

December 12, 2018

Addressee

Dear

I want to take this opportunity to thank you for choosing me to be your tax accountant and CPA. I have enjoyed working with you in the past and look forward to maintaining and growing that relationship.

In preparation for the upcoming year, I have just completed the continuing education requirements set forth for my profession as a Certified Public Accountant (40 hours or 1 week of classes per year). Education is one of the keys to providing the best service and knowledge to my clients that is possible. This year, as always, I emphasized my efforts on tax law changes and how to best advise my clients. The other key is experience; of which I just finished my 28th year as a Virginia Certified Public Accountant.

This correspondence consists of multiple pages which include:

- This introductory letter (Front and back) -- please review
- Client information Sheet (One page) -- please review the information, make necessary changes and return to me in person, via email or fax (this can wait until you bring me tax documents if you wish)
- Client Engagement Letter (two pages front and back) – please review, sign and date, and return to me in person, via email or fax (this can wait until you bring me tax documents if you wish)

2018 / 2019 Issues

This year will be famous / infamous for containing more tax overhauls than any year since 1986..... before I began my career....now that's a long time ago!

One of the most significant areas of change involves individual tax deductions. Increased standard deductions, limits on deductions for taxes paid, eliminations of exemptions and some miscellaneous itemized deductions are all apart of the latest Congressional action on tax reform. But also, unprecedented deductions for those with small businesses!

Don't be confused! As a part of this tax reform, tax simplification is not a partner to these changes. The released 2018 Form 1040 is a total overhaul and there are significant additional attachment schedules involved as many deductions have been removed from the main form. What this means is there is an increase in additional attachments that may or may not apply to your situation.

The changes enacted make tax planning and forethought even more important. For instance, you may not benefit from deducting charitable contributions in 2018. However, for retirees, you may be able to use your IRA RMD as a qualified charitable distribution and avoid paying income taxes on it entirely. Everyone could choose to lump future year's charitable contributions by currently contributing to a qualified charitable trust in order to combine the tax benefit of the increased standard deduction. Point being, there still are opportunities! Ask about them if they apply to your situation and strategic plan.

Affordable Care Act – If you do not have qualifying health insurance, the penalty still applies for 2018 income tax returns. ***You must certify on your tax return if you have qualifying health insurance for all of 2018.*** If you feel an exemption applies to you, you must let me know. Likewise, your insurance carrier will provide a year-end form (1095) that you should provide to me detailing your premiums preliminary credits if you have

ACA insurance. ***If you receive a subsidy on your health insurance, the year end 1095A forms must be provided with your tax documents to me or the IRS will not process your tax return!***

Retirement accounts, such as 401k and IRA accounts, are your key to saving for the future. Most of us believe that tax rates will be lower in our retirement than the rates we pay as wage earners today. These contributions are usually current tax deductions as well as providing an opportunity for growth of assets over time. Take this time of year to seriously evaluate your 2019 plan for contributing to your retirement.

Online Security

Each year, there is a larger threat on the internet for the security of your personal information. ***You can be assured that the office of Raymond W. Crump CPA PC takes great strides in the security of your personal information.*** All tax software vendors have been required to have their electronic transmission of tax returns traced. What this means is hopefully the filing of fraudulent returns by criminals will be minimized.

If you have received a personal identification number from the IRS, it must be provided to me for filing of your individual income tax return

The IRS and Va Dept of Taxation areas of emphasis....

This year, there continues to be increased activity with the enforcement by the Va Department of Taxation on ***Consumer Use Tax***. Be aware, that many of your online purchases do not charge a sales tax. By law, you are required to report those on your income tax return or other tax filing. If you make significant purchases by your business or family, you should take time to evaluate your receipts to see if this is a concern to you. Communicate them to me at tax time if you have reportable sales

Another area that I can see future enforcement action is the ***filing of 1099 forms***. If a business (or a taxpayer that owns a rental house) pays an unincorporated entity \$600 or more for a service or rent, then that person is required to file a 1099-MISC form with the IRS. An LLC is not a incorporated for this rule! There are also requirements regarding paying dividends, interest, the receipt of mortgage interest. There are questions on each business return or rental activity if you have complied with this requirement!

