



\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear \_\_\_\_\_,

Our office is pleased to provide you with professional tax services. To minimize the possibility of a misunderstanding between us, we are setting forth pertinent information about the services we will perform for you. In order to better understand each party's obligations, the terms 'we, us and our' will identify the office of Campbell and Watson, CPAs, PC. The terms 'you and your' will identify the client.

We will prepare your 2020 individual federal and Colorado income tax returns from information you furnish. Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover fraud, defalcations, or other irregularities, should any exist. We will render such accounting and bookkeeping assistance as we find necessary for preparing the income tax returns. We have not been engaged to and will not prepare financial statements. We will prepare the above referenced tax returns solely for filing with the Internal Revenue Service and state tax authorities as identified above. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. The duration and impact of the pandemic have been expansive, and several stimulus packages have been signed into law in the United States providing economic relief to businesses and individuals. Many of these relief measures have been in the form of tax provisions, and some of those tax provisions have retroactive application. If you have any questions regarding the application of these economic tax relief measures, please ask us for advice in that regard.

We must receive all information to prepare your return by **September 15, 2021**, to ensure that your return will be completed by October 15, 2021. If you want us to estimate your tax liability so that you can make a payment with your extension in April, we must have sufficient information from you no later than March 29 in order to do so. We assume no liability for late filing or late payment penalties.

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 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.

You confirm that your responsibility to provide all the information required for the preparation of complete and accurate returns includes, but is not limited to, auto, travel, meals, and related expenses and the required documents to support charitable contributions. You should retain all the documents, canceled checks and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them. By your signature below, you are confirming to us that unless we are otherwise advised, the travel, meals, gifts, and related expenses are supported by the necessary records required under Section 274 of the Internal Revenue Code. If you have any questions as to the type of records required, please ask us for advice in that regard. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest. You are responsible for ensuring that personal expenses, if any, are segregated from business expenses.

Please note that the Internal Revenue Service (IRS) considers virtual currency (e.g. Bitcoin) as property for US federal tax purposes. As such, any transactions in, or transactions that use, virtual currency are subject to the

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## Engagement Letter

same general tax principles that apply to other property transactions. If you had virtual currency activity during the 2020 tax year, you may be subject to tax consequences associated with such transaction, and may have additional foreign reporting obligations. 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.

We will use our professional judgment in preparing your tax returns. Given the magnitude of the economic tax relief provisions the US stimulus packages have contained, as well as some new concepts introduced in the law, additional stated guidance from the Internal Revenue Service, 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 guidance as currently promulgated at the time our services are rendered. 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 possibly 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.

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.

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 an understatement, 2) that the understatement was based on substantial authority, or 3) there was 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 where, in our opinion, there is "substantial authority" for the position proposed to be taken on such issue in your returns.

If your individual return includes business activities, please note that 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 your signature below, 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.

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 US 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 doesn't have foreign account(s).

The filing deadline for the Report of Foreign Bank and Financial Accounts (FBAR) required by the US Department of the Treasury is April 15<sup>th</sup> 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.

Additionally, 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 US 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.

Failure to timely file the appropriate forms with the US Department of the Treasury and the IRS may result in substantial civil and/or criminal penalties. By your signature below, 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. The foreign reporting requirements are very complex, so if you have any questions regarding the application of the US Department of the Treasury and/or the IRS reporting requirements to your foreign interest 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.

#### Engagement Letter

Taxing authorities now require us to electronically file all federal and Colorado state individual 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 return e-filed. Please note that unless you notify us of your desire to not e-file your return, we will prepare your return to be e-filed.

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 return. We will provide you with a 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 return and that, to the best of your knowledge, you believe it is 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 April 15, 2021 we will apply for an extension, even though it 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. Finally, please note that although 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.

By your signature below, 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 income 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 supporting documentation, nor for resulting taxes, penalties, and interest.

