

# INDIVIDUAL & BOOKKEEPING ENGAGEMENT LETTER

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This Agreement describes the relationship between **DOB Tax Solutions** and \_\_\_\_\_ (Client), to confirm our understanding of the terms and objectives of our engagement and to clarify the nature and extent of the professional services we will provide and is entered into on \_\_\_\_\_ (Date).

## SCOPE OF ENGAGEMENT AND RESPONSIBILITIES

You are responsible for determining your federal, state and local tax filing obligations with respect to all federal, state and local tax authorities including but not limited to income, franchise, excise, sales and use, business personal property (i.e. Form 571), information (i.e. Form 1099) and payroll taxes (i.e. Form W-2, 941, etc.). You agree that we have no responsibility to research these obligations or to inform you of them. We will not be responsible for advising you with respect to independent contractor status as part of our services. If you have any questions regarding the classification of employees versus independent contractors, we strongly encourage you to consult with legal counsel experienced in employment related matters.

We will prepare your 20\_\_\_\_ Federal and California state (circle: Corporate, Partnership or LLC) income/franchise tax returns. We will perform our services in accordance with the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. We will provide tax planning and accounting assistance as you request. If you request that we prepare any other State returns, any business personal property (i.e. Form 571), information (i.e. Form 1099), sales and use and payroll tax forms (i.e. Form W-2, 941, etc.)

this engagement letter shall be extended to cover those forms for you, provided that you request our services, you furnish us in a timely manner with all necessary information to perform those services on your behalf, and we agree to provide services to you. If we do not agree to provide you with services for additional forms we will notify you in writing.

You agree to review all tax returns and forms and verify that all information and income and expenses have been correctly stated. If any information is not true and accurate, you agree to notify us to have the returns or forms corrected. You further agree to have us file your returns and forms electronically with the Internal Revenue Service Center and appropriate state agencies, as available or applicable. However, you must sign E-file authorization forms before income tax returns can be electronically transmitted. If you specifically request in writing to opt out of the E-file program you agree that it is your responsibility to properly mail the income tax returns.

The filing deadline for corporation and partnership returns is generally March 15th. In order to meet this deadline, all information needed to complete the returns should be received by our office no later than February 15th. We will make every effort to complete your returns without an extension, but will give priority service to clients who submitted information on time. This means an extension may be necessary depending on our workload. If an extension of time is

required, any tax due with these returns must be paid by the original due date. The extension is only additional time to file a return and not for payment of tax. Any amounts not paid by the filing deadline may be subject to interest and late payment penalties. Before we file for an extension on your behalf, we will first contact you and request your approval. We will not file an extension without your approval.

You are also responsible for reporting foreign activities. By signing this letter you acknowledge that you will inform our office if you have income from foreign sources or if you have signatory authority over any foreign account. If you are unsure whether income or an account is foreign please let us know. Penalties for failure to report foreign income or accounts are significant.

We will prepare your returns and forms from information that you will furnish to us. We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information. Our work in connection with your income tax returns and forms does not include any procedures designed to discover fraud, thefts, or other irregularities, should any exist. This engagement does not include responding to inquiries by any governmental agency or tax authority. If your tax returns or forms are selected for examination or audit, you may request that we assist you in responding to such inquiry. In that event, we would be pleased to discuss providing assistance to you under the terms of a separate engagement letter for that specific purpose.

You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that your expenses, if any, for, but not limited to, meals, entertainment, travel, business gifts, charitable contributions, dues and memberships, and vehicle use are supported by records as required by law. It is important for you to know that penalties may be imposed on you as the taxpayer for an understatement of tax liability or submitting incorrect forms. You are responsible for retaining all documents, canceled checks and other data that provide evidence and support for your reported income and deductions on your returns and forms. You may need to provide these documents to a taxing authority to substantiate the accuracy and completeness of the returns and forms.

We will use our judgment to resolve questions in your favor where a tax law is unclear if there is reasonable justification for doing so. Whenever 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 returns. We will follow whatever position you request, so long as it is consistent with the current codes and regulations and their interpretations. If the IRS or state tax authorities should later contest the position taken, there may be an assessment of additional tax, interest, and penalties. We assume no liability for any such additional tax, interest, and penalties or other fees and assessments. Should you receive correspondence from a tax authority regarding tax returns and forms we prepared please furnish a copy to our office immediately.

## **BOOKKEEPING AND FINANCIAL STATEMENT PREPARATION**

We will provide general bookkeeping services using an accounting system. This may include but not be limited to entering general ledger transaction and reconciling bank accounts. We will also prepare, at your request, financial statements from the accounting system which comprise the balance sheet and the related statements of income. These financial statements will not include a statement of cash flows and related notes to the financial statements.

