



TERMS AND CONDITIONS FOR TAX RETURN PREPARATION ENGAGEMENTS

This document contains the general terms and conditions for all engagements for tax return preparation and the nature and limitations of the services we will provide. As used herein, the terms “we,” “us,” “Elevated,” “our firm” and similar terms refer to Elevated CPA, LLC, and the terms “you,” “your” and similar terms refer to the client who engages our firm for tax return preparation. These terms and conditions, together with the engagement between you and our firm, will constitute the terms of our Agreement.

Please note that these Terms and Conditions begin with items that are applicable to all of our clients, whether individual or business. There are then separate provisions that apply in addition to all business clients, as well as further provisions that apply to partnerships, limited liability companies and S corporations. You should make sure that you review all provisions applicable to you.

GENERAL TERMS OF ENGAGEMENTS

Our engagement is limited to the professional services specified in our letter to you describing our services (the “engagement letter”). In performing those services, we will rely upon the completeness and accuracy of the information and representations you provide to us. Unless our engagement letter specifically provides otherwise, we have not been engaged to and will not prepare financial statements. We will not audit or otherwise verify the data you submit to us, although we may ask you to clarify certain information.

We will prepare your tax returns solely for filing with the Internal Revenue Service (“IRS”) and applicable state and local tax authorities. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose. You agree to indemnify us and hold us harmless with respect to any and all claims arising from the use of the tax returns for any purpose other than filing with the IRS, state and local tax authorities.

Unless our engagement letter specifically provides otherwise, our engagement does not include any procedures designed to detect errors, fraud, or theft. Therefore, our engagement cannot be relied upon to disclose such matters. In addition, you are responsible for developing and implementing internal controls applicable to your operations and we are not responsible for identifying or communicating deficiencies in those internal controls.

OUR RESPONSIBILITIES

Unless otherwise noted, we will perform our services in accordance with the Statements on Standards for Tax Services (“SSTs”) issued by the American Institute of Certified Public Accountants (“AICPA”) and U.S. Treasury Department Circular 230 (“Circular 230”). It is our duty to perform services with the same standard of care that a reasonable tax return preparer would exercise in this type of engagement. It is your responsibility to safeguard your assets and maintain accurate records pertaining to transactions. We will not hold your property in trust for you, or otherwise accept fiduciary duties in the performance of the engagement.

We, in our sole professional judgment, reserve the right to refuse to take any action that could be construed as making management decisions or performing management functions on your behalf.

Record Retention and Ownership

We will return any original records and documents you provide to us on or before the conclusion of the engagement. You are responsible for maintaining complete and accurate books and records, which may include financial statements, schedules, tax returns and other documents provided to you by us.

Workpapers and other documents created by us are our property and will remain in our control. Our copies of your documents are solely for our purposes and are not a substitute for your own records. Our policy is to destroy all files after a period of 7 years. Catastrophic events or physical deterioration may result in earlier damage to or destruction of our firm’s records.

Estimated tax payments

You may be required to make quarterly estimated tax payments to the IRS or one or more other jurisdictions. We will calculate these payments for the succeeding tax year based upon the information you provide to prepare your current year tax returns (the “safe harbor” rule). Updating recommended quarterly estimated tax payments to more closely reflect your actual current year’s income is not within the scope of this engagement, unless requested by you, and agreed to by us, in writing.

Bookkeeping assistance

We may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the tax returns. These services will be performed solely in accordance with the AICPA Code of Professional Conduct. In the event we conclude that such services are necessary to prepare your tax returns, we will advise you in writing before services are performed and bill you for the required services. You agree to pay for those required services.

Tax planning services

Tax planning services are not within the scope of our engagement. During the course of preparing your tax return, we may bring to your attention potential tax savings strategies for you to consider as a possible means of reducing your taxes in subsequent years. However, we have no responsibility to do so, and will take no action with respect to any such recommendation unless you specifically request us in writing to do so and agree on the terms of such engagement in a separate agreement.

Government inquiries

This engagement does not include responding to inquiries by the IRS or any other governmental agency or tax authority. If your tax return is selected for examination or audit, you may request our assistance in responding to such an inquiry. If you ask us to represent you, and we agree to represent you, we will confirm this engagement in a separate agreement.

Third-party requests

We will not respond to any request from banks, mortgage brokers or others for verification of any information reported on your tax returns. We do not communicate with third parties or provide them with copies of tax returns.

