

**Smith  Sullivan
& Brown PC**
CERTIFIED PUBLIC ACCOUNTANTS

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TAX ENGAGEMENT LETTER

Dear Tax Client,

We appreciate the opportunity to work with you. In order to avoid any misunderstandings, it is important that the terms of our mutual understanding be clarified.

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide. In order to ensure an understanding of our mutual responsibilities, we require all clients for whom returns are prepared to confirm the following arrangements.

We will prepare your 2016 Federal and State income tax returns from information you furnish to us. We will not audit or otherwise verify the data you submit. Accordingly, our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist. However, it may be necessary to ask you for clarification of some of the information you provide, and we will inform you of any material, errors, fraud, or other illegal acts that come to our attention. We will furnish you with a tax organizer and questionnaire to guide you in gathering the necessary information. Your use of such forms will assist in prevention of pertinent information from being overlooked, as well as keeping the fee to a minimum.

If you have taxable activity in additional state or local municipalities, you are responsible for providing our firm with all of the information necessary to prepare additional applicable state and local income tax returns, as well as informing us of the applicable state and local municipalities.

We will render such accounting and bookkeeping assistance as determined to be necessary for the preparation of the income tax returns.

Taxing authorities now require us to electronically file (e-file) all tax returns. While we are required to e-file all returns, you do have the right to "opt out" by choosing the applicable option at the end of this letter. Please note that unless you notify us of your desire to not e-file your return, we will prepare your returns to be e-filed.

Although e-filing requires both you and our Firm to complete additional steps, the same filing deadlines will apply. You must therefore ensure that you complete the additional requirements well before the due dates in order for our Firm to be able to timely transmit your returns. We will provide you with a paper or electronic copy of the income tax returns for your review prior to electronic transmission. You have the final responsibility for the tax returns and should review them carefully before you authorize us to e-file them on your behalf. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and/or interest. We cannot transmit your returns to the taxing authorities until we have the fully signed authorization forms. Therefore, if you have not provided our Firm with your signed authorization forms by April 12, 2017, we will place your returns on extension, even though they might already have been completed. In that event, you will be responsible for ensuring that any payment due with the extension is sent timely to the appropriate taxing authorities. You will also be responsible for any additional costs our firm incurs arising from the extension preparation.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns, as well as retaining all documents necessary to support the data used in preparation of your tax returns. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You should retain all documents, canceled checks and other data that form the basis of income and deductions. You are responsible for substantiating any amount upon which a deduction is taken on the return. The type of deduction taken will determine the specific substantiation needed.

The following examples are common deductions taken on a tax return and the substantiation required for each:

- Automobile Expenses - Mileage logs and trip sheets for each trip are required. Commuting miles between home and a fixed work location are not considered deductible business miles.
- Meals and Entertainment Expenses (50% deductible) - Business meals with clients require documentation substantiating who the client was and the business purpose of the meal. A receipt is not required for expenses under \$75, but documentation is still required. Entertaining clients at any event, such as a sporting event, etc., requires documentation substantiating that there was a bona-fide business discussion prior to or following the entertainment event.
- Charitable Cash Contributions (in any one day to any one organization):
 - Less than \$250 - A bank record (e.g. canceled check/ credit card statement) or a written acknowledgement from the charity.
 - \$250 or more - A written acknowledgement from the charity.
- Charitable Non-Cash Contributions (in any one day to any one organization):
 - Deduction of less than \$250 - A receipt is not required where it is impractical to get one.
 - Deduction between \$250 and \$500 - A written acknowledgement by the charitable organization.
 - Deduction between \$501 and \$5,000 - Same records required as the \$250 to \$500 category. In addition, records must show how the property was acquired, the date acquired and the adjusted basis of the property.
 - Deduction of more than \$5,000 - Same records required as the \$501 to \$5,000 category. In addition, most contributions require a written appraisal.

The list above provides only general guidance on substantiating a limited number of deduction types. There are many other types. If you are unsure as to whether or not the information you possess is sufficient to substantiate a deduction, please call us.

You represent that the information you are supplying to us is accurate and complete to the best of your knowledge, and that these expenses are supported by records as required by law (including applicable mileage log(s)). The IRS has initiated a wide-scale audit program focused on self-employed individuals and business deductions. The audit agenda targets hobby activities with no profit motive, unreported business income and validation of the business expenses. Therefore, while we may not verify the information you give us, we are required by federal regulations to ask you for clarification of information that is inconsistent or incomplete. When such deductions cannot be substantiated, we will exclude them from the tax return.

