

LAWRENCE & ASSOCIATES, INC.

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Lawrence Tax Service

5650 El Camino Real, Suite 225 ♦ Carlsbad, California 92008

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www.lecprofgroup.com

2018 ENGAGEMENT LETTER

Dear Lawrence Tax Service Client:

Thank you for selecting Lawrence Tax Service (LTS) to assist you with your tax preparation, planning and audit representation needs. This letter confirms the terms of our engagement with you and the nature and extent of services we will provide.

During calendar year 2018, we will prepare your 2017 Federal, and if necessary all state, income tax returns you request using information you provide to us. We may ask for clarification of some items, per IRS Circular 230 Due Diligence Standards, but we will not audit or otherwise verify the data you submit.

It is your responsibility to provide information required for preparation of complete and accurate returns. You should keep all documents, canceled checks and other data that support your reported income and deductions for a period of no less than eight years from filing. They may be necessary to prove accuracy and completeness of the returns to a taxing authority. You are responsible for the returns, so you should review them carefully before signing.

Our work will not include any procedures to discover defalcations or other irregularities. The only accounting or analysis work we will do is that which is necessary for preparation of your income tax returns. Nor do we customarily prepare payroll or pension returns.

We will use our judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. Unless you instruct us otherwise, we will apply the "REASONABLE BELIEF THAT THE TAX TREATMENT OF THE POSITION WAS MORE LIKELY THAN NOT THE PROPER TREATMENT" standard to resolve such issues in your favor where possible.

The law imposes penalties when taxpayers understate their tax liability. If you have concerns about such penalties, please call us. Certainly contact us should you receive any notices from the taxing authorities. CA MyFTB taxpayer account access for your referenced preparer is granted when executing this Agreement.

Your returns may be selected for audit by a taxing authority. Any proposed adjustments are subject to appeal and any tax, penalties and interest deficiencies are entirely your obligation. In the event of a tax examination, we can arrange to be available to represent you. Our fees for such representation will be based on the hourly rate charged by the LTS personnel assigned to your case. Fees and expenses for defending the returns will be invoiced on a monthly basis and due upon receipt in accordance with terms we agree on for that engagement.

Our fee for preparation of your tax return is normally based on the attached minimum fee schedule that is updated on a yearly basis. Our tax preparation fee will be greater than the minimum fee per the schedule in the event that the time involved in preparing your return, charged at the hourly rate of the personnel assigned to your case, exceeds the minimum fee per the schedule. In addition, tax planning and consultation services are charged at the hourly rate of the LTS tax personnel assigned to your case. All invoices are due and payable upon presentation. To the extent permitted by state law, an interest charge may be added to all accounts not paid within thirty (30) days. In addition, we may notify the taxing authorities to remove our name as a paid preparer of your return, thus avoiding the responsibility as a paid preparer, should your invoice remain unpaid by year end.

We will retain copies of records you supplied to us along with our work papers for your engagement for a period of not to exceed four years or the standard statute of limitations if shorter. After such time, our work papers and engagement files will be destroyed. All of your original records will be returned to you at the end of this engagement when the services rendered are initially complete. You should keep the original records in secure storage for future reference.

Client Privacy Policy: Located on our website and provided in a separate document available upon request. Please know, we do not share your private tax information with anyone (e.g. lenders, mtg brokers, etc.) without obtaining your written permission because that's the law.

Foreign Asset Disclaimer: LTS has made you aware that U.S. taxpayers are required to report their worldwide income, that is, income from both U.S. and foreign sources. In addition, taxpayers who own, have an interest in, or signature or other authority over, assets in a foreign country, may be required to report the existence of the asset. Client agrees and indemnifies LTS that client has reported to LTS any and all foreign assets in which client has either ownership or signatory authority including but not limited to funds in foreign financial institutions, real estate, rights to foreign pension plans, rights to distributions from foreign estates or trusts, life insurance with cash surrender values or any other foreign assets. Failure to comply with these U.S. laws could result in severe penalties.

Worker Classification Disclaimer: Client agrees that LTS will not be responsible for advising client with respect to independent contractor status as part of the LTS services. If client has any questions regarding the classification of employees versus independent contractors, LTS strongly encourages client to consult with legal counsel experienced in employment practice matters.

Affordable Care Act (ACA) Disclaimer: Client agrees that LTS will not be responsible for advising client with respect to ACA rules other than to prepare the required income tax forms and schedules related to regular annual income tax filing per this engagement agreement. Furthermore, client acknowledges receipt of the January 1, 2015 (updated on LTS website 11-4-16) ACA client letter and confirms qualifying coverage if documentation of health insurance coverage is not available.

Additional conditions of this engagement, if applicable, are attached or referenced below: _____

Related Entity Returns to be prepared for which the parties waive potential conflicts: 990/706/709 _____

1040 _____ 1065 _____

1041 _____ 1120/S _____

To indicate that this letter correctly summarizes your understanding of the arrangements for this work, please sign the enclosed copy of this letter in the space indicated and return it to us in the envelope provided. We appreciate your confidence in us. Please call if you have questions.

Lawrence Tax Service

Miles C. Lawrence, E.A.

