

# James E Longmire CPA PLLC Engagement Letter

We are in the business of providing a turn-key bookkeeping, payroll and tax solution to small businesses. Our goal is to provide our customers with an adequate amount of services for an affordable price. By combining the bookkeeping, payroll and tax services with one provider, efficiencies are created allowing us to keep cost to a minimum.

General Description of Services Provided:

- QuickBooks bookkeeping services
- Payroll processing, including federal and state tax filings
- Sales tax reporting
- End of year federal and state tax return preparation for both business and personal
- Management-use-only compiled financial statements, income tax basis, all disclosures omitted

Services **NOT** provided (this list is not exclusive):

- Client invoicing and collections
- Paying bills and writing checks
- Depositing checks at the bank
- Any other daily activities required to run the business
- Audits or reviews of financial statements
- Compilations for third-party use

Billing rates:

- Base monthly fee \$225/month
- Prior period clean up and data entry \$35/hour
- Prior period tax return preparation \$120/hour
- Services outside the scope of this agreement \$120/hour

THIS AGREEMENT INCORPORATES THE STANDARD TERMS AND CONDITIONS SET FORTH IN THE ATTACHED EXHIBIT A.

If the terms of this agreement are acceptable to you, please sign below:

Services start date: \_\_\_/\_\_\_/\_\_\_\_\_

Initial Invoice date: \_\_\_/\_\_\_/\_\_\_\_\_

Accepted by Client:

Accepted by:



\_\_\_\_\_  
Signature

\_\_\_\_\_  
James E Longmire CPA PLLC  
Managing Member

\_\_\_\_\_  
Print Company Name & Title

**EXHIBIT A**  
**STANDARD TERMS AND CONDITIONS**

- 1 **Services:** James E Longmire CPA PLLC personnel ("JEL") will use reasonable efforts to perform the agreed-upon services (the "Services") described in the engagement letter to which these Standard Terms and Conditions are attached as **Exhibit A**. The ("Client"), as identified on page 1 of this engagement letter, will provide JEL with all resources (physical and human) reasonably requested by JEL to enable JEL to perform the Services.
- 2 **Fees and Expenses:** Unless otherwise specified in the engagement letter, fees will be billed monthly, on the last day of each month. Expenses incurred by JEL on behalf of the Client will be invoiced at the actual amount incurred and will be included with the fee billings. All invoices are due upon receipt except as set forth in the engagement letter.
- 3 **Termination:** Unless otherwise specified in the engagement letter, this engagement can be terminated immediately upon written notice by either party. Upon termination of the agreement, no further services will be due to the Client by JEL, including any and all unfiled tax returns. The terms of this Exhibit A shall survive any termination or expiration of this agreement or the engagement.
- 4 **Independent Contractor:** JEL is an independent contractor, and will indemnify the Client and hold it harmless to the extent of any obligation imposed by law on the Client to pay any withholding taxes, social security, unemployment or disability insurance, or similar items in connection with any payments made by the Client for the Services.
- 5 **Limitation of Liability:** Even if the remedies provided for in this agreement fail of their essential purpose and even if JEL has been advised of the possibility of the following damages, in no event shall JEL (or its principals, affiliates, employees, contractors, or agents) be liable to Client or to any other person or entity, under any equitable, common law, contractual, statutory, or other theory, for (i) any incidental, special, consequential, indirect, or punitive damages, (ii) any damages measured by lost profits, opportunities or goodwill, or (iii) any damages in excess of the fees paid by Client to JEL during the 6 month period immediately preceding JEL's actual receipt of Client's first express, written assertion of such claim.
- 6 **Indemnification:** Client will indemnify JEL and hold it harmless from all claims made against JEL in connection with its performance of the Services to the fullest extent permitted under applicable law, except to the extent such claims arise as a result of JEL's gross negligence or willful misconduct.
- 7 **Non-Solicitation:** During the term of this engagement and for 6 months thereafter, Client agrees not to solicit JEL's Affiliates or employees without JEL's prior written consent, and JEL agrees not to solicit Client's employees without Client's prior written consent.
- 8 **Governing Law; Venue; Arbitration; Attorney's Fees:** This agreement shall be construed in accordance with the laws of the State of Texas (except its conflicts of laws principles). The exclusive venue to resolve any dispute related in any way to this agreement or the services provided or to be provided by JEL to Client shall lie in Travis County, Texas. Any dispute related in any way to this agreement shall be resolved by binding arbitration under the Commercial Rules of the American Arbitration Association (except to the extent they conflict with this agreement). The prevailing party in any dispute related in any way to this agreement shall be entitled to recover his, her or its reasonable attorney's fees and reasonable out-of-pocket expenses incurred in the prosecution or defense of claims in such dispute. Any dispute arising out of this engagement, except actions by JEL to enforce payment of JEL's professional invoices, must be filed within one year from the completion of the engagement, notwithstanding any statutory provision to the contrary.
- 9 **Miscellaneous:** There are no intended third-party beneficiaries of this agreement, the Services, or the engagement. Amounts past due under this agreement shall accrue interest at the rate of 18% per year, or the maximum rate allowed by law, whichever is less. Client shall pay (or if JEL pays, reimburse JEL for) any applicable sales, use or similar tax imposed in connection with any sale of goods or services by JEL to Client. This agreement supersedes any prior agreement, understanding, or representation between JEL and Client, and can only be modified by a written document signed by JEL and Client.
- 10 **Confidentiality:** In the course of providing the Services, JEL may obtain trade secrets or confidential information of Client, or information held by Client under an obligation to a third party to keep that information confidential (together, Confidential Information). JEL agrees not to use or disclose Confidential Information except (a) to provide the Services to Client or otherwise to perform this Agreement, in which case JEL will require any third party recipient to commit in writing to be bound by similar terms protecting the confidentiality of such information, or (b) to comply with a subpoena, court order or obligation imposed by law, in which case JEL will use reasonable efforts to give Client notice so that Client can try to protect or limit such use or disclosure. Client will mark all Confidential Information as "CONFIDENTIAL" so that JEL can honor these commitments.

