

2023 Individual Tax Return Engagement Letter

Dear Client:

It's tax season....again. I look forward to providing you with tax return preparation services this year! The purpose of this letter and attached "Additional Engagement Terms" is to specify the terms of our engagement and clarify the nature and extent of the services I will provide. This way, you know what to expect from me, and I can endeavor to delight you with high-quality, seamless services.

I strive to make the tax return process as straightforward and convenient as possible for you. My goal is to minimize any hassle on your end while also making things as efficient as possible on my end. This allows me to deliver your returns expediently, while also bringing to bear a high level of technical expertise and personal service. It also helps me keep our costs down for all clients.

Please submit your information as early as possible. A tax organizer can be used to remind you of the information needed and to allow you time to organize. Be sure to note any changes over the prior year to your address, marital status, number of dependents, job changes, etc. You do not have to use the tax organizer if you do not want to. But at a minimum, please answer the first couple pages of tax questions to ensure that I have all the information needed to prepare your tax returns accurately. If I prepared your returns last year, I'll provide you with the tax questionnaire. If you are a new client or would like an organizer to assist you with gathering documents, please let me know and I'll get you one.

FORM 1099 INFORMATIONAL RETURN DEADLINE

The tax filing deadline for issuing Form 1099s to recipients is January 31, 2024. There is no extension for this form. Businesses are required to issue a Form 1099 to taxpayers and businesses (other than a corporation) who has received at least \$600 or more in non-employment income during the tax year. If you would like me to prepare these forms for you, please ensure that you have complete W-9 information for each taxpayer that will need a Form 1099 and provide that information to me no later than January 20th, 2024.

BUSINESS TAX RETURN DEADLINE

The tax filing deadline this year for Partnership (Form 1065) and S-Corp (Form 1120-S) returns, without extension, is March 15, 2024. C-Corp (Form 1120) returns are due April 15th, 2024 without extension. I recommend that you compile your information and once all documents have been received, submit it to me as soon as possible. I process returns on a "first-come, first-served" basis. In order to have your return completed before March 15th, please submit your tax information to me no later than February 24th, 2024. If your information is received after February 25th, your return may be extended and filed after March 15th. Rushed returns can be arranged for an additional fee.

PERSONAL TAX RETURN DEADLINE

The tax filing deadline this year for personal returns (Form 1040), without extension, is April 15th, 2024. I recommend that you compile your information and once all documents have been received, submit it to me as soon as possible. I process returns on a “first-come, first-served” basis. In order to have your return completed before April 15th, please submit your tax information to me no later than April 7th, 2024. If your information is received after April 8th, your return may be extended and filed after April 15th. Rushed returns can be arranged for an additional fee. Remember that an extension of your tax return is not an extension to pay the tax due. It is merely an extension to file your tax return. Any tax due is still due April 15th.

2024 TAX SEASON APPOINTMENTS

If you do not need to meet with me, you may submit your documents directly to my office without an appointment via my Client Xchange Portal. If you do not have access to the client portal, please let me know and I’ll get you the link to upload your tax support documents for preparation. Information may also be mailed to our office or emailed. If you choose to email your information, please take steps to ensure cybersecurity (i.e., password protecting documents, etc.). I will always follow up with you regarding any questions during the preparations of your tax returns and make sure that you have time to review your completed returns and ask any questions you may have before filing. Most clients find it more beneficial to meet after the returns are completed, if they want to meet at all.

This schedule is effective from January 6, 2024 and continues through April 15th, 2024.

I find that most tax questions can be answered over email or text as many clients appreciate being able to refer back to written answers especially when it pertains to confusing tax law. However, there are times that phone calls are necessary. And if you have new or unusual circumstances that you would prefer to discuss over the phone, please email me at mike@knightencpa.com to set up an appointment for a phone call.