You will be billed according to the complexity of your tax return. Estimates of our fees will be provided upon request. If during the preparation of your tax return we determine your fee will significantly exceed our initial estimate, you will be notified. An invoice will be given to you with your tax return. We expect payment at time of delivery. Exceptions will only be made for those who make arrangements with our office prior to delivery. Interest of 1.5% per month will be charged on overdue balances. If it becomes necessary for us to incur collection fees, those fees will be paid by you. If either party elects to terminate this engagement for any reason, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our services. You will be obligated to compensate us for all time expended and all related costs.

We are responsible for preparing only the returns listed above. Our fee does not include responding to inquiries or examination by taxing authorities. However, we are available to represent you. Our fees for such services are at our standard rates and would be covered under a separate engagement letter.

In addition, in the event our firm or any of its employees or agents is called as a witness or requested to provide any information whether oral, written, or electronic in any judicial, quasi-judicial, or administrative hearing or trial regarding information or communications that you have provided to this firm, or any documents and workpapers prepared by Campbell and Watson, CPAs, PC in accordance with the terms of this agreement, you agree to pay any and all reasonable expenses, including fees and costs for our time at the rates then in effect, as well as any legal or other fees that we incur as a result of such appearance or production of documents.

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 US 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.

In addition, your 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.

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.

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. In the event that we are unable to secure appropriate confidentiality terms with a third-party service provider, you will be asked to provide your consent prior to the sharing of your confidential with the third-party service provider. 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 your signature below, you understand that the firm makes no warranty, expressed or implied, on the security of electronic data transfers.

Engagement Letter

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. 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 to and ready 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 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.

It is our policy to keep records related to this engagement for seven years. However, Campbell and Watson, CPAs, PC does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies. Campbell and Watson, CPAs, PC does not accept responsibility for hosting client information; therefore, you have the sole responsibility for ensuring you retain and maintain in your possession all your financial and non-financial information, data and records.

By your signature below, you acknowledge and agree that upon the expiration of the seven-year period, Campbell and Watson, CPAs, PC shall be free to destroy our records related to this engagement.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

We and you agree that any dispute over fees charged by us to you will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. 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 us, 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.

If during the course of our engagement we encounter circumstances which we believe may create a conflict of interest or conflict with the ethical standards of our profession, we will inform you of our concerns. If these concerns cannot be adequately addressed to our satisfaction, or we are compelled to do so by the professional standards of our profession, we may withdraw from the engagement. Additionally, we reserve the right to withdraw from the engagement should we encounter circumstances that conflict with the ethical standards of our office.

If the above fairly sets forth your understanding, please sign this letter and return to us. We look forward to providing you quality tax service.

Sincerely,

Campbell and Watson, CPAs, PC

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**If married, both parties must sign.**

ALL CLIENTS MUST COMPLETE THIS PAGE

Name \_\_\_\_\_

Y  N

- 1 Did you obtain your health insurance via Connect For Health Colorado (the exchange)?   If yes, please provide Form 1095-A for each policy
- 2 Did you provide a current copy of your driver's license (both if married)?   If no, please provide ASAP
- 3 Has your banking information changed since last year?   If yes, attach voided check
- 4 Do you expect to bring in additional information at a later time?   If yes, please mark the appropriate box below  
 Waiting on a K1:   
 Waiting on a 1099:   
 Other (Please explain):  \_\_\_\_\_
- 5 Did you provide a QuickBooks file to us?   If yes, enter the QB year and password \_\_\_\_\_
- 6 Do you have one or more rental properties?   If yes, ensure we have number of days rented \_\_\_\_\_
- 7 Do you use a vehicle for both business and personal purposes?   If yes, provide **BOTH** business and total mileage
- 8 Did your marital status change in 2020?   If yes, please provide details
- 9 Were there any changes in dependents?   If yes, please provide details
- 10 Did you at any time during the year, acquire or dispose of any interest in a virtual currency?   If yes, please provide details
- 11 If you do not already receive an Organizer, would you like to receive one next year?

