

Patrick & Robinson



Client Policies

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Patrick & Robinson 2014 Client Statement of Policies

Our engagement with each client is important to us and it is our intention to provide clear policies to you so that we have no misunderstandings about the expectations regarding our professional services. We are available to discuss this policy statement or any other professional services that we provide. This document is intended to be the master document for our firm, addressing items pertaining to individuals as well as entities. Please contact us if you have questions about the relevancy of any item to your situation.

Tax Return Preparation Services Policy

Each of us has responsibilities in the preparation of your tax return. For simplicity the balance of this document will use the singular form of return to refer to the plural form as well, if applicable.

Our responsibilities

We will:

1. Prepare your 2013 (and all years prior prepared in this year) federal, state, and local income tax returns with supporting schedules from information that you will furnish to us;
2. Submit your return by electronic means whenever possible, as required by the appropriate taxing authorities;
3. Perform any bookkeeping, analysis, or adjustments necessary for preparation of the income tax return; and
4. Use professional judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. Unless otherwise instructed by you, we will resolve such questions in your favor whenever possible.

Our engagement cannot be relied upon to disclose errors, fraud, or illegal acts. However, we will inform the appropriate level of management of any material errors and any evidence or information that comes to our attention that fraud may have occurred during the performance of our services. In addition, we will inform you of any evidence or information that comes to our attention during any of our engagements regarding illegal acts that may have occurred, unless clearly inconsequential. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

If, during our work, we discover information that affects a prior-year tax return, we will make you aware of that fact. However, we cannot be responsible for identifying every item that may affect a prior-year return. If you become aware of such information at any time, please contact us to discuss the best resolution of the issue. We are happy to prepare an appropriate amended return as a separate engagement.

Your responsibilities

You are responsible for:

1. Proper recording of transactions in your books, for the safeguarding of assets, and for the substantial accuracy of the financial records;
2. Full, accurate and timely disclosure to us of all relevant facts affecting the return. This disclosure will include changes in employment, business activity, marital status, dependents or location;
3. Obtaining all documents necessary for the preparation of your return and supplying them to us timely for our use in the preparation of your return;

4. Maintaining sufficient documentation to support the information reported on your return until the statute of limitations has passed for each return;
5. Signing and returning timely the requested Internal Revenue Service (IRS) Form 8879 (or equivalent) to us prior to the filing deadline. We cannot eFile your return without your executed form; and
6. **You have the final responsibility for the income tax return and, therefore, you and any other signers of your return should review it carefully before the signing and filing.**

For business returns, you are responsible for making all management decisions and performing all management functions, and for designating an individual who possesses suitable skill, knowledge, or experience to oversee the tax services we provide. In addition, you are responsible for evaluating the adequacy and results of the tax services performed and accepting responsibility for such services.

Post filing compliance procedures

From time to time clients receive notices of changes to their returns, selection for review or requests for additional information from taxing authorities. Should that occur, please provide us with complete copies (all pages) of any related correspondence as soon as possible. We will review the information that you provide us and follow up with the Internal Revenue Service, or other taxing authority, as appropriate. Where possible, we will handle the matter either by mail or electronically. If there is an error on our part, we will research or respond to the IRS letter without charge. If the letter reflects a change due to data that is new to us, we will research the changes and advise you how to respond, or prepare a response for you. This initial response will be without charge. However, if additional correspondence, research or subsequent representation is required to resolve the matter, our time and cost for that professional service will be billed at our standard rates. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such a governmental tax examination, we will be available, upon request, to represent you and will render additional invoices for the time and expenses incurred. Please recognize 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.

Amended returns

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 amend. 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. If the amendment is to carry back a net operating loss to a prior year, the charge will be for the time required to prepare the return. Where possible, we will file loss carrybacks within the first year of the loss year to minimize the preparation cost by requesting a quick refund return. Individual amended returns cannot be filed electronically, although business returns generally can.

State and local income tax returns

Where we see the possibility of filing a state return is appropriate, we will notify you of that requirement, and generally prepare it for your filing. Where we see limited tax is due for a particular state, we will defer to your judgment as to whether that return should be filed. We cannot be responsible for any failure to file or pay any state income tax where you have decided not to file in that state for a particular year. Filing state returns is not an incidental matter, as each state has its own variation of federal taxable income, so we must bill an appropriate additional amount for these returns

Representation in the Case of Multiple Parties Policy

On the Occasion of Conflicts of Independence in Representation of Common Clients - In the case of a joint tax return 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 tax advice that we give or a tax return that we prepare. There may be facts that we learn or situations we may encounter that may not be fully evident to all parties related to a tax return being prepared or advice that may be requested. 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 the mediator or the 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 other interested party in spite of 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. 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.