FEES

My fees for tax preparation are based on the complexity of the return and the time it takes to prepare and file it. I prefer to give you a flat fee prior to the preparation of the returns so there are no surprises when the work is completed. To do this, I will need to see the prior tax return that was filed and any details about major changes in the current tax year. If you are agreeable to the fee, I will have you sign our engagement letter, give you access to the client portal, ShareFile, and I will get started on the work.

I accept cash, checks, and electronic payments via Cashapp or Venmo. You can find me on CashApp by searching @RMKCPA, on venmo by searching @RMKCPA484.

CLIENT PORTAL: Client XChange

All tax support documents and returns will be available through our secure client portal. This portal will allow you to log in to gain access to your tax returns and other confidential documents at any time. Information regarding how to access our secure client portal will be provided when you request an initial fee quote for tax preparation. I am happy to mail copies of tax returns by paper if requested.

Please let me know if you have any questions.

I highly value my client relationships. Your recommendation to an associate, friend or family member is more significant than any advertisement. I sincerely appreciate your patronage and as always, I strive to provide you with professional and efficient service.

If you have any questions regarding this letter or our services, please do not hesitate to contact me.

Sincerely,



Returns Covered under the Engagement

With this letter, you are engaging me to prepare your 2023 U.S. and state individual income tax returns. I will do so with the information you furnish to us in the process described below. If you have taxable income or loss in a state or locality other than your resident state, please let us know, and I would be pleased to prepare the required nonresident state tax return(s). In addition, you may have a filing requirement or tax liability in a foreign country. Generally, you are responsible to determine whether you must file and pay taxes in a foreign country; however, upon request, I would be pleased to assist you in making these determinations. I will not prepare any tax returns other than those identified above, without your written request, and my written consent to do so.

I will prepare the above-referenced tax returns solely for filing with the Internal Revenue Service ("IRS") and applicable state and local tax authorities. My 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.

This engagement is limited to the professional services outlined above.

Information Gathering and Submittal Process

You are responsible for fully and accurately disclosing to us all relevant facts affecting your returns. To help you assemble the information needed for your returns, I will provide you with a questionnaire, organizer, and/or other document requesting specific information. Once your information is assembled and organizers/questionnaires are complete, you will submit your complete information to me. Please know that failure to provide information via completed questionnaires and organizers may require an extraordinary effort on my part, which may be reflected in my fee for service.

I will not audit or otherwise verify the information you provide us; however, I may ask for additional clarification of some information. You should maintain the documentation necessary to support the data used in the preparation of your tax returns should you be required to produce them upon examination by the taxing authorities.

Client Due Diligence

I will provide you with guidance on the timeline for submitting your tax information to me. It is your responsibility to provide your complete tax information to me in a timely manner so that I can prepare your tax returns in time for you to file them by the due dates. You also have the

final responsibility for the tax returns, and therefore, once you receive them, you should carefully review the returns (to determine that there are no omissions or misstatements) before signing them and submitting them to the tax authorities, or authorizing e-filing of the returns.

Tax Planning Services

Tax planning services are not within the scope of this engagement. During the course of preparing the tax returns identified above, I 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, I 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 me to provide tax planning services, and I agree to provide them to you, I will confirm this engagement in a separate Agreement.

Tax Advice

Any advice I may provide is based upon tax reference materials, facts, assumptions, and representations that are subject to change. I will not update my advice after the conclusion of the engagement for subsequent legislative or administrative changes or future judicial interpretations. To the extent I provide written advice concerning federal tax matters, I will follow the guidance contained in Circular 230, §10.37, Requirements for Written Advice.

Arguable Positions

I will use my judgment to resolve questions in your favor where a tax law is unclear, provided that I have a reasonable belief that there is substantial authority for doing so. If there are conflicting interpretations of the law, I will explain the possible positions that may be taken on your return. I will follow the position you request, provided it is consistent with my understanding of tax reference materials. Tax reference materials include but are not limited to, the Internal Revenue Code ("IRC"), tax regulations, Revenue Rulings, Revenue Procedures, Private Letter Rulings, court cases, and similar state and local guidance. If the IRS, state or local tax authorities later contest the position you select, additional tax, penalties, and interest may be assessed. I assume no liability, and you hereby release us from any liability, including but not limited to, additional tax, penalties, interest, and related professional fees.

