

Keystone Financial Solutions
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FORM 1040 LETTER OF UNDERSTANDING

This letter confirms the scope of services Keystone Financial Solutions (KFS) is to provide to you and your responsibilities.

We will prepare your 2024 federal Form 1040 and PA-40 (insert other states requested (if any): ____, ____, ____) based on the information you provide. Any additional returns you may be required to prepare and file for any tax authority not identified in this letter are not part of this engagement. The due date for these returns is April 15, 2025. We will not audit or otherwise verify the information you provide. However, it may be necessary to ask you to clarify the information provided as part of the IRS's due diligence requirements. Our services will conclude with the delivery of these tax returns.

It is your responsibility to:

1. Complete the KFS Tax Organizer found on our website under Forms, Individual Taxpayers. Be sure to read the "Notes" on the Exhibits of the Tax Organizer to ensure that all requested information is provided.
2. Provide KFS with all tax notices you received and all tax documents from third parties (W-2s, 1099s, etc.) so that a complete and accurate tax return can be prepared for you.
3. Provide us in a timely and complete manner with all information requested by us. You need to check your personal email address daily once you send us your tax information.

The law and IRS regulations impose noncompliance penalties on both the preparer of a tax return and the taxpayer. Should you insist on taking a position on your tax return that would result in a penalty assessed against either of us, we, in our sole discretion and at any time, may withdraw from the engagement without completing or delivering tax returns to you. Such withdrawal will end our engagement, and you will be obligated to compensate us for all time expended and reimburse us for out-of-pocket expenses through the withdrawal date.

It is understood that all returns are subject to review by taxing authorities. If your returns are selected for review, audit, or other inquiry by any taxing authority, we will be available upon request to represent you for an additional fee, as that service is beyond the scope of this engagement.

If we have not received all your tax return information by March 23, an extension of time to file your federal and PA tax return is recommended. ***The IRS does not allow us to automatically file the request for an extension of time to file unless you specifically request us to do so in writing.*** Your signature below acknowledges that you are permitting us to file an extension on your behalf and that an additional fee of \$50 will be charged for each extension we file. You acknowledge that any extension request does not grant you an extension of time to remit payment for any tax liability you may owe. You are solely responsible for any interest or penalty assessments resulting from late filing or late payment of taxes.

Our fees to prepare your returns will be based on our standard rates plus any out-of-pocket expenses (e.g., overnight delivery charges). Assuming you have fulfilled your responsibilities as to the information you are to provide us, new clients of KFS hereby agree to pay the written fee that was quoted, and returning clients' fees will approximate what was paid last year unless your return has

changed significantly requiring additional time to prepare or additional IRS schedules are needed to be completed. Payment for this engagement will be due immediately when you receive the draft of your return(s) or when invoiced. Amounts not paid within 5 business days will bear a \$25.00 per month handling fee.

Either of us may terminate this engagement at any time by written or electronic notice. If we have performed any work before the date of termination, you agree to pay us for such work.

Our work papers will be retained per our records retention policy. This policy states that we will keep our working papers for three years. All original records received from you will be returned to you when your returns have been completed. You will receive an electronic copy of the returns we prepare. Any future requests by you for additional copies will be subject to an additional fee.

Please note that any individual, corporation, partnership, trust, and estate 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 at any time during the calendar year) in a foreign country, shall report such a relationship. The tax filing requirements for reporting foreign accounts are beyond the scope of this engagement and will require a separate engagement letter. If you have such foreign accounts, by signing below, you accept full responsibility for failing to inform us in writing of the existence of such accounts.

You hereby indemnify this firm, its partners, principals, employees, and agents and hold them harmless from all claims, liabilities, losses, and costs arising in circumstances where you knowingly or recklessly misrepresented. In addition, you agree that we shall not be liable for ordinary negligence.

While we do not expect there to be any problems whatsoever with our relationship, misunderstandings can occur. We believe that most disagreements can be resolved to mutual satisfaction in a friendly manner. Accordingly, in the event of any dispute arising out of, or relating to, this engagement, the parties agree to submit the dispute to binding arbitration administered by the American Arbitration Association in accordance with its Professional Accounting and Related Services Dispute Resolution Rules. The place of arbitration shall be held in Exton, PA, and the laws of the Commonwealth of PA shall govern the arbitration.

Both parties agree that the non-prevailing party in such arbitration proceeding, if any, shall pay the attorneys' fees, expert witness fees, and out-of-pocket costs incurred by the prevailing party in connection with such proceedings. The arbitrator(s) shall not award consequential damages in any arbitration initiated under this agreement. Any award in an arbitration initiated under this clause shall be limited to monetary damages and shall include no injunction or direction to any party other than the direction to pay a monetary amount. A reasoned opinion shall accompany the award of the arbitrator(s). Except as required by law, neither party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties.

Privacy Policy: We do not disclose any non-public personal information about our clients to anyone except as instructed to do so by you or as required by law. We maintain physical, electronic, and procedural safeguards to guard your nonpublic personal information.

By signing below, you acknowledge that the information you provided us to prepare your tax returns is complete and accurate and that you have adequate contemporaneous documents.

For those **married taxpayers** who choose to file a joint tax return, by signing below, you acknowledge that you understand that both spouses are jointly and individually responsible for the tax and any interest or penalty due on a joint return and that you can file separately from your spouse.

If this three-page letter accurately summarizes your understanding of the services to be performed and the limitations of those services, please sign and date below.

Taxpayer signature

Spouse's signature, if applicable

Taxpayer Printed Name

Spouse's Printed Name, if applicable

Date

Date