Conflicts of Interest between Related Parties

There may be occasions where a decision or advice is needed, either prior to the execution of a transaction or after it has occurred, as to its tax treatment. When such a decision or advice could have a conflicting effect on other related parties of that transaction, we will make a reasonable attempt to make known the potential conflict to all parties as soon as it becomes known. However, it is the position of this Firm that we first represent the business client over the individuals employed by or owning it. Advice will be given with that priority unless clear instructions otherwise are given by a majority representation of the owners prior to the resolution of the conflict. Priority shall be given first to instructions from a majority of the ownership, then to those of the highest ranking officer of that organization. If there is a conflict that we consider material, we will make a reasonable attempt to disclose to the other owners the circumstances related to that conflict so that they may have the opportunity to resolve it before the transaction occurs, is recorded, or any related elections are made as to its disclosure. When a conflict arises between spouses, or between former spouses, both of whom we currently represent or have formerly represented, we will rely on the spouse whom we currently represent, then the one with whom we have more commonly had contact or has jointly been represented as the primary contact. If any conflict of interest arises at a time after a return has been prepared or an election has been made for the disclosure of a particular transaction, we may request a release regarding such circumstances from all parties before proceeding with such representation. Such release could be required in the case of mediation, arbitrations, depositions, tax return examinations or similar representations in which we would participate at any time.

Document Retention and Destruction Policy

Record retention has become a prominent issue in the professional community over the past decade. Patrick & Robinson, LLC (the "Firm"), recognizes that the Firm's engagement and administrative files are critical assets. As such, the Firm has established this formal written policy for record retention and destruction in accordance with applicable state and federal laws. Compliance with this policy is mandatory for all employees of this Firm.

It is our policy to return to you all original documents that we receive from you or that are submitted to us for your benefit. While we may maintain copies of your documents used in the preparation of tax returns or financial statements, you should not rely on our copies to support or defend any tax return or financial statement. It is your responsibility to maintain sufficient record for as long as reasonably necessary to support any financial statement or tax return.

Engagement Files

Engagement files, for the purposes of this policy, are defined as all records related to the engagement, comprising workpapers and other documents that form the basis of services rendered by the Firm, including, but not limited to, all documentation reflecting the procedures applied, evidence obtained, and conclusions reached in the engagement. In order to adequately address the needs of the Firm and meet the current regulatory requirements established by the profession and the regulatory agencies, this policy will address separately the document retention requirements for engagement files by the categories indicated below. Unless otherwise notified by the Firm Manager, Mark R. Patrick, or by mandate of state or federal law, Patrick & Robinson, LLC will follow the recommended record retention periods specified in this policy.

Engagements Including Audit/Review/Compilation Services

Patrick & Robinson, LLC, will retain all **records** related to an audit, review or compilation (including electronic records) for a period of **five (5) years (or six (6) years for a pension plan audit)** from the report release date of the audit, review, or compilation that meet the following two criteria:

1. *The records have been created, sent or received in connection with the audit, review, or compilation; and*
2. *The records contain conclusions, opinions, analysis, and/or financial data related to the audit, review, or compilation; or significant information that is inconsistent with the final conclusions, opinions or analysis (e.g., significant differences in professional opinions on issues that are material to the financial statements or to the final conclusions).*

Records, for purposes of this subsection, include workpapers and other documents that form the basis of the financial statement engagement, and memoranda, correspondence, communications, and other documents and records that meet both of the criteria stated above. It is the Firm's position that all documents (whether hard copy or electronic) which do not meet the criteria listed above (numbers 1 and 2) would not be considered substantive in nature and thus would not be retained in accordance with this policy. **The Firm, however, acknowledges the following exception to this rule:** All significant information that is consistent with the final conclusions, opinions, or analysis (e.g., significant differences in professional judgment or differences of opinion on issues that are material to the financial statements or to the final conclusions) will be considered substantive in nature and appropriately retained in accordance with the policy.

Although this list is not intended to be all inclusive, the following are examples of those items that generally would not meet the criteria for retention and should be destroyed at the completion of the engagement:

- Superseded drafts of memoranda, financial statements, or regulatory filings;
- Notes on superseded drafts of memoranda, financial statements, or regulatory filings that reflect incomplete or preliminary thinking;
- Duplicates of documents;
- Copies of client records (unless the client records contain evidence of audit or other procedures applied by the Firm);
- Review notes;
- To do lists (which have been completed);

- Documents that contain typographical errors or other minor errors that result from the normal business/learning process or from preliminary views based on incomplete information or data; and,
- Voice-mail messages. (Currently this Firm's policy is that voice mail files are not routinely maintained.)

Should the Firm Manager determine that certain significant voicemail messages should be retained to support the Firm's professional services, such messages will be documented as memos to file and be retained in accordance with the terms of this policy.)