Richard Moore, EA

Tom Rice, EA

Brett Strother, EA, CPA

AGREED TO and ACCEPTED BY CLIENT:

Signature(s): _____

Date: _____

Client(s) Name: _____

Address: _____

MINIMUM FEE SCHEDULE FOR INCOME TAX SERVICES PROVIDED IN 2018

Client _____ **Date** _____ **Tax Year** _____ **Preparer** _____
Mail _____ **To Pick Up** _____ **Paid** _____ **Bill** _____

Personal Return (incl ACA compliance)

Long Form Sch. A	350.00	_____
Long Form, Std. Deduction	250.00	_____
Out of State Return	150.00	_____
Short Form	150.00	_____
Form 1040EZ	100.00	_____
Form 1045	300.00	_____

Schedule C & F

Business or Farm Income	175.00	_____
Short EZ Sch C/F	100.00	_____
Self Employ. Tax Sch. SE	25.00	_____
Depreciation Schedule @	10.00	_____ per item
Home Office Comp. (8829)	100.00	_____

Schedule D Transactions

Schedule D (per form)	40.00	_____
Form 8949 (each)	10.00	_____ per item
Form 8453 Spc Attachment	50.00	_____
Calcul. of Mut. Fund Basis	50.00	_____
Bad Debt Loss	40.00	_____
Qlf Sm Bus Stock	150.00	_____
Sale of Residence	100.00	_____
Sch. 4797 Trans. / Recap.	75.00	_____
Installment Sale (6252)	50.00	_____
Tax Deferred Exch (8824)	300.00	_____
CA Form 3840	100.00	_____
Capital Loss Carryover	40.00	_____
Foreclosure, Short Sale, COD		
Income & Repos (982)	500.00	_____

Other Income Items

Schedule B (Int/Div)	5.00	_____ per item
Rental Property (Sch.E)	85.00	_____ each
Depreciation-Est. Basis	50.00	_____
Depreciation Schedule		
_____ @ \$10.00 per item		
Partnership, Trust (K-1)	75.00	_____ each
Passive Loss limit (8582)	75.00	_____

Pension Items

I.R.A. (8606)	50.00	_____
Keogh-SEP-Simple-Solo	75.00	_____
401k-DB/DC		
Premature Distrib (5329)	50.00	_____
IRA (Roth, Reg., Ed.)	50.00	_____
Minimum Distrib. Calculation	40.00	_____
Rollover/Conversions/Rechar	40.00	_____

Foreign Items

Foreign Tax Credit (1116)	50.00	_____
Foreign Income (2555)	200.00	_____
Form 114 (was TD F90-22.1)	150.00	_____
Form 8938	300.00	_____

Other Schedules

Accounting Method (3115)	100.00	_____
Moving Expenses (3903)	60.00	_____
Employee Bus. Exp. (2106)	90.00	_____
Add Medicare Tax (8959)	50.00	_____
Casualty Loss (4684)	75.00	_____
Estimated Tax (1040ES)	50.00	_____
Underpymt. Pen. Com (2210)	50.00	_____
Ext Time File (4868/7004).	50.00	_____
Net Inv Inc Tax (8960)	100.00	_____
Net Operating Losses	200.00	_____
At Risk Limitation (6198)	65.00	_____
Investment Interest (4952)	80.00	_____
Deceased Taxpayer Ref (1310)	50.00	_____
Alternative Min. Tax (6251)	60.00	_____
Kiddie Tax Comput. (8615)	80.00	_____
Parent's Election (8814)	50.00	_____
Non Cash Contributions (8283)	50.00	_____
Household Employees (Sch.H)	75.00	_____
Production Activity (8903)	300.00	_____
Health Savings Acct (8889)	75.00	_____
Power of Attorney (2848)	50.00	_____
Install Agreement Req (9465)	25.00	_____

Tax Credits

Child Tax Credit (8812/8967)	75.00	_____
Sm ER Hlth Ins Cr (8941)	300.00	_____
Child Care Credit (2441)	50.00	_____
Recapture of Inv Tax Cr (4255)	45.00	_____
Earned Inc Cr (EIC/8867)	150.00	_____
Tax Paid to Other State	60.00	_____
Energy Credit (5695)	50.00	_____
Minimum Tax Credit (8801)	70.00	_____
Education Credits (8863)	75.00	_____

Other Items

Amended Prior Yr Tax Return	300.00	_____
Compute W-4	30.00	_____
Extra Copy of Return	25.00	_____
Postage-Handling	15.00	_____
Form 1099 or W-2 Prep.	50.00	_____ each
Minimum Fee per Appt.	280.00	_____
Client change rerun	50.00	_____
Trust Return (1041)	600.00	_____
Corporate return (1120)	850.00	_____
Partnership Return (1065)	850.00	_____
Consulting & Audit Rep hourly rates:		
MCL \$280; RM \$180, TR \$160		

Computer, E-File & Gen Admin Charges 150.00 _____
 There will be an additional charge for any
 schedules not listed.

Total Fee _____

- (1) The LTS fee charged clients will be equal to the practitioner's hourly rate times hours worked unless the above Minimum Fee Schedule based on the forms and schedules required to complete the return adds up to a greater charge.
- (2) Payment is due at the time services are rendered and considered late if not remitted within 30 days of invoicing. LTS reserves the right to charge a finance charge equal to 1% per month for all late accounts receivable. Furthermore, unpaid invoices outstanding as of December 31, 2018 may be reported to IRS so that LTS is removed as the preparer of such filed returns.