



2020 TAX PREPARATION ENGAGEMENT LETTER

We are pleased to confirm our understanding of the arrangements for preparation of your 2020 income tax return(s). This letter confirms the services you have asked our firm to perform and the terms under which we have agreed to do that work. Please read this letter carefully because it is important to both our firm and you that you understand the limitations of the services you have asked us to perform. If you have any questions regarding the contents of this letter, please contact us prior to signing it.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior agreements (written or oral) regarding these services. It shall be binding on the heirs, successors and assigns of you and us. The Internal Revenue Service imposes penalties on taxpayers and on us as return tax preparers for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

Filing Season and Deadlines Regarding Complete Documentation

We will begin accepting complete tax packages on Monday, February 15th, 2021 and our electronic filing season will begin on Monday, March 1st, 2021. This is to allow for your collection of all documentation (W-2s, 1099s, 1098s, etc.) related to the complete preparation of your returns. Please send us your package when all documents have been received (to the best of your knowledge) and promptly provide us with any additional or corrected documents upon receipt. If you are providing a spreadsheet, please also email an electronic version for our records. **We do not automatically file tax extensions for clients - you must notify us in writing, email or fax if you wish for us to file an extension on your behalf. You must include an estimate of any balanced due in your notification. Failure to pay any tax due with the extension or failure to pay quarterly estimated tax payments may make you subject to various penalties and interest.** We work on returns on a first in, first out basis. **If your complete tax information is not received in our office by March 26th, 2021, we cannot guarantee the return will be prepared by the deadline, April 15th, 2021.** If we receive your tax packet with missing tax documents, an incomplete tax organizer, or are unable to reach you to discuss follow-up questions, there will be a

delay in preparing your return and we cannot guarantee the return will be completed by the April 15th, 2021 deadline.

Documentation Required for Electronic Tax Filing

In order to comply with new e-filing regulations, a copy of your driver's license (and your spouse's, if married and filing a joint return) must be provided to us. We will be unable to e-file your returns without this information.

Tax Preparer Responsibilities

We will prepare your 2020 Federal and State(s) Individual Income Tax Form 1040 and related Federal and State(s) schedules only from the information you provide to us. We will not audit, review or compile, or otherwise verify the data you submit, although we may ask you to clarify some of the information. We are not responsible for returns prepared by other preparers. We may furnish you with a tax organizer and/or questionnaire to help you gather and organize the necessary information for us. **If you have taxable activity in a state other than your home state, you are responsible for providing us with all information necessary to prepare any additional applicable state(s) or local income tax returns as well as informing us of the applicable state(s).**

We are responsible for preparing only the specific individual income tax forms referred to above. If additional forms/returns/services/actions are required, a written request must be made by you on a timely basis. Our services are not intended to determine whether you have filing requirements in taxing jurisdictions other than the one(s) requested above.

Taxpayer Responsibilities

Please note that any person or entity subject to the jurisdiction of the United States (includes individuals, corporations, partnerships, trusts and estates) having a financial interest in, or signature or other authority over bank accounts, securities or other financial accounts having an aggregate value exceeding \$10,000 in a foreign country, shall report such a relationship. Although there are some limited exceptions, filing requirements 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 foreign account(s). Failure to disclose the required information to the U.S. Department of Treasury may result in substantial civil and/or criminal penalties. Such disclosure includes filing Form 8938 with your Form 1040 and a separate, electronic filing of Form FinCen114 required by the U.S. Department of Treasury on or before April 15th of each tax year. **If you do not provide our firm with information regarding any interest you may have in a foreign account, we will not be able to prepare any of the required income tax related forms and penalties may be due, for which we have no responsibility. In the absence of such information being**

provided, we will presume you do not have any foreign assets or financial interests and will not file any applicable disclosure forms without separate written authorization.

In addition, currently, the Internal Revenue Service, under the IRC sections 6038 and 6046, requires the information reporting if you are an officer, director or shareholder with respect to certain foreign corporations (Form 5471); foreign-owned U.S. Corporation or foreign corporation engaged in a U.S. trade or business (Form 5472); U.S. transferor of property to a foreign corporation (Form 926); and if you hold foreign financial assets with an aggregate value exceeding \$50,000 (Form 8938). If you fall into one of the above categories you may be required to file one of the above listed forms, which are due at the time of your income tax return is due, including extensions. Failure to timely file may result in substantial monetary penalties. By your signature below, you accept responsibility for informing us if you believe you fall into one or more of the above categories and you 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.

