



## CLIENT TAX SERVICE ARRANGEMENT POLICY

We appreciate the opportunity to work with you and to advise you regarding your income tax return(s) prepared during 2020. To ensure a more complete understanding between us, we are setting forth certain pertinent information in this arrangement policy about the services our firm ("Atchley & Associates, LLP") proposes to provide for you. Hereafter, the term "we", "us", "our", "our firm" shall refer to Atchley & Associates, LLP, its partners, principals and employees.

### Tax Return Preparation Services

We will prepare your federal and any requested state income tax returns from information you furnish to us. Unless separately engaged, we will not audit or otherwise verify the data you submit, although we may need to ask you for clarification of some information. We will provide consulting services, as requested. If you do not submit your tax information to us, or we do not receive a signed client consent, or we do not receive correspondence from you asking us to prepare your return, we will not be responsible for filing an extension on your behalf or for filing your tax return(s) or for subsequent tax filings.

We will use our 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 and consistent with rules concerning standards of professional practice. However, you have the final responsibility for the income tax returns, including tax, interest, and any penalties. Therefore, you should review your returns carefully before you sign and file them. It is understood that you remain responsible for any adverse determination by the Internal Revenue Service ("IRS") or the courts.

**We request that you provide your information to us in a complete and timely manner, generally no later than seven weeks prior to the filing deadline; earlier compliance is appreciated and can improve the estimated turnaround time.** If, for some unforeseen reason, your data is not complete at that time, then we request that you submit whatever is ready, and send the remaining missing information as soon as possible. Be aware that if you submit your data after the date requested, we may not be able to keep our commitment in terms of delivery. Ultimately, you may be subject to late filing penalties because of this delay. Turnaround times may vary significantly based on volume of work, staff availability, and completeness and accuracy of data provided to us.

**Please be advised that your invoice may increase significantly if the information is provided in a random, incomplete fashion, as our fees are directly related to the time that must be invested to perform the services.**

Many taxpayers will be affected by changes to the Internal Revenue Code adopted in the 2017 tax reform legislation. As is typical with major tax legislation, the Treasury Department and the Internal Revenue Service are expected to issue regulations or other interpretive guidance with respect to these changes, but

certain regulations or guidance could be issued after we begin preparation of your tax returns (or even after the returns are filed). The changes made by tax reform may require us to spend additional time in preparing your returns to comply with new requirements, which would increase the amount of our fees for preparing your 2019 and future returns.

Our services in preparing your tax returns do not include tax planning services to take advantage of changes adopted by tax reform. We will be happy to meet with you to discuss these planning opportunities and to assist you in implementing your preferred alternatives, but those services would be performed under a separate engagement and for additional fees. Additionally, subsequent changes to applicable law or regulations, or the issuance of new case or ruling authority, could materially and adversely affect the analysis and conclusions in an item of tax advice or a position reported on a tax return. Neither the delivery of any tax advice nor the preparation of a tax return is an undertaking on our part to monitor or to advise you concerning any changes in law subsequent to of the date of the tax advice or the delivery of the tax returns.

### Electronic Filing

Electronic filing ("e-filing") is now required for most tax filings. After we complete preparation of your return, we ask that you review your return, sign, and transmit the signed Form 8879 to our office one week prior to the due date of your return in order for our firm to be able to timely transmit your return to the IRS. The electronic copy of your return that we send to you should be retained for your records. A paper copy of your return is available upon request.

If you have not provided our firm with your signed authorization by one week prior to the due date, we reserve the right to place your return on extension, even though it may already have been completed. In that event, you will be responsible for ensuring that any payment due with the extension is timely sent to the appropriate taxing authorities. You will also be responsible for any additional costs our firm incurs arising from the extension preparation. If the extension period has passed and we have not received a signed authorization for transmittal from you, your return will be delinquent and subject to penalties and interest for which you will be responsible.

You must ensure that your payment of any tax balance due is timely remitted, on or before the due date of the return, even if you are electronically filing. There are options to pay your balance due using a credit card or electronic funds withdrawal. If you instead choose to pay the balance due by mail, payment must be postmarked on or before the due date to avoid late payment penalties. We recommend all payments to the IRS and state agencies be sent via certified mail.

