

Scroggins CPAs Annual Engagement Letter – 2025 Calendar Year

The purpose of this engagement letter is to outline your rights and responsibilities that you as a client must follow as well as Scroggins CPAs' involvement and commitment to you, our valued client. After signing this engagement letter, you are acknowledging and agreeing to the following statements and are agreeing to the following procedures with our firm.

TAX MATTERS

- You understand that it is your responsibility to provide our firm with all of the information required to complete your tax return. Texas-based companies without a Texas Webfile Number may not be filed by Scroggins CPAs. Please retain your Webfile notice from the Texas Comptroller.
- You understand that you have provided true, correct and complete information regarding your income as listed on the attached forms W-2, 1099's and/or attached written summaries. It is your responsibility to provide your expenses in a clear manner. Scroggins CPAs will not be auditing these receipts. Scroggins CPAs will be reviewing them only for their reasonableness. You will retain for 4 years, all documents, receipts, cancelled checks and other records required to substantiate the items of income and expenses.
- You understand that you have maintained written documentation supporting all amounts, including logbooks and receipts. That you understand that if a question arises regarding the interpretation of tax law, and a conflict exists between the authorities' interpretation of the law, and other supportable positions, that Scroggins CPAs will use our professional judgment in resolving these issues.
- It is your responsibility to contact us immediately if you discover information that will lead to a change in your return.
- It is your responsibility to contact us immediately if you receive any notice from the IRS, Social Security Administration, Texas Secretary of State, Texas Comptroller, or any other Federal, State, or Local governmental agency. Please send us the notice immediately and be sure **NOT TO WRITE ON THE OFFICIAL CORRESPONDENCE**. Scroggins CPAs reserves the right to charge a reasonable fee for assisting in handling and responding to any and all IRS letters and notices.
- That you will provide complete and correct information necessary to prepare your tax returns no later than 10 business days prior to the filing deadline. Due to increased labor costs on some projects completed more quickly than 10 business days, Scroggins CPAs may charge a Rush Fee on such project requests.

IRS AUDITS

The climate within the IRS and the state taxing agencies is changing when it comes to audits. In our general area, the number of IRS audits has increased dramatically. Due to this rise, as always you need to exercise extreme caution and care in assembling and preparing your records for your tax appointment. The following are procedures that you are agreeing to and policies that Scroggins CPAs will follow:

- You understand that all tax agencies have the right to examine your returns, and that you are ultimately responsible for retaining all the documentation and records which were used to compile your returns. This is especially important in the area of business travel, entertainment deductions, business use percentage of autos and home use, other depreciable assets, bartering and trading activities.
- If there is a direct error on the part of Scroggins CPAs, we will first attempt to have that portion of the penalty that you are assessed by the IRS waived, and may pay that penalty if the requests are denied. Scroggins CPAs will not be responsible for compensating you for the interest that you might be charged as interest is calculated on your balance due. This is with the understanding that you let Scroggins CPAs respond to all audits, letters and correspondence with the IRS and notify Scroggins CPAs in a timely fashion as to any correspondence received.
- You understand that if your tax return is called for an audit, that you will be charged an audit fee. This fee is to assemble your completed records in the manner which is acceptable for an audit. You will be charged a reasonable hourly fee to

prepare and represent you in your audit. The audit fee also includes the audit interview, assembling the organized data into our audit format and the actual audit which usually takes three business days. If your records are not presented in an organized manner, Scroggins CPAs reserves the right to bill out at ordinary rates to organize your records.

FINANCIAL SERVICES AND BOOKKEEPING

Scroggins CPAs offers a variety of financial services and bookkeeping on a monthly, quarterly, annual or other timely basis that fits your needs. The bookkeeping fees charged cover the following activities:

- Record all income and expenses, deposits and adjusting entries needed for the reporting period.
- Reconcile cash accounts, credit card accounts, payroll, and other necessary accounts using statements the client must either provide or provide online access to.
- Identify errors and specific sources of adjustments. Inform you of these adjustments and work with you to make correcting entries.