11 Third Party Use Compilations: Compilations of financial statements for third-party use are not provided under this agreement. A separate compilation engagement letter is required should Client ever request such services from JEL. JEL does not provide audit or review services at this time and does not contemplate offering these services in the future.

12 Management Use Only Financial Statements: From time to time, JEL will compile the interim and/or annual financial statements – income tax basis for Client. JEL will compile the financial statements in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to present in the form of financial statements, information that is the representation of management without undertaking to express any assurance on the financial statements. JEL will not audit or review such financial statements. JEL will not review or evaluate internal controls, confirm receivables or other balances with third parties, or observe information that management represents to JEL. Client is responsible for the fair presentation of the financial statements using the accounting standards generally accepted in the United States of America. JEL will not express an opinion or other form of assurance on such financial statements. The financial statements will not be accompanied by a report. Client elects to omit substantially all of the disclosures ordinary included in financial statements prepared on the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters. **Client agrees that these financial statements are for management's use only and are not intended for third-party use.**

13 Detection of errors, fraud or illegal acts: This engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist. However, JEL will inform Client of any material errors that come to JEL's attention and any fraud or other illegal acts that come to JEL's attention, unless they are clearly inconsequential. In addition, JEL has no responsibility to identify and communicate significant deficiencies or material weaknesses in Client's internal controls as part of this engagement, and this engagement cannot be relied upon to disclose the same. Client is responsible for the design and implementation of programs and controls to prevent and detect fraud.

14 Email: In connection with this engagement, JEL may communicate with Client or others via email transmission. 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, JEL cannot guarantee or warrant that emails from JEL will be properly delivered and read only by the addressee. Therefore, JEL specifically disclaims and waives any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by JEL in connection with the performance of this engagement. In that regard, Client agrees that JEL shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

15 Subpoena, court order or other legal process: In the event JEL is required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information JEL obtained and or prepared during the course of this engagement, Client agrees to compensate JEL at the hourly rate of \$120 per hour for the time JEL expends in connection with such response and to reimburse JEL for all out-of-pocket costs incurred in that regard.

16 Accounting policies, procedures and documentation: Client is responsible for adopting sound accounting policies, for maintaining an adequate and efficient accounting system, for safeguarding assets, for authorizing transactions, for retaining supporting documentation for those transactions, and for devising a system of internal controls that will, among other things, help assure the preparation of proper financial statements. Furthermore, Client is responsible for management decisions and functions, for designating a competent employee to oversee any of the services I provide, and for evaluating the adequacy and results of those services.

17 Documentation and support: Client agrees to maintain appropriate documentation in accordance with IRS Publication 463 for all business related travel, entertainment, gift, and car expenses. Client agrees to keep documentation supporting all business expenses for at least 5 years from the date the related tax return is filed with, and accepted by, the IRS.