

2025 Business Income Tax Return

Preparation Engagement Letter

Business Income Tax Preparation Services

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. The IRS imposes penalties on taxpayers and tax return preparers for failure to observe due care in preparing income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients to confirm the following arrangements.

Tax Services

We will prepare your federal and applicable state income tax returns and related schedules from information you furnish us for the entity(ies) identified in this engagement. **It is your responsibility to provide all the information required for the preparation of complete and accurate returns.** Any municipal, city, school district, or foreign returns you may be required to file are not covered under this engagement unless specifically agreed to in writing.

Document Deadlines and Extensions

To ensure timely completion and filing, we must receive all information necessary to prepare the returns by the applicable deadline below ("Document Deadline"):

- **February 27, 2026 for Partnerships (Form 1065) and S Corporations (Form 1120-S)**
- **March 13, 2026 for Estates & Trusts (Form 1041) and C Corporations (Form 1120)**

If we have not received all required information by the applicable Document Deadline, we cannot guarantee that your returns will be completed before the filing deadline. If we are unable to complete the returns, we will assume that you want us to prepare an extension of time to file.

You should keep in mind that an extension is an extension of time to file the return, **not** an extension of time to pay any tax due. You are responsible for calculating and remitting any estimated amount due prior to the original due date. We assume no liability for late filing or late payment penalties.

Information received after the applicable Document Deadline will be processed after the statutory filing deadline. At your request, we can estimate extension payments as an additional service billed at our hourly rate. Work received after the Document Deadline may incur an extension or rush-processing fee.

Client Responsibilities and Records

You confirm that you will furnish us with all information required for preparing the returns. This includes, but is not limited to, providing us with information necessary to identify:

- (1) all states and foreign countries in which the entity and/or its owners, beneficiaries, or related parties "reside," "do business," have nexus, or derive income (directly or indirectly), and
- (2) the extent of operations and filing requirements in each relevant jurisdiction.

We will not audit or verify the data you submit, although we may ask you to clarify it or furnish us with additional data. You should retain all documents, books, and records that form the basis of income, deductions, credits, and other return items. These documents may be necessary to prove the accuracy and completeness of the returns to a taxing authority. If you have questions as to the type of records required, please ask us for advice.

You agree to provide us originals or copies of all tax documents and supporting schedules reasonably necessary to complete the engagement, including but not limited to: year-end financial statements, general ledger, trial balance, bank and credit card statements, payroll reports, Forms 1099, K-1s, brokerage statements, fixed asset activity, loan statements, and records supporting income, deductions, and credits. If we request additional

documentation to satisfy due diligence or substantiation requirements, you agree to provide it. We will not claim items without sufficient documentation.

Accounting and Bookkeeping

Unless specifically agreed to in writing, this engagement does **not** include bookkeeping, accounting, or compilation/review/audit services. We will rely on the financial information you provide. If bookkeeping cleanup, catch-up, or other accounting assistance is needed to prepare accurate returns, those services are outside the scope of this engagement and will be billed separately pursuant to a separate agreement or at our hourly rates.

Digital Assets

Please note that the Internal Revenue Service (IRS) considers virtual currency and other digital assets as property for U.S. federal tax purposes. As such, transactions in, or transactions that use, digital assets may be subject to the same general tax principles that apply to other property transactions. If the entity or its owners had any digital asset activity during the tax year, there may be tax and foreign reporting obligations. You agree to provide complete and accurate information and supporting records for any such transactions.

Use of Professional Judgment; Changes in Law

We will use our professional judgment in preparing your returns. Tax laws and guidance change frequently. We will prepare your returns based on authority available at the time we perform the services. If subsequent changes affect your returns, additional services (e.g., amended returns) are outside this engagement and will be billed separately.

If a taxing authority later contests a position taken, there may be an assessment of additional tax, interest, and penalties. We assume no liability for any such assessment. If you request that we take a tax position that in our professional judgment will not meet applicable laws and standards, we reserve the right to stop work and shall not be liable for damages resulting from ceasing to render services.

The law provides for penalties where a taxpayer makes a substantial understatement of tax liability. You agree to advise us if you wish disclosure to be made in the returns or if you desire us to identify or perform further research with respect to any material tax issues for the purpose of ascertaining whether, in our opinion, there is "substantial authority" for a position proposed to be taken.

