

## CLIENT ENGAGEMENT LETTER

Dear Client,

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. In order to ensure an understanding of our mutual responsibilities we ask all clients for whom returns are prepared to confirm the following arrangements.

We will prepare your 2022 federal and state tax returns from information which you will furnish to us. We will provide monthly, quarterly, or annual accounting services as well, if engaged to do so. We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information. We will furnish you with questionnaires and worksheets to guide you in gathering the necessary information if requested. Your use of such forms will assist in keeping the fee to a minimum.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all the documents, canceled checks and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations, fraud and/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 return, but these services do not include any procedures designed to discover defalcations, fraud and/or irregularities, should any exist.

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.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

Our fee for these services will be based upon the amount of time required at standard billing rates plus out-of-pocket expenses unless Audit Protection is purchased. ***All invoices are due and payable upon presentation. Additional fees will be billed for additional copies of tax returns, and letters from taxing authorities unless Audit Protection is purchased. Our fee for tax services DOES NOT include consultations (in person, telephone, e-mail) and will be billed at our standard billing rates.***

If the foregoing fairly sets forth your understanding, please sign the enclosed copy of this letter in the space indicated and return it to our office. However, if there are other tax returns you expect us to prepare, please inform us by noting so at the end of the return copy of this letter. We want to express our appreciation for this opportunity to work with you.

Very truly yours,  
RONALD A. MERMER, C.P.A., PC

**Please complete the following questions:**

- At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? Yes  No   
***If yes, provide full details*** \_\_\_\_\_

- For 2022, did you report all sources of income, both foreign and domestic? Yes  No

- For 2022, did you have health insurance for yourself, and your entire family, for the entire year? Yes  No   
***If no, please provide details on months not covered*** \_\_\_\_\_

Taxpayer signature: \_\_\_\_\_ Date \_\_\_\_\_

Spouse signature: \_\_\_\_\_

## REPORTING OF FOREIGN ASSETS

CLIENT \_\_\_\_\_

TAX YEAR 2022

### Disclosure of Foreign Assets

We need to make further inquiries to ensure the \$10,000 penalty (or higher), and the loss of tax return statute of limitation will not affect you:

YES      NO

\_\_\_\_      \_\_\_\_ Do you own, directly or with others, any foreign stock or securities, financial instruments, foreign-issued annuities of life insurance or foreign hedge or private-equity funds?  
If so, what country? \_\_\_\_\_  
Estimated value of the stock 12/31/2022 \$ \_\_\_\_\_

\_\_\_\_      \_\_\_\_ Do you have a retirement of deferred compensation plan/account in another country?  
If so, what country? \_\_\_\_\_  
FMV on 12/31/2022 \$ \_\_\_\_\_  
Highest estimated value of the retirement plan during 2022 \$ \_\_\_\_\_

\_\_\_\_      \_\_\_\_ Do you have a bank/brokerage account or a custodial account in another country?  
If so, what country? \_\_\_\_\_  
Highest value of the bank account during the year \$ \_\_\_\_\_

\_\_\_\_      \_\_\_\_ Do you have any other assets outside of the U.S., such as land?  
If so, what country? \_\_\_\_\_  
How owned? \_\_\_\_\_  
Description and estimated value of the assets \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_      \_\_\_\_ At any time during 2022, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country?  
If "Yes," you may be required to file a form FinCen 114 to report that financial interest or signature authority. Enter the name of the foreign country where the financial account is located. \_\_\_\_\_  
Highest value of the financial account during the year \$ \_\_\_\_\_

\_\_\_\_      \_\_\_\_ During 2022, did you receive a distribution from, or were you the grantor of or transferor of a foreign trust? If "Yes," you may have to file Form 3520.

The above information is correct to the best of my knowledge.

Taxpayer signature: \_\_\_\_\_ Date \_\_\_\_\_

Spouse signature: \_\_\_\_\_

## DUE DILIGENCE QUESTIONNAIRE FOR 2022 HEAD OF HOUSEHOLD

In order to file a head of household status, you must meet ALL of the following requirements:

**1. You must be unmarried or considered unmarried on the last day of the year.**

**a. Considered Married :** If on the last day of the year, you and your spouse met **any one** of the following criteria:

- i. You are married and living together
- ii. You are living together in a common law marriage that is recognized in the state where you now live or in the state where the common law marriage began
- iii. You are married and living apart, but not legally separated under a decree of divorce or separate agreement
- iv. You are separated under an interlocutory (not final) decree of divorce

**I meet ANY of the above: Yes  No**  (If you answer yes, you are **considered married** and are **not eligible** to file as Head of Household)

**b. Considered Unmarried:** if on the last day of the year you **meet ALL** of the following criteria:

- i. You file a separate return
- ii. You paid more than half the cost of keeping up your home for the tax year
- iii. Your spouse did not live in your home during the **last six months** of the tax year
- iv. Your home was the **main home** of your child, stepchild, or eligible foster child for more than half the year
- v. You must be able to **claim an exemption** for the child

**I meet ALL of the above: Yes  No**

**2. You paid more than half the cost of keeping up a home for the year.** The IRS provides a worksheet to help you calculate this, but the idea is to add up household costs and determine that you pay more than half throughout the year. Here are examples:

**a. Costs to include:** Rent, mortgage interest, property taxes, homeowners insurance, repairs, utilities and food eaten in your home.