HOWEVER, if any of the documents listed above that DO include information that contains either: (1) conclusions, opinions, analysis, or financial data related to the audit, review, or compilation or, (2) significant information that is not consistent with the final conclusions, opinions, or analysis, they will be subject to the retention periods for such information in accordance with the following terms:

Record Retention for Documents Related to Accounting Services

- Audit/Review/Compilation working papers are defined as those records which have been created, sent, or received with the audit, review, or compilation, as well as those which contain the conclusions, opinions, analysis, or financial data related to the review or compilation; or, significant information that is inconsistent with the financial conclusions, opinions or analysis. See 17 C.F.R. § 210.2-06.
- These are minimum recommended periods of retention that comply with applicable federal and state law. Further, notwithstanding the recommended retention period set forth above, any claim for credit, abatement, or refund and any material relating, concerning, or referring to the subject of any pending or ongoing litigation **MUST** be kept until such matter is resolved. See Sarbanes-Oxley Act of 2002, sections 802 and 811; 820 CMR 62C.25.1(3); Treas. Reg. 1.6001-1. The Manager of the Firm must approve any exceptions to this policy.

Record Retention for Other Services (Includes Tax and Consulting Services)

Patrick & Robinson, LLC, will retain sufficient **records** (whether hard copy or electronic) 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 & Robinson, LLC for the engagement.

We will generally create digital images of those documents that we consider important in support of the preparation of your tax return, but you should not consider any records which we retain to be sufficient to defend you in an examination of your tax return by any taxing authority or other regulatory body. In addition to returning your original documents, as a courtesy we provide you with a digital copy of many of your records that we consider substantive in support of the preparation of your tax return, including an image of the actual return prepared as a part of each engagement.

We will maintain our images of your documents and tax return for a minimum period of three years after the due date of all income tax returns, or if later, three years after preparation date of your return. After that date, any records not considered necessary to retain will be deleted or destroyed in such a way as to not be recoverable, whether by intentional means or not. Transactions which affect multiple years will be maintained for the three year period after the final return for which that transaction was included. We will consider all data confidential and follow our Privacy Policy in regard to its security.

Administrative Files

It is the Firm's policy that all administrative files (including, but not limited, to billing and collecting activities, accounts payable, loans, leases, fixed assets, and personnel files) will be maintained for no less than the current legal or regulatory requirements for such items (**no less than seven years for Firm accounting records**) or longer if they serve a useful purpose as determined by the Firm Manager. For example, legal documents and contracts, including, but not limited to, articles of incorporation, corporate stock records, company minutes and by-laws, service and lease agreements, promissory notes, and legal correspondence, will be retained permanently, *unless otherwise determined by the Firm Manager*.

The Office Manager will be responsible for maintaining and annually updating a summary of the legal and regulatory requirements for all administrative files and for keeping the Firm Manager updated regarding any changes to such requirements.

Physical Security

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 both hard copy and electronic form to ensure physical security.

Hard Copy Form

- The Firm will store all of 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. The Office Manager has the responsibility for maintaining a secure environment of these files and for reporting any potential breaches in security to the Firm Manager.
- The Office Manager will be responsible for establishing filing procedures to ensure that files can be easily located and retrieved as necessary.

Electronic Form

This Firm has established back-up procedures on electronic files to minimize the risk that data may be destroyed, modified, or disclosed without authorization. These procedures include, but are not limited to, the following:

- The Office Manager will be responsible for ensuring that all data files will be backed up daily by the Firm's IT support company. These backups are stored through Computer Solutions Group Online Backup services.
- The Office Manager will be responsible for ensuring also that all software applications used in creating the work or in archiving or storing the files are retained or available (including all updated or superseded applications) so that the electronic files can continue to be accessed for the retention periods stated in this policy.
- Access controls have been established to maintain the confidentiality and integrity of data stored on the Firm's computer systems. Access shall be restricted to only those actions that are appropriate to each employee's specific job duties. The Office Manager has the responsibility for the administration of access controls and will ensure that all additions, deletions and/or changes are processed appropriately. Employees will have individual access codes and passwords to the Firm's computer network systems and are limited to only those files and programs necessary for their job description. These systems are intended to be accessible at all times by the Firm and the Office Manager will maintain a complete list of access codes and passwords for all Firm wide files and programs in a secured place. The Members of the Firm and the Office Manager have the authority to reset and access all electronic files in our network. Employees are prohibited from the unauthorized use of the access codes and passwords belonging to clients or other employees.

