



Drexler Tax & Accounting Services, PC (dba Drexler & Associates)
Terms and Conditions Addendum
(rev: August 29, 2022)

General Terms and Conditions

1. Introduction

- 1.1. This addendum to the engagement letter describes our standard terms and conditions ("Terms and Conditions") related to our provision of services to you. This addendum and the accompanying engagement letter comprise your agreement with us ("Agreement"). If there is any inconsistency between the engagement letter and this Terms and Conditions Addendum, the engagement letter will prevail to the extent of the inconsistency.
- 1.2. For the purposes of this Terms and Conditions Addendum, any reference to "firm," "we," "us," or "our" is a reference to Drexler Tax & Accounting Services, PC, and any reference to "you," or "your" is a reference to the party or parties that have engaged us to provide services. References to "Agreement" mean the engagement letter or other written document describing the scope of services, any other attachments incorporated therein, and this Terms and Conditions Addendum

2. Who we are acting for (business & fiduciary)

- 2.1. We are acting for all owners, officers, shareholders, partners, members, fiduciaries, or beneficiaries, as applicable.
- 2.2. Any change to the Authorized Party should be notified to us in writing and will not be effective until acknowledged by us in writing. By signing this engagement letter, you confirm and warrant that the Authorized Party set out above is authorized to give instructions and information to us on your behalf and to receive our advice and work product on your behalf.
- 2.3. This engagement includes all of the services outlined in the Fees Section of your Proposal.

3. Who we are acting for (individuals)

- 3.1. We are acting for both the taxpayer and spouse, if applicable.
- 3.2. By signing this engagement letter, you confirm and warrant that both the taxpayer and spouse, if applicable, is authorized to give instructions and information to us and to receive our advice and work product.
- 3.3. This engagement includes all the services outlined in the Fees Section of your Proposal.

4. Billings, Fees, Payment Terms

- 4.1. We must receive your signed Agreement and your initial payment to commence work.
- 4.2. Our fees will be charged in accordance with your fee schedule. Please review this to ensure you understand the basis of our charge(s). These fees will be computed based on time spent and the level of skill of the individual performing the work. We have indicated the frequency of the services that we expect to provide.
- 4.3. Invoices are payable in full, due upon receipt

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- 4.4. Payments for services to Drexler Tax & Accounting Services PC are either directly debited from a checking account (ACH) or charged directly to your credit card.
- 4.5. Payments that are not honored by the bank and payments that are declined by the credit card company will be subject to a \$25 administrative fee.
- 4.6. We reserve the right to suspend or terminate our work for non-payment of fees. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against you resulting from your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of our service. We intend to exercise these rights only where it is fair and reasonable to do so. **No refund will be issued.**
- 4.7. If the client fails to communicate with or meet with the firm promptly, Drexler Tax & Accounting Services PC reserves the right to discontinue services. **No refund will be issued.**
- 4.8. Any changes to the services or pricing will be done in writing and agreed upon by both parties.
- 4.9. This engagement is limited solely to services as listed in this agreement. Other services are available for additional charges covered under a separate engagement agreement.
- 4.10. **Additional Expenses** – we will bill additional expenses, including, but not limited to, postage, checks, signature stamps, and envelopes in addition to the above services provided
- 4.11. We typically operate on a basis of fixed fees, quoted in advance. Please refer to your Fees Schedule for a breakdown of these.
- 4.12. In most cases, we bill prior to commencement of services. However, depending on the type of work or specific engagement, we may bill at the completion of the work. In all cases, invoices are due for payment on the due date as shown on the invoice. Any expenses we incur on your behalf and expenses incurred while carrying out our work for you will be added to our invoices where appropriate.
- 4.13. Unless otherwise agreed to the contrary our fees do not include the costs of any third party, legal, or other professional fees.
- 4.14. It is our normal practice to ask clients to pay upon completion of the ad hoc piece of work being completed before any submission to the IRS, or other authority, is made.
- 4.15. We reserve the right to charge interest on late-paid invoices at the rate of 12% per annum.
- 4.16. If you do not accept that an invoiced fee is fair and reasonable you must notify us within 21 days of receipt, failing which you will be deemed to have accepted that payment is due.
- 4.17.