You acknowledge that you have reported all 2020 income you have received including (but not limited to) barter, crypto-currency, consumer-to-consumer activity, cash-based revenues and all other income, whether received in person, in-kind or electronically. You also confirm that you have or will timely file any applicable Form W-2 and W-3 with the Social Security Administration and IRS for any business employees and/or home workers.

Other Items

Our fee does not include responding to inquires or examination by taxing authorities or third parties, for which you will be separately billed for time and expenses involved. However, we are available to represent you, and our fees for such services are at our standard rates. You agree to immediately notify us upon receipt of any correspondence from any agency covered by this letter.

Please do not respond to or click on any links within emails purportedly from the IRS; the IRS never initiates correspondence by email (or telephone) and any such emails (or telephone calls) are attempts to steal your identity.

It is your responsibility to maintain in your records the documentation necessary to support the data used in preparing your tax returns, including, but not limited to: the auto, travel, entertainment and related expenses, and support of charitable contributions for three years from the filing date. It is also your responsibility to carefully examine and approve your completed tax returns before signing them for filing with the tax authorities. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for the resulting taxes, penalties and interest. We will rely, without further verification, upon information provided to us from 3rd parties including, but not limited to K-1's, 1099's, 1098's, receipts, and similar items. You are responsible for the proper recording of financial activities, for the safeguarding of assets, and for the

substantial accuracy of your financial records. The law imposes various penalties when taxpayers understand their tax liability. If you have donations of used goods to a charity, please provide us with a receipt from the organization, with the date of donation and your estimate of the value of the goods donated. This documentation is necessary for us to report the deduction on your return.

We will use our professional judgement in preparing your returns. Whenever we are aware that a possible applicable tax law is unclear or that there are conflicting interpretations of the law by authorities, we will explain the possible positions that may be taken on your return. We will adopt whatever position you request as long as it is consistent with the codes, regulations and interpretations that we 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.

Please note that equity loans are not deductible unless the mortgage funds are used to buy, build or improve your personal residence and does not exceed the allowable mortgage debt. To comply with these new rules, we need to know any amounts borrowed against your home in 2019 and beyond, the date borrowed and the use of the funds. Without this information, we will be unable to deduct mortgage interest on the new borrowings.

Business Owners: When a self-employed taxpayer reduces taxable income, there is also a reduction in earned income reported to the Social Security Administration, which could reduce current and future benefits for the taxpayer and his or her dependents. You acknowledge and agree to the current tax reduction and the potential negative effects on future social security benefits for you, your spouse and any dependents.

Privacy laws established by the IRS (effective 1/1/2009) prohibit us from providing confidential information or copies of returns to anyone other than you. If a third-party requests information from us, we will send it directly to you and it will be your responsibility to forward it to the third-party. In addition, all files sent to you electronically will be securely encrypted.

It is our policy to keep records of this engagement for three years, after which they are destroyed; however, it is the taxpayer's responsibility to retain and protect your records for three years.

Billings become delinquent if not paid within 30 days of the invoice date. If billings are not paid within 60 days of the invoice date, at our election, we may stop all work at our discretion until your account is brought current or we may withdraw from the engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this

engagement as a result of your failure to pay on a timely basis, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

In recognition of the relative risks and benefits of this agreement to both the client and the accounting firm, the client and the accounting firm have discussed and have agreed on the fair allocation of risk between them. As such, the client agrees, to the fullest extent of the law, to limit the liability of the accounting firm to the client for any and all claims, losses, costs and damages of any nature whatsoever, so that the total aggregate liability of the accounting firm to the client shall not exceed the accounting firm's total fee for services rendered under this agreement. The client and the accounting firm intend and agree that this limitation apply to any and all liability or cause of action against the accounting firm, however alleged or arising, unless otherwise prohibited by the law. Both parties agree that there is a one-year limited period to bring a claim against us for errors and omissions. The one-year period will begin upon the date of the tax professional's signature on the tax return(s) covered by this engagement.

From time to time, various third parties may request that we sign for you some verification of income, employment or tax filing status. Because we were engaged only to prepare your income tax return, without examination, review, audit or verification, our insurance carriers, as well as the state board of accountancy prohibit us from signing any such document and we suggest that you have them send IRS Form 4506 to the IRS to obtain such verification.

We truly appreciate the opportunity to serve you. Please sign, date and return this letter to us to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect. If you send your tax materials to us without returning the signed and dated engagement letter, the agreement will be deemed to have been signed and will be in full force and effect.

Kind Regards,

Acorn Tax Planning, Inc.