**b. Costs not to include:** Clothing, education, medical expenses, vacations, life insurance and transportation.

**I meet the above requirement: Yes  No**

**3. A “qualifying person” lived with you in the home for more than half the year.**

Beyond a child, a qualifying person can be a sibling, parent, grandchild, grandparent and others related by blood, legal adoption or marriage. If the qualifying person is your dependent parent, he or she doesn't

have to live with you, as long as you provide more than half the cost of keeping up their home.

**I have a qualifying person: Yes  No**

Can you provide documentation, if required, to substantiate your eligibility for head of household status?  
(*This may include school records, medical records, child care provider statements, household bills, etc.*)

Yes  No

I certify that my answers to the above items are true.

Taxpayer signature: \_\_\_\_\_ Date \_\_\_\_\_

Spouse signature: \_\_\_\_\_

## DUE DILIGENCE QUESTIONNAIRE FOR 2022 CREDITS

If you will be claiming an Earned Income Credit, Child Tax Credit, Other Dependent Credit, and/or and American Opportunity Credit on your 2022 tax return, **you must complete, sign, and return this questionnaire to our office.**

### Earned Income Tax Credit (EITC)

If over the age of 24 and claiming the credit, please confirm that you are not claimed as a dependent on any other tax return?      Yes       No

Can you confirm that any dependent(s) under the age of 19 as of year end, or under the age of 24 and a full time student or permanently and totally disabled claimed is a qualifying child (this includes children, stepchildren, foster children, siblings or a descendant of any of them), was unmarried, and lived with you for more than half the year?      Yes       No

### Child Tax Credit and Other Dependent Credit

Can you confirm that any dependent(s) under the age of 18 claimed is a qualifying child (this includes children, stepchildren, foster children, siblings or a descendant of any of them), has a social security number, was unmarried, lived with you for more than half the year, and did not provide over half of their own support?      Yes       No

If you are the non-custodial parent, do you have a signed release (Form 8332) from the custodial parent allowing you to claim the dependent? (If yes, a copy must be provided to the office)

Yes       No       N/A

Can you confirm that all dependents claimed are US citizens, US nationals, or US resident aliens?

Yes       No

### American Opportunity Tax Credit (AOTC)

Is the taxpayer, spouse, and/or dependent currently pursuing an undergraduate degree or other recognized education credential at least half time, and has not claimed the AOTC or former Hope credit for more than four years, nor has a felony drug conviction as of the end of 2022?

Yes       No

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Can you confirm that your main home was in the US for more than half the year?

Yes       No

Can you confirm that any credit has **NOT** been disallowed or reduced in a previous year by the IRS?

Yes       No

Can you provide documentation, if required, to substantiate your eligibility for each credit and amount claimed? *(This may include school records, medical records, child care provider statements, etc.)*

Yes       No

I certify that my answers to the above items are true.

Taxpayer signature: \_\_\_\_\_ Date \_\_\_\_\_

Spouse signature: \_\_\_\_\_

## AUDIT PROTECTION PROGRAM

As federal, state, and local budget deficits balloon out of control, the IRS and other taxing authorities are working harder to chase every tax dollar. The IRS is sending out thousands more notices than in past years. Your odds of getting audited or other unwelcome correspondence are climbing each year. Like it or not, the IRS assumes their conclusions are correct unless you prove otherwise. Responding to simple written notices can be very expensive and time-consuming, and responding to an actual audit can mean real financial disruption. We have created our Audit Protection Program to help shield you from those unexpected costs. In consideration for a fee of \$185 per year, we will perform the following services:

Services	Audit Protection Plan	No Audit Protection Plan
Resolution (positive or negative) for written notices from federal, state or local authorities	<b>\$185/year</b>	\$300/hr minimum 2 hours plus \$75 Power of Attorney <b>\$675</b>
Audit Representation (up to 8 hours)	Included	\$300/hr minimum 8 hours plus \$75 Power of Attorney <b>\$2,475</b>
Up to 1 hour of additional services (phone calls, faxes, emails)	Included	\$300/hr minimum 4 hours plus \$75 Power of Attorney <b>\$1,275</b>
Income verification letters for lenders and other parties	Included	<b>\$300</b>
Additional copies of returns	Included	<b>\$50</b>
<b>Peace of Mind</b>	<b>Priceless</b>	

This Protection becomes effective upon filing your tax return. Protection must be activated before your return is filed.

- OPT IN** Additional Charges: Schedule C \$50 (info provided by taxpayer)  
 Schedule C \$300 (write-up done by our office)  
 Schedule E \$50 (info provided by taxpayer)  
 Schedule E \$300 (write-up done by our office)

**OPT OUT** I UNDERSTAND THAT ANY IRS OR STATE NOTICES HANDLED BY OUR OFFICE WILL BE BILLED AT OUR HOURLY FEE OF \$300, WHICH INCLUDES RESEARCH AS TO THE SOURCE OF NOTICE.

I UNDERSTAND THAT IN THE EVENT OF AN IRS OR STATE AUDIT WE WILL REQUIRE AN UPFRONT RETAINER OF \$2,500, WITH ADDITIONAL FEES BILLED AS ADDITIONAL TIME IS INCURRED.

THE AUDIT PROTECTION PROGRAM MAY NOT BE OFFERED FOR EVERY TAX RETURN.

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name