## **OUR RESPONSIBILITIES**

The objective of our engagement is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the financial statements

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations. However, we will inform the appropriate level of management of any material errors that come to our attention and any fraud or illegal acts that come to our attention, unless they are clearly inconsequential. In addition, we have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal control as part of this engagement.

## **MANAGEMENT RESPONSIBILITIES**

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your financial statements in accordance with SSARs:

- a. The prevention and detection of fraud
- b. To ensure that the entity complies with the laws and regulations applicable to its activities
- c. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements

d. To provide us with:

1. Documentation and other related information that is relevant to the preparation and presentation of the financial statements
2. Additional information that may be requested for the purpose of the preparation of the financial statements, and
3. Unrestricted access to persons within your business of whom we determine necessary to communicate.

The financial statements will not be accompanied by a report. However, you agree that each page of the financial statements will clearly state that "no assurance is provided".

In view of the limitations described above, you agree not to take or assist in any action seeking to hold us liable for damages to any deficiency in the financial statements we prepare and you agree to hold us harmless from any liability and related legal costs arising from any third-party use of the financial statements per the terms of this agreement.

Should you require audited, reviewed or compiled financial statements, we would be pleased to discuss with you the requested level of service. Such engagement would be considered separate and not deemed to be part of the services described in this engagement letter.

## **FEES AND BILLINGS**

Our professional fee for the services outlined above will be based upon the complexity of the work to be performed, our professional time to complete the work, and the value we generate for you. Additionally, this fee is dependent on the availability, quality, and completeness of your records. All invoices are due and payable upon presentation. If you elect to enter into a Fixed Price Agreement please see the separate Agreement which is an addendum to this engagement letter.

## **OTHER TERMS**

Unless we provide you with a new engagement letter in the future, this engagement letter shall be extended and renewed for any years in which we provide professional services for you, provided that you request our services, you furnish us in a timely manner with all necessary information to perform those services on your behalf, and we agree to provide services to you. If we do not agree to provide you with services for additional years we will notify you in writing.

Our firm is bound by professional standards of confidentiality that are even more stringent than those required by law. In rendering professional services, we may store your personal information electronically and we may communicate electronically by facsimile transmission or by transmitting such data over the internet, utilizing electronic mail or computer software designed for this purpose. Such personal information and any communications may include information that is confidential to you. Our firm employs measures in the use of electronic and computer technology designed to protect client confidentiality and maintain data security.

While we will use our best efforts to keep such data storage and communications secure in accordance with our obligations under applicable laws and professional standards, we have no control over the unauthorized interception of this data once it has been transmitted outside of our firm. By signing this letter, you consent to the use of any related technology that we deem necessary to facilitate our services to you.

In the interest of maintaining service quality and timelines in meeting your professional service needs, we may use third party service and/or software providers to assist us in the preparation of your income tax returns and forms. Any such provider will have established procedures and controls designed to protect client confidentiality and maintain data security. As the paid preparer of your income tax returns and forms, our firm remains responsible for exercising reasonable care in preparing these returns and forms, and the returns and forms will be subjected to our firm's normal quality control procedures. California law requires our firm to obtain your written permission to disclose confidential information to outside third parties. By signing this engagement letter, you are acknowledging that you consent to this arrangement.

You agree to hold AllworthTax Solutions and its partners, heirs, executors, personal representatives, successors, and assigns harmless from any and all claims which arise from knowing representations to Allworth Tax Solutions by you, or the intentional withholding or concealment of information from Allworth Tax Solutions by you. You also agree to indemnify Allworth Tax Solutions for any and all claims made against Allworth Tax Solutions by third parties which arise from any of these actions by you.

## ARBITRATION

In the event litigation arising out of or relating to our professional services is initiated by either party, including without limitation claims of negligence or malpractice by us, it is agreed that the responding party shall have the option to refer the entire dispute to binding arbitration under California law. The responding party may elect binding arbitration by filing a petition to compel arbitration at any time within ninety (90) days of the filing of the responding party's answer. Judgment upon the arbitration award may be entered in any court having jurisdiction. You and we shall have the right of discovery provided under Code of Civil Procedure Section 1283.05. By freely and voluntarily agreeing to this binding arbitration provision, you and we are giving up, among other things, all rights you and we may have to a jury or court trial and further acknowledge that either may be compelled to arbitrate under California law. We appreciate the opportunity to be of service to you. If the foregoing correctly sets forth your understanding of our engagement please sign and date in the space below and return it to our office. For your convenience you may scan/ email or fax us your signed copy. It is our policy to initiate services after we receive this signed agreement form from you.

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**The above agreement in its entirety including the scope of engagement and responsibilities and arbitration clause is understood and accepted by:**

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[TAX PAYER'S SIGNATURE]

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[PRINTED NAME]

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[DATE]

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[TAX PAYER'S SIGNATURE]

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[PRINTED NAME]

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[DATE]