



CERTIFIED PUBLIC ACCOUNTANTS
CONSULTING · TAX · ASSURANCE

Name:

We want to express our appreciation for the opportunity to work with you. This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitation of the services we will provide. The engagement between you and our firm will be governed by the terms of this Agreement.

Engagement Objective and Scope

We will prepare the following federal and state tax returns for the year ended 2016:

Form 1040 –U.S. Individual Income Tax Return

We will not prepare any tax returns except those identified above, without your request, and our consent to do so. We will prepare your tax returns based upon information and representations that you provide to us. We have not been engaged to and will not prepare financial statements. We will not audit or otherwise verify the data you submit to us, although we may ask you to clarify certain information.

We will prepare the above referenced tax returns solely for filing with the Internal Revenue Service (“IRS”) and state and local tax authorities as identified above. 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 our firm and its partners, principals, shareholders, officers, directors, members, employees, agents or assigns (collectively, “firm,” “we,” “us,” or “our”) 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 and state and local tax authorities regardless of the nature of the claim, including the negligence of any party.

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.

This engagement is limited to the professional services outlined above.

KHA Accountants, PLLC Responsibilities

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.

Estimated tax payments

You may be required to make quarterly estimated tax payments. At your request, we will calculate these payments for the 2017 tax year based upon the information you provide to prepare your 2016 tax returns and have no obligation to update recommended payments after the engagement is completed. In the event that you should desire this additional service, we will be available upon request.

KHA ACCOUNTANTS, PLLC

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Tax planning services

Our engagement does not include tax planning services. 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. In the event that you should desire this additional service, we will be available upon request.

Government inquiries

This engagement does not include responding to inquiries by any governmental agency or tax authority. If your tax return is selected for examination or audit, you may request our assistance in responding to such an inquiry. If you ask us to represent you, we will confirm this representation in a separate engagement letter.

Third-party verification requests

We will not respond to any request from banks, mortgage brokers or others for verification of any information reported on these tax returns without your prior consent. The fee for this service will be billed separately.

Tax advice

We will use our judgment to resolve questions in your favor where a tax law is unclear, provided there is substantial support for doing so. If there are conflicting interpretations of the law, we will explain the possible positions that may be taken on your return. We will follow the position you request, provided it is consistent with our understanding of the Internal Revenue Code ("IRC"), tax regulations, Revenue Rulings, Revenue Procedures, Private Letter Rulings and court cases. If the IRS, state or local tax authorities later contest the position taken, there may be additional tax, penalties, interest, and professional fees. We assume no liabilities, and you hereby release us from any liability for such additional tax, penalties, interest, and professional fees.

Client Responsibilities

Documentation

You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your tax returns. You should retain all documents that provide evidence and support for reported income, credits, and deductions on your returns, as required under applicable tax laws and regulations. You are responsible for the adequacy of all information provided in such documents. You represent that you have such documentation and can produce it, if needed, to respond to any audit or inquiry by tax authorities. You agree to hold harmless our firm and its partners, principals, shareholders, officers, directors, members, employees, agents or assigns with respect to any additional tax, penalties, or interest imposed on you by tax authorities resulting from the disallowance of tax deductions due to inadequate documentation.

Personal expenses

You are responsible for ensuring that personal expenses, if any, are segregated from business expenses and that expenses such as meals, travel, entertainment, vehicle use, gifts, and related expenses are supported by necessary records required by the IRS and other tax authorities.

State and local filing obligations

You are responsible for determining your tax filing obligations with any state or local tax authorities, including, but not limited to income, franchise, sales, use, property or unclaimed property taxes. You agree that we have no responsibility to research these obligations or to inform you of them. If upon review of the information you have provided to us, along with information that comes to our attention, we believe you may have additional filing obligations, we will notify you and ask you to contact us. We would be available to provide this additional service upon your request.

U.S. filing obligations related to foreign financial assets

As part of your filing obligations, you are required to report the maximum value of specified foreign financial assets, which include financial accounts with foreign institutions and certain other foreign non-account investment assets that exceed

certain thresholds. You are responsible for informing us of all foreign assets, so we may properly advise you regarding your filing obligations.

These assets include any ownership interest you directly or indirectly hold in businesses located in a foreign country, and any assets or financial accounts located in a foreign country over which you have signatory authority. Based upon the information you provide, this information will be used to calculate any applicable foreign tax credits. We will also use this data to inform you of any additional filing requirements, which may include *Form 8938, Statement of Specified Foreign Assets*, and *FinCEN Form 114, Report of Foreign Bank and Financial Accounts* ("FBAR"). Failure to file required forms can result in the imposition of both civil and criminal penalties, which may be significant. The FBAR is not a tax return. If you ask us to prepare the FBAR, we will require a written request from you.

Ultimate responsibility

You have final responsibility for your income tax returns. We will provide you a copy of your income tax returns and accompanying schedules and statements for review prior to filing with the IRS and state and local tax authorities (as applicable). You agree to review and examine them carefully for accuracy and completeness.

Penalties and Interest Charges

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.

We rely on the accuracy and completeness of the information you provide us in connection with the preparation of your tax returns. Failure to disclose or inadequate disclosure of income or tax positions may result in the imposition of penalties and interest charges.

Professional Fees

Our fee for these services will be based upon the complexity of the work to be performed, and our professional time, as well as out-of-pocket expenses. All invoices are due and payable upon presentation. In the unlikely event that you are unable to provide all of your tax information prior to October 1, 2017, an additional 50% fee will apply.

Your signature below confirms your consent to the transfer of your tax returns and supporting documentation from KHA Accountants and Advisors, PC to KHA Accountants, PLLC.

You agree that your return(s) will be placed on extension if not completed by April 1, 2017.

If this letter fairly sets forth your understanding, please sign and date below.

Sincerely,

KHA Accountants, PLLC

Accepted By: _____  Date: _____
Taxpayer

_____  Date: _____
Spouse