

January 2, 2015

Dear Client:

We appreciate the opportunity to work with you. To minimize the possibility of a misunderstanding between us, we are setting forth pertinent information about the services we will perform for you.

We will prepare your 2014 federal and state income tax returns from information you furnish us and we may process them with an outside computer service. We will not audit or otherwise verify the data you submit, although we may ask you to clarify some of the information for us. We will furnish you with questionnaires to help you gather and organize the necessary information for us.

We must receive all information to prepare your return by March 31, 2015, to ensure that your return will be completed by April 15, 2015. If we have not received all of your information by March 31, 2015 and your return is not completed by April 15, 2015, you may be subject to late filing or late payment penalties.

If an extension of the time is required, any tax due with this return must be paid with that extension. Any amounts not paid by the filing deadline may be subject to interest and late payment penalties.

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.

Professional standards now require us to electronically file all federal and California state individual income tax returns (“e-filing”). However, you do have the right to “opt out” of the e-filing program. Please notify our firm immediately should you desire not to have your return e-filed so that we may provide you with the form(s) necessary for opting out of the e-file program. Please note that unless you notify us of your desire to not e-file your return, we will prepare your return 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 return. We will provide you with a copy of the income tax returns for your review prior to electronic transmission. After you have reviewed the returns, you must provide us with a signed authorization indicating that you have reviewed the return and that, to the best of your knowledge, you feel it is correct. We cannot transmit the returns to the taxing authorities until we have the signed authorization. Therefore, if you have not provided our firm with your signed authorization by April 10, 2015, we will place your return on extension, even though it might already have been completed. In that event, you will be responsible for ensuring that any payment due with the extension is timely sent to the appropriate taxing authorities. You will also be responsible

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for any additional costs our firm incurs arising from the extension preparation.

Finally, please note that although our firm will use our best efforts to ensure that your returns are successfully transmitted to the appropriate taxing authorities, we will not be financially responsible for electronic transmission or other errors arising after your return has been successfully submitted from our office.

We are responsible for preparing only the returns listed above. 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 will use our judgment to resolve questions in your favor where a tax law is unclear if there is a 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 (e.g., tax agencies and courts), we will explain the possible positions that may be taken on your return. In accordance with our professional standards, we will follow whatever position you request, so long as it is consistent with the codes and regulations and interpretations that have been promulgated. If the IRS should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. Currently the IRS and state taxing agencies are aggressive in assessing penalties. We assume no liability for any such additional penalties or assessments. In the event, however, that 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.

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 having a value exceeding \$10,000 in a foreign country, 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 any foreign accounts, you are responsible for providing our firm with all the information necessary to prepare Form TD-F-90-22.1 required by the U.S. Department of the Treasury in order for the form to be received by the Department on or before June 30th of each tax year. Effective July 1, 2013, electronic filing of FBAR reports is mandatory 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.

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

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 or untimely filing of any of these forms.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. We will render such accounting and bookkeeping assistance as determined to be necessary for preparation of the income tax returns.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or the circumstances of these penalties, please contact us.

It is our policy to keep records related to this engagement for seven years. However, Nienow & Tierney, LLP does 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 retain and protect your records for possible future use, including potential examinations by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon expiration of the seven year period Nienow & Tierney, LLP shall be free to destroy our records related to this engagement.

Our fees for the above services will be computed at our standard hourly rates plus out-of-pocket expenses. Payment for service is due when rendered and interim billings may be submitted as work progresses and expenses are incurred. In the event any invoice rendered by us is not paid within 45 days of the invoice date, then a late charge shall be accrued on the unpaid amount at the rate of 1.5% per month from the invoice date until paid. If billings are past due in excess of 60 days, at our election, we may stop all work until your account is brought current, or 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

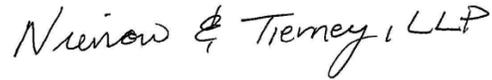
agree that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as a required by this engagement letter, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

The parties agree that any dispute over fees charged hereunder will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged hereunder, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you concur with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. However, if there are other tax returns you expect us to prepare, such as gift or fiduciary returns, please inform us by noting them below.

Very truly yours,



Nienow & Tierney, LLP

ACCEPTED:

By: _____

Date: _____

I do not need a hard copy of my final tax returns.
Please upload copies of my returns to my portal ONLY. _____ Initial Here

Comments or additional requests:
