

Income Tax Return Annual Engagement Letter & Privacy Notification

Date: _____ Client Name(s) _____

I have engaged your firm to prepare my: (please check appropriate filings) for year(s) _____

Federal Income Tax Return

State Income Tax Return **please list state(s) _____

Kansas City Earnings Tax Return

If you live in KCMO but do not want us to file this return please indicate the reason:

I live in unincorporated KCMO I intend to file this return myself Other (Explain)

Other tax filings _____

We are pleased to confirm our understanding of the arrangements for your income tax return(s). This letter confirms the services you have asked our firm to perform and the terms under which we have agreed to do that work. Please read this letter carefully because it is important to both our firm and you that you understand what you can and cannot expect from our work. In other words, we want you to know the limitations of the services you have asked us to perform. If you are confused at all by this letter or believe we have misunderstood what you need, please call to discuss this letter before you sign it.

The Internal Revenue Service imposes penalties on taxpayers, and on us as return preparers, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

We will prepare your Federal, State and Local Individual Income Tax Forms and related tax return schedules from information you furnish us. We will not audit, review, compile or otherwise verify the data you submit although we may ask you to clarify some of the information. We may furnish you with tax organizers and questionnaires to help you gather and organize the necessary information for us, in order to keep our fee to a minimum. **We are responsible for preparing only the returns listed specifically in this letter. If you have taxable activity in a state other than that specifically listed, you are responsible for providing our firm with all information necessary to prepare any additional applicable state(s) or local income tax returns as well as informing us of the applicable states.** If you have income tax filing requirements in a given state or locality but do not file that return, there could be possible adverse ramifications such as an unlimited statute of limitations, penalties, etc. If you would like us to investigate to determine each jurisdiction where you have an income tax filing requirement, please inform us.

If you have derived income from a foreign country, we will use the foreign country income information which you provide 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.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs we will communicate with you regarding the scope and estimated cost of these additional services. Engagements for additional services may necessitate that we amend this letter or issue a separate engagement letter to reflect the obligations of both parties. In the absence of written communications from us documenting such services, our services will be limited to and governed by the terms of this engagement letter.

Our fee does not include responding to inquiries or examination by taxing authorities. However, we are available to represent you and our fees for such services are at our standard rates and would be covered under a separate engagement letter.

We must receive all information to prepare your return by April 1, to ensure that your return will be completed by April 15. If we have not received all of your information by April 1, and your return is not completed by April 15, you may be subject to late filing or late payment penalties. We do not file tax extensions for clients unless specifically requested to do so and there is a fee associated with this additional service. **Extension of time to file is not an extension of time to pay.** We recommend any taxes you owe you pay on or before April 15 to avoid penalty at federal, state and local levels. To send in a payment to KCMO by 4/15 you will need a form RD-111 from kcmo.gov or from our office.

With the current environment of identity theft and filing of false tax returns we are required by IRS to obtain to obtain additional documentation for our files. Additional documents may include copies of picture identification, proof of residency for children of divorced parents and proof of education expenses.

It is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns, including, but not limited to, the auto, travel, entertainment, and related expenses and the required documents to support charitable contributions. If you have any questions as to the type of records required, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns before signing and mailing them to the tax authorities. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest. We will rely, without further verification, upon information you provide to us from 3rd parties including, but not limited to, K1's, 1099's, 1098's, receipts and similar items.

We will use our professional judgment in preparing your returns. Whenever we are aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that may be taken on your return. We will adopt whatever position you request on your return so long as it is consistent with the codes, regulations, and interpretations that have been promulgated. If the Internal Revenue Service 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.

If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue that the communication is privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, that are a result of attempts to protect any communication as privileged. In addition, your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing any privileged information to a third party.

It is our policy to keep records related to this engagement for five years after which they are destroyed. However, we do not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to verify you have all source documents. It is also your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies. Prior to each tax filing season we send client organizers to our clients as a convenience to assist them with gathering their tax information. If you move or do not wish to receive an organizer, please notify us.

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential to you. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these electronic devices during this engagement.

Billings are due upon delivery of the tax return or upon retainer if work is deemed more extensive. Billings become delinquent if not paid within 30 days of the invoice date. If billings are not paid within 60 days of the invoice date, at our election, we may stop all work at our discretion until your account is brought current, or we will withdraw from this engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable to you for any damages that occur as a result of our ceasing to render services. Our services will conclude upon delivery of the completed income tax returns discussed above or upon our suspension of services or resignation from the engagement.

