[Date]

To the Board of Directors

Company

Address

Address

We welcome the opportunity to work with you and are pleased to provide [COMPANY NAME, Inc.] with the professional tax services described below. This letter, and the attached *Terms and Conditions Addendum* and any other attachments incorporated herein (collectively, “Agreement”), confirm 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 Agreement.

***Engagement Objective and Scope***

We will prepare the following federal and state tax returns for the year ended [Date]:

Form 990 Return of Organization Exempt from Income Tax

MA Form PC Massachusetts Annual Report

Other States

We will not prepare any tax returns except those identified above or entered below in *Comments or Additional Requests*, without your written request, and our written consent to do so. We will prepare your tax returns based upon information and representations that 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 as identified above. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

You agree to indemnify and hold us 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. In the event of any litigation brought against us, any judgment you obtain shall be limited in amount, and shall not exceed the amount of the fee charged by us, and paid by you, for services set forth in this letter.

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

Our services are not designed to provide assurance on internal controls or to identify reportable conditions, that is, significant deficiencies or material weaknesses in the design or operation of internal control. Accordingly, we have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal control as part of this engagement, and our engagement cannot be relied upon to disclose the same. However, during the procedures, if we become aware of such reportable conditions, we will communicate them to you. You are responsible for developing and implementing internal controls applicable to your operations

This engagement is limited to the professional services outlined above.

***CPA Firm Responsibilities***

Unless otherwise noted, we will perform our services in accordance with the Statements on Standards for Tax Services (SSTS) issued by the American Institute of Certified Public Accountants (AICPA) and U.S. Treasury Department Circular 230 (Circular 230). It is our duty to perform services with the same standard of care that a reasonable income tax preparer would exercise in this type of engagement. It is your responsibility to safeguard your assets and maintain accurate records pertaining to transactions. We will not hold your property in trust for you, or otherwise accept fiduciary duties in the performance of the engagement.

**Bookkeeping Assistance**

We may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the tax returns. These services will be performed solely in accordance with the AICPA Code of Professional Conduct. We will request your approval in writing before rendering these services. Additional charges will apply for such services.

**Tax Planning Services (OPTIONAL -does it apply to NFP org)**

Tax planning services are not within the scope of this engagement. During the course of preparing the tax returns identified above, we may bring to your attention potential tax savings strategies for you to consider as a possible means of reducing your taxes in subsequent tax years. However, we have no responsibility to do so, and will take no action with respect to such recommendations, as the responsibility for implementation remains with you, the taxpayer. If you ask us to provide tax planning services, we will confirm this representation in a separate engagement letter.

**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 an inquiry. If you ask us to represent you, we will confirm this representation in a separate engagement letter.

**Third-Party Requests (Optional**)

We will not respond to any request from banks, mortgage brokers or others for verification of any information reported on these tax returns. We do not communicate with third parties or provide them with copies of tax returns.

**Tax Advice**

Any advice we may provide is based upon tax reference materials, facts, assumptions, and representations that are subject to change. Tax reference materials include, but are not limited to, the Internal Revenue Code (IRC), tax regulations, Revenue Rulings, Revenue Procedures, private letter rulings and court decisions. We will not update our advice after the conclusion of the engagement for subsequent legislative or administrative changes or future judicial interpretations. To the extent we provide written advice concerning federal tax matters, we will follow the guidance contained in Circular 230, §10.37, Requirements for Written Advice.

**Arguable Positions**

We will use our judgment to resolve questions in your favor where a tax law is unclear, provided there is sufficient support for doing so. If there are conflicting interpretations of the law, we will explain the possible positions that may be taken on your return. We will follow the position you request, provided it is consistent with our understanding of the IRC, tax regulations, Revenue Rulings, Revenue Procedures, private letter rulings and court decisions. If the IRS, state or local tax authorities later contest the position taken, additional tax, penalties, and interest may be assessed. We assume no liability, and you hereby release us from any liability, including but not limited to, additional tax, penalties, interest, and related professional fees.

**Reliance on Others**

If you wish to take a tax position based upon the advice of another tax advisor, you agree to obtain a written statement from the advisor confirming that the position should meet the “realistic possibility,” “substantialauthority,” or “more likely than not” standard, as applicable. In preparing your federal tax return, we are subject to a diligence as to accuracy regarding reliance on others standard, as defined in revisions to Circular 230, §10.37(b). To the extent a position is based upon the advice of another tax advisor, prior to preparing or signing the tax return, the AICPA SSTS No. 1 also requires our firm to have a good faith belief that the position has, at a minimum, a “realistic” possibility of being sustained administratively or judicially on its merits, if challenged. Additional charges will apply to such research.