Foreign Accounts and Foreign/Entity Information Reporting

If you and/or the entity (including related entities, owners, beneficiaries, or controlling persons) have a financial interest in, or signature authority over, any foreign accounts, you may be subject to filing requirements with the U.S. Department of the Treasury (FinCEN) and the IRS.

The filing deadline for the Report of Foreign Bank and Financial Accounts (FBAR) follows the federal income tax due date. Electronic filing is mandatory using the Bank Secrecy Act (BSA) e-filing system. We must receive a signed consent/authorization form prior to submitting any foreign reporting forms. If we do not receive your signed authorization, we will not file any foreign reporting forms on your behalf.

Additionally, the IRS requires information reporting on foreign interests or activities, and related forms generally are due with the income tax return, including extensions. Failure to timely file may result in substantial civil and/or criminal penalties. By your signature below, you agree to provide complete and accurate information regarding any foreign accounts and foreign interests that may trigger reporting requirements. This engagement does not include foreign information returns or specialized disclosures unless specifically agreed to in writing.

Electronic Filing

IRS guidelines require us to electronically file (e-file) most income tax returns. Unless you believe e-filing will create undue hardship, your returns will be filed electronically. We will provide a copy of the returns for your review prior to electronic transmission. After review, you must provide signed authorization forms before we can transmit the returns.

We cannot transmit returns until we have the signed authorization. Therefore, if you have not provided signed authorization a minimum of 3 business days (Monday–Friday, excluding U.S. federal holidays) before the due date, we will place your returns on extension, even if they 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 for any additional costs our firm incurs arising from the extension preparation.

Although our firm will use best efforts to ensure that returns are successfully transmitted, we are not financially responsible for electronic transmission or other errors arising after the return has been successfully submitted from our office.

Client Review and Final Responsibility

By your signature below, you understand and agree that you are responsible for the accuracy and completeness of the records, documents, explanations, and other information provided to us for purposes of this engagement. You have the final responsibility for the returns; therefore, you should review them carefully before you sign the e-file authorization forms, or sign and submit returns directly to taxing authorities when applicable. You agree that our firm is not responsible for a taxing authority's disallowance of deductions due to inadequately supported documentation, nor for resulting taxes, penalties, and interest.

Fees

Payment for our services is due when the work is complete, our services are disengaged, or as otherwise agreed. Our fee for tax return preparation does not include responding to inquiries or examinations by taxing authorities or other tax-related issues. Should your return be selected for audit or evaluation by the IRS or a state tax agency, we can provide representation for an additional fee.

If your return is subject to penalties due to an error made by our office, we will reimburse those costs up to an amount not to exceed the return preparation fee, and we will work to resolve the issue. We are not responsible for errors due to missing or incorrect information provided to us, or errors beyond our direct control.

Tax planning services are not within the scope of this engagement. During the course of preparing the returns identified above, we may bring to your attention potential tax savings strategies for you to consider. However, we have no responsibility to do so, and implementation remains your responsibility. If you ask us to provide tax planning services, we will confirm this representation in a separate engagement letter.

This engagement covers only the preparation of the tax return(s) described above. Any additional consultation, including tax planning, will be billed at our normal hourly rate, in 15-minute increments. Consultation appointments may not be available during tax season.

In addition, if our firm or any of its employees or agents is called as a witness or requested to provide information whether oral, written, or electronic in any judicial, quasi-judicial, or administrative hearing or trial regarding information or communications you have provided, or any documents and workpapers prepared by Churchwell Tax & Business Services in accordance with this agreement, you agree to pay any and all reasonable expenses, including fees and costs for our time at the rates then in effect, as well as any legal or other fees we incur as a result of such appearance or production of documents.

Other Matters

Because of the importance of oral and written representations to the effective performance of our services, Client releases and indemnifies our firm and its personnel from any and all claims, liabilities, costs and expenses arising from inaccurate or incomplete information supplied by Client.

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

Your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication with a third party (e.g., a lender, investor, vendor, or business associate). We recommend you contact us before releasing any privileged information to a third party.

If we are asked to disclose any privileged communication, unless required by law, we will not provide such disclosure until you have had an opportunity to argue the communication is privileged. You agree to pay reasonable expenses we incur, including legal fees, resulting from attempts to protect any communication as privileged. Any written tax advice we provide under this engagement is not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal tax penalties.