I (we) have read the above terms of the engagement letter and agree with the terms of this engagement.

Taxpayer Signature	Date
Spouse Signature	Date

2020 TAX RETURN QUESTIONNAIRE

This Tax Organizer is designed to help you collect and report the information needed to prepare your 2020 income tax return. **Please remit a copy of your 2019 tax returns (if not in our possession) with the below questionnaire completed.**

I (we) have submitted this information for the sole purpose of preparing my (our) tax return(s). Each item can be substantiated by receipts, canceled checks or other documents. This information is true, correct, and complete to the best of my (our) knowledge.

Taxpayer Signature	Date
Spouse Signature	Date

ATTENTION!

In 2020, you may have received an Economic Impact Payment via direct deposit or a physical check from the Federal government for the 2020 tax year. As your tax preparer, we are required to reconcile your payment to determine if you are owed any additional funds. If you received a payment, you should have received Noticed 1444 showing the amount of your check. If you still have the letter, it is important to provide it to us. If you have misplaced or discarded the letter, please indicate the amount of the payment you received below.

- I/we received and have attached a copy/copies of Form 1444
- I/we do not have a copy/copies of Form 1444, but received a stimulus check in the amount of \$_____. My spouse (if applicable) received a check in the amount of \$_____.
- I/we did not receive a stimulus check.

DIRECT DEPOSIT

If you would like your tax refund (if any) deposited directly into your bank, **please provide a voided check** and verify your account information here:

Name of Bank	
Routing Transit Number	
Account Number	
Account Type	

PERSONAL INFORMATION

Taxpayer		Spouse (If Applicable)	
SSN #		SSN #	
DOB		DOB	
Occupation		Occupation	
Home Phone #		Home Phone #	
Cell Phone #		Cell Phone #	
Email Address		Email Address	
Marital Status 2020		Marital Status 2020	

DEPENDENTS

Dependents	#1	#2	#3	#4
Name				
SSN #				
DOB				
Relationship				
Months Lived at Home				
Gross Income				

ESTIMATED TAX PAYMENTS MADE

	Federal	State		Federal	State
1 st Quarter			3 rd Quarter		
2 nd Quarter			4 th Quarter		

INCOME

Type of Income	Form(s) to Attach	# Attached	Payer Name and Notes
Wages & Salary Income	Form W-2s		
Pensions, Annuities, Profit Sharing, IRAs, Rollovers, etc.	Form(s) 1099-R Form 5498		
Social Security, Railroad Benefits	Form(s) SSA-1099		

Interest Income	Form(s) 1099-INT & Broker Statements		
Dividend Income	Form(s) 1099-DIV		
Partnership, Trust, Estate Income	Form(s) K-1		
Investments Sold / Capital Gains & Losses	Form(s) 1099-B Or provide statement with date acquired, date sold and sale price		

MISCELLANEOUS INCOME FOR 2020

Type	Amount
Unemployment Income – Attach Form 1099G	
State and Local Tax Refund – Attach Form 1099G	
Foreign Earned Income	
Alimony Received	
<i>Date of Divorce</i>	
Commissions	
Scholarships/Grants	
Royalty Income	
Jury Duty Income	
Gambling, Lottery	
Unreported Tips	
Worker's Compensation	
Disability Income	
Other - Attach Form 1099 MISC	

PROPERTY SOLD – Attach 1099-S and Settlement Statements

Property	Date Acquired	Cost	Improvements	Date Sold	Proceeds
*Primary					
Vacation					
Land					
Other					

*Provide information on improvements, prior sales of home, and cost of a new residence.

ADJUSTMENTS & DEDUCTIONS

Type	Amount
IRA/SEP/Roth Contributions – Taxpayer <input type="checkbox"/> Made in 2020 <input type="checkbox"/> Made in 2021 <input type="checkbox"/> Roth <input type="checkbox"/> Traditional	
IRA/SEP/Roth Contributions – Spouse <input type="checkbox"/> Made in 2020 <input type="checkbox"/> Made in 2021 <input type="checkbox"/> Roth <input type="checkbox"/> Traditional	
Alimony Paid	
<i>Name & SSN of ex-spouse</i>	
<i>Date of Divorce</i>	
Self-Employed Insurance Premiums Paid	
Penalty for Early Withdrawal of Retirement Savings	
Health Savings Account (HSA) or Medical Savings Account (MSA) Contributions - Attach Form 8889	
2020 HSA or MSA Distributions	