The Affordable Care Act (“ACA”) added various new health insurance mandates, penalties, and credits beginning in 2014. Our services in connection with this engagement are not designed to address the legal or regulatory aspects of your compliance with the Affordable Care Act. In preparing your individual tax returns, we will rely solely on the information you provide us regarding the ACA mandates and you agree to accept full responsibility for the accuracy and completeness of this information, as well as your compliance with the ACA. As such, we will not be responsible for any taxes, penalties, or interest that may be assessed.

Foreign Accounts:

Please note that any person or entity subject to the jurisdiction of the United States (includes individuals, corporations, partnerships, trusts, and estates) having a financial interest in, or signature or other authority over, bank accounts, securities, or other financial accounts in a foreign country having an aggregate value exceeding \$10,000 at any time during the calendar year, shall report such a relationship. Although there are some limited exceptions, filing requirements also apply to taxpayers that have direct or indirect control over a foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have foreign account(s). For example, a corporate-owned foreign account would require filings by the corporation *and* by the individual corporate officers with signature authority. Failure to disclose the required information to the U.S. Department of the Treasury may result in substantial civil and/or criminal penalties.

If you and/or your entity have a financial interest in, or signature authority over, any foreign accounts, you are responsible for providing our Firm with all the information necessary to prepare the Report of Foreign Bank and Financial Accounts (“FBAR”) required by the U.S. Department of the Treasury in order for the FBAR to be **received by the Department on or before the due date** of each tax year. In 2015, a new law was passed that, among other tax deadline changes, also impacted the FBAR due date for 2016 FBARs required to be filed in 2017. **As such, beginning with the 2017 tax filing season, if you have an FBAR filing requirement, the new FBAR filing deadline is now April 15th.** However, an extension can be requested for a maximum period of six months ending on October 15th of each tax year. Therefore, you will need to provide us with the necessary information if you would like us to request an extension on your behalf.

It is mandatory to electronically file the FBAR reports using the Bank Secrecy Act (“BSA”) e-filing system for the Financial Crimes Enforcement Network (FinCEN”). If you would like our Firm to submit your electronic FBAR report (FinCEN Form 114) on your behalf, we must receive a signed consent form (FinCEN Form 114a) from you prior to submitting the foreign reporting form. If you do not provide our Firm with information regarding any interest you may have in a foreign account, or if we do not receive your signed authorization to file your foreign reporting form, we will not be able to prepare and file any of the required disclosure statements.

In addition, the Internal Revenue Service also requires information reporting under applicable Internal Revenue Code sections and related regulations, **and the respective IRS tax forms are due when your income tax return is due**, including extensions. The IRS reporting requirements are in addition to the U.S. Department of the Treasury reporting requirements stated above. Therefore, if you fall into one of the below categories, or if you have any direct or indirect foreign interests, **you may be required to file applicable IRS forms at the time your income tax return is due.**

- Form 8938 - You are an individual or entity with ownership of foreign financial assets and meet the specified criteria;
- Form 5471 - You are an officer, director or shareholder with respect to certain foreign corporations;
- Form 5472 - You are a foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business;
- Form 926 - You are a U.S. transferor of property to a foreign corporation;
- Forms 3520 or 3520-A - U.S. person with an interest in a foreign trust (Forms 3520 and 3520-A); or
- Form 8865 - U.S. person with interests in a foreign partnership.

Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the Internal Revenue Service may result in substantial monetary penalties. By your signature below, you accept responsibility for informing us if you believe that you may have foreign reporting requirements with the U.S. Department of the Treasury and/or Internal Revenue Service and you agree to timely provide us with the information necessary to prepare the appropriate form(s). We assume no liability for penalties associated with the failure to file, or untimely filing, of any of these forms.

We will use professional judgment in resolving questions where the tax law is unclear. Whenever we are aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (i.e. tax agencies and courts), we will explain the possible positions that may be taken on your return. In the end, we will adopt, on your behalf, the alternative which you select after having considered the information provided by us.

Pursuant to new standards prescribed in IRS Circular 230 and IRC 6694, we are forbidden from signing a tax return unless we have a reasonable belief that a tax position taken on the return will have a “more likely than not” probability of being sustained on its merits. Under no circumstances may we sign a tax return with a tax position that has no reasonable basis. In the event you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable to you for any damages that occur as a result of ceasing to render services. In addition, you will be liable for payment of any fee incurred to the date which service has ceased. Currently the IRS and state taxing agencies are aggressive in assessing penalties. The law provides various penalties that may be imposed when taxpayers understate their tax liability. If any tax authority should later contest a position taken, there may be an assessment of additional tax plus interest and/or penalties. You acknowledge that any such understated tax, and any imposed interest and/or penalty thereon, are your responsibility, and that we assume no for any such additional assessments.