Gifts Received from Foreign Persons

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. You are required to inform me of any such transactions with foreign persons or entities.

U.S. Filing Obligations Related to Foreign Investments

Based on the information you provide, you may have additional filing obligations including but not limited to:

- Ownership of or an officer relationship with respect to certain foreign corporations (Form 5471);
- Foreign-owned U.S. corporation or domestic disregarded entity (Form 5472);
- Foreign corporation engaged in a U.S. trade or business (Form 5472);
- U.S. transferor of property to a foreign corporation (Form 926);
- U.S. person with an interest in a foreign trust (Forms 3520 and 3520-A);
- U.S. person with interests in a foreign partnership (Form 8865)
- U.S. person with interests in a foreign disregarded entity (Form 8858); or
- Statement of specified foreign assets (Form 8938).

You are responsible for informing me 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. If upon review of the information you have provided to us, including information that comes to my attention, I believe that you may have additional filing obligations, I will notify you.

Failure to timely file the required forms may result in substantial civil and/or criminal penalties. By your signature below, you agree to provide me with complete and accurate information regarding any foreign investments in which you have a direct or indirect interest, or over which you have signature authority, during the above referenced tax year.

The foreign reporting requirements are very complex. If you have any questions regarding the application of the reporting requirements for your foreign interests or activities, please ask us and I will respond in writing. Only advice that is in writing may be relied upon. I assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

Third-Party Requests

I will not respond to any request from banks, mortgage brokers or others for verification of any information reported on these tax returns. I do not communicate with third parties or provide them with copies of tax returns.

Confidentiality

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 Agreement. Both spouses acknowledge that there is no expectation of privacy from the other concerning my services in connection with this Agreement. I am 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.

Support for Examinations by Tax Authorities

Not every interpretation of promulgated tax rules is straightforward and/or without uncertainty. Accordingly, I will use my professional judgment in preparing your returns. If a tax authority should later contest a position taken, or otherwise impose penalties and/or interest for non-compliance with tax laws and regulations, there may be an assessment of additional tax plus interest and/or penalties. I assume no liability for any such additional assessments. Any items resolved against you by the examining agent are subject to certain rights of appeal.

In the event of an examination, I may be available to represent you. Since the selection of your return for review or examination is beyond my control, my fee to prepare your returns does not include responding to inquiries or examination by tax authorities, unless you have opted for, and are eligible to obtain, audit insurance as part of your tax return preparation services. In the event I am required by law, government regulation, subpoena, or other legal process, to produce documents or testimony with respect to this engagement, so long as I am not a party to the proceeding in which the information is sought, you agree to reimburse me for my professional time and expenses, as well as the fees and expenses of my counsel incurred in responding to such demands.

Method of Communication

My firm may utilize electronic communications (e.g., cell phone, text and e-mail) during this engagement. You consent to my firm's use of electronic communications and recognize and accept the inherent risks related to these forms of communication (including the security risks of interception of or unauthorized access to such communications, the risks of corruption of such communications, and the risks of viruses or other harmful intrusions).

Electronic Data Communication and Storage

In the interest of facilitating my services to you, I may send data over the Internet, temporarily store electronic data via computer software applications hosted remotely on the Internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, my firm employs measures designed to maintain data security. I use reasonable efforts to keep such communications and electronic data secure in accordance with my obligations under applicable laws, regulations, and professional standards.

You recognize and accept that I have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by me. You consent to my use of these electronic devices and applications during this engagement.

Newsletters and Similar Communications

I may send newsletters, emails, explanations of technical developments or similar communications to you. These communications are of a general nature and should not be construed as professional advice. I may not send all such communications to you. These communications do not constitute a client relationship with you, nor do they constitute advice or an undertaking on my part to monitor issues for you.