Finally, although our firm will use our best efforts to ensure that your returns are successfully transmitted to the appropriate taxing authorities, we are not financially responsible for IRS or state processing errors arising after your return has been successfully submitted from our office.

### Fees and Expenses for Tax Return Preparation

Our fees associated with a project are based primarily on the amount of time required by the individuals assigned to each engagement, subject to certain adjustments. We assign work to the accountants who have the level of experience necessary to perform the highest quality work at the lowest rate. The hours incurred by each person are multiplied by each person's hourly rate and the result is the initial basis for determining our fee. While our goal is always to ensure your tax returns are filed by the deadline, we require a sufficient amount of time in order to do so. If we receive your tax documents after the dates outlined in our Important 2020 Tax Dates to Remember letter, this may require additional resources on our part in order to prepare your tax return and meet the deadline in a compressed period of

time. Accordingly, our rates may increase for expedited services required under these circumstances. All invoices are due and payable upon receipt and are deemed to be past due 30 days from the date of the invoice. The firm may discontinue work if a client's account is more than 60 days past due.

In a legal action in which we are not the defendants, we shall also be entitled to fees at \$400.00 per hour and reimbursements for testimony if we are subpoenaed as a witness in a subsequent litigation by third parties and such testimony involves the work we performed pursuant to this agreement. If we are compelled to permit inspection and/or reproduction of files, records, and other documents relating to work performed by us pursuant to this agreement by judicial or administrative order, then we will: (i) attempt to provide notice to you, consistent with the terms of the order for disclosure; and (ii) comply with the order, subject to any protective order you may seek from the issuing authority. In all events, you are responsible for defending or seeking relief from all third party judicial or administrative requests for disclosure of your information.

Your returns may be selected for review by the taxing authorities. In the event of such government tax examination, we will be available to represent you upon request. Standard hourly fees in addition to reimbursement related to any out-of-pocket expenses will apply to these matters and will be billed to you separately from the preparation of your return.

#### State and Foreign Reporting

You are responsible for providing us with all information necessary to identify (i) all states and foreign countries in which you “do business” or derive income and (ii) the extent of business operations in each relevant state and/or country. We will inform you of any potential state income tax filing requirements based upon the state income information that you provide to us.

If you have derived income from a foreign country, we will use that information to calculate any applicable federal or state foreign tax credit or other affected federal or state income tax items. However, you are responsible for meeting any foreign country income tax or other foreign country reporting requirements.

Please note that any person or entity subject to the jurisdiction of the United States (including individuals, corporations, partnerships, trusts, and estates) who has a financial interest in, or signature or other authority over, bank accounts, securities, or other financial accounts having an aggregate value exceeding \$10,000 in a foreign country at any time during the year, is required to report such a relationship. Filing requirements also apply to taxpayers that have direct or indirect control over a foreign or domestic entity which has foreign financial accounts, even if the taxpayer does not have a foreign account(s). For example, a corporate-owned foreign account could potentially require filings by the corporation 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 114 required by the U.S. Department of the Treasury. Form 114 must be electronically filed on or before April 15<sup>th</sup> each 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 and we will not be held liable for any penalties assessed for non-compliance.

In addition, the Internal Revenue Service under IRC Section 6038(a) requires you to report information with respect to certain foreign corporations (Form 5471), which is due when your income tax return is due, including extensions. Therefore, if you are an officer, director, or shareholder in a foreign

corporation, you may be required to file Form 5471. IRC section 6038(b)(1) provides for a monetary penalty of \$10,000 for each Form 5471 that is filed after the due date of the income tax return (including extensions) or that does not include complete and accurate information as defined under the regulations. By your signature on the consent form, you accept responsibility for informing us if you are an officer, director, or shareholder in a foreign corporation and you agree to provide us with the information necessary to prepare the appropriate Form 5471(s). We assume no liability for penalties associated with a late filed Form 5471.