All our billable services (defined below) are billed based on the time required to complete them. These services are offered with varying billing rates, depending on the type of work needed and any given service may be provided by Scroggins CPAs' employees or by independent contractors working with Scroggins CPAs. The billing rates and procedures you agree to for scheduled meetings, non-administrative phone calls, and all bookkeeping, tax, and consulting work are as follows:

- Basic data entry is billed at \$60 per hour
- Staff level bookkeeping is billed at \$120 per hour
- Senior level bookkeeping and tax work is billed at \$165 per hour
- CPA-level review and adjusting entries are billed at \$225 per hour
- Tax work, consulting work, and other services which require licensure are billed at \$290 per hour
- You understand that it is the discretion of Scroggins CPAs to determine the billing rate based on required services and time constraints. Any questions regarding billing are to be sent to billing@scrogginscpas.com. Billing rate changes may occur at any time without formal notice, and the updated rates will be reflected in an updated Engagement Letter available for review at scrogginscpas.com/s/engagement

Any financial statements that are produced or provided by Scroggins CPAs will only be sent to the management and ownership of your company as un-audited, un-attested managerial reporting. We provide no assurance, per Texas State Board of Public Accountancy rules. Scroggins CPAs also offers additional services that can be provided if the client requests these services. Please contact us to discuss other services that we can provide.

FEES

The tax preparation fee that Scroggins CPAs will charge covers the following services:

- Tax preparation of your personal / business return.
- Electronic filing of the federal return.
- Copy for your files and if you file manually, copy for the IRS.
- Year-round service to answer your questions by phone, mail and/or e-mail on data and methodology used for completed and filed tax returns.

Due to the ever-increasing demands on our special services by clients and third-party agencies, there are occasionally additional fees for extra services. As a client of Scroggins CPAs, you are agreeing to the following fees and payment procedures:

- Your tax preparation fee is to be paid at the time of service and before the return is filed unless otherwise agreed to.
- **Fee estimates are estimates only and final invoicing of completed projects may be more or less than the fee estimate.**
- We may require a retainer to be paid up front. In that case, the retainer is required to be paid before work begins. Invoices will first be applied to the retainer and any balance will be required to be paid according to all other terms listed here. Any unused portion of the retainer will be refunded within 30 days of disengagement.

- Any invoice that is not paid within 30 DAYS will be assessed a \$15.00 per month re-billing fee and a 1.5% per month finance charge.
- Any rejected payments, including payments made by you through the online billing system, automatic drafts, or payments drafted by Scroggins CPAs with client authorization, will incur a fee of up to \$45 per rejected payment.
- Any payments made by credit card may be subject to a 3% convenience fee.
- If you do not call at least **24 HOURS** prior to any scheduled tax and/or business appointment to cancel or reschedule, you will be billed the standard cancellation fee of \$125.
- If you request an additional copy of your tax return, you may be billed at a rate of \$35 per copy. Scroggins CPAs cannot fax or mail a copy to a third party due to IRS disclosure rules.
- If you need a letter written to a financial institution verifying your business tax return, there is a minimum fee of \$130.
- If your tax situation changes and you need a consultation or review of your upcoming tax return, Scroggins CPAs reserves the right to charge a minimum fee of \$130.
- If your records need to be organized and totaled, it is up to the discretion of your preparer whether Scroggins CPAs or you will be organizing this data due to time constraints. The fee for organizing your receipts to prepare your return will be based on the time required to complete the organization, and will be billed at our normal billing rates.
- All non-administrative phone calls are billable to the client. This includes phone calls related to bookkeeping, tax planning, consulting, and all other work-related items. Calls regarding billing, information submission, and other administrative matters are not billable.
- IRS audit fee will be determined on a case by case basis.
- Additional fees may be assessed for other extra services based on client requests.
- If there are changes to completed work requested by you that are substantive to the project, or the information you supply is inaccurate or incomplete and changes are required, you will be billed for the changes at our normal rates.
- Work required to be performed on weekends or outside of our operating hours of 9 a.m. to 5 p.m. may be billed at a higher premium rate. This also applies for tax returns prepared and filed by the filing deadline if client data is received after 10 business days prior to the final filing deadline.

This is your copy of the engagement letter. By submitting your information to us by mail or electronically, you are stating that you agree to this engagement letter. If you have any questions, please contact the office.


ENGAGEMENT LETTER

The engagement letter provided to me, a client of Scroggins CPAs, is an acknowledgement that you have engaged Scroggins CPAs to prepare your 2024 or prior business and/or personal tax return, 2025 or future tax planning estimates, or other services as stated in the engagement letter. Scroggins CPAs will not be able to prepare your 2024 or prior tax return or start any other agreed upon services until your signed and dated engagement letter has been received. This engagement letter shall be performed and is enforceable within Collin County, Texas, for enforcement purposes of this engagement letter.

We greatly appreciate your giving Scroggins CPAs the privilege to participate in your tax filing and other financial services and we look forward to continued years of service to you. By signing this engagement letter, you have decided to retain Scroggins CPAs for the business and/or personal tax filing for the year of 2024 and other agreed upon services until such services are terminated by you the client or Scroggins CPAs.

Signature

Date



Signature

1/1/2025

Date