5. Applicable Law

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- 5.1. This Agreement shall be governed by Colorado law. In the event of a dispute, you and we agree that the courts of the state of Colorado shall have jurisdiction. We also agree that the law of the state of Colorado shall govern all such disputes.

6. Independent Contractor

- 6.1. When providing services to you or your company, we will be functioning as an independent contractor, and in no event will we or any of our employees be an officer of you, nor will our relationship be that of joint ventures, partners, employers and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to you

7. Authorization and Registration

- 7.1. Any individual performing services for our firm and bearing the designation "CPA" is a Certified Public Accountant, registered with the Colorado Board of Accountancy

8. Communication

- 8.1. Certain communications involving advice between you and our firm may be privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you may be waiving this privilege.
- 8.2. Should the need arise and unless we are notified in writing to the contrary, you agree to indemnify us for any attorneys' fees and other costs incurred by us in defending this confidential communications privilege on its behalf. We sometimes use a secure communication platform. There is no cost to you for your use of the secure communication program.
- 8.3. We strongly prefer not to use email for file attachments or sharing of sensitive information. However, we may also communicate by facsimile transmission or send electronic mail over the internet. Such communications may include information that is confidential to you. While we will use our best efforts to keep such communications is secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent, and you consent to our use of these electronic devices.

9. Accountant – Client Privilege

- 9.1. Federal law has extended the attorney-client privilege to some, but not all, communications between a client and the client's CPA. The privilege applies only to non-criminal tax matters that are before the IRS or brought by or against the U.S. government in a federal court. The communications must be made in connection with tax advice. Communications solely concerning the preparation of a tax return will not be privileged.
- 9.2. In addition, the confidentiality privilege can be inadvertently waived if the contents of any privileged communication are discussed with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing any privileged information to a third party.

- 9.3. As a corporation, S-corporation, partnership, LLC, single-member LLC, estate, trust, or individual conducting business activities, you need to be especially careful about privileged communications. If a communication is made in the presence of an employee who is not authorized to act or speak for the entity in relation to the communication's subject matter, then the communication will be deemed to be made in the presence of a third party and any privilege will be waived.
- 9.4. This privilege is limited in several important respects. For example, this privilege does not apply to your records, which you are required to retain in support of your tax return. In addition, the privilege does not apply to state tax issues, state tax proceedings, private civil litigation proceedings, or criminal proceedings.
- 9.5. While we will cooperate with you with respect to the privilege, asserting the privilege is your responsibility. Inadvertent disclosure of otherwise privileged information may result in a waiver of the privilege. Please contact us immediately if you have any questions or need further information about this CPA-client privilege.
- 9.6. If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue that the communication is privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, that are a result of attempts to protect any communication as privileged.

10. Conflicts of Interest

- 10.1. 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. You agree that we will not be responsible for your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against you resulting from your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of our service.
- 10.2. If there is a conflict of interest that is capable of being addressed successfully by the adoption of suitable safeguards to protect your interests then we will adopt those safeguards. Where possible, this will be done on the basis of your informed consent. We reserve the right to act for other clients whose interests are not the same as or are adverse to yours subject of course to the obligations of confidentiality referred to above.

11. Electronic Data Communication and Storage

- 11.1. In connection with this engagement, we may communicate with you or others via email transmission. We take reasonable measures to secure your confidential information in our email transmissions, including password protecting tax returns and other confidential documents. However, 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 or communication of email transmissions, or for the unauthorized use or failed delivery 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 sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

- 11.2. In the interest of facilitating our services to you, we may send data over the Internet, or 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. 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 electronic data secure in accordance with our obligations under applicable laws, regulations, and professional standards. We require our third-party vendors to do the same.
- 11.3. You recognize and accept 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 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.