### Amended Tax Returns

If you engage us to prepare any amended tax returns, our services will be limited to the reporting of the items on the amended returns that are changed from the position reported on the original (or last filed amended) returns. We will rely without investigation on the previously filed returns with respect to any position that is not amended and we will have no obligation or responsibility under this letter with respect to any such position. Notwithstanding the foregoing, professional standards require that in preparing an amended return we address all known errors and omissions giving rise to an understatement on the original tax return.

### Record Retention

Please be aware that documents related to your work are not retained by us indefinitely. It is our policy to keep records related to this engagement for seven years. Additionally, we do not keep any original client records. We will return original client information to you by mail, unless otherwise instructed at the completion of the services rendered under this engagement. When this information is 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 on the consent form, or any other indication of acceptance of this arrangement, you acknowledge and agree that upon the expiration of the seven-year period, we shall be free to destroy our records related to this agreement.

### Documentation

The law requires that we confirm with you that you maintain adequate records to support your deductions for charitable contributions, travel, gifts, and expenses related to the use of "listed property" (such as autos and personal computers) and maintain adequate substantiation of all other deductible personal and business expenses. By your signature on the consent form, you are herein confirming to us that your travel, gifts, and related expenses are supported by the necessary records required under Internal Revenue Code Section 274. If you have any questions as to the type of records required, please ask us for advice in that regard.

Congress has greatly limited taxpayers' deductions for travel expenses and disallowed deductions for 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, vehicle use, and business gifts. The minimal substantiation must include the amount of the expense; the place of the travel; the date and description of the gift; the business purpose of the expense; and the business relationship of the taxpayer to the person receiving the gift. Although not required, the government prefers that the information be kept in a diary, or in some other chronological order. There is a strong need for this information to be kept current. Where possible, credit cards should be used and the above information shown on the back of the slip you maintain.

## Other Matters and Disclosures

Our work in connection with the preparation of your income tax return(s) does not include any procedures designed to discover defalcations or other irregularities, should any exist, unless you separately engage us for this purpose. We will render such accounting and bookkeeping assistance as we find necessary for the accurate preparation of your income tax returns.

As tax return preparers, we are bound by standards imposed by the Internal Revenue Service when preparing a tax return. In some circumstances, this may require us to disclose a position taken in your tax return. In the event that we advise you to disclose a tax position that, in our professional judgment, requires disclosure and you refuse to disclose the position, then we reserve the right to stop work and we shall not be liable to you for any damages that occur as a result of our ceasing to render services. You will be liable for any fees incurred prior to this point. Please be aware that any need for return disclosure or related research may increase our time and your fees.

The law provides for a penalty to be imposed when a taxpayer makes a substantial understatement of a tax liability. For individual taxpayers, a substantial understatement exists when the understatement for the year exceeds the greater of 10 percent of the tax required to be shown on the return or \$5,000. The penalty is 20 percent of the tax underpayment. Taxpayers may seek to avoid all or part of the penalty by showing (i) that they acted in good faith and there was reasonable cause for the understatement based on substantial authority; or (ii) that the relevant facts affecting the item's tax treatment were adequately disclosed on the return. You agree to advise us if you wish disclosure to be made in your return(s) or if you desire us to identify or perform further research with respect to any material tax issues for the purpose of ascertaining whether, in our opinion, there is "substantial authority" for the position proposed to be taken on such issue in your return(s).

Indemnification is intended to protect us against being named in any lawsuit arising from this engagement as a result of having completed this arrangement. You shall indemnify us and hold us harmless from all claims, liabilities, losses, and counsel fees and expenses unless it shall have been determined by a court or arbitrator of competent jurisdiction that we have acted negligently in the performance of the work covered by our arrangement. In no event shall we be liable for consequential, special, incidental, or punitive loss, damage or expense (including, without limitation, lost profits, opportunity costs, etc.) even if we have been advised of their possible existence.

This policy constitutes the complete and exclusive statement of the arrangement between you and us in this matter; other distinct services may require separate arrangement letters. Any dispute arising under this policy shall be interpreted, construed, and governed according to the laws of the state of Texas. Should any part or term of this letter be declared or determined by a court to be illegal or invalid, the validity of the remaining parts or terms shall not be affected.

