

# Patrick & Raines



## Terms and Conditions

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# **Patrick & Raines**

## **2023 Tax Terms and Conditions**

**(formerly known as Client Policies)**

We appreciate the opportunity to work with you. This is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services Patrick & Raines will provide. Please read this letter carefully because it outlines expectations by both Patrick & Raines and you. The intention of this letter is to confirm your understanding of, and agreement with, both what is included with our services, as well as the limitations of the services you have asked us to perform.

Absent your signature, do not assume that we will prepare any returns for you, although by providing us with substantive documents for use in our preparation of your tax return, or the execution of your applicable Form series 8879, 8878 or 8453, you confirm your agreement with these policies and the terms of this letter.

### **Period of Engagement**

We expect to begin our services upon receipt of this executed Engagement, the completed individual income tax organizer and all documents requested either in the organizer or by our office. Organizers for Trusts and businesses are available upon request, or we can prepare your tax return from the set of books you will provide. Information returns will be prepared for non-profit organizations from the books provided. Note that the return preparation fee does not include the preparation or adjustment of books; if accounting work is required, we will discuss with you the need to update your books and provide an additional engagement for this work if requested.

### **Timing of Engagement**

Our services will conclude upon the earlier of:

- the filing and acceptance of your **2022** tax returns by the appropriate tax authorities and mailing or delivery of non-electronically filed tax returns (if any) to you for your review,
- written notification by either party that the engagement is terminated, or
- one (1) year from the execution date of this Engagement.

### **Purpose, Scope, and Output of the Engagement**

We will prepare your **2022** federal, state, or local income and personal property tax returns indicated from your tax data which you will provide electronically where possible. To assist you in gathering and organizing the necessary information required for the preparation of your individual income tax returns, we will furnish you with a tax organizer. Providing us with the completed tax organizer will help to ensure that you are not overlooking important information that may be necessary for complete and accurate returns, as well as may help to minimize our fees. You must complete the income tax organizer with accurate and complete information. Income from all sources, including those outside the U.S., is required.

## Client Responsibilities

We will rely upon the completeness and accuracy of the information and representations you provide to us to prepare your tax returns. We have not been engaged to and will not prepare financial statements.

We will prepare the above-referenced tax returns solely for filing with the Internal Revenue Service (“IRS”) and applicable state and local tax authorities. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

You agree to indemnify and hold us harmless with respect to any and all claims arising from the use of the tax returns for any purpose other than filing with the IRS, state and local tax authorities regardless of the nature of the claim, including the negligence of any party.

You are confirming that you will **timely** furnish us with all the information required for preparing the returns. This includes, but is not limited to, providing us with the information necessary to identify (1) all states and foreign countries in which you “reside” (even on a temporary basis), “do business” or derive income (directly or indirectly) and (2) the extent of business operations in each relevant state and/or country. We will not audit or verify the data you submit, although we may ask you to clarify it or furnish us with additional information. You should retain all the documents, books, and records that form the basis of your income and deductions. The documents may be necessary to prove the accuracy and completeness of the returns to a taxing authority. If you have any questions as to the type of records required, please ask us for advice in that regard.

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.

The IRS considers a gift to be any transfer to an individual, either directly or indirectly, where full consideration (measured in money or money’s worth) is not received in return. Under federal tax law, certain gifts are taxable and subject to an annual gift tax exclusion amount, which for 2022, is \$16,000 per taxpayer. You are responsible for informing us if gift tax returns are required to be filed.

Please note that the Internal Revenue Service (“IRS”) considers virtual currency (e.g., Bitcoin) as property for U.S. federal tax purposes. As such, any transactions in, or transactions that use, virtual currency are subject to the same general tax principles that apply to other property transactions. If you had virtual currency activity during the 2022 tax year, you may be subject to tax consequences associated with such transactions and may have additional foreign reporting obligations. You agree to provide us with complete and accurate information regarding any transactions in, or transactions that have used, virtual currency during the applicable tax year.

If your business has employees working remotely in another locality, state and/or foreign country, even on a temporary basis, your company may be viewed as having “nexus” in that location for tax purposes. If your individual return includes a business, and that business has employees working remotely in another locality, state and/or foreign country, even on a temporary basis, your company may be viewed as having “nexus” in that location for tax purposes. If a business is deemed to have “nexus” for that location, the business may be obligated to pay additional franchise, income, sales or use tax; payroll or other business tax; and to comply with other tax or reporting requirements. By your signature below, you understand that Management is responsible for tracking the locations where company employees live and work and determining the tax compliance requirements in those respective locations. If you require our assistance to assess your potential tax exposure in

locations other than your normal place of business where you may have employees residing, please let us know. Any additional services will be covered under a separate engagement letter.

