

2017 Tax Engagement Letter –

Tax Return Preparation, Tax Planning, and Tax Authority Compliance

Nelson CPAs, LLC is pleased to have the opportunity to prepare your income tax returns and provide you with professional advice this year. This process places responsibilities on both of us. The IRS and other taxing authorities impose penalties on taxpayers and tax preparers for failure to observe due care in reporting on income tax returns.

We will prepare your 2017 federal and state individual income tax returns from information that you furnish to us. The enclosed 2017 Organizer is designed to be a guide as to the types of information we need to prepare your returns. Completing this form will assist us in making sure you are well served for a reasonable fee. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that you have disclosed to us all relevant facts affecting the returns. We will not verify the information you give us; however, we may ask for additional clarification of some information.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. The final responsibility for the income tax returns is yours, so it is imperative that you review them carefully before you sign the electronic filing authorization, or, if paper filing, the actual tax returns.

MARRIED COUPLES: It is important to note that there are ethical considerations for us to represent both of you in connection with the preparation of your income tax return. We cannot represent two clients in the same matter if there is any possibility of them having conflicting interests. We are also obligated to preserve the confidentiality of our discussions with our clients. In order to prepare your income tax returns, we will discuss openly with both of you and share information freely. We will not keep information obtained from one party from being disclosed to the other party. We do not believe there is any reason to believe a conflict exists at the start of the engagement. By engaging us to prepare income tax returns for both of you, you waive any potential conflict of interest. In the event a conflict arises and we no longer believe we can ethically prepare the income tax return for both of you, we reserve the right to withdraw our services.

Our work in preparing your income tax returns does not include procedures designed to detect improper entries or other irregularities, should any exist. However, we will render such accounting assistance we find necessary to prepare your income taxes properly. We will use our best judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authority's interpretation of the law and other supportable positions. Unless you tell us otherwise, we will resolve such questions in your favor, whenever possible.

If, during our work, we discover information that affects 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. We will be happy to prepare appropriate amended returns as a separate engagement.

Please note that any person having a financial interest in, or signature authority over, foreign bank accounts, securities, or other financial accounts having an aggregate value exceeding \$10,000 at any time during the calendar year, must report such a relationship. Filing requirements also apply to taxpayers having direct or indirect control over a foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have his/her own foreign account(s). 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 have a financial interest in, or signature authority over, any foreign accounts, and you want us to prepare the filings, you are responsible for providing our firm with all the information necessary to prepare the FinCEN Form 114, Report of Foreign Bank and Financial Accounts. This form is required to be received by the Department of Treasury on or before April 17, 2018 for the 2017 tax year. If you do not provide our firm with information regarding any interest you have in a foreign account, or if we do not receive your signed authorization to file your foreign reporting form, we will not prepare and/or file any of the required disclosure statements.

In addition, the Internal Revenue Service requires foreign account reporting under applicable Internal Revenue Code sections and related regulations. These forms are due with the filing of your federal income tax return (including extensions). The IRS reporting requirements are in addition to the U.S. Department of Treasury reporting requirements stated above. Therefore, it is critical you disclose all foreign investments and/or transactions to our firm. Your signature below indicates you have read this section of the letter and accept responsibility for informing us if you believe you may have foreign reporting requirements with the U.S. Department of the Treasury and/or Internal Revenue Service, and you agree to timely provide us with the information necessary to prepare the appropriate form(s). We assume no liability for penalties associated with the failure to file, or untimely filing, of any of these forms.

It is important that you understand the law imposes various penalties when taxpayers understate their tax liability. You also should know that taxing authority audit procedures will likely include questions on bartering transactions and on deductions that require strict documentation. In preparing your returns, we rely on your representations that we have been informed of all bartering transactions and that you understand and have complied with the documentation requirements

for your expenses and deductions. We are not responsible for taxing authority disallowance of doubtful deductions or deductions unsupported by adequate documentation, or the resulting taxes, penalties and interest.

It is possible 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 an examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

You may need to consult with us regarding your tax situation separately from preparation of your income tax return. Those services will also be invoiced for the time and expenses incurred.

The parties agree that any legal action related to an alleged breach of duties of this agreement shall be commenced within one year of the date of the breach, without regard to the date the breach is discovered, except that this time requirement does not apply to collection of fees by Nelson CPAs, LLC. We reserve the right to collect our fees beyond one year, in conciliation court or by other legal means. If suit is brought to collect any amount due under this agreement, you agree to pay all related costs, disbursements, and reasonable attorney's fees.

If any dispute arises among the parties regarding a breach of duties, not including fees and collection of such fees, the parties agree first to try in good faith to settle the dispute, and then if no agreement is reached to attend binding arbitration administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. Costs of any such binding arbitration shall be divided equally between the parties, unless otherwise agreed or determined by the arbitrator. In the event that the client owes fees for services to Nelson CPAs, LLC at the time of binding arbitration, the client will be responsible for the full cost of binding arbitration.

The IRS and most state taxing authorities permit you to authorize us to discuss, on a limited basis, aspects of your return for one year after the return's due date. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we will check that box authorizing those taxing authorities to discuss your return with us.

It is our policy to keep records related to this engagement for 5 years. However, we do not keep any of your original records, so will return those to you upon the completion of the engagement. When records are returned to you, it is your responsibility to retain and protect the records for possible future use, including potential examination by government or regulatory agencies. By signing this engagement letter, you acknowledge and agree that upon the expiration of the 5 year period, we are free to destroy our records related to this engagement.

Fees for our tax return preparation service will be billed upon completion of your returns at the appropriate rate for the level and value of services rendered, plus out-of-pocket expenses. Our fees may include factors deemed relevant, including, but not limited to, the difficulty of the questions and the skill required to perform the tax services properly, time limitations imposed by either you or the circumstances, or additional time required to organize information. All fees and costs incurred to prepare your income tax returns are due and payable when the returns are released from our office. We reserve the right to hold the completed returns until your account is paid in full. Should your return be released without full payment, a finance charge at an annual rate of 18% (1½ % per month) will be assessed on any amount not paid by the 15th of the month following the billing date. Collection costs may also be assessed in certain circumstances.

Having read and fully understood the engagement letter, I (we) agree to engage Nelson CPAs, LLC in accordance with the terms indicated. The information we have provided is complete and correct to the best of my (our) knowledge.

PRINTED NAME OF TAXPAYER

PRINTED NAME OF SPOUSE

Signature (Taxpayer)

Signature (Spouse)

Date

Date

Please indicate which forms you wish to have prepared in addition to your federal income tax return:

_____ Minnesota Income Tax Return

_____ Minnesota Property Tax Refund

_____ Wisconsin Income Tax Return

_____ Other States (list): _____

_____ The foreign filing requirements described in this letter apply to my situation