



Annual Engagement Letter

January 10, 2015

Subject: Preparation of Your 2014 Tax Returns

Dear Client:

Thank you for choosing Two Hills Accounting & Consulting to assist you with your 2014 taxes. This letter confirms the terms of our engagement with you and outlines the nature and extent of the services we will provide.

We will prepare the following tax returns for 2014:

___ Federal Income Tax Return – Form _____
___ State Income Tax Return(s) _____
___ Other Tax Return(s) _____

It is your responsibility to provide us with all of the information necessary to complete your tax return. In that regard you confirm by signing below that:

To the best of your knowledge and belief, you have provided accurate and complete information used to prepare tax and regulatory filings prepared on your behalf. For example, you have provided true, correct, and complete information regarding your income as listed on Forms W-2, 1099, and/or written summaries.

You understand that you are solely responsible for all information used to prepare tax and regulatory filings. You have provided true, correct, and complete information regarding your income as listed on the attached Forms W-2, 1099, and/or written summaries. You understand that taxing and regulatory authorities may examine the returns, that documentation should be retained to support the information provided to us, especially business travel and entertainment deductions, business use percent of autos and other assets, barter activities, and the required documents to support all charitable contributions, and that penalties may be imposed on returns that are late, underpaid, or incorrect. You will retain for four years written or electronic documentation supporting all amounts and information contained in tax and regulatory filings, including but not limited to logbooks, receipts, cancelled checks, and other records required to substantiate the items of income and expense claimed.

You have informed us if you directly or indirectly hold any interest or signatory authority in any assets located in a foreign country. Based upon the information you provide, we will use this data to inform you of any additional filing requirements, which may include Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts (FBAR) that must be received by the U.S. Department of the Treasury on or before June 30 of each tax year. Failure to file required forms can result in the imposition of both civil and criminal penalties, which can be significant. These are not tax returns and their preparation is not within the scope of this engagement.



You understand that you will be charged an additional fee if we are asked to assist or represent you in a tax examination OR INQUIRY. You understand that, in the event of preparer error, you are responsible for additional tax that may be due.

We will not audit or otherwise verify any information. We may require clarification or additional information. We are not responsible for disallowed deductions, or the inclusion of additional unreported income, or any resulting taxes, penalties, or interest.

You will contact us immediately if you discover additional information that will lead to a change in your return, or if you receive any letters from the IRS, state, or local taxing authorities. As you must appreciate, the federal and state income tax codes are quite complex and are in a constant state of flux: new tax regulations, not to mention court rulings, are published on an almost daily basis. Accordingly, we will not take any responsibility for any tax advice we may render unless we have had an opportunity to carefully consider that advice and render it in writing; and your reliance upon any tax advice that has not been rendered in writing is at your own peril. In addition, we will not undertake to advise you on any tax issue for which we have not received a specific request to do so.

We will use our judgment to resolve questions in your favor where a tax law is unclear or if there is a reasonable justification for doing so. Whenever we are aware that a possibly 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 follow whatever position you request, so long as it is consistent with the codes and regulations and interpretations that have been promulgated. If the IRS 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 additional penalties or assessments.

Fees

Our bill will be due and payable upon completion of these returns. You understand that your bill will be based upon an hourly rate of \$110 per hour. We will contact you to obtain approval prior to exceeding estimates that we have provided to you. We will not file any federal, state, or local tax extensions unless you specifically request us to do so in writing, by fax, or email. If there are other services or tax returns that you expect us to prepare, such as estate, gift, sales, fiduciary, property, states other than Colorado or locals, please note them at the top of this letter.

Filing

Our engagement to prepare your 2014 tax returns will conclude with the delivery of the completed returns to you (if paper-filing), or with your signature and our subsequent submittal of your tax return (if e-filing). If you have not selected to e-file your returns with our office, you will be solely responsible for filing the returns with the appropriate taxing authorities. Review all tax-return documents carefully before signing them.

Records Retention

In accordance with our firm's current document retention policy, we will retain our work papers and your tax returns for your engagement for **periods required by the Internal Revenue Service**. We will provide you a copy of the depreciation schedules and tax returns 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. All of your original records will be returned to you. After the expiration of IRS retention requirements, our work papers and files will be destroyed and no longer be



available. Physical deterioration or catastrophic events may shorten the time during which our records will be available. It is agreed and understood that in connection with the performance of this engagement by Two Hills Accounting & Consulting, P.C. that the work papers prepared by us shall remain the property of Two Hills Accounting & Consulting, P.C.

Attorney Fees

If any disputes arise among the parties, they agree to try first in good faith to settle the dispute by mediation administered by the American Arbitration Association (AAA) under its Commercial Mediation Rules. All unresolved disputes shall then be decided by final and binding arbitration in accordance with the Commercial Arbitration Rules of the AAA. Fees charged by any mediators, arbitrators, or the AAA shall be shared equally by all parties. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

Privacy Policy

By signing you acknowledge that you have received, read and signed our Privacy Policy.

We appreciate your confidence in us. Please call if you have questions.

Sincerely,

Two Hills Accounting & Consulting, P.C.

www.twohillsaccounting.com
303-223-2575

The terms described in this letter are acceptable and hereby agreed to and shall remain in effect until terminated by either party in writing.

Accepted By:

Taxpayer

Spouse

Date