Referrals

In the course of providing services to you, you may request referrals to products or professionals such as attorneys, brokers, or investment advisors. We may identify professional(s) or product(s) for your consideration. However, you are responsible for evaluating, selecting, and retaining any professional or product and determining if the professional or product meets your needs. You understand that we will have no responsibility for the work product of any professional or the suitability of any product we refer to you or that you separately retain. Further, we are not responsible for any services we perform that fail to meet the intended outcomes as a result of relying on the services of other professionals or products you may retain.

Electronic Data Communication and Storage

To facilitate our services to you, we may send data over the Internet, temporarily store electronic data via computer software applications hosted remotely on the Internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We

use reasonable efforts to keep such communications and electronic data secure in accordance with our obligations under applicable laws, regulations, and professional standards, however, you recognize and agree that we have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us. You consent to our use of these electronic devices and applications during this engagement.

Federally Authorized Practitioner – Client Privilege

The Internal Revenue Code provides a limited confidentiality privilege applying to tax advice embodied in taxpayer communications with federally authorized tax practitioners in certain limited situations. This privilege is limited in several important respects. For example, the privilege may not apply to your records, state tax issues, state tax proceedings, private civil litigation proceedings, or criminal proceedings if they are properly requested by an appropriate governmental agency.

Tax advice

Any advice we may provide is based upon tax reference materials, facts, assumptions, and representations that are subject to change. We will not update our advice after the conclusion of the engagement for subsequent legislative or administrative changes or future judicial interpretations. To the extent we provide written advice concerning federal tax matters, we will follow the guidance contained in Circular 230, §10.37, Requirements for Written Advice.

Reliance on others

If you wish to take a tax position based upon the advice of another tax advisor, we must comply with Circular 230, §10.37(b) and AICPA SSTS No. 1 and related Interpretations 1-1 and 1-2, which requires the position to meet the “realistic possibility,” “substantial authority,” or “more likely than not” standard, as applicable. You agree to obtain a written statement from the advisor confirming the standard that should apply so the position may be properly disclosed. If additional research or disclosure is required, you agree to pay for the additional charges necessary to complete the disclosure or research.

Substantial understatement penalties and Adequate Disclosure

The IRS and many states impose penalties for substantial understatement of tax. To avoid these penalties, you must have substantial authority to support the tax treatment of the item challenged by the IRS or adequately disclose the item on the relevant tax return. Adequate disclosure may require you to



attach to your tax return a completed Form 8275, Disclosure Statement, or Form 8275-R, Regulation Disclosure Statement, which discloses all relevant facts.

You agree to advise us if you wish to disclose a tax treatment on your return. If you request our assistance in identifying or in performing further research to ascertain if there is substantial authority for the proposed position to be taken on your returns, and we agree to provide such assistance, we will confirm this engagement in a separate agreement. It is your responsibility to contact us if additional assistance is required.

If we conclude (because you have brought an issue to our attention or otherwise) that you are required to disclose a transaction on your tax return, you consent to attach Form 8275 or Form 8275-R to your tax return for filing after we discuss the matter with you. If the IRS, state or local tax authorities later contest the position taken, additional tax, penalties, and interest may be assessed. We assume no liability, and you hereby release us from any liability arising from any such contest, including but not limited to, additional tax, penalties, interest, and related professional fees for the position taken.

Tax return preparer standards, reportable transactions and tax shelters

Pursuant to the standards prescribed in IRS Circular 230 and IRC §6694, we, as tax return preparers, are prohibited from signing a tax return unless we have a reasonable belief that there is substantial authority for a tax position taken on the tax return or, if there is not substantial authority, we have a reasonable basis for the tax return position taken on the return and we disclose this tax position in a separate attachment to the tax return.

We will use our professional judgment to resolve questions in your favor where a tax law is unclear, provided that we have a reasonable belief that there is substantial authority for doing so. If there are conflicting interpretations of the law, we will explain the possible positions that may be taken on your return. We will follow the position you request, provided it is consistent with our understanding of tax reference materials. Tax reference materials include, but are not limited to, the Internal Revenue Code (“IRC”), tax regulations, Revenue Rulings, Revenue Procedures, Private Letter Rulings, court cases, and similar state and local guidance. If the IRS, state or local tax authorities later contest the position you select, additional tax, penalties, and interest may be assessed. We assume no liability, and you hereby release us from any liability, including but not limited to, additional tax, penalties, interest, and related professional fees you may incur.

Certain potentially abusive transactions identified by the IRS that have a primary purpose of tax avoidance must be disclosed on Form 8886, Reportable Transaction Disclosure Statement. A definition of “reportable transactions” is located at <https://www.irs.gov/instructions/i8886>, which also includes a

link to a summary of listed transactions). There are substantial penalties for failure to report reportable and listed transaction.