You are responsible for ensuring that personal expenses, if any, are segregated from business expenses and that expenses such as meals, travel, vehicle use, gifts, and related expenses are supported by documentation and records required by the IRS and other tax authorities. At your written request, we are available to provide you with written answers to your questions on the types of supporting records required.

You are responsible for informing us of all foreign assets owned directly or indirectly, including but not limited to financial accounts with foreign institutions, other foreign non-account investments, and ownership of any foreign entities, regardless of amount. **Based upon the information you provide, we will use this data to inform you of any additional filing requirements, which may include FinCEN Form 114, Report of Foreign Bank and Financial Accounts (“FBAR”). 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, and we agree to prepare the FBAR, we may confirm this engagement in a separate engagement.**

**By your signature on this engagement letter, you agree to provide us with complete and accurate information regarding any foreign accounts that you and/or your entity may have had a direct or indirect interest in, or signature authority over, during the above referenced tax year.**

You are responsible for complying with the tax filing requirements of any other country. You acknowledge and agree that we have no responsibility to raise these issues with you and that foreign filing obligations are not within the scope of this engagement.

If you received a gift or bequest from a foreign person or trust, you may be required to file a separate IRS Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts or Form 3520-A, Annual Information Return of Foreign Trust with a U.S. Owner. If you ask us to prepare this return, and we agree to prepare it, we will confirm this engagement in a separate agreement.

By your signature on this engagement letter, you understand and agree that you are responsible for the accuracy and completeness of the records, documents, explanations, and other information provided to us for purposes of this engagement. You have the final responsibility for the income tax returns; therefore, you should review them carefully before you sign the e-file authorization forms, or sign and submit your income tax returns directly to the appropriate taxing authorities. You agree that our firm is not responsible for a taxing authority’s disallowance of deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest.

### **Scope of Limitations**

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. In addition, we are not responsible for identifying or communicating deficiencies in your internal controls. You are responsible for developing and implementing internal controls applicable to your operations.

### **Limitation of Engagement**

This engagement is limited to the professional services outlined above.

Unless otherwise noted, we will perform our services in accordance with the Statements on Standards for Tax Services (“SSTs”) issued by the American Institute of Certified Public Accountants (“AICPA”) and U.S. Treasury Department Circular 230 (“Circular 230”). It is our duty to perform services with the same standard of care that a reasonable tax return 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.

We will prepare your individual tax returns based upon your filing status (single, married filing jointly, married filing separately, head of household or qualifying widow[er] with dependent child) as reflected in your income tax returns for last year. If your filing status has changed, or you wish to change your filing status, or you have questions about your filing status, please contact us immediately.

If the tax returns prepared in connection with this engagement are filed using the married filing jointly filing status, both spouses are deemed to be clients of the firm under the terms of this Engagement. Both spouses acknowledge that there is no expectation of privacy from the other concerning our services in connection with this Engagement. We are at liberty to share with either of you, without prior consent of the other, documents and other information concerning the preparation of your tax returns.

In engagements involving a joint tax return, a trust with multiple beneficiaries, or the return of a business with multiple owners, there may be occasions where it is not possible for us to independently represent all parties interested in the outcome of advice that we give or a tax return that we prepare. We may learn facts or encounter situations during the preparation of a tax return or requested advice that may not be fully evident to all related parties. It is also possible that confidential information may be requested by one party that another related party may not want disclosed. It is not our intent to become either a mediator or a judge of what is in the best interest of each party to these circumstances. In such situations we must honor the request of any party with an interest in such tax services rendered, and, to the degree there is no conflict with other parties on such occasion, we will proceed with our services with the best information available from all sources. If there is a conflict between data received from multiple interested parties, we will contact those providing the conflicting data to seek an agreement on the differences. If there is a request for disclosure of confidential data in our possession, after having received written permission according to our privacy policy, we will make such disclosure regardless of the consequences to other interested parties resulting from this disclosure. Should we learn information from one interested party that could adversely affect another interested party, we will accept no responsibility for disclosing such material to any of the interested parties despite not having the specific written permission from the source of that data. All data received by us from all sources shall be considered available for disclosure to all parties related to that specific tax return, or transaction. Disclosure of any such confidential information from any source to any employee of this Firm will be considered evidence of your agreement to the terms of this policy.

