



Dear Client:

We appreciate the opportunity of working with you and advising you regarding your entity formation. To ensure a complete understanding between us, we are setting forth the pertinent information about the services that we will perform on your behalf.

Entity Formation

We will prepare the documents necessary, and as agreed upon, to form your entity. We will prepare these forms from information which you will furnish to us. We will make no audit or other verification of the data you have submitted and we perform our services under the assumption that all the information you submit to us is true, complete and accurate according to documents and other information retained in your files. While it is not necessary that you provide us with support documents at the time we prepare your documents, you should retain all necessary written support and documentation should it be required by an examination at a later date. We reserve the right to withdraw from this engagement if requested information is not received in a reasonable period of time.

Your documents

You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

Penalties

You should note that the IRS and many state agencies provide for interest and penalties which may be imposed on you. Most of these penalties provide for assessment in the event of some wrongdoing or negligence on the part of the taxpayer. However, penalties may be imposed even though there is no fraud, negligence or willfulness on your part. The only way to avoid certain penalties is to show that there was either "substantial authority" for the position taken or to make "adequate disclosure." You are fully responsible for penalties and interest charges on your account unless they are due to our mistake. Once your information has been submitted to us, and we prepare the documents requested, and we file them, any changes you make thereafter are not mistakes and you are subject to any penalties and interest imputed.

Fees

Our fees for an Entity Formation are due upon the signing of this engagement letter. No work can proceed before payment is made in full. If some special arrangement is made, invoices are due and payable on presentation. In fairness to our clients who pay promptly we charge a late payment service charge on all accounts unpaid after 30 days from billing date at the rate of 2% (2 percent) per month on all delinquent balances. Any dispute over fees may be submitted for resolution by arbitration in at our sole discretion. Any collection fees will be added to your outstanding invoices and are payable in full to consider your account in good standing and settled with SWC.

Our fees may be paid by check, cash, Visa, Mastercard, debit/check card, ACH. NOTE: We do NOT accept American Express.

Privacy

As your CPA, we collect information provided by you from your tax organizer, worksheets, documents and discussions and information that we develop as part of the engagement. We are required to keep all information about our engagement confidential so we will not make any disclosure about you unless we have your approval or are required/ permitted by law. This applies even if you are no longer a client. We are committed to safekeeping of your confidential information and we maintain physical, electronic, and procedural safeguards to protect it.

General

Your original records, which will be returned to you, comprise the backup and support for your entity. Our records and files are our property and not a substitute for your own records. Our firm destroys client files after a retention period of seven (7) years, after which time these items will no longer be available. Also, catastrophic events or physical deterioration may result in our records being unavailable.

Receipt of your Entity Documentation

You will receive copies of your Via Electronic files. These documents will be emailed to you.

Statement of Understanding

Please initial next to the appropriate boxes:

S-Corporations:

1. I understand that it is required that owners take a payroll at least once each year to protect themselves from audit.
2. I understand that If my profits are more than \$20,000 a year is when the S-Corporation truly benefits me for tax purposes
3. I understand that my S-Corporation election may be unaccepted by the IRS and that future correspondence may be necessary
4. I understand that all shares of stock MUST be equal in value, voting rights, and benefits to the owners.
5. I understand that each partner is suggested to have a professional handle their personal returns and that each partner will receive a K-1 reflecting their share of the income or loss of the S-Corporation.
6. I understand that the S-Corporation will be required to file a separate return from it's owners.
7. I understand that SWC is providing Tax advice, and not legal advice.

C-Corporations:

1. I understand that it is required that owners take a payroll at least once each year to protect themselves from audit.
2. I understand that my C-Corporation election may be unaccepted by the IRS and that future correspondence may be necessary
3. I understand that the C-Corporation will be required to file a separate return from it's owners.
4. I understand that SWC is providing Tax advice, and not legal advice.

Partnerships:

1. I understand that owners do NOT take payroll out of a partnership; Partners take guaranteed payments for their services
2. I understand that I will obtain a partnership agreement, signed by all parties, that will determine any tax and legal outcome of this entity
3. I understand that each partner is suggested to have a professional handle their personal returns and that each partner will receive a K-1 reflecting their share of the income or loss of the partnership.
4. I understand that the partnership will be required to file a separate return from it's owners.
5. I understand that SWC is providing Tax advice, and not legal advice.

Sole Proprietorships:

1. I understand that my income will be reported on a Sch C or Sch E of the owner's personal Form 1040 return.
2. I understand that I am not required to take payroll.
3. I understand that I will be charged self-employment tax on my personal tax return, which is above and beyond normal income tax.
4. I understand that SWC is providing Tax advice, and not legal advice.

We are pleased to have you as a client and look forward to a long and mutually satisfying relationship. If the above fairly sets forth your understanding, please sign on the line below and return it to us. This letter will be in effect regarding our engagement until superseded by a subsequent understanding.

This agreement is accepted in full by:

Approved by (PRINT NAME)

Signature

Date