

PACIFIC GRACE

Tax and Accounting



2014 ANNUAL ENGAGEMENT LETTER

Dear Client,

Thank you for engaging our firm to provide you with year-round tax service. We are committed to offering a quality product with excellent service. To minimize the possibility of a misunderstanding between us, this letter will confirm the terms of our engagement and the nature and extent of the income tax services we will provide.

WHAT WE WILL DO FOR YOU:

We will prepare the following tax return(s) for the year ended December 31, 2014:

- _____ Federal Individual Income Tax Return – Form 1040
- _____ State Income Tax Return(s)
- _____ Island County Personal Property Income & Deletions Form
- _____ Corporate Return – Form 1120-S or Form 1120
- _____ Other Tax Return(s) _____

If there are other services or forms that you expect us to prepare, please note them at the bottom of this letter. **Please see our fee schedule for our 2015 filing season.**

We will use our best judgment to resolve questions in your favor where a tax law is unclear or if there is a reasonable justification for doing so. Wherever we are aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities, we will explain the possible positions that may be taken on your return. We will follow whatever position you request, so long as it is consistent with the codes and regulations and interpretations that have been promulgated. If the IRS should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional penalties or assessments.

We will return all of your original records to you, as well as provide you a copy of the tax return, depreciation schedules, and other pertinent work papers that should be a part of your books and records. Should you need additional copies or replacements, we will provide them at our standard copying fees. **This includes electronic/digital copies.** It is our firm's policy to retain our work papers and copies of your tax returns for four years, after which they will be destroyed. Physical deterioration or catastrophic events may shorten the time during which our records will be available. It is understood that any work papers prepared by us, remain the property of PACIFIC GRACE Tax and Accounting. **The working papers and back-up files of our firm are not a substitute for your original records.**

WHAT YOU NEED TO DO:

It is your responsibility to provide all the information necessary to complete your tax return. To assist you with this, we have provided our Tax Organizer Worksheet & Questionnaire and are available to answer your questions. We will not audit or verify the data you submit to us; however, we may ask you for additional information or to clarify some of the data.

You should retain and protect all the documents, receipts, cancelled checks, and other records to substantiate the items of income and deductible expenditures which are claimed on your returns for possible

future use, including potential examination by any government or regulatory agencies. We recommend you keep all these records for at least seven (7) years. If you would like additional information about records retention, please ask at the front desk or check the “Resource” section of our website. *We are not responsible for disallowed deductions, or the inclusion of additional unreported income or any resulting taxes, penalties, or interest.* Since you have the final responsibility for the information on your tax return(s), we most strongly recommend that you review the tax return(s) before signing them.

Although your tax return(s) will be prepared with extreme care, **should you receive any correspondence from any agency in regard to these returns, contact our office immediately.** Our fee for tax return preparation does not include responding to inquiries or examination by taxing authorities. Should an examination occur, we are available to represent you for an additional fee and those services would be covered under a separate engagement letter.

Our fee is due and payable upon completion of your return(s). Any other payment arrangements must be made before tax returns are picked up from our office. Invoices not paid within 30 days will be subject to a late fee and applicable finance charges.

We wish to thank you again for this opportunity to serve you and look forward to a continuing, mutually satisfying relationship. Please sign and date this letter to acknowledge your acceptance of the terms of this engagement. **It is our policy to initiate services after we receive the signed engagement letter.**

If you are in agreement to the above terms and conditions of our engagement, please sign this letter where indicated and return it to us with your tax information. Both spouses must sign for a “Married Filing Joint” tax return.

Read and accepted by:

Client Signature

Date

Client Signature

Date