We reserve the right to withdraw from any engagement, should we determine it appropriate, to avoid such conflicts.

Our goal is to prepare your return by the initial filing deadline provided we receive substantially all of your data no later than three (3) weeks prior to the IRS-imposed deadline. Thereafter, completion by the deadline cannot be guaranteed. To maintain our standards, no individual tax returns will be started later than one (1) week prior to the deadline. If we are unable to complete the returns, we will assume that you want us to prepare an extension of time to file your returns. You should keep in mind that this would be an extension of time to file the returns; however, any tax estimated to be due

would need to be paid with the extension request. If you have not provided enough data for us to make a reasonable estimate of your tax liability, do not assume that we will prepare your extension unless you request us to do so. We assume no liability for late filing or late payment penalties.

Tax planning services are not within the scope of this engagement. 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, and we agree to provide them to you, we may confirm this engagement in a separate engagement.

You may be required to make quarterly estimated tax payments. We will calculate these payments for the 2023 tax year based upon the information you provide to prepare your 2022 tax returns (the "safe harbor" rule). Updating recommended payments to more closely reflect your actual current year's income is not within the scope of this engagement. If you would like us to provide this service, and we agree to do so, we may confirm this update in a separate engagement.

We will use our professional judgment in preparing your returns. Given the magnitude of the economic tax relief provisions the U.S. stimulus packages have contained, as well as some new concepts introduced in the law, additional stated guidance from the Internal Revenue Service and possibly from Congress in the form of technical corrections on certain income tax provisions may be forthcoming. We will use our professional judgment and expertise to assist you given the guidance as currently promulgated at the time our services are rendered and to resolve questions in your favor where a tax law is unclear, provided that we have a reasonable belief that there is substantial authority for doing so. Subsequent developments issued by the applicable tax authorities may affect the information we have previously provided, and these effects may be material. 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 share our knowledge and understanding of 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 a taxing authority should later contest the position taken, there may be an assessment of additional tax, interest and penalties. We assume no liability for any such assessment of additional tax, penalties, interest or related professional fees you may incur. 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 for any damages that occur as a result of ceasing to render services.

Taxing authorities require us to electronically file all federal and most state individual income tax returns ("e-filing"). However, you do have the right to "opt out" of the e-filing program. Please notify our firm immediately should you desire not to have your returns e-filed so that we may provide you with the form(s) necessary for opting out of the e-file program. You will be responsible for reviewing the paper returns for accuracy, signing them, and filing them timely with the tax authorities. Please note that unless you notify us of your desire to not e-file your returns, we will prepare your returns to be e-filed.

Please note that although our firm will use our best efforts to ensure that your returns are successfully transmitted to the appropriate taxing authorities, we will not be financially responsible for electronic transmission or other errors arising after your return has been successfully submitted from our office.

Amended returns will be prepared whenever necessary, whether by discovery or by notice from the IRS. There will be no charge for preparation if the amendment is due to our oversight. Where an amendment is due to retroactive law changes, we will discuss it with you in advance, including what the expected fee will be to prepare the amendment. If the amendment is due to new information received late or changed subsequent to our delivery of the return, then we will charge only for the preparation time for the amended documents.

Requests made to us for opinions, confirmation, assurance, etc. regarding tax engagements are generally not allowed either by our professional standards, by law, or by our liability insurance carrier, restricting our authority to provide opinions as to the nature of engagements for our clients. Tax preparation is a limited scope practice of law and we are required to stay within that limited scope. We will be happy to explain this restriction to you.

## **Penalties and Notices**

The law provides for a penalty to be imposed where a taxpayer makes a substantial understatement of their tax liability. Taxpayers may seek to avoid all or part of the penalty by showing (1) that they acted in good faith and there was reasonable cause for the understatement, (2) that the understatement was based on substantial authority, or (3) there was a reasonable basis for the position taken on the return and the relevant facts affecting the item's tax treatment were adequately disclosed on the return. You must have substantial authority to support the tax treatment of the item challenged by the IRS or have an adequate disclosure of the item. To fulfill the adequate disclosure requirement, you may be required to attach to your tax return a completed Form 8275, Disclosure Statement, or Form 8275-R, Regulation Disclosure Statement, which discloses all relevant facts.

