

LAWRENCE & ASSOCIATES, INC.

dba Lawrence Tax Service

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

Phone (760) 438-4030 ♦ Fax (760) 438-8452

www.lecprofgroup.com

2020 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 2020, we will prepare your 2019 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 including all items on the LTS data collection sheets and "Things to Bring List". 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. Client represents that all payments (income reported) are from legal source income and that all cash or digital receipts and expenses are included in reported data provided LTS for tax preparation.

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, sales tax 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. This Agreement will be interpreted according to CA and FED law.

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/Security 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. If client is a business or employer, client acknowledges receipt of "Prior to year end review reminder" dated Fall 2019 which addresses ACA compliance.

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

AGREED TO and ACCEPTED BY CLIENT:

Miles C. Lawrence, E.A.

Signature(s): _____

Date: _____

Richard Moore, EA

Client(s) Name: _____

Tom Rice, EA

Address: _____

Brett Strother, EA, CPA

MINIMUM FEE SCHEDULE FOR INCOME TAX SERVICES PROVIDED IN 2020

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

Personal Return (incl ACA compliance)

Form 1040 (& one State) 300.00 _____
 Schedule A (Fed or State) 100.00 _____
 Out of State Return 150.00 _____ per state
 Form 8995 (and A) 100.00 _____ per QTB

Form 1045 300.00 _____
 State/Fed non-conformity Variable per item

Schedule C & F

Business or Farm Income 200.00 _____
 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 _____

Qlf Sm Bus Stock 150.00 _____
 Sale of Residence 150.00 _____
 Sch. 4797 Trans. / Recap. 75.00 _____
 Installment Sale (6252) 50.00 _____
 Tax Deferred Exch (8824) 300.00 _____
 CA Form 3840 100.00 _____

Foreclosure, Short Sale, COD
 Income & Repos (982) 500.00 _____

Other Income Items

Schedule B (Int/Div) 5.00 _____ per item
 Rental Property (Sch.E) 100.00 _____ each

Depreciation Schedule _____
 _____ @ \$10.00 per item _____

Partnership, S-Corp, Trst (K-1) 100.00 _____ 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 (8606) 50.00 _____

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) 500.00 _____
 Moving Expenses (3903) 60.00 _____
 Employee Bus. Exp. (2106) 90.00 _____
 Add Medicare Tax (8959) 50.00 _____
 Casualty Loss (4684) 100.00 _____
 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 (& 461) 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 (8615/CA3800) 100.00 _____
 Parent's Election (8814) 50.00 _____
 Non-Cash Contributions (8283) 50.00 _____
 Household Employees (Sch.H) 75.00 _____

Health Savings Acct (8889) 75.00 _____
 Power of Attorney (2848) 50.00 _____
 Install Agreement Req (9465) 100.00 _____

Tax Credits

Child Tax Credit (8812) 100.00 _____
 Due Diligence Checklist (8867) 50.00 _____
 Child Care Credit (2441) 50.00 _____
 Recapture of Inv Tax Cr (4255) 45.00 _____
 Earned Inc Cr (EIC) 150.00 _____
 Tax Paid to Other State 60.00 _____
 Energy Credit (5695) 50.00 _____
 Minimum Tax Credit (8801) 70.00 _____
 Education Cr (8863) 100.00 _____

Other Items

Amended Prior Yr Tax Return 300.00 _____
 Compute W-4 30.00 _____
 Extra Copy of Return 25.00 _____
 Postage-Handling 20.00 _____
 Form 1099 or W-2 Prep. 50.00 _____ each
 Minimum Fee per Appt. 320.00 _____
 Client change rerun 50.00 _____
 Trust Return (1041) 700.00 _____
 Corporate return (1120) 1,000.00 _____
 Partnership Return (1065) 1,000.00 _____
 Consulting & Audit Rep hourly rates:
 MCL \$320; RM \$200, TR \$200, BS \$240, RI \$60

Computer, E-File & Gen Admin Charges 175.00 _____
 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, 2020 may be reported to IRS so that LTS is removed as the preparer of such filed returns.