COLLEGE SAVINGS ACCOUNT CONTRIBUTIONS

Beneficiary	Account Number	Account Type	Amount
		<input type="checkbox"/> State 529 <input type="checkbox"/> Private 529 <input type="checkbox"/> Coverdell ESA	
		<input type="checkbox"/> State 529 <input type="checkbox"/> Private 529 <input type="checkbox"/> Coverdell ESA	
		<input type="checkbox"/> State 529 <input type="checkbox"/> Private 529 <input type="checkbox"/> Coverdell ESA	

EDUCATION EXPENSES & DEDUCTIONS

Type	Amount
Tuition & Fees Paid Attach Form 1098-T tuition statement provided by institution and Bursar account statement	
Room & Board	
Books & Computer - Attach Receipts	
Qualified Student Loan Interest Paid - Attach Form 1098-E	
Payments from Qualified Education Program – Attach Form 1099-Q	

MEDICAL EXPENSES

Type	Amount
Prescription Medicines and Drugs	
Total Medical Insurance Premiums Paid*	
Long-Term Care Expenses	
Number of miles traveled for medical care	
Lodging	
Doctors, Dentists, Orthodontists, etc.	
Hospitals	
Lab Fees	
Medical Equipment, Supplies, Hearing Aids	
Eyeglasses and contacts	

* Do not include Medicare premiums or premiums deducted in computing taxable wages reported on a W-2

TAXES & INTEREST PAID IN 2020

Type	Amount
Home mortgage interest paid to financial institutions – Attach Form 1098	
Home mortgage interest paid to individuals	
<i>Name/Address</i>	
Amount Borrowed Against Home in 2018	
<i>Date/Use of Funds</i>	
Points paid on purchase or refinance (include closing statement)	
Real estate taxes not listed elsewhere – Attach copies of all related bills	
Personal Property Taxes - Attach copies of all related bills	
Foreign Taxes Paid – Attach details	

CHARITABLE CONTRIBUTIONS – Please provide written acknowledgement for all cash donations over \$250. For any noncash contributions, please provide receipt from the non-profit organization with your date of contribution and your best estimate of the fair market value of items donated. Please include Form 1098-C for the donation of a car, boat, etc.

Type (ex: Church, Cancer, Wildlife Fund)	Organization Name	Amount
Cash		

Noncash		

CASUALTY/THEFT LOSS

Property Location	Property Description	Amount	Insurance Reimbursement	Repair Costs	Federal Grants Received	Fed Declared Disaster Losses

CHILD AND DEPENDENT CARE

	Provider 1	Provider 2
Name		
Address		
EIN/SSN		
Amount Paid		
Children Cared for		

BUSINESS INCOME

Business Name	
Product/Service	
Address (if different)	
Entity Type	<input type="checkbox"/> Self-Employed <input type="checkbox"/> Sole-Proprietor LLC <input type="checkbox"/> Partnership LLC <input type="checkbox"/> S-Corp <input type="checkbox"/> C-Corp

2020 Revenue*		2020 Inventory (Cost of Goods Sold)			
Total Sales	\$	Inventory: Beg.	\$	Purchases	\$
Returns & Refunds	\$	Inventory: End	\$	Personal Use	\$

*Include any Form 1099-K to report payment card and third-party transactions

BUSINESS USE OF HOME Do you use any part of your home regularly and exclusively for business? Yes No

Estimated percentage of time spent in home office compared to total time spent in this business activity?	
Description of work done in home office	
Total Area of Home (Sq Ft)	
Total Area of Home Used for Business	

BUSINESS EXPENSES WORKSHEET *These categories may require you to issue a 1099-MISC for payments made to anyone for \$600 or more. Contact us.

Expense	Amount	Expense	Amount	Expense	Amount
Accounting*		Office expenses (not rent)		Sales Tax	
Advertising & Marketing*		Rent (business only)		Payroll Taxes	
Bank Charges		Computer		Personal Property Taxes	
Commissions*		Software		Real Estate Taxes	
Independent contractor		Salaries & Wages*		Heat & Elec.	
Consulting*		Payroll expenses		Water & Sewer	
Dues & subscriptions		Pension & Profit-sharing		Trash	
Gifts (limit \$25 per client)		Parking: Fees & tolls		Internet: Business use only	
Education & Training		Postage & shipping		Meals & Entertainment	
Janitorial*		Printing*		Travel: Airfare	
Licenses		Equip. rental or lease*		Travel: Auto Rental	
Legal & Professional Fees*		Repairs & Upkeep*		Travel: Lodging	
Property Insurance		Tools		Phone: Business use only	
Liability Insurance		Supplies		Other:	
Workers Comp.		Uniforms		Other:	

BUSINESS MILEAGE - In order to deduct mileage for auto expenses in a tax return, a log must be kept which details mileage driven for business purposes. This log, or something which keeps track of mileage, would be needed to justify the write off for the expense in the event of an audit.