The office of Raymond W. Crump CPA PC began filing the required 1099 forms electronically a few years ago. This ended up being a great time saver for all involved. If you need to send a person or business entity a Form 1099, all that is needed is the Name, identifying number, address and amount paid in 2018. Form W9 can be found on the "links" page of my website to get this information, if needed. ***The use of our efile system will generate the necessary forms for the vendor and the useful electronic receipt of filing to prove compliance with the IRS.***

Web presence and updates

I invite you to visit website at www.raycrumpcpa.com. It has a wealth of information and links to pertinent information. Visit it as a convenient place to get information, or interesting links. Follow us on twitter @RayCrumpCPA.

And feel free to recommend me to your friends and neighbors.

I hope this letter finds you well and I wish the Happiest of Holidays and New Year. I look forward to communications with you in the coming months. In the meantime, if you have any questions or concerns, give me a call!

Sincerely,



Client Information Sheet

Please review, correct, delete and complete as appropriate.

Basic Information and contacts

Name:

Address:

City:

Home Phone:

Cell Phone (Taxpayer, spouse):

Work Phone:

Email address:

If any changes to direct deposit information, please provide voided check

Information from your drivers license is now required to authenticate your identity by the IRS and Va Dept of Taxation. Please provide a photocopy of your license (or Customer Number, Issue Date and Expiration Date)

Dependents:

Any change to your marital status this year?

Any change to your dependents for this year?

Any dependents in college? Please provide details and Form 1098T

Income, Deductions and Tax Credits

There is a comprehensive "Individual Tax Organizer" available at www.raycrumpcpa.com; choose "document download". We want to make sure that you pay the least amount of legal income tax! You may also contact our office for a more concise organizer with your personal information.

Please provide a copy of any correspondence with the IRS or State tax agencies

Health Insurance Status for 2018 – REQUIRED INFORMATION

Each person claimed on your tax return was required to have Minimum Essential Health Insurance Coverage for 2018.

Was each person claimed on your return have Minimum Essential Coverage "MEC" for the entire year?

Yes

No

If no, provide the number of whole months that "MEC" was not in force for each person on your return. _____

If you feel you qualify for an exemption from this requirement, please review www.healthcare.gov/exemptions and provide details to us:

December 10, 2018

Addressee

Dear

Raymond W Crump CPA PC is pleased to provide you with the professional services described below. This letter confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. The engagement between you and our firm will be governed by the terms of this letter.

Scope of Engagement

We will prepare the following federal and state tax returns for the year ended December 31 2018:

Federal income tax and those state income tax returns prepared for you by our firm in the prior tax year and any additional tax returns specifically requested by you in writing.

We will not prepare any tax returns except those identified above without your written authorization to do so. We will prepare your tax returns based upon information and representations you provide to us. We will not audit or otherwise verify the data you submit to us, although we may ask you to clarify certain information. We will prepare the above referenced 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 shareholders and employees (collectively, “firm,” “we,” “us,” or “our”) 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 given to you by us unless your request and our response are provided in writing.

Client Responsibilities

Documentation

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 applicable tax law and regulations. You are responsible for the adequacy of all information provided in 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 with respect to any additional taxes, penalties, or interest imposed on you by taxing authorities resulting from the disallowance of tax deductions due to inadequate documentation.

Personal expenses

Unless we are otherwise advised, you are responsible for confirming that personal expenses, if any, are segregated from business expenses and expenses such as meals, travel, entertainment, vehicle use, gifts, and related expenses are supported by necessary records required by the IRS and other taxing authorities. At your request, we are available to answer your questions and advise you on the types of supporting records required.