12. Software Access

- 12.1. Software access is a service we provide to our clients. The software may include access to financial accounting systems such as QuickBooks Online, check printing software, payroll systems, and others. These services, and the licenses to access the software are owned by us. However, we do not own, manage, or operate the software, and therefore we are not responsible for the software covered by the license(s), including, but not limited to software outages. You further agree to abide by the terms and conditions of the software provider. We will manage user access to the software, as necessary. You understand that participating in the software agreement is voluntary, and you further recognize and agree that the primary purpose of participation in this agreement is to benefit from the services provided by us in relation to the accounting, tax, and software services provided. The agreement will terminate at the earlier of (1) December 31 of the plan year or (2) a date requested by either party

provided written notice is provided at least sixty (60) days prior to the requested termination date. You acknowledge that, during the course of this agreement, software solution providers may increase their prices and that we may pass along such increases to you. Any increase will be communicated through electronic mail at least sixty (60) days before the effective date of any increase.

- 12.2. You do not own a license to the software. We are not selling you a license, but rather providing you access under our license as a part of the services we provide. Any line item on our proposal or invoice for software is referring not the sale of a license (and therefore not subject to sales tax.) Our proposals and/or invoices may refer to software, but only for the purposes of clarity and understanding of the full value of the services we provide.

13. Client Portals

- 13.1. To enhance our services to you, we will utilize client portals that are integrated with our website at drexlertax.com and hosted by a third-party service provider. This is a collaborative, virtual workspace in a protected, online environment. These portals permit real-time collaboration across geographic boundaries and time zones and allow Drexler Tax & Accounting Services, PC and you to share data, engagement information, knowledge, and deliverables in a protected environment. To use the client portal, you will be required to execute a client portal agreement and agree to be bound by the terms, conditions, and limitations of such agreement.
- 13.2. You agree that we have no responsibility for the activities of Client Portal and agree to indemnify and hold us harmless with respect to any and all claims arising from or related to the operation of the Client Portals. While our site backs up your files to a third-party server, we recommend that you also maintain your own backup files of these records.
- 13.3. If you decide to transmit your confidential information to us in a manner other than a secure portal, you accept responsibility for any and all unauthorized access to your confidential information. If you request that we transmit confidential information to you in a manner other than a secure portal, you agree that we are not responsible for (a) any loss or damage of any nature, whether direct or indirect, that may arise as a result of our sending confidential information in a manner other than a secure portal, and (b) any damages arising as a result of any virus being passed on or with, or arising from any alteration of, any email message

14. Newsletters and Similar Communications

- 14.1. We may send newsletters, emails, explanations of technical developments, or similar communications to you. These communications are of a general nature and should not be construed as professional advice. We may not send all such communications to you. These communications do not continue a client relationship with you, nor do they constitute advice or an undertaking on our part to monitor issues for you.

15. Limitation on Oral and Email Communications

- 15.1. We may discuss with you our views regarding the treatment of certain items or decisions you may encounter. We may also provide you with information in an email. Any advice or information delivered orally or in an email (rather than through a memorandum delivered as an email attachment) will be based upon limited research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts may affect our analysis and conclusions.
- 15.2. Due to these limitations and the related risks, it may or may not be appropriate to proceed with any decision solely on the basis of any oral or email communication. You accept all responsibility, except to the extent caused by our gross negligence or willful misconduct, for any loss, cost, or expense resulting from your decision (i) not to have us perform the research and analysis necessary to reach a more definitive conclusion and (ii) to instead rely on an oral or email communication.
- 15.3. The limitation in this paragraph will not apply to an item of written advice that is a deliverable of a separate engagement. If you wish to engage us to provide formal advice on a matter on which we have communicated orally or by email, we will confirm this service in a separate engagement letter.

16. Disclaimer of Legal and Investment Advice

- 16.1. Our services under this Agreement do not constitute legal or investment advice unless specifically agreed to in the Engagement Objective and Scope section of this Agreement. We recommend that you retain legal counsel and investment advisors to provide such advice.

17. Referrals

- 17.1. In the course of providing services to you, you may request referrals to attorneys, brokers, investment advisors or other professionals. We may identify a professional or professionals for your consideration. However, you are responsible for evaluating, selecting, and retaining any professional and determining if the professional can meet your needs. You agree that we have no responsibility for and will not oversee the activities of any professional to whom we refer you.

