

DeSain Financial Services
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2018 Engagement Letter for Estate/Trust Income Tax Returns

Client Name _____

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

We will prepare your 2018 federal estate/trust income tax return, and tax returns for the state of NY, (collectively, the "returns") with supporting schedules, and perform related research as considered necessary. This engagement pertains only to the 2018 tax year, and our responsibilities do not include preparation of any other tax returns that may be due to any taxing authority. Our engagement will be complete upon the transmission of your returns to the taxing authorities and its subsequent acknowledgement by the Internal Revenue Service and any state (s); or when we deliver to you the completed return (s) for your signature. Thereafter, you will be solely responsible to file the returns with the appropriate taxing authorities.

Please note that any person or entity subject to the jurisdiction of the United States (including individuals, corporations, partnerships, trusts, and estates) having a financial interest in, or signature or other authority over, bank accounts, securities, or other financial accounts having an **aggregate** value exceeding \$10,000 in a foreign country, shall report such a relationship. Filing requirements 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 a foreign account(s). For example, a corporate-owned foreign account would require filings by the corporations and by the individual corporate officers with signature authority. Failure to disclose the required information to the U. S. Department of the Treasury may result in substantial civil and/or criminal penalties.

If you and/or your entity have a financial interest in any foreign accounts, you are responsible for providing our firm with all the information necessary to prepare FINCEN Form 114 required by the U.S. Department of the Treasury. If you do not provide our firm with information regarding any interest you may have in a foreign account, we will not be able to prepare any of the required disclosure statements.

In addition, the Internal Revenue Service under IRC Section 6038(a) requires information reporting with respect to certain foreign corporations (Form 5471) and describes the information required to be reported on this form, which is due on April 15, 2019. Therefore, if you are an officer, director, or shareholder in a foreign corporation, you may be required to file Form 5471. IRC Section 6038(b)(1) provides for a monetary penalty of \$10,000 for each Form 5471 that is filed after the due date of the income tax return (including extensions) or that does not include complete and accurate information as defined under the regulations. By your signature on this engagement letter, you accept responsibility for informing us if you are an officer, director, or shareholder in a foreign corporation and you agree to provide us with the information necessary to prepare the appropriate Form 5471(s). **In the event that you do not provide us with this information, we assume no liability for penalties associated with missing, late or incomplete filing information pursuant to code section 6038(a).**

If, during our work, we discover information that affects your prior-year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue.

Your returns may be selected for review by one or more than one taxing authority. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, if you wish to have us represent you during the examination and/or during any appeal, please make that request of us in writing. If we agree to represent you in that regard, such representation will be the subject of, and governed by, a separate engagement letter.

Our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist. However, we will inform you of any material errors that come to our attention and any fraud that comes to our attention. We will also inform you of any other illegal acts that come to our attention, unless clearly inconsequential. Our responsibility as tax preparer is limited to the tax period specified above and does not extend to any later periods of which we are not engaged as tax preparers.

You are responsible for adopting sound accounting policies, for maintaining an adequate and efficient accounting system, for safeguarding assets, for authorizing transactions, for retaining supporting documentation for those transactions, and for devising a system of internal controls that will, among other things, help assure the preparation of proper income tax returns. Furthermore, you are responsible for management decisions and functions, for designating a competent employee to oversee any of the services we provide, and for evaluating the adequacy and results of those services. You have the final responsibility for the income tax returns and, therefore, should review them carefully before you sign and file them.

We must receive sufficient information from which to prepare your returns within a reasonable period of time prior to the applicable filing deadline, specifically, on or before March 25, 2019. Any failure to provide such cooperation, and to do so on a timely basis, will impede our services, and may require us to pursue an extension of the due date of your returns, suspend our services or withdraw from the engagement.

We will use our professional judgment in preparing your returns. Whenever we are aware that a possible applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g. tax agencies and courts), we will explain the possible positions that may be taken on your return. We will adopt whatever position you request, so long as it is consistent with the codes, regulations, and interpretations that have been published. If the Internal Revenue Service should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such penalties or assessments.

Without disclosure in the return itself of the specific position taken on a given issue, we must have a reasonable belief that it is more likely than not that the position will be held to be the correct position upon examination by taxing authorities. If we do not have that reasonable belief, we must be satisfied that there is at least a reasonable basis for the position, and in such a case the position must be formally disclosed on Form 8275 or 8275-R, which form would be filed as part of the return. If we do not believe there is a reasonable basis for the position, either the position cannot be taken, or we cannot sign the return. In order for us to make these determinations, we must rely on the accuracy and completeness of the relevant information you provide to us, and, in the event we and/or you are assessed penalties due to our reliance on inaccurate, incomplete, or misleading information you supplied to us (with or without your knowledge or intent), you will indemnify us, defend us and hold us harmless as to those penalties.