If a dispute arises out of, or relates to, this Arrangement Policy, or the obligations of the parties therein, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation using the Commercial Mediation Rules of the American Arbitration Association (AAA) before resorting to arbitration, litigation, or some other dispute resolution procedure. Any dispute will have jurisdiction in Travis County.

A copy of our privacy policy is attached to this policy and may also be viewed on our website at [www.atchleycpas.com](http://www.atchleycpas.com).

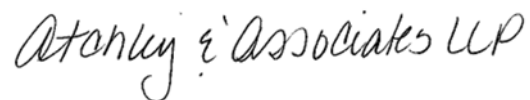
You agree that the tax return(s) and related work papers that we prepare pursuant to this arrangement are to be used only for the purposes of: (i) complying with tax return filing requirements imposed by the

Internal Revenue Service or other taxing authorities; and (ii) business and financial purposes of the taxpayer, and may not be copied, distributed, used, or relied on by any other person for the purpose of supporting or recommending a tax reporting position for that person without our prior written consent. Because of their special purpose, nature, and format, income tax returns do not constitute financial statements prepared in accordance with generally accepted accounting principles. The tax returns should be used only for income tax purposes and must not be used as a substitute for financial statements. Tax return preparation services do not constitute accounting or auditing services, and are not designed to disclose defalcations or other irregularities, should any exist.

If we do not receive a signed consent from you before releasing your return, then delivery of your tax information to us or acceptance of the completed income tax return(s) will indicate your agreement with the terms of this policy.

We are pleased to have this opportunity to serve you. If the foregoing fairly sets forth your understanding of our arrangement, please sign the enclosed Consent to Atchley & Associates, LLP Tax Service Arrangement Policy and return it to our office.

Yours very truly,

A handwritten signature in cursive script that reads "Atchley & Associates LLP".

Atchley & Associates, LLP

## **Privacy Policy of Atchley & Associates, LLP**

In accordance with Section 35.581 of the Texas Business and Commerce Code, Atchley & Associates, LLP has adopted the following policy pertaining to nonpublic personal information about current and former clients. CPAs have been and continue to be bound by professional standards of confidentiality that are even more stringent than those required by law. It is the policy of Atchley & Associates, LLP to protect the confidential nature of all personal information obtained from clients and former clients. Except as disclosed in this agreement, we will not intentionally disclose personal information, including Social Security numbers, to third parties without authorization.

### **Types of Nonpublic Personal Information We Collect**

Atchley & Associates, LLP requires that you provide your Social Security number because it is necessary for us to use the number when preparing forms and communicating with the Internal Revenue Service and other taxing authorities. We will only use the Social Security number as means of identification with a taxing authority, or as otherwise allowed by you.

### **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 third parties who assist us in providing services to you, such as CCH Incorporated, the vendor providing us with our tax compliance software, CCH Access Tax.

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

We retain records for seven years 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. Atchley & Associates, LLP protects social security numbers as it protects all of its clients' confidential information. We use commercially reasonable safeguards on our computer system to prevent unauthorized access of confidential information, including Social Security numbers. Although security cannot be guaranteed, we maintain physical, electronic, and procedural safeguards that comply with our professional standards.

### **Access to Personal Information**

Only the accountants and staff of Atchley & Associates, LLP have access to the Social Security numbers in our records. All accountants and staff are instructed to hold this information in confidence and not release it to people outside the firm, except as agreed by you or as required by law.

### **Disposition of Personal Information**

Atchley & Associates, LLP will dispose of its business records that contain personal information by modifying the personal information to make it unreadable or undecipherable. We may make personal information unreadable by shredding, erasing, or other means. We may also dispose of personal information by contracting with a person engaged in the business of disposing of records that contain confidential information.

Your privacy, our professional ethics, and the ability to provide you with quality financial services are very important to us. Please call us at 512-346-2086 or toll-free at 1-877-977-6850 if you have any questions about this privacy policy.