

2020 ENGAGEMENT LETTER

Dear Client:

This letter confirms our understanding of the terms and objectives of our engagement and the nature and extent of the income tax services we will provide. Heath & Company CPA, LLC will perform our services in accordance with the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants.

Scope of Engagement

We will prepare your 2020 federal and state(s) income tax returns. We will prepare these returns in accordance with our good faith interpretation of the relevant tax laws. We will prepare your tax returns based upon information and representations that you provide to us. We will not audit or otherwise verify the data you submit to us, although we may ask you to clarify some of the information. We will prepare the tax returns solely for filing with the Internal Revenue Service ("IRS") and state and local tax authorities. They are not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

As a result, you agree to indemnify and hold our firm and any of its partners, principals, shareholders, officers, directors, members, employees, agents or assigns 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 and state and local tax authorities regardless of the nature of the claim, including the negligence of any party. You agree that you will not and are not entitled to rely on any advice unless it is provided in writing.

Client Responsibilities

You acknowledge your responsibility to inform us of any bartering transactions, listed transactions or transactions of interest as designated by the IRS. You agree to hold us harmless with respect to any additional taxes, penalties, or interest imposed on you by taxing authorities resulting from your failure to timely notify us, in writing, of all such transactions to facilitate the timely preparation and filing of your tax returns.

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, and deductions on your returns as required under tax law. You are responsible for the adequacy of all such documents. You represent that you have such documentation and can produce it if needed to respond to any audit or inquiry by taxing authorities. You agree to hold us harmless from any liability including but not limited to, any additional tax, penalties, interest and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.

It is your responsibility to inform us if you directly or indirectly hold any interest or signatory authority in any assets located in a foreign country. Based on the information which you provide, we will use this data to inform you of any additional filing requirements, which may include filing Form 114, Fin CEN by April 15, 2021 to report foreign financial accounts whose aggregate value exceeded \$10,000 at any time in 2020. 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. If you ask us to prepare these forms, we will confirm this in a separate engagement letter and delineate the additional charges for this service.

You are responsible for complying with any other country's reporting requirements. We have no responsibility to discuss these issues with you. If you have specific questions regarding your tax filing obligations, please contact us to schedule an appointment to discuss your concerns.

You have the final responsibility for your income tax returns. Check them carefully for accuracy and completeness before you sign them.

CPA Firm Responsibilities

We will use our judgment to resolve questions in your favor where a tax law is unclear assuming there is reasonable justification for doing so. Whenever we are aware that an applicable tax law is unclear or there are conflicting interpretations of the law by authorities, 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 the current tax code, laws, regulations, and their interpretation and there is substantial authority for doing so. If the IRS or state tax authorities later contest the position taken, there may be an assessment of additional tax, interest, and penalties. We assume no liability for, and you hereby release us from any such additional tax, interest, and penalties or other fees and assessments.

Our engagement does not include any procedures designed to discover fraud, theft, or other irregularities, if any exist. Therefore, our engagement cannot be relied upon to disclose such matters.

If you provide our firm with copies of brokerage (or investment advisory) statements, we will use the information from these statements solely in connection with the preparation of your income tax returns. We will rely on the accuracy of the information provided in the statements and will not undertake any action to verify this information. We will not monitor investment activity, provide investment advice, or supervise the actions of the entity or individuals performing investment activities on your behalf. We recommend you review all brokerage (or investment advisory) statements promptly and carefully, and direct any questions regarding activities on your account to your broker (or investment advisor).

Our engagement does not include tax-planning services, which are available as a separate engagement. During the course of preparing the tax returns identified above, we may bring to your attention certain available tax saving strategies for you to consider as possible means of reducing your income taxes in subsequent tax years. However, we have no responsibility to do so, and will take no action with respect to any such recommendations, as the responsibility for implementation remains with you, the taxpayer.

This engagement does not include responding to inquiries by any governmental agency or tax authority. If your tax return is selected for examination or audit, you may request that we assist you in responding to such inquiry. If you ask us to represent you, we will confirm this in a separate engagement letter and delineate how additional charges for this service will be calculated.

Timing of Engagement

We expect to begin the preparation of your returns upon receipt of all your 2020 supporting tax documents.

If your return is electronically filed, our services will conclude upon the earlier of the filing and acceptance of your 2020 tax returns by the appropriate taxing authorities or one year from the execution date of this letter. You will be required to verify and sign a completed Form 8879, IRS *e-file* Signature Authorization, and state form, if applicable, before your returns can be filed electronically. You are responsible for reviewing the accuracy of all tax returns and any accompanying schedules and statements prior to filing.