In connection with this engagement, we may communicate with you or others via email transmission. We take reasonable measures to secure confidential information in email transmissions; however, email can be intercepted, misdirected, or otherwise accessed by unintended parties. We disclaim any liability for interception, unintentional disclosure, unauthorized use, or failed delivery of emails transmitted in connection with this engagement, and you agree we shall have no liability for any loss or damage resulting from the use of email transmissions.

We may, depending on the circumstances and nature of the services, share your confidential information with third-party service providers, some of whom may be cloud-based. We maintain internal policies and safeguards to protect confidentiality and will seek confidentiality terms with service providers. No completely secure system for electronic data transfer exists; by signing below, you acknowledge the firm makes no warranty, express or implied, regarding the security of electronic data transfers.

It is our policy to keep records related to this engagement for seven years. However, Churchwell Tax & Business Services does not keep original client records, so we will return originals to you at completion of services. It is your responsibility to retain and protect your records and work product for possible future use. While we may maintain an online client portal allowing access to your records, we are under no obligation to maintain this service and it should not be relied upon as an ongoing archive.

By your signature below, you acknowledge and agree that upon expiration of the seven-year period, Churchwell Tax & Business Services may destroy our records related to this engagement.

If any dispute arises, the parties agree to first try in good faith to settle the dispute by mediation under applicable rules for resolving professional accounting and related services disputes before resorting to litigation. Costs of mediation shall be shared equally. To the extent permitted by law, neither party is liable for incidental, indirect, special, exemplary, or consequential damages. Neither party is liable for delay or failure caused by events beyond its reasonable control (force majeure).

Client and accountant agree that any disputes will be submitted for resolution by binding arbitration in Placer County, California, in accordance with applicable rules for resolving professional accounting and related services disputes, except that the arbitrator must follow California law. Proceedings are confidential to the maximum extent permitted. Claims must be brought on an individual basis; class or representative proceedings are waived. Any claim arising out of this engagement must be filed within one (1) year after the cause of action accrues. **BY AGREEING TO ARBITRATION, BOTH PARTIES UNDERSTAND THEY ARE WAIVING THE RIGHT TO A TRIAL BEFORE A JUDGE OR JURY.** The prevailing party is entitled to reasonable attorneys' fees and costs as determined by the arbitrator.

If the above fairly sets forth your understanding, please sign the enclosed copy of this letter and return it to us, or sign using our electronic signature system. Please note that you are affirming your understanding of, and agreement to, the terms and conditions of this engagement letter by any one of the following actions: returning your signed engagement letter, providing your tax information to us for use in the preparation of your returns, submitting the tax returns we have prepared to the taxing authorities, or payment of our return preparation fees.

Sincerely,

Bob Churchwell, EA

Client Name (Print)

Signature

Date

Annual Privacy Disclosure Statement - Third-Party Disclosures

Dear Client:

Under the Gramm-Leach-Bliley Act of 1999, financial institutions must provide their customers with a "clear and conspicuous" notice about their privacy policies and practices; the conditions under which they disclose nonpublic personal information about consumers to nonaffiliated third parties; and how consumers can prevent the disclosure of their information. You already may have received such notices from the banks and brokerage firms with which you do business.

Following the passage of this legislation, the Federal Trade Commission (FTC) issued detailed rules on these privacy notices, including to whom they should apply. In those rules, the FTC defined "financial institutions" to include all those who provide "financial or investment advisory services." In turn, the FTC rules chose to broadly interpret "financial or investment advisory activities" to cover "tax planning and tax preparation."

In compliance with the FTC rules, printed below is our firm's current Privacy Disclosure Statement. Be assured that this firm has always considered our professional relationship with you to be one requiring the utmost trust and confidence. Please do not hesitate to call us if you have any questions about this notice.

PRIVACY DISCLOSURE

Churchwell Tax & Business Services does not disclose any nonpublic personal information about our clients or former clients, without their permission, to anyone except as absolutely required by law or as needed by our employees to provide services or products to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

If you have any concerns about the disclosure of your personal information to third parties, please contact us by mail or telephone (530) 885-9705.

Sincerely yours,

Robert Churchwell