If the IRS, state or local tax authorities later contest the position taken, additional tax, penalties, and interest may be assessed. We assume no liability, and you hereby release us from any liability arising from such contest, including but not limited to, additional tax, penalties, interest, and related professional fees for the position taken.

From time to time clients receive notices by mail of changes to their returns, requests for additional information, tax return amounts which do not match government records, or a notice of selection for review or examination from taxing authorities. Additionally, clients sometimes request that we follow up on the status of a return or refund for their own benefit.

Should any notices be received, please provide us with complete copies (all pages) of any related correspondence as soon as possible. Do not assume that we have already received these notices. We will review any information that you provide and either:

- Respond to the Internal Revenue Service, or other taxing authority, as appropriate, or
- Advise you how to respond.

When possible, we will handle the matter either by mail or electronically. To do so, we generally need an executed Power of Attorney, on an applicable IRS form or state equivalent. An additional fee may apply.

If our research reveals an error on our part we will resolve it without charging a fee. If the notice reflects a change due to data that is new to us, or if additional correspondence or research is required to resolve the matter, any subsequent representation will be billed at our standard rates. Note that we must have an executed power of attorney on file for any examining agency to discuss your filings with us. We will prepare the required forms should they become necessary.



## **Fees**

Please see the separate Rates document.

Services may be billed on a fixed rate or hourly billing rate. Where we cannot provide a fixed rate quote, we will quote an hourly rate in cases of project work where it is difficult to define the scope of the service required. Our professional fees will be based on our regular billing rates, plus direct out-of-pocket expenses, and are due when rendered. Fees for additional services will be established separately.

Our fee for tax preparation does not include responding to inquiries or examination by taxing authorities. However, we are available to represent you. Our fees for such services are at our standard rates and would be covered under a separate engagement letter.

Patrick & Raines will inform clients if a retainer payment is required up front. Such funds will be held in trust by Patrick & Raines and applied to future invoices. If the engagement cannot be completed, or is completed in an amount which is less than the balance of the retainer, a refund will be provided within 60 days of termination of the engagement or request by the client.

## **Invoicing and Payment**

Payment for service is due when rendered and interim billings may be submitted as work progresses and expenses are incurred. If we have not received payment within 30 days of our invoice, all work may be suspended until your account is brought current. You acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of failure to pay on a timely basis for services rendered as required by your engagement letter, we shall not be liable for any damages that occur as a result of our ceasing to render services.

If the scope of an engagement changes, we will inform you when those changes are not included in the agreed-upon engagement. You may then advise us if you want us to proceed with those additional services. All other services not specified in an engagement letter will be invoiced based on time incurred at our standard billing rates.

Should an invoice for a prior engagement not have been paid within 90 days of the date of the invoice, we will expect that the current engagement be paid at the delivery of the current tax return. Should the work in progress on a current engagement exceed \$1,000 and it is anticipated that the project will not be completed in the next 90 days, we reserve the right to submit a progress bill for that time.

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 to us, you agree to reimburse us for our costs of collection, including lawyers' fees.

Should you choose to terminate this engagement prior to the full term, we may render an invoice for the full amount of services provided to date, less all payments received through the date of the termination.

## **Unanticipated Services**

Only the services which are listed in the engagement are included within the scope of our instructions. If there is additional work that you wish us to carry out which is not listed, any additional work will be quoted to you before the commencement of said additional work. Once the scope of the additional work is agreed upon, we will issue an additional or updated letter of engagement and will ask you to sign the new agreement prior to the commencement of the new work.

Furthermore, the client will agree that if an unanticipated need arises (such as an examination, an amended tax return, or a personal financial statement required), this additional work will be performed only after arriving at a mutually agreed-upon price and a new agreement is signed.

In the event our firm or any of its employees or agents is called as a witness or requested to provide any information whether oral, written, or electronic in any judicial, quasi-judicial, or administrative hearing or trial regarding information or communications that you have provided to this firm, or any documents and workpapers prepared by Patrick & Raines in accordance with the terms of this engagement, you agree to pay any and all reasonable expenses, including fees and costs for our time at the rates then in effect, as well as any legal or other fees that we incur as a result of such appearance or production of documents.