The law also imposes substantial penalties on taxpayers and tax advisors for failure to disclose tax shelters on Form 8271, Investor Reporting of a Tax Shelter Registration Number. A tax shelter is defined in IRC §6662((d)(2)(C) as a partnership or other entity, investment plan or arrangement, or any other plan or arrangement if a significant purpose of such partnership, entity, plan or arrangement is the avoidance or evasion of federal income tax.

You agree to advise us of any tax shelters and/or reportable transactions identified in tax reference materials.

If you do not consent to a required disclosure, we will be unable to prepare your tax returns. You agree to hold our firm harmless with respect to any liability including but not limited to, additional tax, penalties, interest and professional fees resulting from your failure to timely notify us, in writing, of any tax shelters and/or reportable transactions in order to facilitate the timely preparation and filing of your tax returns.

YOUR RESPONSIBILITIES

Provide all Information Requested Timely and Accurately

You will provide us with all information that we request to prepare your tax returns. You must provide us with accurate and complete information. Income from all sources, including those from sources outside of the United States must be disclosed to us. If you elect to provide us with access to electronic data via a local or online database from which we will download your trial balance or other information, you agree that the data is accurate as of the date and time you authorize it to be downloaded.

You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your tax returns. You should retain all documents that provide evidence and support for reported income, credits, deductions, and other information on your returns, as required under applicable tax laws and regulations. You represent that you have such documentation and can produce it if necessary, to respond to any audit or inquiry by tax authorities. You agree to hold our firm harmless from any liability including but not limited to, additional tax, penalties, interest and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.

Prompt Payment of Billings

If a retainer is specified in the engagement letter, the retainer will be earned as our professional time to complete the engagement is incurred. The retainer will be applied to the final billing. We will bill you for our professional fees and out-of-pocket costs prior to release of the tax returns we are preparing for you and all outstanding invoices must be paid prior to delivery of the returns.

We reserve the right to suspend or terminate our work for non-payment of fees. In the event that work is discontinued, either temporarily or permanently, as a result of delinquent payment, we will not be liable for any damages you may incur as a result of the work stoppage.

Conflict of Interest

If we, in our sole discretion, believe a conflict has arisen affecting our ability to deliver services to you in accordance with either the ethical standards of our firm or the ethical standards of our profession, we may be required to suspend or terminate our services without issuing our work product.

U.S. filing obligations related to foreign investments

Based on the information you provide, you may have additional filing obligations including but not limited to:

- Ownership of or an officer relationship with respect to certain foreign corporations (Form 5471);
- Foreign-owned U.S. corporation or domestic disregarded entity (Form 5472);
- Foreign corporation engaged in a U.S. trade or business (Form 5472);
- U.S. transferor of property to a foreign corporation (Form 926);
- U.S. person with an interest in a foreign trust (Forms 3520 and 3520-A);
- U.S. person with interests in a foreign partnership (Form 8865);
- U.S. person with interests in a foreign disregarded entity (Form 8858); or
- Statement of specified foreign assets (Form 8938).

You are responsible for informing us of all foreign assets owned directly or indirectly, including but not limited to financial accounts with foreign institutions, other foreign non-account investments, and ownership of any foreign entities, regardless of amount. If upon review of the information you have provided to us, including information that comes to our attention, we believe that you may have additional filing obligations, we will notify you.

Failure to timely file the required forms may result in substantial civil and/or criminal penalties. You agree to provide us with complete and accurate information regarding any foreign investments in which you have a direct or indirect interest, or over which you have signature authority, during the above referenced tax year.

The foreign reporting requirements are very complex. If you have any questions regarding the application of the reporting requirements for your foreign interests or activities, please ask us and we will respond in writing. Only advice that is in writing may be relied upon. We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

Foreign filing obligations

You are responsible for complying with the tax filing requirements of any other country. You acknowledge and agree that we have no responsibility to raise these issues with you and that foreign filing obligations are not within the scope of our engagement.

Virtual currency

The IRS considers virtual currency (e.g., Bitcoin) as property for U.S. federal income tax purposes. As such, any transactions in, or transactions that use, virtual currency are subject to the same general tax principles that apply to other property transactions.

If you had virtual currency activity during the tax year, you may be subject to tax consequences associated with such transactions and may have additional reporting obligations. 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.

Term of the Engagement

We will begin our services upon receipt of your executed engagement letter and receipt of the information requested of you. Our services will conclude upon the earlier of:

- the filing and acceptance of the tax returns specified in the engagement letter by the appropriate tax authorities and mailing or delivery of non-electronically filed tax returns (if any) to you for your review and your filing with the appropriate tax authorities,
- written notification by either of us to the other that the engagement is terminated, or
- one (1) year from the execution date of the engagement letter.