18. Brokerage or Investment Advisory Statements

- 18.1. If you provide our firm with copies of brokerage (or investment advisory) statements and/or read-only access to your accounts, we will use the information solely for the purpose described in the Engagement Objective and Scope section of the engagement letter. 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 transactions, investment activity, provide investment advice, or supervise the actions of the entity or individuals entering into transactions or investment activities on your behalf. We recommend that you receive and carefully review all statements upon receipt, and direct any questions regarding account activity to your banker, broker, or investment advisor.

19. Other Income, Losses, and Expenses

- 19.1. If you realized income, loss, or expense from a business or supplemental income or loss, the reporting requirements of federal and state income tax authorities apply to such income, loss, or expense. You are responsible for complying with all applicable laws and regulations pertaining to such operations, including the classification of workers as employees or independent contractors and related payroll tax and withholding requirements.

20. Period of Engagement, Disengagement, Termination, and Withdrawal

- 20.1. Unless otherwise agreed in writing, our work will begin when we receive your implicit or explicit acceptance of the engagement agreement and initial payment. Except as stated in that letter we will not be responsible for periods before that date.
- 20.2. Each of us may terminate this agreement by giving not less than thirty (30) days notice in writing to the other party except where you fail to cooperate with us or we have reason to believe that you have provided us or the IRS with misleading information, in which case we may terminate this agreement immediately.
- 20.3. We reserve the right to withdraw from the engagement without completing services for any reason, including, but not limited to, your failure to comply with the terms of this Agreement or as we determine professional standards require.
- 20.4. Should we resign or be requested to resign, a disengagement letter will be issued
- 20.5. Termination will be without prejudice to any rights that may have accrued to either of us prior to termination.
- 20.6. In the event of termination of this contract, we will endeavor to confirm with you the arrangements for the completion of work in progress at that time, unless we are required for legal or regulatory reasons to cease work immediately. In that event, we shall not be required to carry out further work and shall not be responsible or liable for any consequences arising from termination.
- 20.7. If this Agreement is terminated before services are completed, you agree to compensate us for the services performed and expenses incurred through the effective date of termination.

21. Third-Party Providers or Subcontractors

- 21.1. We may from time to time and depending on the circumstances and nature of the services we are providing, share your confidential information with third-party service providers, some of whom may be cloud-based, but we remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality terms with all service providers to maintain the confidentiality of your information and will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. Although we will use our best

efforts to make the sharing of your information with such third parties secure from unauthorized access, no completely secure system for electronic data transfer exists. As such, by accepting our Engagement, you understand that the firm makes no warranty, expressed or implied, on the security of electronic data transfers.

22. Ethical Guidelines

- 22.1. We are bound by the ethical guidelines of the Colorado Board of Accountancy, and accept instructions to act for you on the basis that we will act in accordance with those ethical guidelines. We will not be liable for any loss, damage, or cost arising from our compliance with statutory or regulatory obligations.

23. Proprietary Information

- 23.1. You acknowledge that proprietary information, documents, materials, management techniques, and other intellectual property are a material source of the services we perform and were developed prior to our association with you. Any new forms, software, documents, or intellectual property we develop during this engagement for your use shall belong to us, and you shall have the limited right to use them solely within your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements, and other documents which we make available to you are confidential and proprietary to us. Neither you nor any of your agents will copy, electronically store, reproduce or make available to anyone other than your personnel, any such documents. This provision will apply to all materials whether in digital, "hard copy" format, or another medium.

24. Management Responsibilities

- 24.1. While Drexler Tax & Accounting Services, PC can provide assistance and recommendations, you are responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge, and experience to oversee any services that Drexler Tax & Accounting Services, PC provides. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. You are ultimately responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

25. Notification

- 25.1. We shall not be treated as having notice, for the purposes of our payroll, reporting, and tax responsibilities, of information provided to members of our firm other than those engaged on the specific assignment (for example, information provided in connection with accounting, taxation, and other services).

26. Record Retention and Ownership

- 26.1. We will return all of your original paper records and documents provided to us at the conclusion of the engagement. Your records are the primary records for your operations and comprise the backup and support for your work product. Our copies of your records and documents are not a

substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations.