**Substantial Understatement Penalties** (Optional)

The IRS and many states impose penalties for substantial understatement of tax. To avoid the substantial understatement penalty, you must have substantial authority to support the tax treatment of the item challenged by the IRS or adequate disclosure of the item. To fulfill the adequate disclosure requirement, you may be required to attach to your tax return a completed IRS Form 8275, Disclosure Statement, or 8275-R, Regulation Disclosure Statement, which discloses all relevant facts.

You agree to advise us if you wish to disclose a tax treatment on your return. If you request our assistance in identifying or performing further research to ascertain if there is substantial authority for the proposed position to be taken on the tax item(s) in your returns, we will confirm this representation in a separate engagement letter. It is your responsibility to contact us if additional assistance is required.

If we conclude as a result of our research that you are required to disclose a transaction on your tax return, you consent to attach a completed Form 8275 or 8275-R to your tax return for filing after we discuss the situation with you. You also agree to hold our firm harmless from any and all actual and consequential damages (including but not limited to tax, penalties, interest, and professional fees) you incur as a result of including such disclosures with your filed tax return regardless of the nature of the claim, including the negligence of any party.

Unless an undisclosed tax position has substantial authority, we will be unable to prepare the return and will withdraw from the engagement.

Conflicts of interest (Optional)

If we, in our sole discretion, believe a conflict has arisen affecting our ability to deliver services to you in accordance with either the ethical standards of our firm or the ethical standards of our profession, we may be required to suspend or terminate our services without issuing our work product.

***Client Responsibilities***

You will provide us with a trial balance and other supporting data necessary to prepare your tax returns. You must provide us with accurate and complete information. Income from all sources, including those outside of the U.S., is required.

We rely upon the accuracy and completeness of both the information you provide in the trial balance and other supporting data you provide in rendering professional services to you.

If you have a representative, you will provide us with a written document that states the representative’s name and that you authorize us to accept instructions from your representative, for this engagement

**On-line Access to Information**

To the extent you provide our firm with access to electronic data via a local or online database from which we will download your trial balance or other information, you agree that the data is accurate as of the date and time you authorize it to be downloaded.

**Transfer Pricing** (Optional)

Your transactions with related parties are subject to the transfer pricing rules of IRC §482, Allocation of Income and Deductions Among Taxpayers, which require that such transactions are conducted in an arm’s length manner. Taxpayers who do not have the required documentation can be subject to significant penalties if transfer pricing adjustments are sustained upon examination by the IRS. You acknowledge and confirm that you can document your transfer pricing policies in accordance with IRC §482 and §6662, Imposition of Accuracy-Related Penalty on Underpayments, and the regulations thereunder to reduce this risk. If you ask us to conduct a transfer pricing study, we will confirm this representation in a separate engagement letter.

**Reasonable Compensation** (Optional)

You are responsible for determining the appropriate salary or wage to pay employees. If the IRS determines that the organization failed to pay appropriate salaries or wages, the IRS may reclassify the payments. As a result of the reclassification, the organization may be responsible for tax, penalties and interest on the payments in addition to potential employment taxes on the reclassified amounts. You agree to hold our firm harmless with respect to any liability including but not limited to, additional tax, penalties, interest and professional fees resulting from any reclassification.

**Unrelated Business Taxable Income**

If your organization produces revenue from a trade or business activity not directly related to its tax-exempt purpose, it may have unrelated business taxable income that must be reported separately from other income. You are responsible for informing us of any potential unrelated business taxable income. At your written request, we are available to provide you with written answers to your questions on this matter.

**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 laws 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 necessary, to respond to any audit or inquiry by tax authorities. You agree to hold our firm harmless from any liability, including by not limited to, additional tax, penalties, interest and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.

**Personal and Other Expenses**

You are responsible for ensuring that personal expenses, if any, are segregated from business expenses and that expenses such as meals, travel, vehicle use, gifts, charitable contributions and related expenses are supported by necessary records required by the IRS and other tax authorities. The IRS requires formal records of these items be maintained so as to support the nature and deductibility of such expenses. At your written request, we are available to provide you with written answers to your questions on the types of supporting records required. Your signature on this letter confirms that we have advised you of the recordkeeping requirements and that your expenses for these items are supported by records as required by law.