Do you have written records? Yes No

Did you sell or trade in a car used for your business? If yes, include a copy of the purchase agreement. Yes No

	Car 1	Car 2
Make/Mode		
Year		
Date Purchased		
Total Miles (personal and business)		
Business miles (not to and from work)		
Miles after June 30		
Education (one way, work to school)		
Job Seeking		
Other Business		
Round Trip Commuting Distance		
Gas, Oil, Lubrication		
Batteries, Tires, etc.		
Repairs		
Insurance		
Interest		
Lease Payments		
Garage Rent		

RENTAL INCOME

*Property Type	Full Address
1.	
2.	
3.	

Revenue & Usage	Property 1	Property 2	Property 3
Rental Income			
Personal Use Days			
Related Expenses	Amount	Amount	Amount
Advertising			
Cleaning & Maintenance			
Commissions			
Insurance			
Legal & Professional Fees			
Management & HOA Fees			
Mortgage Interest			
Repairs			
Supplies			
Property Taxes			
Phone			
Utilities			
Water & Sewer			
Trash			
Lawn Care			
Snow Removal			
Mileage			
Other			
Purchases*			
Improvements*			
Replacements*			

*For major expenses, include receipts/invoices detailing the description, price and date.

DEPRECIATION OF PROPERTY

	Date Acquired	Cost or Other Basis	Depreciation Method	Prior Depreciation
Property 1				
Property 2				
Property 3				

ADDITIONAL QUESTIONS – At any time in 2020, did you or your spouse...

- Yes No Receive an Economic Impact Payment via direct deposit or check?
- Yes No Receive any disability payments or unemployment compensation?
- Yes No take a coronavirus-related distribution (CRD) from an eligible retirement plan (IRA or 401k) between January 1, 2020 to December 30, 2020?
 Yes No If yes, did you pay it back?
- Yes No Rollover or convert any IRAs or retirement accounts?
- Yes No Make a Qualified Charitable Contribution from your RMD?
- Yes No Withdraw any amounts from your IRA to pay for higher education expenses incurred by you, your spouse, your children, or grandchildren?
- Yes No Withdraw or contribute any amounts from/to a Coverdell Education Savings Account or Qualified Education Program (Section 529 plan)?
- Yes No Give birth to or adopt any additional children? If so, please provide their social security number and date of births under the dependent section.
- Yes No Experience a marriage or divorce in your immediate family?
- Yes No Receive or pay alimony?
- Yes No Buy or sell a residence, rental property, or personal property such as a motor vehicle or boat? If so, please provide the closing documents as well as the date of your move and state you moved out of/into (if applicable).
- Yes No Have a balance borrowed against a home equity line of credit or a total mortgage indebtedness in excess of \$750,000?
- Yes No Exercise any stock options?
- Yes No Have a foreign bank account over \$10,000 at any time of the year?
- Yes No Receive, sell, send, exchange, or otherwise acquire any financial interest in virtual currency?
- Yes No Receive any non-taxable military benefits?
- Yes No Have healthcare coverage for yourself and all dependents for the entire year? If yes, include all Forms 1095-A, 1095-B, and 1095-C.
- Yes No Have any transactions pertaining to a medical savings account (MSA) or health savings account (HSA)?
- Yes No Contribute property (other than cash) with a fair market value of more than \$5,000 to a charitable organization?
- Yes No Have a casualty or theft loss and you were not fully compensated?
- Yes No Make any energy efficient improvements to your home?
- Yes No Purchase an electric vehicle?
- Yes No Have any debts cancelled, forgiven, or refinanced? (foreclosures, bankruptcies, credit card forgiveness)?
- Yes No Start or purchase a business, rental property, or farm?
- Yes No Sell anything for a profit over the internet (ex: Craigslist, Amazon, Etsy)?
- Yes No Employ anyone to work in your home?
- Yes No Pay for long term care insurance?
- Yes No Receive a scholarship of any kind?
- Yes No Make any gifts in excess of \$15,000 to one donee?
- Yes No Pay additional taxes as a result of an audit or late filing penalties?
- Yes No Settle any notices / tax examinations concerning prior year's tax returns?