If your return is filed by mail, our services will be concluded upon the earlier of delivery to you of your 2020 tax returns for your review and filing with the appropriate taxing authorities or one year from the execution date of this letter.

Extensions of Time to File Tax Returns

The original filing due dates for your federal and Utah income tax returns are April 15, 2021.

It may become necessary to apply for an extension of the filing deadline if there are unresolved tax issues or delays in processing, or if we do not receive all 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. All taxes owed are due by the original filing due date. Additionally, extensions may affect your liability for penalties and interest or compliance with government or other deadlines.

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. An extension is an extension of time to file the tax return not an extension to pay the tax due; you are still responsible to make a timely estimated payment by April 15 with the extension if taxes are estimated to be owed. Failure to timely file for an extension of time or pay estimated amount due can result in penalties for failure to file tax returns, which accrue from the original due date of the returns and can be substantial. We are available to discuss this matter with you at your request, if the need arises.

Penalties and Interest Charges

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

We rely on the accuracy and completeness of the information you provide to us in connection with the preparation of your tax returns. Failure to disclose, or inadequate disclosure of income or tax positions, can result in the imposition of penalties and interest charges.

The IRS and many states impose penalties for substantial understatement of tax. To avoid the substantial understatement penalty, you must have substantial authority to support the tax treatment of the item challenged by the IRS or adequate disclosure of the item. A completed IRS Form 8275 or 8275-R, which discloses all relevant facts, may be required to be attached to your tax return to meet the adequate disclosure requirement. A disclosed tax position that meets the reasonable basis standard must have some authority supporting the position and must be more than simply arguable.

Fees and Billing

Our professional fees are based upon the forms and complexity of the work to be performed and our professional time to complete the work. Additionally, this fee depends upon the availability, quality, and completeness of your records. You agree that you will timely deliver all records requested by us to complete this engagement on a timely basis.

In the event your records are not submitted in a timely manner, or they are incomplete or unusable, we reserve the right to charge additional fees and expenses for services required to correct the problem. If this occurs, we will contact you to discuss the matter and the anticipated delay in completing our engagement prior to rendering further services.

We will bill you for our professional fees, expenses and out-of-pocket costs as of the date we deliver our work product to you. **Payment is due at the time the tax returns are delivered to you for filing.**

You agree that in the event your payment of tax is not received by the due date of the tax return, we will not be responsible for your failure to meet governmental and other filing deadlines, for any penalties or interest that may be assessed against you resulting from your failure to meet the deadlines, and for any other damages (including, but not limited to consequential, indirect, lost profits, or punitive damages) incurred by you as a result of the late filing or non-filing of the tax returns.

Electronic Data Communication and Storage and Use of Third Party Service Providers

In the interest of facilitating our services to your company, we may communicate by facsimile transmission, send data over the Internet, store electronic data via computer software applications hosted remotely on the Internet, or allow access to data through third-party vendors' secured portals or clouds. Electronic data that is confidential to you may be transmitted or stored using these methods. We may use third-party service providers to store or transmit this data, such as providers of tax return preparation software. 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 data access secure in accordance with our obligations under applicable laws and professional standards. We also require our third-party vendors to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or data once it has been sent or has been subject to unauthorized access, notwithstanding all reasonable security measures employed by us or our third-party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third-party service providers during this engagement.

Other Terms

We reserve the right to withdraw from this engagement without completing the returns if you fail to comply with the terms of this engagement letter, if you disagree with our recommendations regarding tax return filing and reporting obligations, tax return positions to be taken or disclosures to be made on the returns, or if we determine professional standards require our withdrawal for any other reason.

At the completion of our engagement, the original source documents will be returned to you. Workpapers and other documents created by us are our property. Such original workpapers will remain in our control, and copies are not to be distributed without our prior written consent.

If any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this engagement letter.

We appreciate the opportunity to be of service to you. To accept our firm's offer to perform services on the terms set forth in this engagement letter, simply sign this letter in the space below agreeing to the terms set forth above and return it to us with your tax documentation so we can begin tax preparation. If you have any questions about the provisions of this letter, please feel free to contact us.

Sincerely,

Heath & Company CPA, LLC

Client Name: _____ **(printed)**

Taxpayer Signature _____ **Date** _____

Spouse Signature _____ **(if applicable)**