12	Did you make purchases in 2020 on which you paid no sales or use tax?	<input type="checkbox"/> <input type="checkbox"/>	If yes, how much? _____ If no, please sign below
13	Neither I nor my spouse (if applicable) made any purchases in 2020 subject to use tax.		Signature _____

14 What amount of economic impact payment (stimulus) did you receive in 2020? \_\_\_\_\_

15 Please provide the following (be aware that we begin working EARLY in the morning):

Home _____	How early may we call? _____	How late may we call? _____
Work _____	How early may we call? _____	How late may we call? _____
Spouse Work _____	How early may we call? _____	How late may we call? _____
Cell _____	How early may we call? _____	How late may we call? _____
Spouse Cell _____	How early may we call? _____	How late may we call? _____

16 Current e-mail address: \_\_\_\_\_

Spouse current e-mail address: \_\_\_\_\_

## Request Date Form - Extensions

Check the appropriate box and circle the date you would like to receive your tax return. Sign and return with your tax information.

**The date you select is the latest date we will contact you with final questions related to your tax return, not the date it will be e-filed!**  
**We will honor these requested dates as long as you have provided complete information and respond to our questions in a timely manner**  
**Please select your date carefully. Consider potential travel and other times of unavailability.**

Keep in mind if we prepare another tax return for you (e.g. S-Corp, LLC, etc), we'll have to have that information by its deadline.

***If you provide all of your information to us between January 1 - March 1, please check this box and circle one of the following dates:***

Jun 9	Jun 14	Jun 15	Jun 16	Jun 21	Jun 22	Jun 23	Jun 28	Jun 29	Jun 30						
Jul 6	Jul 7	Jul 12	Jul 13	Jul 14	Jul 19	Jul 20	Jul 21	Jul 26	Jul 27	July 28					
Aug 2	Aug 3	Aug 4	Aug 9	Aug 10	Aug 11	Aug 16	Aug 17	Aug 18	Aug 23	Aug 24	Aug 25	Aug 30	Aug 31		
Sep 20	Sep 21	Sep 22	Sep 27	Sep 28	Sep 29										
Oct 4	Oct 5	Oct 6	Oct 11	Oct 12	Oct 13	Oct 14	Oct 15								

***If you provide all of your information to us between March 2 - April 15, please check this box and circle one of the following dates:***

Jul 6	Jul 7	Jul 12	Jul 13	Jul 14	Jul 19	Jul 20	Jul 21	Jul 26	Jul 27	Jul 28					
Aug 2	Aug 3	Aug 4	Aug 9	Aug 10	Aug 11	Aug 16	Aug 17	Aug 18	Aug 23	Aug 24	Aug 25	Aug 30	Aug 31		
Sep 27	Sep 28	Sep 29													
Oct 4	Oct 5	Oct 6	Oct 11	Oct 12	Oct 13	Oct 14	Oct 15								

***If you provide all of your information to us between April 16 - May 31, please check this box and circle one of the following dates:***

Jul 22	Jul 27	Jul 28	Jul 29												
Aug 2	Aug 3	Aug 4	Aug 9	Aug 10	Aug 11	Aug 16	Aug 17	Aug 18	Aug 23	Aug 24	Aug 25	Aug 30	Aug 31		
Sep 29															
Oct 4	Oct 5	Oct 6	Oct 11	Oct 12	Oct 13	Oct 14	Oct 15								

***If you provide all of your information to us between June 1 - July 19, please check this box and circle one of the following dates:***

Aug 16	Aug 17	Aug 18	Aug 23	Aug 24	Aug 25	Aug 30	Aug 31								
Oct 4	Oct 5	Oct 6	Oct 11	Oct 12	Oct 13	Oct 14	Oct 15								

***If you provide all of your information to us between July 20 - September 15, please check this box and circle one of the following dates:***

Oct 11	Oct 12	Oct 13	Oct 14	Oct 15											
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***If you provide your information after September 15, we may not be able to complete your income tax return by the October 15 deadline.***

Signature \_\_\_\_\_