- 26.2. Workpapers and other documents created by us are our property and will remain in our control. Copies are not to be distributed without your written request and our prior written consent. Our workpapers will be maintained by us in accordance with our firm's record retention policy and any applicable legal and regulatory requirements. Our firm destroys workpaper files after a period of seven (7) years. Catastrophic events or physical deterioration may result in damage to or destruction of our firm's records, causing the records to be unavailable before the expiration of the retention period as stated in our record retention policy.

27. Working Paper Access Requests by Regulators and Others

- 27.1. State, federal and foreign regulators may request access to or copies of certain workpapers pursuant to applicable legal or regulatory requirements. Requests also may arise with respect to peer review, an ethics investigation, or the sale of our accounting practice. If requested, access to such workpapers will be provided under the supervision of firm personnel. Regulators may request copies of selected workpapers to distribute the copies or information contained therein to others, including other governmental agencies.
- 27.2. If we receive a request for copies of selected workpapers, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such request as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit the disclosure of information. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.
- 27.3. If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests. This paragraph will survive termination of this Agreement.

28. Summons or Subpoenas

- 28.1. All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis.
- 28.2. If we receive a summons or subpoena which our legal counsel determines requires us to produce documents from this engagement or testify about this engagement, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such summons or subpoena as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit discovery. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying

requested information, we may construe your inaction or failure as consent to comply with the request.

- 28.3. If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests. This paragraph will survive termination of this Agreement

29. Limitation of Liability and Indemnification

- 29.1. We will provide our services with reasonable care and skill. Our liability to you is limited to losses, damages, costs, and expenses caused by our negligence or willful default.
- 29.2. Exclusion of liability for loss caused by others
- 29.2.1. We will not be liable if such losses, penalties, surcharges, interest, or additional tax liabilities are due to the acts or omissions of any other person or due to the provision to us of incomplete, misleading, or false information or if they are due to a failure to act on our advice or a failure to provide us with relevant information.
- 29.3. Exclusion of liability in relation to circumstances beyond our control
- 29.3.1. We will not be liable to you for any delay or failure to perform our obligations under this engagement letter if the delay or failure is caused by circumstances beyond our reasonable control.
- 29.4. Exclusion of liability relating to the discovery of fraud, etc.
- 29.4.1. We will not be responsible or liable for any loss, damage, or expense incurred or sustained if information material to the service we are providing is withheld or concealed from us or wrongly misrepresented to us or from fraudulent acts, misrepresentation, or willful default on the part of any party to the transaction and their directors, officers, employees, agents, or advisers.
- 29.5. Indemnity for unauthorized disclosure
- 29.5.1. You agree to indemnify us and our agents in respect of any claim (including any claim for negligence) arising out of any unauthorized disclosure of our advice and opinions, whether in writing or otherwise. This indemnity will extend to the cost of defending any such claim, including payment at our usual rates for the time that we spend in defending it.
- 29.6. Limitation of aggregate liability
- 29.6.1. You agreed that you will not bring any claim of a kind that is included within the subject of the limit against any of our principals or employees; on a personal basis.

30. Indemnification (Private Company Engagements Only)

- 30.1. The following is applicable to audit and attest engagements only:
- 30.1.1. You agree to hold us harmless from any and all claims which arise from knowing misrepresentations to us, or the intentional withholding or concealment of information from us by your management. You also agree to indemnify us for any claims made against us by third parties, which arise from any of these actions by

your management. The provisions of this paragraph shall apply regardless of the nature of the claim.

30.2. The following is applicable to non-attest engagements only:

- 30.2.1. You agree to indemnify, defend, and hold harmless Drexler Tax & Accounting Services, PC, and any of its partners, principals, shareholders, officers, directors, members, employees, agents or assigns with respect to any and all claims made by third parties arising from this engagement, regardless of the nature of the claim, and including the negligence of any party, excepting claims arising from the gross negligence or intentional acts of the Drexler Tax & Accounting Services, PC.