Confidentiality

All of the documents and records relating to clients are the property and proprietary interest of Patrick & Robinson, LLC, to the extent it is consistent with applicable laws. All original documents are the property of you, the client, and will be returned upon request. **The Firm's documents and records relating to its clients are confidential and may not be disclosed without express written permission from the client, unless required by law.** All employees of the Firm must ensure that privacy will be maintained for client information. In consideration of the Firm's size and complexity, the nature and scope of the professional services we render to our clients, and the sensitivity of the information we collect, the Firm has determined that compliance with this policy appears to satisfy the current regulatory requirements under the Federal Trade Commission's Safeguards Rule

Destruction of Records

The Office Manager is responsible for ensuring compliance with this policy for the destruction of records, files and electronic data. It is the Firm's policy that all engagement letters issued on or after the effective date of this policy should contain language referring to this policy. On an annual basis, the Firm will conduct an inventory of all records, files and electronic data subject to destruction based on the recommended retention periods under applicable laws and professional standards. The Office Manager will review this list with the Firm Manager for approval prior to the actual destruction of such records. Document destruction services are performed onsite by an independent company specializing in document destruction under separate agreement. It is expected that you are the primary party responsible for retaining supporting documents for all engagements and should accordingly plan your own records retention policy.

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 the Firm has any knowledge of the intent by a regulatory agency to launch an inquiry or knowledge of a potential legal claim.

Dispute Resolution

All claims, controversies and disputes of any nature related to any engagement shall be resolved solely by means of arbitration conducted in Jacksonville, Florida under the auspices of the American Arbitration Association unless the parties to such claim or dispute specifically agree otherwise in writing. Any award or decision rendered by any arbitrator relative to any such claim or dispute shall be final and binding. All demands for arbitration shall be made in writing within three years after an event for which any claim or dispute arises and in no event after the date at which redress is allowed under any statute of limitations. This section shall survive termination of all engagements.

Privacy Policy

We are required by law to provide to each client this disclosure notice regarding the **Privacy Policy** of our Firm as of January 2014.

Patrick & Robinson, LLC Privacy Policy

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.

Types of Nonpublic Personal Information We Collect

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.

Parties to Whom We Disclose Information

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 you. In all such situations, we stress the confidential nature of information being shared.

Authorization for Direct Disclosure to Third Parties

We often receive requests to supply your personal data to third parties. To protect the confidentiality of your data, we require a specific authorization from you 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. 7516, your 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. 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 limited privileges as to client privilege, for which you need to be aware. 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.

Requests for Letters of Assurance to Third Parties

Requests made to us for opinions, confirmation, assurance, etc. regarding tax engagements are generally not allowed either by our professional standards or by law 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 with you.

Protecting the Confidentiality and Security of Current and Former Clients' Information

We retain records relating to professional services that we provide so that we are better able to assist you with your professional needs and, in some cases, to comply with professional guidelines. In order to guard your nonpublic personal information, we maintain physical, electronic, and procedural safeguards that comply with our professional standards.

All client information should be transferred in a manner which maintains privacy. Documents delivered from our office will be sent in a sealed envelope by U.S. Mail, commercial courier, in person delivery or by encrypted email. We encourage you to deliver documents and personal data in the same manner. We offer an encrypted portal for transfer of your data to us as well.

Fee Policy

We recognize the importance of knowing what our services will cost, and when requested and where possible, we will provide either a fixed fee or an estimated range of the fees you can expect for the services you request. Tax return only engagements are generally invoiced when completed.

Engagements which include additional agreed upon services throughout the year are documented with an engagement letter which defines the scope, fees and payment terms of our work. Occasional services including, but not limited to, consultation (which may be via telephone, email, or in person) and the formation of new entities, will be billed per occurrence at either an agreed upon fixed fee or based on standard hourly rates.

For most engagements our fees are based on the hourly rates of our professionals providing services to you. The fee estimate is based upon anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. If the scope of an engagement changes, we will inform you that 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. If significant additional time is necessary, whether for an existing engagement or additional work requested, we will be happy to discuss it with you and arrive at a new fee estimate before we incur the additional costs. All other services not specified in an engagement letter will be invoiced based on time incurred at our standard billing rates. You may also be billed for out-of-pocket costs such as report production, word processing, postage, travel, etc. Under most circumstances we do not anticipate any additional expenses to be material enough to be separately billed.

Our invoices will be rendered either at the completion of an engagement or on a periodic basis, either at agreed upon amounts or as progress estimates toward the total engagement. We will not consider invoices to be past due for 45 days. At that time late fees may be charged at a rate of 1.5% per month. We reserve the right to either suspend our work or terminate any engagement should any portion of your outstanding balance be past due more than 90 days. If an advanced fee is required, we will apply the unearned portion to invoices and send you a statement reflecting the remaining balance after each payment.

By your execution after January 1, 2014 of either an engagement letter or by your signing either your tax return or related electronic filing authorization prepared by us, you acknowledge your agreement to the terms of Patrick & Robinson, LLC's Statement of Policies.

Please do not hesitate to call if you have any questions, because your privacy, our professional ethics, and the ability to provide you with quality financial services are very important to us.