## **Third Party Disclosure and Use of Third Party Services**

CPAs, like all providers of personal financial services, are required by law to inform their clients of their policies regarding privacy of client information. CPAs have been and continue to be bound by professional standards of confidentiality that are even more stringent than those required by law. Therefore, we have always protected your right to privacy.

We collect nonpublic personal information about you that is provided to us by you or obtained by us with your authorization. This information is collected by interviews with you; written communication with you, including by email; and from financial statements, prior tax returns or organizers. You acknowledge that any unsecured documentation sent to us by electronic means is at risk, and you agree to hold us harmless if it is compromised.

For current and former clients, we do not disclose any nonpublic personal information obtained in the course of our practice, except as required or permitted by law. Permitted disclosures include, for instance, providing information to our employees, and in very limited situations, to unrelated third parties who need to know that information to assist us in providing services to our clients, in the course of legal representation, or for regulatory purposes. In all such situations, we stress the confidential nature of information being shared.

We often receive requests to supply tax return data to third parties. To protect the confidentiality of the data, in accordance with IRS policy, we require a specific authorization to release that data. 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 providing information about those communications to the government, you, your employees, or agents may be waiving this privilege. To protect your right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide it is appropriate for us to disclose any potentially privileged communication, you agree to provide us with written, advance authority to make that disclosure.

Under IRC Sec. 7216, authorization for our disclosure to others must follow a specific and written form. Documents related to a personal file must be given release directly from that individual. Business returns require a release from any officer. Our standard release form is available at <https://cpasite.cpa/the-fine-print> (the password is our phone number: 9043965400) or we can prepare it for your signature. Should we receive any request for the disclosure of privileged information from any third party, including a subpoena or IRS summons, we will notify you. According to IRC Sec. 7525, we have very limited rights as to client privilege, of which you need to be aware. In some cases you may release us from such responsibilities. In some circumstances, we may seek counsel as to the response we should make to such requests. In the event you direct us not to make the disclosure, you agree to hold us harmless from any expenses incurred in defending the privilege, including, by way of illustration only, our attorney's fees, court costs, outside adviser's costs, or penalties or fines imposed as a result of your asserting the privilege or your direction to us to assert the privilege.

In addition to disclosing information to third parties when you request it, we must tell you that, due to the scarcity of accounting talent in our labor market, we have hired some contract labor from a Texas-based firm with offshore employees. It is a reputable firm, with impressive security protocols, and we hope that the extra help will allow our local staff a little more time to devote to your needs. Be assured that you will still be interacting with our local staff, and that all your work will be reviewed by people you have come to know.

Be aware that certain tax information may be disclosed to these workers, and you authorize us to disclose this information. If you prefer that your work not be prepared by overseas staff you agree to notify us and acknowledge that we may need to charge higher fees or advise you that we will be unable to serve you.

### **Confidentiality – Our Proprietary Information**

In conducting our engagement with you, information acquired by us in the course of the engagement is subject to strict confidentiality requirements. That information will not be disclosed by us to other parties except as required or allowed for by law, or with your express written consent. This applies even if you are no longer a client. We are committed to safekeeping of your confidential information and we maintain physical, electronic, and procedural safeguards to protect it. However, we may be required by law to disclose what may otherwise be considered confidential information of yours if requested by the IRS or federal government, or if you disclose that information to a third party.

You assume all responsibility relating to adherence with privacy and disclosure requirements relating to the use and sharing of information in your industry. If your business or industry requires greater privacy or security protections than those provided in this letter, it is your responsibility to ensure that your disclosure of information to us is in compliance with such requirements, and you agree to indemnify and hold us harmless in connection with any claims arising from your failure to do so.

You acknowledge that the proprietary information, documents, materials, management techniques, and other intellectual property we use are a material source of the services we perform, and that these were developed prior to our association with you. Any new forms, software, documents, or intellectual property we develop in this engagement for your use shall belong to us, and you shall have the limited right to use them solely within your business. All report templates, manuals, forms, checklists, questionnaires, letters, agreements (including this one), and other documents, which we make available to you, are confidential and proprietary to us. Any and all new documents created as a result of this engagement will automatically become our property. Neither you, nor any of your agents, will copy, electronically store, reproduce, or make available to anyone other than your

personnel, any such documents. This agreement will apply to all materials whether in digital or “hard copy” format.