31. Statute of Limitations

- 31.1. You agree that any claim arising out of this Agreement shall be commenced within one (1) year of the delivery of the work product to you, regardless of any longer period of time for commencing such claim as may be set by law. A claim is understood to be a demand for money or services, the service of a suit, or the institution of arbitration proceedings against Drexler Tax & Accounting Services, PC.

32. Alternative Dispute Resolution

- 32.1. If a dispute arises out of or relates to the Agreement including the scope of services contained herein or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try to settle the dispute by mediation administered by the American Arbitration Association ("AAA") under the AAA Professional Accounting and Related Services Dispute Resolution Rules before resorting to arbitration, litigation, or some other dispute resolution procedure. The mediator will be selected by the mutual agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the AAA. The mediation will be conducted in Colorado. Costs of any mediation proceeding shall be shared equally by all parties.
- 32.2. The mediation will be treated as a settlement discussion and, therefore, all conversations during the mediation will be confidential. The mediator may not testify for either party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceedings. The costs of any mediation proceedings shall be shared equally by all parties. Any costs for legal representation shall be borne by the hiring party.
- 32.3. Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the applicable rules for resolving professional accounting and related services disputes of the AAA, except that under all circumstances the arbitrator must follow the laws of Colorado. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, 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. The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator

33. Assignment

- 33.1. All parties acknowledge and agree that the terms and conditions of this Agreement shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.

34. Severability

- 34.1. 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 Agreement

35. Entire Agreement

- 35.1. The engagement letter, including this Terms and Conditions Addendum and any other attachments, encompasses the entire agreement of the parties and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this Agreement must be made in writing and signed by both parties.

Additional Terms and Conditions Related to Tax Matters**36. Business Tax Returns**

- 36.1. Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. We will use our judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions.
- 36.2. Unless otherwise instructed by you, we will resolve such questions in your favor whenever possible. The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or circumstances of these penalties, please contact us.
- 36.3. Management is responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of the financial records. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign and file them.
- 36.4. 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 governmental tax examination, we will be available, upon request, to represent you and will render additional invoices for the time and expenses incurred.

37. Electronic Filing

- 37.1. Taxing authorities require us to electronically file all federal and most state income tax returns ("e-filing"). However, you do have the right to "opt-out" of the e-filing program. Please notify our firm immediately should you desire not to have your returns e-filed so that we may provide you with the form(s) necessary for opting out of the e-file program. Please note that unless you notify us of your desire to not e-file your returns, we will prepare your returns to be e-filed.
- 37.2. Although e-filing requires both you and our firm to complete additional steps, the same filing deadlines will apply. You must therefore ensure that you complete the additional requirements well before the due dates in order for our firm to be able to timely transmit your returns. We will provide you with a paper copy of the income tax returns for your review prior to electronic transmission. After you have reviewed the returns, you must provide us with a signed authorization indicating that you have reviewed the returns and that, to the best of your knowledge, you feel they are correct. We cannot transmit the returns to the taxing authorities until we have the signed authorization. Therefore, if you have not provided our firm with your signed authorization by ten (10) days prior to the due date, we will place your returns on extension, even though they might already have been completed. In that event, you will be responsible for ensuring that any payment due with the extension is timely sent to the appropriate taxing authorities. You will also be responsible for any additional costs our firm incurs arising from the extension preparation.
- 37.3. Our firm will use our best efforts to ensure that your returns are successfully transmitted to the appropriate taxing authorities, we will not be financially responsible for electronic transmission or other errors arising after your return has been successfully submitted from our office.

38. Final Responsibility

- 38.1. By your acceptance of our Engagement, you understand and agree that you are responsible for the accuracy and completeness of the records, documents, explanations, and other information provided to us for purposes of this engagement. You have the final responsibility for the income tax returns; therefore, you should review them carefully before you sign the e-file authorization forms, or sign and submit your tax returns directly to the appropriate taxing authorities. You agree that our firm is not responsible for a taxing authority's disallowance of deductions or inadequately supported documentation nor for resulting taxes, penalties, and interest.
- 38.2. We will prepare your current federal income tax return, and the mutually agreed-upon state income tax returns (collectively, the "returns"). This engagement pertains only to the current tax year, and our responsibilities do not include the preparation of any other tax returns that may be due to any other taxing authority. Our engagement will be complete upon the delivery of the completed returns to you. Thereafter, unless we are engaged under a new and separate engagement

agreement, you will be solely responsible to file the returns with the appropriate taxing authorities.