**State and Local Filing Obligations**

On June 21, 2018, the U.S. Supreme Court reversed the long-standing physical presence nexus standard in *South Dakota v. Wayfair, Inc. et. al*. This decision significantly changes the landscape of sales and use tax compliance, especially for online sellers. If you wish to understand the impact of the decision on your business, we will confirm this in a separate engagement letter. The scope of our services under this engagement letter does not include services related to your compliance with other tax obligations.

You are responsible for determining your tax filing obligations with any state or local tax authorities, including, but not limited to, income, franchise, sales, use, property or unclaimed property taxes. You agree that we have no responsibility to research these obligations or to inform you of them.If upon review of the information you have provided to us, including information that comes to our attention, we believe that you may have additional filing obligations, we will notify you. You acknowledge that any additional filing obligations are not within the scope of this engagement. If you ask us to prepare these returns, we will confirm this representation in a separate engagement letter.

**U.S. Filing Obligations Related to Foreign Investments**

As part of your filing obligations, you may be required to make certain information disclosures related to your foreign investments. You are responsible for informing us of all foreign assets owned directly or indirectly, including but not limited to financial accounts with foreign institutions, other foreign non-account investments, and ownership of any foreign entities, regardless of amount.

Based on the information you provide, you may have additional filing obligations including but not limited to:

* Ownership of or an officer relationship with respect to certain foreign corporations (Form 5471);
* Foreign-owned U.S. corporation or domestic disregarded entity (Form 5472);
* Foreign corporation engaged in a U.S. trade or business (Form 5472);
* U.S. transferor of property to a foreign corporation (Form 926);
* U.S. person with an interest in a foreign trust (Forms 3520 and 3520-A);
* U.S. person with interests in a foreign partnership (Form 8865); or
* U.S. person with interests in a foreign disregarded entity (Form 8858).

If we believe you have additional filing requirements, we will discuss them with you prior to completing your tax return.

In addition, as part of your filing obligations, you are required to report the maximum value of specified foreign financial assets, which include financial accounts with foreign institutions and certain other foreign non-account investment assets that exceed certain thresholds.

Failure to timely file the required forms 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 investments that you have a direct or indirect interest in, or over which you have signature authority, during the above referenced tax year.

The foreign reporting requirements are very complex. If you have any questions regarding the application of the reporting requirements for your foreign interests or activities, please ask us. We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

**Foreign Filing Obligations**

You are responsible for complying with the tax filing requirements of any other country. You acknowledge and agree that we have no responsibility to raise these issues with you and that foreign filing obligations are not within the scope of this engagement.

**Foreign Funds**

If you have a financial interest in, or signature or other authority over bank accounts, securities, or other financial accounts having a value exceeding $10,000 in a foreign country, you are required to report such a relationship. Such filing requirements 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 a foreign account(s). For example, a corporate owned foreign account would require filings by the corporations and by the individual corporate officers with signature authority. If you fail to disclose the required information to the U.S. Department of Treasury, the failure to disclose may result in substantial civil and/or criminal penalties.

If you and/or your entity have a financial interest in any foreign accounts, you are required to electronically file the FinCEN Form 114 that is required by the U.S. Department of the Treasury. You are responsible for providing our firm with all the information necessary to prepare FinCEN Form 114. If you do not provide our firm with information regarding any interest you may have in a foreign account, we will not be engaged to prepare or file the FinCEN Form 114 or any of the required disclosure statements.

**Virtual Currency (Optional)**

The IRS considers virtual currency (e.g., Bitcoin) as property for U.S. federal income tax purposes. As such, any transactions in, or transactions that use, virtual currency are subject to the same general tax principles that apply to other property transactions.

If you had virtual currency activity during the tax year, you may be subject to tax consequences associated with such transactions and may have additional 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.

**Other Income, Losses and Expenses**

If you realized income, loss or expense from a business or supplemental income or loss, the reporting requirements of federal and state income tax authorities apply to such income, loss or expense. You are responsible for complying with all applicable laws and regulations pertaining to such operations, including the classification of workers as employees or independent contractors and related payroll tax and withholding requirements.

**Employment Records (OPTIONAL)**

You are responsible for obtaining Form I-9, Employment Eligibility Verification, from each new employee at the time of employment. In addition, Federal Form W-4, Employee’s Withholding Allowance Certificate, and the applicable state equivalent should be retained for all employees. Failure to obtain these forms may subject an employer to penalties. Additional state requirements related to employment records may exist. At your written request, we are available to provide written answers to your questions on required documentation.