Disclaimer of Legal and Investment Advice

My services under this Agreement do not constitute legal or investment advice unless specifically engaged to provide investment advice in the Engagement Objective and Scope section of this Agreement. I recommend that you retain legal counsel and investment advisors to provide such advice.

Referrals

In the course of providing services to you, you may request referrals to products or professionals such as attorneys, brokers, or investment advisors. I may identify professional(s) or product(s) for your consideration. However, you are responsible for evaluating, selecting, and retaining any professional or product and determining if the professional or product meets your needs. You agree that I will not oversee the activities of and have no responsibility for the work product of any professional or the suitability of any product I refer to you or that you separately retain. Further, I am not responsible for any services I perform that fail to meet the intended outcomes as a result of relying on the services of other professionals or products you may retain.

Brokerage, Investment Advisory or Cryptocurrency Statements

If you provide my firm with copies of brokerage, investment advisor, or cryptocurrency statements, I will use the information solely for the purpose described in the Engagement Objective and Scope section of this Agreement. I will rely on the accuracy of the information provided in the statements and will not undertake any action to verify this information. I will not monitor transactions, investment activity, provide investment advice, or supervise the actions of the entity or individuals entering into transactions or investment activities on your behalf. I recommend that you receive and carefully review all statements upon receipt, and direct any questions regarding account activity to your banker, broker or investment advisor.

Virtual Currency

The IRS considers virtual currency (e.g., Bitcoin) as property for U.S. federal income 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 tax year, you may be subject to tax consequences associated with such transactions and may have additional 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.

Comfort Letter Requests

I will not respond to any request from banks, mortgage brokers or others for verification of any information reported on these tax returns. I do not communicate with third parties or provide them with copies of tax returns.

Federally Authorized Practitioner – Client Privilege

Internal Revenue Code §7525, Confidentiality Privileges Related to Taxpayer Communication, provides a limited confidentiality privilege applying to tax advice embodied in taxpayer communications with federally authorized tax practitioners in certain limited situations.

This privilege is limited in several important respects. For example, the privilege may not apply to your records, state tax issues, state tax proceedings, private civil litigation proceedings, or criminal proceedings.

While I will cooperate with you with respect to the privilege, asserting the privilege is your responsibility. Inadvertent disclosure of otherwise privileged information may result in a waiver of the privilege. Please contact us immediately if you have any questions or need further information about this federally authorized practitioner-client privilege.

IRS Form 8275 and 8275-R

The IRS and many states impose penalties for substantial understatement of tax. To avoid the substantial understatement penalty, 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.

You agree to advise me if you wish to disclose a tax treatment on your return. If you request my assistance in identifying or performing further research to ascertain if there is substantial authority for the proposed position to be taken on the tax item(s) in your returns, and I agree

to perform the research, I will confirm this engagement in a separate agreement. It is your responsibility to contact us if additional assistance is required.

If I conclude as a result of my research that you are required to disclose a transaction on your tax return, you consent to attach Form 8275 or Form 8275-R to your tax return for filing after I discuss the matter with you. If the IRS, state or local tax authorities later contest the position taken, additional tax, penalties, and interest may be assessed. I 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.

Extensions of Time to File Tax Returns

The original filing due dates for your tax returns are listed in the tax questionnaire I sent you. Due to the high volume of tax returns prepared by my firm, you must provide the information needed to prepare the tax returns no later than the dates specified in the questionnaire. Failure to do so may result in the inability to complete your returns by the original filing due dates.

It may become necessary to apply for an extension of the filing deadline if there are unresolved issues or delays in processing, or if I do not receive all of the necessary information from you on a timely basis. Applying for an extension of time to file may extend the time available for a government agency to undertake an audit of your return or may extend the statute of limitations to file a legal action. All taxes owed are due by the original filing due date.