If you have the option to file a paper return and elect to do so, our services will conclude upon the earlier of:

- mailing or delivery of your 2021 tax returns to you for your review and your filing with the appropriate tax authorities,
- written notification by either of us to the other that the engagement is terminated, or
- one (1) year from the execution date of this Agreement.

Extensions of Time to File Tax Returns

The original filing due dates for your tax returns are shown in our engagement letter. State returns may have a different deadline. Due to the high volume of tax returns prepared by our firm, you must provide the information needed to prepare the tax returns no later than the date specified in our engagement letter. Failure to do so may result in the inability to complete your returns by the original filing due dates.

It may become necessary to apply for an extension of the filing deadline if there are unresolved issues or delays in processing, or if we do not receive all of the necessary information from you on a timely basis. Applying for an extension of time to file may extend the time available for a government agency to undertake an audit of your return or may extend the statute of limitations to file a legal action. All taxes owed are due by the original filing due date. Additionally, extensions may affect your liability for penalties and interest or compliance with governmental or other deadlines.

WE WILL NOT automatically file an extension of your returns. To the extent you wish to engage our firm to apply for extensions of time to file tax returns on your behalf, you must notify us of this request in writing. In some cases, your signature may be required on such applications prior to filing. Failure to timely request an extension of time to file can result in penalties for failure to file tax returns, which accrue from the original due date of the returns and can be substantial.

Penalties and Interest Charges

Federal, state, and local tax authorities impose various penalties and interest charges for non-compliance with tax laws and regulations including failure to file or late filing of returns, and underpayment of taxes. You, as the taxpayer, remain responsible for the payment of all tax, penalties, and interest charges imposed by tax authorities.

YOUR ADDITIONAL RESPONSIBILITIES FOR BUSINESS TAX RETURNS

Transfer pricing

Your transactions with related parties are subject to the transfer pricing rules of IRC §482, Allocation of Income and Deductions Among Taxpayers, which require that such transactions are conducted in an arm's length manner. Taxpayers who do not have the required documentation may be subject to significant penalties if transfer pricing adjustments are sustained upon examination by the IRS. You acknowledge and confirm that you are able to document your transfer pricing policies in accordance with IRC §482 and §6662, Imposition of Accuracy-Related Penalty on Underpayments, and the regulations thereunder in order to reduce this risk. If you ask us to conduct a transfer pricing study, and we agree to conduct the study, we will confirm this engagement in a separate agreement.

Changes in ownership

You are responsible for advising us of any changes in ownership of your business so that it may be properly reflected on the tax returns.

Employment records

You are responsible for obtaining Form I-9, Employment Eligibility Verification, from each new employee at the time of employment. In addition, Form W-4, Employee's Withholding Allowance Certificate, and the applicable state equivalent should be retained for all employees. Failure to obtain these forms may subject an employer to penalties. Additional state requirements related to employment records may exist. At your written request, we are available to provide written answers to your questions on required documentation.

Worker classification

You acknowledge and confirm that you, in consultation with other professional advisors, as needed, are responsible for determining the correctness of any worker classification. Payroll tax withholding and related employer payroll tax implications result from this determination. We cannot advise you with respect to worker classification and will rely upon your determination of same.

We recommend obtaining a signed contract and signed Form W-9, Request for Taxpayer Identification Number and Certification, or Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals), from all independent contractors.

You should provide all independent contractors with both forms and let them determine the form (W-9 or W-8BEN) that reflects their status.

You should also issue a Form 1099-NEC, Nonemployee Compensation, to all unincorporated independent domestic contractors to whom you pay \$600 or more for services. For those who provided a completed Form W-8BEN, a Form 1042-S must be issued to individuals if any payment is made from U.S. sources that would be deemed to be fixed or determinable annual or periodical income or other types of income included in the instructions, even if these payments are subject to a reduced income tax withholding rate or are exempt from income tax withholding due to an income tax treaty. In addition, state rules should also be reviewed to determine if state taxes are required to be withheld and separate returns completed for any independent contractor. At your written request, we are available to provide written answers to your questions on required documentation and only written responses from us may be relied upon.

Some of these filings are due as early as January 31 of each year and significant penalties are assessed for late filing, non-filing and filing of incorrect information. Preparation of these forms is not within the scope of this engagement. If you ask us to prepare these forms, and we agree to prepare them, we will confirm this engagement in a separate agreement. If you fail to adhere to the filing deadlines, you will be responsible for any penalties, interest and related professional fees for the improper filing.

