

## 2025 Individual Income Tax Return

### Preparation Engagement Letter

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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 state individual income tax returns from information you furnish us. **It is your responsibility to provide all the information required for the preparation of a complete and accurate income tax return.** Any municipal, city, school district, or foreign returns you may be required to file are not covered under this engagement.

#### Document Deadlines and Extensions

We must receive all information to prepare your return by **March 13, 2026** (Document Deadline) to ensure that your returns will be completed by April 15, 2026. If we have not received all of your information by the above date, we cannot guarantee that your returns will be completed before the deadline. If we are unable to complete the returns, we will assume that you want us to prepare an extension of time to file your returns. You should keep in mind that this would be an extension of time to file the returns; however, any tax estimated to be due would need to be paid with the extension request. 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 our Document Deadline will be processed after April 15. 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 are confirming that you will furnish us with all the information required for preparing the returns. This includes, but is not limited to, providing us with the information necessary to identify (1) all states and foreign countries in which you “reside” (even on a temporary basis), “do business” or derive income (directly or indirectly) and (2) the extent of business operations in each relevant state and/or country. 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 the documents, books, and records that form the basis of your income and deductions. The documents may be necessary to prove the accuracy and completeness of the returns to a taxing authority. If you have any questions as to the type of records required, please ask us for advice in that regard.

All clients are required to complete our tax organizer every year, which provides us with important information needed to accurately prepare your return. You confirm that you will provide us originals or copies of any tax documents you received, such as 1099s and W2s, and to provide any additional documents we request to complete your return. Certain tax benefits (including the Child Tax Credit, Earned Income Credit, American Opportunity Credit, and Head-of-Household filing status) require additional due-diligence documentation. You agree to provide all requested information and to complete our due-diligence forms; we will not claim these items without sufficient documentation.

#### Digital Assets

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

You agree to provide us with complete and accurate information regarding any transactions in, or transactions that have used, virtual currency during the applicable tax year. Please ask us for advice if you have any questions regarding the type of records required for virtual currency 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 should later contest the position taken, there may be an assessment of additional tax, interest and penalties. We assume no liability for any such assessment of additional tax, penalties or interest. 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 for any damages that occur as a result of ceasing to render services.

The law provides for a penalty to be imposed where a taxpayer makes a substantial understatement of their tax liability. Taxpayers may seek to avoid all or part of the penalty by showing (1) that they acted in good faith and there was reasonable cause for the understatement, (2) that the understatement was based on substantial authority, or (3) there was a reasonable basis for the position taken on the return and the relevant facts affecting the item's tax treatment were adequately disclosed on the return. You agree to advise us if you wish disclosure to be made in your 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 the position proposed to be taken on such issue in your returns.

### **Foreign Accounts and Foreign/Entity Information Reporting**

If you and/or your entity have a financial interest in, or signature authority over, any foreign accounts, you may be subject to certain filing requirements with the U.S. Department of the Treasury, in addition to the Internal Revenue Service (IRS). Filing requirements may 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). This engagement does not include preparing any business entity or fiduciary information returns or foreign information returns for entities (e.g., Forms 1065, 1120-S, 1120, 1041, or Forms 5471/5472 for entities). Those services require a separate engagement.

The filing deadline for the Report of Foreign Bank and Financial Accounts (FBAR) required by the U.S. Department of the Treasury is April 15th and follows the federal income tax due date guidance, which notes that if the tax due date falls on a weekend or legal holiday, the form is considered timely filed if filed on the next business day. An automatic 6-month extension is available. Electronic filing of the FBAR is mandatory using the Bank Secrecy Act (BSA) e-filing system for the Financial Crimes Enforcement Network (FinCEN). We must receive a signed consent form from you prior to submitting the foreign reporting form. If we do not receive your signed authorization to file your foreign reporting form, we will not be able to file any of the required disclosure statements on your behalf.

Additionally, the IRS requires information reporting on foreign interests or activities under applicable IRC 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 have any direct or indirect foreign interests that require disclosures to the IRS, you must provide us with the information necessary to prepare the applicable IRS forms.

Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the IRS may result in substantial civil and/or criminal penalties. By your signature below, you agree to provide us with complete and accurate information regarding any foreign accounts that you and/or your entity may have had a direct or indirect interest in, or signature authority over, during the above referenced tax year. The foreign reporting requirements are very complex, so if you have any questions regarding the application of the U.S. Department of the Treasury and/or the IRS reporting requirements to your foreign interests or activities, please ask us for advice in that regard. We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

## **Electronic Filing**

IRS guidelines require us to electronically file (e-file) all income tax returns. Unless you feel e-filing your income tax return will create undue hardship, your income tax return will be filed electronically. 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 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 returns and that, to the best of your knowledge, you feel they are 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 a minimum of 3 business days (Monday-Friday, excluding US Federal Holidays) before the due date, 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 timely sent to the appropriate taxing authorities. You will also be responsible 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.

## **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 income tax returns; therefore, you should review them carefully before you sign the e-file authorization forms, or sign and submit your income tax returns directly to the appropriate taxing authorities. You agree that our firm is not responsible for a taxing authority's disallowance of deductions or 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 examination 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 tax returns identified above, we may bring to your attention potential tax savings strategies for you to consider as a possible means of reducing your taxes in subsequent tax years. However, we have no responsibility to do so, and will take no action with respect to such recommendations, as the responsibility for implementation remains with you, the taxpayer. If you ask us to provide tax planning services, we will confirm this representation in a separate engagement letter.

This engagement only covers the preparation of your tax return. Any additional consultation, including tax planning, will be billed at our normal hourly rate, in 15-minute increments. Note that consultation appointments may not be available during tax season.

In addition, in the event our firm or any of its employees or agents is called as a witness or requested to provide any information whether oral, written, or electronic in any judicial, quasi-judicial, or administrative hearing or trial regarding information or communications that you have provided to this firm, or any documents and workpapers prepared by **Churchwell Tax & Business Services** in accordance with the terms of 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 that 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 that are before the IRS or brought by or against the U.S. Government in a 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.

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 you file jointly, both spouses are our clients and each authorizes us to share information with the other. If a conflict arises, we may be required to withdraw. We do not represent other family members (e.g., ex-spouses, adult children) unless separately engaged.

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. 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 your confidential information in our email transmissions. However, as emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered to and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of email transmissions, or for the unauthorized use or failed delivery of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

We may from time to time and depending on the circumstances and nature of the services we are providing, share your confidential information with third-party service providers, some of whom may be cloud-based, but we remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality terms with all service providers to maintain the confidentiality of your information and will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure appropriate confidentiality terms with a third-party service provider, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Although we will use our best efforts to make the sharing of your information with such third parties secure from unauthorized access, no completely secure system for electronic data transfer exists. As such, by your signature below, you understand that the firm makes no warranty, expressed or implied, on 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 any original client records, so we will return those to you at the completion of the services rendered under this engagement. It is your responsibility to retain and protect your records (which includes any work product we provide to you as well as any records that we return) for possible future use, including potential examination by any government or regulatory agencies. Churchwell Tax & Business Services does not accept responsibility for hosting client information; therefore, you have the sole responsibility for

ensuring you retain and maintain in your possession all your financial and non-financial information, data and records. 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 the expiration of the seven-year period, Churchwell Tax & Business Services shall be free to destroy our records related to this engagement.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation under its applicable rules for resolving professional accounting and related services disputes before resorting to litigation. Costs of any mediation proceeding shall be shared equally by all parties. 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 the 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 to Churchwell Tax & Business Services 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 to our firm, providing your income tax information to us for use in the preparation of your returns, the submission of the tax returns we have prepared for you to the taxing authorities, or the payment of our return preparation fees.

We want to express our appreciation for this opportunity to work with you. If the foregoing fairly sets forth your understanding, please sign below.

Sincerely,

*Bob Churchwell, EA*

_____ Client Name (Print)	_____ Signature	_____ Date
_____ Client Name-Spouse (Print)	_____ Spouse 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