Your returns may be selected for review by the taxing authorities or you may receive a notice requesting a response to certain issues on your tax return. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination or inquiry, we will be available upon request to represent you or respond to such inquiry at an additional fee.

Federal law has extended the attorney-client privilege to some, but not all communications between client and CPA. The privilege applies only to non-criminal tax matters that are before the IRS or brought by or against the US Government in federal court. Such communications must be made in connection with tax advice. Communications solely concerning the preparation of a tax return will not be 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.

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.

Our Firm is in compliance with, and will abide by, Massachusetts Data Privacy Law 201 CMR 17.00.

It is our policy to retain engagement documentation for a period of seven years, after which time we will commence the process of destroying the contents of our engagement files. To the extent we accumulate any of your original records during the engagement, those documents will be returned to you promptly upon completion of the engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

The timeliness of your cooperation is essential to our ability to complete this engagement. Specifically, we must receive sufficient information from which to prepare your returns within a reasonable period of time prior to the applicable filing deadline. Accordingly, we must receive all information to prepare your return by **March 31, 2017**, to ensure that your return will be completed by the required due date. If we have not received all of your information by March 31, 2017 and your return is not completed by the required due date, you may be subject to late filing and/or late payment penalties. We do not file tax extensions for clients unless specifically requested to do so.

Unless we have agreed otherwise, our minimum tax preparation fee for your Federal and Home state tax returns is \$500. Our minimum tax preparation fee includes the following:

- One hour in office tax meeting (if requested)
- Federal and Home State income tax preparation with electronic filing and related emails, telephone calls, and correspondence

More complex tax returns, additional state returns and extension calculations require additional time which will result in a tax preparation fee that exceeds \$500. The additional time is billed based on our hourly rates. The preparation and filing of the FBAR report, as well as any other forms required for foreign reporting will be billed based on our hourly rates.

We continue to offer a \$25 early bird discount for those clients who provide us with substantially all their information on or before March 15, 2017.

If we receive your information after March 31, 2017, there will be an additional charge of \$100. Additional FedEx charges will also apply for returns received after March 31, 2017. **Payment is due at the time we complete our tax preparation services.**

This engagement does not include any services not specifically stated in this letter. However, we would be pleased to consult with you regarding other tax matters, such as proposed or completed transactions, income tax projections, and for research in connection with such matters. We will render additional invoices for such services at our standard billing rates.

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We are pleased to have you as a client and look forward to many more years of a mutually satisfying relationship. We believe that this letter would accurately summarize the significant terms of our engagement. If you have any questions, please let us know.

If you agree with the terms of our engagement as described in this letter, please sign below and return it to us along with your 2016 tax information. **However, under no circumstances shall we sign a completed tax return or prepare an extension until we receive from you this signed engagement letter.**

Smith, Sullivan & Brown, P.C.

Smith, Sullivan & Brown, P.C.
Westborough, Massachusetts

Electronic Filing Preference: (please select your option - if no selection is made, your returns will be electronically filed)

_____ I choose to file my 2016 tax returns electronically

_____ I choose NOT to file my 2016 tax returns electronically - Smith, Sullivan & Brown, P.C. has informed me(us) that my (our) 2016 individual income tax return may be required to be electronically filed if the Firm files the return on my (our) behalf. I (We) do not want to file my (our) return electronically and will personally file the paper return. My (Our) signature(s) below represent(s) my (our) agreement that I (we) was (were) not influenced by my (our) preparer or any other member of the Firm to sign this statement.

Health Care Coverage:

_____ I (we) confirm that each member of my family had qualified health insurance coverage for each month of the 2016 tax year. (If not, please provide applicable additional information)

Foreign Matters:

At any time during 2016:

Did you or your spouse have an interest in or signature authority over a financial account in a foreign country, such as a bank account, securities account or other financial account? YES _____ NO _____

Were you or your spouse the grantor of, or transferor to, a foreign trust? YES _____ NO _____

Did you or your spouse own any foreign assets? YES _____ NO _____

If you answered YES to any of these questions, please provide us with additional information.

Client Copy Preference: (please select your option – if no selection is made, you will receive a paper copy)

_____ Provide me with a paper copy of my tax return

_____ Provide me with a PDF copy of my tax return

This letter correctly sets forth our understanding:

Signature _____ Date _____

Signature _____ Date _____