PROVISIONS APPLICABLE TO PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

Partnership or Limited Liability Company (LLC) agreement

You should review your partnership (or LLC) agreement with your attorney. Significant tax changes were made in the partnership tax provisions that generally apply to partnership returns filed after 2018 and these should be reflected in your agreement. You should also review your partnership or LLC agreement to ensure that it meets your goals for the transfer of ownership and distribution of income. Often, partnership agreements fail to address the transfer of ownership or may require updating as circumstances change. A review of your partnership or LLC agreement is not within the scope of this engagement.

Current partners being held responsible for tax liabilities of prior partners, the partnership being held responsible for remittance of additional tax, rather than individual partners being taxed, and Numerous elections or opt-outs must be made by the “partnership representative” (formerly known as the tax matters partner. You should make sure that this person is properly designated in your partnership or LLC agreement.

Tax basis schedules

The tax return may be required to include each partner's capital account analysis as prepared on the tax basis method using the transactional approach. This analysis is necessary in order to determine the partner's ability to deduct losses, calculate the gain on the sale of a partnership interest, and for other calculations. As a result, properly calculating the partner's capital account is necessary for preparation of partner tax returns. Unless told otherwise, we will rely upon the historical balances disclosed on the prior year's tax return. If these balances cannot be relied upon and you ask us to prepare this analysis, and we agree to do so, we will confirm this service in a separate agreement.

Allocation of partnership income and expenses

You are responsible for verifying the accuracy of both the allocation of partnership income in accordance with the terms of the partnership agreement and the partnership income calculations used in the preparation of the tax returns.

The Treasury Department has proposed regulations under IRC §752, Treatment of Certain Liabilities, concerning transactions between partners and the partnership, on the allocation among partners of partnership level debt and disguised sales under IRC §707, Transactions Between Partner and Partnership. If you ask us to evaluate compliance with IRC §707 and/or §752, and we agree to do so, we will confirm this evaluation in a separate agreement.

Partner salaries

A partner or LLC member receiving a guaranteed salary payment is not regarded as an employee of the entity for the purpose of withholding or Social Security taxes. Any additional fringe benefits a partner or LLC member receives are not subject to withholding. These fringe benefits may, however, be included in the income of the partner or LLC member. You are responsible for informing us of the total guaranteed payments, including fringe benefits, received by each partner or LLC member.

Schedule K-1 distribution

You are responsible for distributing a copy of each shareholder's Schedule K-1 to the shareholder.

PROVISIONS APPLICABLE TO S CORPORATION TAX RETURNS

Tax basis schedules

The S corporation return discloses the historical and adjusted balances in the Accumulated Adjustment Account (AAA), Other Adjustments Account (OAA) and Accumulated Earnings and Profits (E&P). AAA, OAA and E&P, in addition to tax basis schedules for shareholders, are necessary to determine the shareholder's ability to deduct losses, calculate the gain on the sale of an S corporation interest, and for other calculations. As a result, properly calculating these accounts is necessary for preparation of shareholder tax returns. Unless told otherwise, we will rely upon the historical balances disclosed on last year's tax return. If these balances cannot be relied upon and you ask us to prepare this analysis, and we agree, we will confirm this service in a separate written agreement.

S Corporation Election

We will rely upon your representation to us that you have made the necessary election to be taxed as an S corporation and that that election has not been revoked. You are responsible for retaining a copy of your S corporation election and the IRS's acceptance of it.

S corporation shareholder agreements

You should review your corporate buy-sell agreement and other stock agreements with your attorney to ensure these documents meet your goals for the transfer of corporate stock. If you are an LLC taxed as an S corporation, you should review the above provisions titled " Partnership or Limited Liability Company (LLC) agreement."

Salaries and wages for S corporation shareholders

You are responsible for determining the appropriate salary or wage to pay shareholders. If the IRS determines that the S corporation made distributions in lieu of an appropriate shareholder salary or wage, the IRS may reclassify the payments. As a result of the reclassification, the shareholder and S corporation may be responsible for employment taxes on the reclassified amounts in addition to penalties and interest. You will be responsible for any liability, including but not limited to, additional tax, penalties, interest and related professional fees, resulting from changes to S corporation shareholder salaries and wages.

S corporation distributions

Distributions should be made to shareholders on a per share, per day basis. If distributions are not made proportionately, the IRS may take corrective action, including potentially revoking the entity's S corporation election, which may result in unfavorable tax consequences. As such, it is your responsibility to ensure that shareholder distributions are made on a pro-rata basis.