Additionally, extensions may affect your liability for penalties and interest or compliance with governmental or other deadlines.

To the extent you wish to engage my firm to apply for extensions of time to file tax returns on your behalf, you must notify us of this request in writing. In some cases, your signature may be required on such applications prior to filing. Failure to timely request an extension of time to file can result in penalties for failure to file tax returns, which accrue from the original due date of the returns, and can be substantial.

If you authorize me to prepare your 2023 individual income tax returns pursuant to the terms set forth above, please sign below and return the signed letter to my office. Retain a copy of this letter for your records. If I do not receive a signed original of this letter but receive a completed copy of the Tax Organizer and/or supporting documentation, then such receipt shall be deemed to evidence your acceptance of the terms set forth herein.

Additional Engagement Terms

Responsibilities of the Client

A fundamental term of this Agreement is that the Client will provide me with all information relevant to the services to be performed and to provide me with any reasonable assistance as may be required to properly perform the engagement. The Client agrees to bring to my attention any matters that may reasonably be expected to require further consideration to determine the proper treatment of any relevant item. The Client also agrees to bring to my attention any changes in the information as originally presented as soon as such information becomes available. Unless otherwise indicated, any deliverables are solely for Client's internal use and benefit.

Responsibilities of R Michael Knighten, CPA ("the firm")

I will perform my services on the basis of the information you have provided and in consideration of the applicable federal, state or local laws, regulations and associated interpretations relative to the appropriate jurisdiction as of the date the services are provided. Tax laws and regulations and/or their interpretation are subject to change at any time, and such changes may be retroactive in effect and may be applicable to advice given or other services rendered before their enactment dates. I do not assume responsibility (and will have no liability) for such changes occurring after the date I have completed my services.

Engagement Limitations

The services performed under this Agreement do not include the provision of legal advice and I make no representations regarding questions of legal interpretation. Client should consult with its attorneys with respect to any legal matters or items that require legal interpretation, under federal, state or other type of law or regulation.

As you may be aware, tax returns and other filings are subject to examination by taxing authorities. I will be available to assist the Client in the event of an audit or any issue for which I have provided services under this Agreement. However, unless otherwise indicated, my fees for these additional services are not included in my fee for the services covered by this Agreement.

Disassociation or Termination of Engagement

Either party may terminate this Agreement at any time upon written notice of termination to the other party. In the event of termination, Client will be responsible for fees earned and expenses incurred through the actual date of termination.

Except to the extent finally determined to have resulted from the gross negligence or other intentional misconduct of the firm, the firm's liability to pay damages for any losses incurred by

the client as a result of breach of conduct, negligence or other tort committed by the firm , is limited to the total amount of fees charged by the firm for the particular service provided under this Agreement to which such claim relates.

Other Provisions

Neither party shall be liable to the other for any delay or failure to perform any of the services or obligations set forth in this Agreement due to causes beyond its reasonable control.

This Agreement shall be governed by and construed, interpreted and enforced in accordance with the laws of the State of Alabama, without giving effect to the provisions relating to conflict of laws.

Signature Authorization Form to begin work on your tax information

The undersigned hereby authorizes R Michael Knighten CPA and all my/our representatives, agents, and employees to furnish my full and complete personal financial information and documents as necessary to those personnel connected with preparing and reviewing my/our federal and/or state tax return(s), amendments or other tax services which are required/requested.

AGREED TO AND ACCEPTED:

By: _____

Signature Print Name (Taxpayer)

By: _____

Signature Print Name (Spouse)

Date: _____

IRS CIRCULAR 230 DISCLOSURE

In order for me to comply with certain U.S. Treasury regulations, unless expressly stated otherwise, any U.S. federal tax advice that may be contained in this written or electronic communication, including any attachments, is not intended or written to be used, and cannot be used, by any person for the purpose of (i) avoiding any tax penalties that may be imposed by the Internal Revenue Service or any other U.S. federal taxing authority or agency or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.