### **Electronic (Email) Communications**

In connection with this engagement, we may communicate with you or others via email transmission. We take reasonable measures to secure your confidential information in our email transmissions. However, 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 to and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of email transmissions, or for the unauthorized use or failed delivery 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 sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

To minimize the likelihood of identity theft and transfer of viruses we encourage you to send all electronic documents securely through a portal whenever possible. We will provide access to an encrypted portal. We prefer you not send your data via CD or flash drive due to the increased risk of viruses. We cannot be responsible for your submission or safety of unencrypted documents.

### **Record Retention**

You are responsible for the retention of all documents, copies of payments, bank statements, credit card statements, original invoices, deposit advice and receipts, plus any other data, or their images, supporting the source of amounts included on your tax return for a minimum of three years from the filing date of your return. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. Recognize that many financial institutions do not provide access to your account history for the entire period of the statute of limitations, so make arrangements for securing your documents in another manner. It may be necessary to retain records for longer periods if they will affect future years’ filings. You agree to hold our firm harmless from any liability including, but not limited to, additional tax, penalties, interest and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.

Patrick & Raines, LLC, will retain sufficient electronic records to reflect services performed by and substantive information provided to the Firm for at least three years and up to seven years after it completes such engagements. Records, for the purposes of this subsection, include final workpapers and any other documents, including correspondence and copies of client records that are necessary for a reasonable person to understand the services performed by and substantive information provided to Patrick & Raines, LLC for the engagement

Under NO CIRCUMSTANCES will any records, files or electronic data be destroyed, regardless of the retention periods identified in this policy, if there is any pending regulatory investigation, disciplinary action, legal action, or if Patrick & Raines has any knowledge of the intent by a regulatory agency to launch an inquiry or has knowledge of a potential legal claim.

It is company protocol to protect all hard copy files, electronic files, computer hardware, software, data and documentation from misuse, theft, unauthorized access, and environmental hazards. As such, the Firm has adopted procedures for information maintained in either hard copy or electronic form to ensure physical security.

In our efforts to strive for a paperless office, Patrick & Raines will temporarily store its on-site hard copy client files in our office. When not occupied by our staff, the building is monitored by a prominent local security company. We will return your hard copies of documents upon request at the completion of our engagement. Any documents left beyond 90 days will be destroyed.

Patrick & Raines has established regular back-up procedures on electronic files to minimize the risk that data may be destroyed, modified, or disclosed without authorization.

If our engagement with you ends for any reason, we will provide you a 30-day window in which to remove any documents stored in our portal before access is terminated.

By your signature on your engagement letter, you acknowledge and agree that upon the expiration of the three-year period, Patrick & Raines shall be free to destroy our records related to this engagement.

### **Indemnification**

You agree to indemnify Patrick & Raines for any monetary losses, including attorney's fees, caused in whole or part, by your negligence, dishonest intentional act, or failure to meet or fulfil the obligations outlined in this engagement letter.

### **Limitation of Liability**

By accepting and signing your engagement letter, you agree that the liability of Patrick & Raines arising from the services performed shall be limited to no more than 200% of the fees which you pay us for the performance of this engagement. You agree that this will be your only remedy, and you hereby waive any other claims you may have for actual, incidental, and consequential damages including, without limitation, lost profits and third-party claims.

### **Governing Law**

This agreement will be governed by the laws of Florida where the office of Patrick & Raines is located, without reference to rules governing choice of laws. Any action relating to the agreement must be brought in the federal or state courts located in Florida, and both parties irrevocably consent to the jurisdiction of such courts.

If either party brings an action against the other concerning the outcome, quality, or timeliness of our performance of services or other matters related to this engagement, the party who prevails shall be entitled to recover his/her/its (or, if applicable, his/her/its professional liability insurer's) attorney fees and costs incurred in defending such suit.

### **Arbitration**

If any dispute, controversy, or claim arises, either party may, upon written notice to the other party, request that the matter be mediated. Such mediation will be conducted by a mediator appointed by and pursuant to the Rules of the American Arbitration Association or such other neutral facilitator acceptable to both parties. Both parties will exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute or controversy.

Each party may disclose any facts to the other party or to the mediator which it, in good faith, considers necessary to resolve the matter. All such discussions, however, will be for the purpose of

assisting in settlement efforts and will not be admissible in any subsequent litigation against the disclosing party. Except as agreed by both parties, the mediator will keep confidential all information disclosed during negotiations. The mediator may not act as a witness for either party in any subsequent arbitration between the parties.

