claim arising from or relating to any knowing misrepresentation to Caras & Shulman by you or the intentional withholding or concealment of information from Caras & Shulman by you. In addition, you shall upon receipt of written notice indemnify and hold Caras & Shulman and its affiliates, and their partners, principals and personnel, harmless against all punitive damages associated with any third-party claim arising from or relating to: (i) any services, work product, or deliverables from Caras & Shulman that you or its management uses or discloses to others; or (ii) this engagement generally. The terms of this paragraph shall apply regardless of the nature of any claim asserted (including those arising out of tort, strict liability, or otherwise) and whether or not Caras & Shulman was advised of the possibility of the damage or loss asserted. Such terms shall also continue to apply after any termination of this agreement by either party and during any dispute between the parties. To the extent finally determined that the conduct giving rise to such punitive damages arose out of Caras & Shulman's gross negligence or willful misconduct, this paragraph shall not apply.

Nonsolicitation. You agree not to solicit for your employment, either directly or indirectly, any of the current employees of Caras & Shulman for your business or personal operations. If, for whatever reason, you hire any of our employees, you agree to pay us a placement fee equal to 40% of that individual's then current annualized salary, including overtime and bonuses.

Mediation. In the event of a dispute related in any way to our services, our firm and you agree to discuss the dispute and, if necessary, to promptly mediate in a good faith effort to resolve. We will agree on a mediator, but if we cannot, either of us may apply to a court having personal jurisdiction over the parties for appointment of a mediator. We will share the mediator's fees and expenses equally, but otherwise will bear our own attorneys' fees and mediation cost. Participation in such mediation shall be a condition to either of us initiating litigation. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identity for purposes of the award of attorneys' fees. If any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this engagement letter. This section shall survive completion or termination of this Agreement, but under no circumstances shall either party call for mediation of any claim or dispute arising out of this Agreement after such period of time as would normally bar the initiation of legal proceedings to litigate such claim or dispute under the laws of the Commonwealth of Massachusetts.

If mediation fails to resolve the dispute or claim, the parties hereby agree that they shall submit any action, claim or counterclaim whether based in contract, tort, and statutory rights or otherwise to the Business Litigation Session of Suffolk County Superior Court of the Commonwealth of Massachusetts. The parties also agree that the laws of the Commonwealth of Massachusetts shall govern all legal proceedings arising from this engagement.

Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts including its principles of conflicts of law. The parties hereby irrevocably and unconditionally agree to submit to the jurisdiction of the state and federal courts of Massachusetts. The parties also irrevocably and unconditionally agree that the state and federal courts of Massachusetts shall be the exclusive venue for any litigation between them.

Closing. If the foregoing fairly sets forth your understanding, please sign the this letter in the space indicated and return it to our office. However, if there are other tax returns you expect us to prepare, such as gift and/or property, please inform us by noting so just below your signature at the end of the returned copy of this letter. This letter will continue in effect until canceled by either party.

Your 2018 tax return(s) cannot be prepared unless this engagement letter is signed and returned to our office.

We want to express our appreciation for this opportunity to work with you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

Sincerely,

Caras & Shulman, P.C.

Caras & Shulman, PC
Certified Public Accountants

Acknowledged and Accepted for: _____

Signature

Date