

Standard Engagement Letter for an Individual Return (Form 1040 series)

This letter is to confirm our understanding of the terms and objectives of the engagement and the nature and limitations of the services I will provide, should you engage me by signing below.

I will prepare your 2025 federal and state individual income tax returns from information you furnish. Additionally, I will prepare the personal property tax return, if applicable, unless you notify me of your intention to file it. Please make me aware of any other filings you may need to have completed if different than the prior year or what is presented to me as prior year filings. I will not audit or otherwise verify the data you submit, although I may ask you to clarify some of the information. I will not prepare any other return, or perform any other service for you, unless the firm is engaged under a separate engagement letter. My services are not designed to discover errors, fraud or theft. **I must receive all information used to prepare your returns by April 1, 2026** to ensure that your returns will be completed timely; otherwise an extension will be filed for you. Please note that an extension to file does not extend the time to pay tax that may be due. If all tax due is not paid by the April 15th, penalties may apply.

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 the required documents to support charitable contributions. If you have any questions as to the type of records required, please ask for advice in that regard. You are ultimately responsible for the returns and I will prepare them based upon your representations. Please carefully examine them before granting approval to electronically file or before signing and mailing them to the tax authorities, whichever method is applicable. I am not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest.

The IRS has provided that an individual taxpayer and his or her spouse, if applicable, may authorize the IRS to discuss the taxpayer's tax return with the CPA who signed the taxpayer's return as the return preparer. The authorization is granted by checking the "yes" box in the signature area of the tax return. By checking the "yes" box, you are granting the IRS permission to contact my firm with questions that may arise during the processing of your return. You would also be granting my firm the permission to (1) provide the IRS with any information that may be missing from your return, (2) call the IRS to inquire on the processing of your return or on the status of your refund, and (3) respond to any IRS notices that you have provided to my firm relating to mathematical errors, offsets, and return preparation. Please note that my firm will not receive separate copies of IRS notices; therefore, you must provide my firm with copies of any notices you receive from the IRS. Once elected, the authorization cannot be revoked. The authorization is valid for one year after the due date for filing the tax return.

I am responsible for preparing only the returns listed above. My fee does not include responding to inquires or examination by taxing authorities. However, I am available to represent you and my fees for such services are at my standard rates and are not covered under this engagement letter.

I will use my judgment to resolve questions in your favor where a tax law is unclear if there is a reasonable justification for doing so. Whenever I am aware that an applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), I will explain the possible positions that may be taken on your return. In accordance with my professional standards, I will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated. If the IRS should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. I assume no liability for any such additional penalties or assessments. In the event, however, that you ask me to take a tax position that in my

professional judgment will not meet the applicable laws and standards as promulgated, I reserve the right to stop work and shall not be liable to you for any damages that occur as a result of ceasing to render services.

I base fees on time required at regular rates for the type of services, number of returns and personnel assigned plus out-of-pocket costs. The presumption is that I will prepare the same returns as were prepared for you last year however I have a right to increase or decrease your fee as compared to the prior year fee. Additional state filings, or other filings, may also increase your fee. I also give consideration to the difficulty and size of the assignment, the degree of skill required, time limitations imposed by others, the nature of the project, the level of cooperation by the client's staff and the value of the services. Payment for service is due upon completion of requested work. In some cases, payment may be expected prior to starting any work. I will let you know if the circumstances of the engagement merit a prepayment. Interim billings may be submitted as work progresses and expenses are incurred. I reserve the right to stop work on any account that is 30 days past due, in accordance with my firm's stated collection policy. **A nonsufficient fund payment will result in a \$50 fee imposed by Stephanie M. Bauer, CPA, Inc.** In some circumstances, this fee may be waived.

It is our policy to keep records related to this engagement for seven years, after which they will be destroyed. Stephanie M. Bauer, CPA, Inc. does not keep any original client records, so those will be returned to you at the completion of the annual service 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. By your signature below, you acknowledge and agree that upon the expiration of the seven-year period from the date of filing, Stephanie M. Bauer, CPA, Inc. shall be free to destroy records the firm has related to this engagement.

Services with my firm begin upon receipt of the tax documents needed to file the return and services end upon electronic filing of the returns or, in the event returns are paper filed, then upon receipt of the paper returns by you. **Once the returns are completed, AND if you elect to efile, I will ask you and if applicable, the secondary taxpayer listed on the return, to sign a Federal Form 8879 efile authorization form and if applicable, the related state(s) efile authorization form(s). Your return cannot be filed by Stephanie M. Bauer, CPA, Inc. or any of its representatives, and will not be filed by Stephanie M. Bauer CPA, Inc. or any of its representatives, until the signed Federal Form 8879 efile authorization form(s) is received. As such, your return will be considered unfiled by the IRS. Presuming the return is filed after the due date, it would be considered late and penalties and interest may be imposed by the taxing authorities for which you accept full responsibility.**

If you submit the signed efile form(s) to the office of Stephanie M. Bauer CPA, Inc. in such a way that doesn't allow the office to timely file your return (by 2 pm EST on the due date of the return), you will be responsible for all penalties and/or interest resulting from failure to file timely. Further, it is your responsibility to be sure your contact information on file at Stephanie M. Bauer, CPA, Inc. is up to date. This includes your phone number(s), your email address, your mailing address or any other contact information needed to communicate with you.

You agree that it is your responsibility to pay any and all taxes due, in the manner for which they are due to be paid. You also agree that failing to file the return (via efile or otherwise) caused by action, or lack of action on your part may cause penalties and interest to be imposed by the taxing authority(ies) for which you accept full responsibility.

Stephanie M. Bauer, CPA, Inc. has a right to withdraw from the engagement for any reason, including, but not limited to, failure to pay, failure to provide timely information, failure to provide accurate information, etc.

If any dispute arises among the parties, we agree to try first in good faith to settle the dispute by mediation administered by the American Arbitration Association (AAA) under its Rules for Professional Accounting and Related Services Disputes. All unresolved disputes shall then be decided by final and binding arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the AAA. Fees charged by any mediators, arbitrators, or the AAA shall be shared equally by all parties. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE 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.

If the above fairly sets forth your understanding, please sign this letter and return it.

Also, please indicate, by circling the appropriate response in the following sentence:

I hereby *grant* *do not grant* (circle one) authorization for your firm to contact the IRS on our/my behalf as allowed by the IRS using the method described in the above letter. If you fail to indicate a response, it is my firm's policy to mark the box that does not grant authorization.

Sincerely,
STEPHANIE M. BAUER, CPA, INC.


Stephanie M. Bauer, President

Acknowledged:

Signature & Date – Taxpayer

Signature & Date – Spouse, if applicable