38.3. You agree to timely provide us your financial information and supporting documentation. If we receive your information late, the service and deliverable we provide to you will be late and may materially affect their reliability and effectiveness on decisions you may make.

38.4. None of the services we provide can be relied on to detect errors, fraud, or illegal acts that may exist.

39. Due Dates

39.1. We must receive all information to prepare your returns a minimum of twenty-five (25) days prior to the tax return due date to ensure that your returns are filed timely. If we have not received all your information by this time, we cannot guarantee that your returns will be completed before the deadline. If we are unable to complete the returns, we will assume that you want us to prepare an extension of time to file your returns; however, you will need to provide us with authorization before we can file the extension on your behalf. You should keep in mind that this would be an extension of time to file the returns; however, any tax estimated to be due would need to be paid with the extension request. We assume no liability for late filing or late payment penalties.

39.2. You are confirming that you will furnish us with all the information required for preparing the returns. This includes, but is not limited to, providing us with the information necessary to identify (1) all states and foreign countries in which you “do business” or derive income (directly or indirectly) and (2) the extent of business operations in each relevant state and/or country. We will not audit or verify the data you submit, although we may ask you to clarify it or furnish us with additional data. You should retain all the documents, books, and records that form the basis of your income and deductions. The documents may be necessary to prove the accuracy and completeness of the returns to a taxing authority. If you have any questions as to the type of records required, please ask us for advice in that regard

40. Out-of-State Sales (Wayfair Decision)

40.1. In 2018, a Supreme Court Ruling in *South Dakota v. Wayfair, Inc.* (“Wayfair”) significantly impacted businesses that engage in out-of-state sales (i.e., remote sales). Wayfair opened the door for other states to redefine what is deemed to be “sufficient contact” from a physical presence standard to a much broader standard that looks at a business’s economic presence (“economic nexus”) in a given state. How this may impact your business depends on the individual states from which you derive sales and whether they have adopted an economic nexus standard. As our engagement is limited to preparing the income tax returns specified above, our firm is not rendering any services designed to assess your sales and use tax risks and potential exposure to substantial (“economic”) nexus. By signing this engagement agreement, you understand and acknowledge that you are responsible for compliance

with applicable rules associated with the collection and remittance of sales and use tax for the various states in which you do business. If you require our assistance to assess your sales and use tax exposure and how the Wayfair decision may impact your business, please let us know. Any additional services will be covered under a separate engagement letter.

41. Virtual Currency

- 41.1. Please note that the Internal Revenue Service ("IRS") considers virtual currency (e.g., Bitcoin) as property for U.S. federal 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 2018 tax year, you may be subject to tax consequences associated with such transactions and may have additional foreign reporting obligations.
- 41.2. 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. Please ask us for advice if you have any questions regarding the type of records required for virtual currency transactions.

42. Professional Judgement

- 42.1. We will use our professional judgment in preparing your returns. Given the magnitude of the changes the Tax Cuts and Jobs Act of 2017 ("Tax Act" or "Act") contained, as well as some new concepts introduced in the law, additional stated guidance from the IRS, and possibly from Congress in the form of technical corrections, may still be forthcoming. We will use our professional judgment and expertise to assist you given the Tax Act guidance as currently promulgated. Subsequent developments issued by the applicable tax authorities may affect the information we have previously provided, and these effects may be material. 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 share our knowledge and understanding of the possible positions that may be taken on your return. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated.
- 42.2. If a taxing authority should later contest the position taken, there may be an assessment of additional tax, interest, and penalties. We assume no liability for any such assessment of additional tax, penalties, or interest. In the event, however, that you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable for any damages that occur as a result of ceasing to render services.
- 42.3. The law provides for a penalty to be imposed where a taxpayer makes a substantial understatement of their tax liability. Taxpayers may seek to

avoid all or part of the penalty by showing (1) that they acted in good faith and there was reasonable cause for the understatement, (2) that the understatement was based on substantial authority, or (3) there was a reasonable basis for the position taken on the return and the relevant facts affecting the item's tax treatment were adequately disclosed on the return. You agree to advise us if you wish disclosure to be made in your returns or if you desire us to identify or perform further research with respect to any material tax issues for the purpose of ascertaining whether, in our opinion, there is "substantial authority" for the position proposed to be taken on such issue in your returns.