**Worker Classification** (OPTIONAL)

You acknowledge and confirm that you, in consultation with other professional advisors, as needed, are responsible for determining the correctness of any worker classification. Payroll tax withholding and related employer payroll tax implications result from this determination. We recommend obtaining a signed contract and signed Form W-9, Request for Taxpayer Identification Number and Certification, or Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals), from all independent contractors. You should provide all independent contractors with both forms and let them decide which form (W-9 or W-8BEN) is reflective of their status.

You should also issue a Form 1099-MISC, Miscellaneous Income, to all unincorporated domestic independent contractors to whom you pay $600 or more for services. For those who provided a completed Form W-8BEN, a Form 1042-S must be issued to individuals if any payment is made from U.S. sources that would be deemed to be fixed or determinable annual or periodical income or other types of income included in the instructions, even if these payments are subject to a reduced income tax withholding rate or are exempt from income tax withholding due to an income tax treaty. In addition, state rules should also be reviewed to determine if state taxes are required to be withheld and separate returns completed for any independent contractor. At your written request, we are available to provide written answers to your questions on required documentation*.*

**Ultimate Responsibility**

You have final responsibility for the accuracy of your tax returns. We will provide you with a copy of your electronic tax returns and accompanying schedules and statements for review prior to filing with the IRS and state and local tax authorities, as applicable. You agree to review and examine them carefully for accuracy and completeness.

You will be required to verify and sign a completed Form 8879-EO, *IRS e-file Signature Authorization for an Exempt Organization*, and any similar state and local equivalent authorization form before your returns can be filed electronically.

In the event that some tax returns cannot be filed electronically, you will be responsible for reviewing the paper returns for accuracy, signing them, and filing them timely with the tax authorities.

***Timing of the Engagement***

We expect to begin our services upon receipt of your [Year] trial balance, and other supporting data agreed to above.

Our services will conclude upon the earlier of: (1) the electronic filing and acceptance of your [Year] tax returns by the appropriate tax authorities and the mailing or delivery of any non-electronically filed tax returns for your review and filing with the appropriate tax authorities, (2) written notification by either party that the engagement is terminated, or (3) one year from the execution date this Agreement.

***Extensions of Time to File Tax Returns***

The original filing due dates for your tax returns are generally [Date]; however, they may vary with the type of return filed, your states, and other factors. It may become necessary to apply for an extension of the filing deadline if there are unresolved 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. Generally, all taxes owed are due by the original filing due date. Additionally, extensions may affect your liability for penalties and interest or compliance with governmental 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 request in writing. Our firm will not file these applications unless we receive an executed copy of this Agreement and your express written authorization to file for an extension. In some cases, your signature may be needed on such applications prior to filing. Failure to timely request 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 at your request.

***Penalties and Interest Charges***

Federal, state, and local tax authorities impose various penalties and interest charges for non-compliance with tax laws and regulations including failure to file or late filing of returns, and underpayment of taxes. You, as the taxpayer, remain responsible for the payment of all tax, penalties, and interest charges imposed by tax 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 may result in the imposition of penalties and interest charges.

***Professional Fees*** *CHOOSE EITHER FEE PARAGRAPH*

Our professional fee for the services outlined above is estimated to be $[*X*], *of which* [*X*]*% is due upon execution of this Agreement as a retainer* (*Optional*). This fee is based upon the complexity of the work to be performed, and our professional time, as well as out-of-pocket expenses. In addition, this fee depends upon the timely delivery, availability, quality, and completeness of the information you provide to us. You agree that you will deliver all records requested and respond to all inquiries made by our staff to complete this engagement on a timely basis. You agree to pay all fees and expenses incurred whether or not we prepare the tax returns.

Our fees for these services outlined above will be based upon the complexity of the work performed and amount of time required at our standard billing rates plus any out-of-pocket expenses. In addition, this fee depends upon the timely delivery, availability, quality, and completeness of the information you provide to us. All invoices are due and payable upon presentation. You agree that you will deliver all records requested and respond to all inquiries made by our staff to complete this engagement on a timely basis. You agree to pay all fees and expenses incurred whether or not we prepare the tax returns.

We appreciate the opportunity to be of service to you. If the foregoing is in accordance with your understanding, please date and execute a copy of this Agreement and return it to us to acknowledge your acceptance. We will not initiate services until we receive the executed Agreement.

Very truly yours, ACCEPTED:

[CPA Firm] COMPANY NAME

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Date

**Comments or Additional Requests:**