The mediation proceedings will conclude within sixty days from receipt of the written notice unless extended by mutual consent. Each party will be responsible for its own expenses. The fees and expenses of the mediator, if any, will be borne equally by the parties.

If any dispute, controversy, or claim cannot be resolved by mediation, then the dispute, controversy, or claim will be settled by arbitration in accordance with the Rules of the American Arbitration Association (AAA) for the Resolution of Accounting Firm Disputes. No prehearing discovery will be permitted unless specifically authorized by the arbitration panel. The arbitration hearings will take place in the city closest to the place where this engagement was performed in which the AAA maintains an office, unless the parties agree to a different locale. Each party will be responsible for its own expenses. The fees and expenses of the arbitrator, if any, will be borne equally by the parties.

Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury, and instead we are accepting the use of arbitration for resolution.

By your execution after January 1, 2023 of an engagement letter, or by your signing either your tax return or related electronic filing authorization prepared by us after that date, you acknowledge your agreement to the terms of Patrick & Raines, LLC's Statement of Policies. This agreement will supersede prior policy agreements.

### **Non Solicitation**

Each client acknowledges and agrees that during the term of this Agreement and for a period of one (1) year following the termination of this Agreement, the client will not, individually or in conjunction with others, directly or indirectly solicit, induce or influence any of Patrick & Raines' employees with whom the client worked to discontinue or reduce the scope of their business relationship with Patrick & Raines, or recruit, solicit or otherwise influence any employee of Patrick & Raines with whom the client worked to discontinue his/her employment or agency relationship with Patrick & Raines. In the event of a violation of the terms in this section, the parties acknowledge and agree that the damages to Patrick & Raines would be difficult or impracticable to determine, and in such event, the client will pay Patrick & Raines as liquidated damages and not as a penalty an amount equal to one hundred percent (100%) of that employee's first year of base salary and benefits with the client (including any signing bonus). In addition to and without limitation of the foregoing, any solicitation or attempted solicitation for employment directed to Patrick & Raines' employees by the client will be deemed to be a material breach of this Agreement, in which event Patrick & Raines shall have the right, but not the obligation, to terminate this Agreement immediately.

### **Tax Return Preparer Standards, Reportable Transactions and Tax Shelters**

Pursuant to the standards prescribed in Circular 230 and IRC §6694, we, as tax return preparers, are prohibited from signing a tax return unless we have a reasonable belief that there is substantial authority for a tax position taken on the tax return or we have a reasonable basis for the tax return position taken in the return and we disclose this tax position in a separate attachment to the tax return.

The law imposes substantial penalties on taxpayers and tax advisors for failure to disclose listed and other reportable transactions on Form 8886, Reportable Transaction Disclosure Statement. In general, reportable transactions are potentially abusive transactions identified by the IRS that have a primary purpose of tax avoidance, including but not limited to listed transactions, confidential transactions, transactions with contractual protection, loss transactions, and transactions of interest (a definition of “reportable transactions” is located at <https://www.irs.gov/instructions/i8886> and includes a link to a summary of listed transactions).

The law imposes substantial penalties on taxpayers and tax advisors for failure to disclose tax shelters on Form 8271, Investor Reporting of a Tax Shelter Registration Number. A tax shelter is defined in IRC §6662(d)(2)(C) as a partnership or other entity, investment plan or arrangement, or any other plan or arrangement if a significant purpose of such partnership, entity, plan or arrangement is the avoidance or evasion of federal income tax.

You agree to advise us of any tax shelters and/or reportable transactions identified in tax reference materials. Unless a reportable transaction is more likely than not to be sustained on its merits, IRC §6662A, Imposition of Accuracy-Related Penalty on Understatements with Respect to Reportable Transactions, requires us to disclose the reportable transaction in a separate attachment to the tax return. Similarly, unless a tax shelter is more likely than not to be sustained on its merits, IRC §6662(d)(2)(C)(ii), Imposition of Accuracy-Related Penalty on Underpayments, requires us to disclose tax shelters in a separate attachment to the tax return.

If you do not consent to a required disclosure, we may be unable to prepare your tax returns.

You agree to hold our firm harmless with respect to any liability including but not limited to, additional tax, penalties, interest and professional fees resulting from your failure to timely notify us, in writing, of any tax shelters and/or reportable transactions identified in tax reference materials in order to facilitate the timely preparation and filing of your tax returns.