In recognition of the relative risks and benefits of this agreement to both the client and the accounting firm, the client and the accounting firm have discussed and have agreed on the fair allocation of risk between them. As such, the client agrees, to the fullest extent permitted by law, to limit the liability of the accounting firm to the client for any and all claims, losses, costs, and damages of any nature whatsoever, so that the total aggregate liability of the accounting firm to the client shall not exceed the accounting firm's total fee for services rendered under this agreement. The client and the accounting firm intend and agree that this limitation apply to any and all liability or cause of action against the accounting firm, however alleged or arising, unless otherwise prohibited by law. Both parties agree that there is a one-year limitation period to bring a claim against us for errors and omissions. The one-year period will begin upon the date of the tax professional's signature on the tax returns covered by this engagement letter.

We appreciate the opportunity to serve you. Please date and sign the enclosed copy of this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. It is our policy to initiate services after we receive the executed engagement letter.

Sincerely,

Kelly S. Nagel, CPA
Innovative Tax & Accounting Solutions, P.C.

I have read the above terms of the engagement letter and agree with the terms of this engagement.

_____ (Client Signature) _____ (Date)

FOREIGN ASSETS AND ACCOUNTS

Foreign Account Tax Compliance Act (FATCA), enacted in 2011, requires certain US Taxpayers holding foreign financial assets in an aggregate value exceeding \$50,000 to report certain information about those assets on Form 8938. This form must be attached to the taxpayer's annual tax return. Reporting applies for assets held in taxable years beginning after March 18, 2011. Failure to report foreign financial assets on form 8938 will result in a penalty of **\$10,000** (and a penalty up to **\$50,000** for continued failure after IRS notification). Further underpayments of tax attributable to non-disclosed foreign assets will be subject to an additional substantial understatement penalty of 40 percent.

The Department of Treasury requires that any US citizen, U.S. resident and domestic enities must file their FinCEN form 114a (separately filed) by the same April deadline as the annual individual tax return if that person or entity has a financial interest in or signature authority over one or more accounts in a foreign country and that the aggregate value of those accounts exceeds \$10,000.00 at any time during the calendar year. Willful failure to file FinCEN form 114a can be as high as **\$100,000 or 50%** of total value of the accounts per violation.

Did you or your spouse have foreign assets for financials accounts during the tax year referenced above?

NO

YES

*If you answered YES you must provide account details,
including descriptions and values of each account and/or asset.*

Taxpayer's Signature _____

Date _____

Privacy Policies of Innovative Tax & Accounting Solutions, CPA P.C.

Notice and Choice

We notify individuals about the personal information we collect from them, how we use it, and how to contact us with privacy concerns. We collect personal information from individuals only as permitted by the Principles or with the consent of the individual affected. Consent for personal information to be collected, used, and/or disclosed in certain ways may be required in order for an individual to obtain or use our services.

Disclosures and Transfers

We do not disclose an individual's personal information to third parties, except when one or more of the following conditions is true:

- * We have the individual's permission to make the disclosure;
- * The disclosure is required by law or mandatory professional standards;
- * The disclosure is reasonably related to the sale or other disposition of all or part of our business;
- * The information in question is publicly available;
- * The disclosure is reasonably necessary for the establishment of legal claims;

We do not utilize "outsourcing" to foreign or domestic third parties for professional services.

Permitted transfers of information, either to third parties or within our company, include the transfer of data from one jurisdiction to another, including transfers to and from the United States of America. Because privacy laws vary from one jurisdiction to another, personal information may be transferred to a jurisdiction where the laws provide less or different protection than the jurisdiction in which the information originated.

Data Security, Integrity, and Access

We employ various physical, electronic, and managerial measures, including education and training of our personnel, designed to provide personal information with reasonable protection from accidental loss or destruction, improper use, alteration, or disclosure. Personal information collected or displayed through a Web site is protected in transit by standard encryption processes. However, we cannot guarantee the security of information on or transmitted via the Internet.

We process personal information only in ways compatible with the purpose for which it was collected or authorized by the individual. To the extent necessary for such purposes, we take reasonable steps to make sure that personal information is accurate, complete, current, and otherwise reliable with regard to its intended use.

If an individual becomes aware that information we maintain about that individual is inaccurate, or if an individual would like to update or review his or her information, the individual may contact us using the contact information below. The individual will need to provide sufficient identifying information, such as name, address, birth date, and social security number. We may request additional identifying information as a security precaution. In addition, we may limit or deny access to personal information where providing such access would be unreasonably burdensome or expensive in the circumstances, or as otherwise permitted by the Safe Harbor Agreement. In some circumstances, we may charge a reasonable fee, where warranted, for access to personal information.

Accountability and Enforcement

Personnel who violate our privacy policies will be subject to disciplinary process.

For further information contact Kelly Taylor CPA PC.

Amendment

We may amend this policy from time to time. If we amend the policy, the new policy will apply to personal information previously collected only insofar as the rights of the individual affected are not reduced.