43. Interest in, or Authority over Foreign Assets

- 43.1. If you and/or your entity have a financial interest in, or signature authority over, any foreign accounts, you may be subject to certain filing requirements with the U.S. Department of the Treasury, in addition to the Internal Revenue Service (IRS). Filing requirements may 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).
- 43.2. The filing deadline for the Report of Foreign Bank and Financial Accounts (FBAR) required by the U.S. Department of the Treasury is April 15th and follows the federal income tax due date guidance, which notes that if the tax due date falls on a weekend or legal holiday, the form is considered timely filed if filed on the next business day. An automatic 6-month extension is available. Electronic filing of the FBAR is mandatory using the Bank Secrecy Act (BSA) e-filing system for the Financial Crimes Enforcement Network (FinCEN). We must receive a signed consent form from you prior to submitting the foreign reporting form. If we do not receive your signed authorization to file your foreign reporting form, we will not be able to file any of the required disclosure statements on your behalf.
- 43.3. The IRS requires information reporting on foreign interests or activities under applicable IRC sections and related regulations, and the respective IRS tax forms are due when your income tax return is due, including extensions. The IRS reporting requirements are in addition to the U.S. Department of the Treasury reporting requirements stated above. Therefore, if you have any direct or indirect foreign interests that require disclosures to the IRS, you must provide us with the information necessary to prepare the applicable IRS forms.
- 43.4. Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the IRS may result in substantial civil and/or criminal penalties. By your signing this engagement agreement, you agree to provide us with complete and accurate information regarding any foreign accounts that you and/or your entity may have had a direct or indirect interest in, or signature authority over, during the above-referenced tax year.

- 43.5. The foreign reporting requirements are very complex, so if you have any questions regarding the application of the U.S. Department of the Treasury and/or the IRS reporting requirements to your foreign interests or activities, please ask us for advice in that regard. We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

Privacy Policy

CPAs, like all providers of personal financial services, are now required by law to inform their clients of their policies regarding privacy of client information. CPAs have been and continue to be bound by professional standards of confidentiality that are even more stringent than those required by law. Therefore, we have always protected your right to privacy.

We collect nonpublic personal information about you that is provided to us by you or obtained by us with your authorization. For current and former clients, we do not disclose any nonpublic personal information collected in the course of our practice except as required or permitted by law. Permitted disclosures include, for instance, providing information to our employees, and in limited situations, to unrelated third parties that need to know that information to assist us in providing services to you. In all such cases, we stress the confidential nature of information shared.

Absent a specific, exception, Treas. Reg. section 301.7216 generally prohibits the disclosure or use of tax return information without the client's explicit, written consent. In general, a "disclosure" of tax return information involves a disclosure by the preparer of a client's return information to a third party. A "use" of tax return information generally consists of the use of the return information by the preparer potentially for the purposes of offering non-tax services to the taxpayer.

Under section 7216, a tax return preparer is subject to a criminal penalty for "knowingly or recklessly" disclosing or using tax return information. Each violation of section 7216 could result in a fine of up to \$1,000 or one-year imprisonment, or both. Internal Revenue Code section 6713, the companion civil penalty, imposes a \$250 penalty on a preparer for each prohibited disclosure or use of the return information.

Because of these rules, we are no longer able to provide copies of tax returns to bankers and other third parties who may need a copy of your return if we have not received a proper disclosure form before completing your tax return. We appreciate your cooperation.

By signing this engagement agreement, you agree to us contacting you with details of other services we provide. Where relevant, we may contact you by telephone, email, or text message.

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