U.S. filing obligations related to foreign investments

It is your responsibility to inform us if you directly or indirectly hold any interest in assets, businesses located in a foreign country or have signatory authority in any assets or financial accounts located in a foreign country. Based upon the information you provide, this information will be used to calculate any applicable foreign tax credits. We will also use this data to inform you of any additional filing requirements, which may include FinCEN Form 114 Report of Foreign Bank and Financial Accounts (FBAR). 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 matter in a separate engagement letter and delineate the additional charges for this service.

Foreign filing obligations

You are responsible for complying with any other country's income reporting and tax filing requirements. We have no responsibility to raise 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.

Ultimate responsibility

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

CPA Firm Responsibilities

We will perform our services in accordance with the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants.

We will prepare your returns based on your filing status (single, married filing jointly, married filing separately, head of household or qualifying widow[er] with dependent child) as reflected in your income tax returns for last year. If your filing status has changed, you wish to change your filing status, or you have questions about your filing status, please contact us immediately.

Additional filing obligations

If information comes to our attention when preparing your return indicating that you may have additional filing obligations, we will notify you accordingly and schedule a time to discuss these obligations. We will follow up this discussion with a letter or e-mail summarizing the discussion and delineate any additional charges for additional filing obligations.

Bookkeeping assistance

We may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the income tax returns. We will request your approval before rendering these services.

Errors, fraud, or theft

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

Tax planning services

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 a 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.

Government inquiries

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 our assistance 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 the Engagement

We expect to begin the preparation of your returns upon receipt of the necessary tax documents by our office.

If your return is electronically filed, our services will conclude upon the earlier of the filing and acceptance of your 2018 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 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 conclude upon the earlier of delivery to you of your 2015 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 tax returns are generally April 15 2019.

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 of 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 to

file a legal action. 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 in writing. Our firm will not file these applications unless we receive either a signed copy of this engagement letter or your express written authorization to do so. In some cases, your signature may be needed on such applications prior to filing. Failure to timely file for an extension of time to file 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 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 law, including, for example, failure to file or late filing of returns, and underpayment of taxes. You, as the taxpayer, remain responsible for the payment of all taxes, penalties, and interest charges imposed by 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.

Fees and Billings

Our professional fee is based upon the complexity of the work to be performed, our professional time, plus out-of-pocket expenses.

Our fee is dependent on the timely delivery, availability, quality, and completeness of the information you provide to us. If the information that you provide or we request is not submitted in a timely manner, or it is incomplete or unusable, we reserve the right to delay services and charge additional fees and expenses.

We will bill you for our professional fees and out-of-pocket costs as of the date we deliver our work product to you. Payment is due within 30 days of the date on the billing statement. If payment is not received by the due date, you will be assessed interest charges of 2% per month on the unpaid balance. We reserve the right to suspend or terminate our work due to 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 by you as a result of the suspension or termination of our services.

Electronic Data Communication and Storage and Use of Third Party Administrative Services

In the interest of facilitating our services to you, we may 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. 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 data access secure in accordance with our obligations under applicable laws and professional standards. We 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.

Termination and Other Terms

You agree that any claim arising out of this engagement letter shall be made within one year of the conclusion of our services as described in *Timing of the Engagement*, regardless of any longer period of time for commencing such claims as may be set by law.

We reserve the right to withdraw from the engagement without completing services for any reason, including, but not limited to, documents requested by our office are not provided to our firm in a timely manner.

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.

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

Entire Agreement

This engagement letter, including any 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 engagement letter must be made in writing and signed by both parties.

* * * * *

We appreciate the opportunity to be of service to you. Please date and sign the enclosed copy of this engagement letter and return it to us to acknowledge your agreement with its terms. It is our policy to initiate services only after we receive the executed engagement letter.

Very truly yours,



Raymond W. Crump CPA

Raymond W Crump CPA PC

ACCEPTED BY:

_____ (date) _____

Taxpayer

And if a joint filer.....

_____ (date) _____

Spouse