Our fees for this engagement are not contingent on the results of our services. Rather, our fees for this engagement, including preparation of your returns and any representation of your interests during an examination by a taxing authority and/or any subsequent appeal, will be based on our standard hourly rates. In addition, you agree to reimburse us for any of our out-of-pocket costs incurred in connection with the performance of our services.

Our fees and costs under this engagement are due when the services are rendered and before the returns are transmitted in the case of an electronic return or before delivery to you for mailing in the case of a paper return. If we allow you to delay payment under this engagement, billings become delinquent if not paid within 30 days of the invoice date. A finance charge will be added to the outstanding balance each month at a rate of 2.5% per month, with a \$5.00 minimum. You agree to this finance charge even if the notice of the finance charge is not printed on our invoice. We reserve the right to suspend our services or to withdraw from this engagement in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due us, you agree to reimburse us for our costs of collection, including attorneys' fees.

If we elect to terminate our services for nonpayment, or for any other reason provided for in this letter, our engagement will be deemed to have been completed upon written notification of termination, even if we have not

completed your return. You will be obligated to compensate us for all time expended, and to reimburse us for all our out-of-pocket costs, through the date of termination.

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.

In connection with this engagement, we may communicate with you or others via email transmission. 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 and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure 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 revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We are prohibited from providing confidential information or copies to anyone other than to you without your prior, specific, written authorization. Please expect to provide that written authorization before we can release any of your confidential information such as to your bank or mortgage lender.

In accordance with our firm's current document retention policy we will retain our work papers and copies of your tax returns from this engagement for seven years. We will provide you with a copy of your tax returns, depreciation schedules, if any, and other pertinent work papers that should be a part of your books and records. If you should need replacements, we will provide additional copies at our standard copying fees. We will return all of your original records to you upon completion of this engagement. After seven years, our work papers and files will no longer be available. Physical deterioration or catastrophic events may shorten the time during which our records may be available. The working papers and files of our firm are not a substitute for your original records or those of your company. It is agreed and understood that in connection with the performance of this engagement by DeSain Financial Services, any work papers we prepare will remain the property of DeSain Financial Services.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our hourly rates, as set forth above, for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

In the event that we are or may be obligated to pay any cost, settlement, judgment, fine, penalty, or similar award or sanction as a result of a claim, investigation, or other proceeding instituted by any third party, and if such obligation is or may be a direct or indirect result of any inaccurate, incomplete, or misleading information that you provide to us during the course of this engagement (with or without your knowledge or intent), you agree to indemnify us, defend us (with counsel of our choosing), and hold us harmless as against such obligation.

You agree that any dispute (other than our efforts to collect an outstanding invoice) that may arise regarding the meaning, performance or enforcement of this engagement will, prior to litigation, be submitted to mediation, and that you will engage in the mediation process in good faith once a written request to mediate has been given by either party to the engagement. Any mediation initiated because of this engagement shall be administered by a law firm specializing in the mediation process, not associated with either party, which we select, according to its mediation rules. Any ensuing litigation shall be conducted in Monroe County, State of New York, according to New York law. The result of any such mediation shall be binding only upon agreement of each party to be bound. The cost of any mediation proceeding shall be shared equally by the participating parties.

Any litigation arising out of this engagement, except actions by us to enforce payment of our professional invoices, must be filed within one year from the completion of the engagement, notwithstanding any statutory provision to the contrary. In the event of litigation brought against us, any judgment you obtain shall be limited in amount, and shall not exceed the amount of the fee charged by us, and paid by you, for the services set forth in this engagement letter. In no event will we be responsible for any additional tax that may be assessed against you, or any interest that may be assessed against you with respect to such additional tax. If any portion of this engagement letter is declared invalid or unenforceable, no other provision of this agreement is affected, and all other provisions remain in full force and effect.

This engagement letter is contractual in nature and includes all the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all the parties.

If, after full consideration and consultation with counsel if so desired, you agree that the foregoing terms shall govern this engagement, please sign this letter in the space provided and return the original signed letter to me, keeping a fully-executed copy for your records.

Thank you for your attention to this matter, and please contact me with any questions that you may have.

Sincerely,

Mary E. DeSain EA
Owner

ACCEPTED AND AGREED:

By: [Name of Signatory]

Date

Title: _____