

Cunningham, Malone & Morton
710 E Street, Suite 100
Eureka, CA 95501
707-441-1111

Dear :

We appreciate the opportunity to work with you. This Engagement Agreement is to confirm and specify the terms of our engagement with you, to clarify the nature and extent of the services we will provide, and confirm an understanding of our mutual responsibilities.

This engagement consists of the preparation of your Tax Year 2015 Income Tax Returns only, based on the returns that you filed last year. Certain individuals may be required to electronically file Form 114, Report of Foreign Bank and Financial Accounts with the U.S. Department of the Treasury. Failure to comply with the filing requirements may result in significant civil and criminal penalties. Unless otherwise specifically agreed in writing, we will not prepare, file, or provide assistance with this form. If you would like to add Form 114 (or any other forms or services) to this engagement, please state so in the notes section provided in the Organizer. This engagement does not include any other planning meetings or additional work for tax projections, advice, or the like. Unless specifically stated, the invoice that you receive will be exclusively for the preparation of the return itself. It may not include bookkeeping done preparatory to the return. A separate invoice may be provided for that.

We will prepare your 2015 federal and state income tax returns from information which you will furnish to us. You represent that the information you provide will be accurate and complete to the best of your knowledge. 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. It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all the documents, cancelled checks and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign and file them.

Taxpayers are required to maintain all the documents that form the basis of income, deductions, credits and payments shown on the return. In addition, some items have specific substantiation requirements set forth by the IRS (e.g., auto, meals & entertainment, and charitable contributions over \$250, etc.). If you have any questions as to the type of records required, please ask us for advice in that regard. Your signature on this letter confirms that we have advised you of the record keeping requirements.

The Affordable Care Act ("ACA") added various new health insurance related mandates, penalties, and credits to the Internal Revenue Code. Your signature on this letter

indicates that you acknowledge and agree that we are relying solely on the information and forms that you provide to us in connection with the preparation of the tax returns, in compliance with the ACA, covered by this engagement letter. We have been retained only to prepare such tax returns, and have not been engaged to provide any additional advice regarding the eligibility for any credits, estimates of any payments, estimates of any penalties, or compliance with the ACA except in connection with the preparation of the tax returns. Any such additional services require a separate written engagement letter.

We will furnish you with organizers and worksheets to guide you in gathering the necessary information. We request that you complete the organizers.

If you do complete the organizer, we will bear any costs in re-printing, if necessary, should we input the answer to a question differently than you did. If you do not complete the organizer and we subsequently have to re-print a return, there will be an extra processing charge.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover fraud, defalcations or irregularities, should any exist.

We will use our judgment to resolve questions in your favor where the tax law is unclear or where there are conflicts between the taxing authorities' interpretation of the law and what seem to be other supportable positions. There may be situations where we are required by law to disclose a position on a tax return. We are not attorneys; therefore, we cannot provide you with a legal opinion on various tax positions. We can, however, advise you of the consequences of different positions. We will adopt whatever position you request on your returns so long as it is consistent with our professional standards and ethics. In the event, however, that you ask us to take an unsupported tax position or refuse to make any required disclosures, we reserve the right to withdraw from the engagement without completing or delivering the tax returns. Such withdrawal would complete our engagement and you agree to pay our fee based on time expended (at our standard rates) plus all out-of-pocket expenses through the date of withdrawal.

The engagement does not include any services not specifically identified herein. We may need to perform additional accounting or research services incidental to the preparation of your tax returns. These incidental services will be billed with your tax return, at our standard rates.

Your returns will be required to be filed electronically with the IRS. We will provide you with a copy of your final returns for review prior to electronic transmission. The IRS requires that you sign an e-file authorization form indicating that you have reviewed the return, it is correct to the best of your knowledge, and you authorize us to submit it electronically. We cannot transmit any return until we have the appropriate signed authorizations. E-filing of state returns varies by tax authority. If e-file is not available, paper copies will be provided for you to sign and mail.

The filing deadline for the tax returns is April 15, 2016. In order to meet this filing deadline, the information needed to complete the returns should be received in this office no later than March 1, 2016. If we receive your information after this date, 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 filed on

your behalf, depending on our workload. You will be advised if we find ourselves in the situation where we deem it necessary to put a return on extension. We reserve the right to do that. If that should happen, we will notify you. The law provides various penalties that may be imposed when taxpayers understate their tax liability. It is your responsibility to have paid your taxes during the year, as the liability arises. Therefore, if we extend we will not be responsible for penalties imposed or interest assessed for late payments.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

Our fee for our tax preparation services will be based upon the amount of time required, the complexity of the return, and the material costs expended. Our minimum fee is \$300. All invoices are due and payable upon presentation. We reserve the right to withhold delivery and/or the filing of electronic returns pending payment of our fees. Amounts not paid within 15 days will be charged interest at a rate of 1.5% per month (18.0% per year).

In the event that we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to the information we obtained and/or prepared during the course of this engagement, you agree to compensate us for the time we expend (at our standard rates) in connection with such response, and to reimburse us for all out-of-pocket costs incurred in that regard.

If your return is straight forward, you can forego a tax appointment interview, fill in your organizer and drop it off at our office with your tax documents. You may also be able to send us the needed information electronically. Preparing a return without a tax appointment can make the process more efficient. We will still contact you if there is missing data or if we have questions. You can write your questions or concerns on the organizer.

If it is determined that we have made an error, and the error results in a penalty, Cunningham, Malone & Morton will pay the penalty. We will not pay your tax, nor will we pay interest. We will not be responsible for any penalties for underpayment or late payment of tax because the tax was not paid sufficiently during the year through withholding or Estimated Tax Payments.

It is agreed that any and all disputes which may arise in connection with this engagement shall be settled first by mediation or, if unsuccessful, by binding arbitration, upon the written request of one party after the service of that request on the other party. The parties shall agree on the mediator and/or arbitrator, and the mediation and/or arbitration shall be conducted pursuant to the mediator's and/or arbitrator's rules. If the parties cannot agree, then the Superior Court of Humboldt County shall choose an impartial mediator and/or arbitrator. The decision of any selected arbitrator shall be final and conclusive on all parties. Attorneys and the parties to this agreement shall each have the right of discovery in connection with any arbitration proceeding in accordance with the Code of Civil Procedure Section 1283.05. The costs and fees of mediation and/or arbitration shall be apportioned between the parties in such proportion as the mediator and/or arbitrator shall decide. The parties shall bear their own legal fees and costs. The

sole and exclusive venue for the mediation and/or arbitration of any dispute shall be Humboldt County, California.

You may terminate this engagement at any time. Should you do so, however, you remain liable for all unpaid fees as discussed above. We reserve the right to withdraw from this engagement at any time because of unpaid fees, the guidance of our professional standards, or for any other reason. We will notify you in advance of any decision by us to withdraw, and will take all reasonable steps to assist in the orderly transfer of your tax services. Otherwise, this engagement will be considered complete upon acceptance of your e-filed returns by the tax authorities. In the event that your returns are not e-filed, you will have final responsibility for mailing your returns to the applicable taxing authorities.

If the foregoing fairly sets forth your understanding, please sign this letter in the space indicated and return it to our office, along with your tax information. However, if there are other tax returns you expect us to prepare, please inform us by noting in the notes portion of the organizer.

We want to express our appreciation for this opportunity to work with you. If you have any questions, please call us.

Very truly yours,

Cunningham, Malone & Morton

Accepted By: _____

Date: _____

Comments or additional requests:

