

Kerry Thompson & Co., PS

Tax, business consulting, IRS representation

January 11, 2018

Dear Client:

We will prepare your US federal business tax returns for your business entity for the year ended December 31, 2017, or other fiscal year. We will advise you on income tax matters as to which you specifically request our advice. We will also prepare the state and prior year business tax returns listed below (please indicate below if any):

Please note that our firm does not offer investment advice nor do we recommend specific programs for investment. Therefore, this engagement will not include any such advice or recommendation. In this regard an investment advisor should be consulted.

INFORMATION PROVIDED BY YOU

This firm is responsible for preparing only the returns listed above.

You will provide us with a trial balance and other supporting data needed 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. We will not audit or verify the data you submit, although we may ask you to clarify it, or furnish us with additional data.

If applicable, all individual partners and shareholders are responsible for submitting their individual K-1's to their own tax preparers for inclusion with their individual tax returns.

We must receive all information needed to prepare your return four weeks prior to the applicable deadline, in order to ensure that your return will be completed by the deadline. If we have not received all of your information by this time, and your return is not completed by the applicable deadline, you may be subject to late filing or late payment penalties.

Our work in connection with the preparation of your business tax returns does not include any procedures designed to discover fraud, defalcations, or other irregularities, should any exist. We will render such accounting and bookkeeping assistance as we find necessary for preparing the entity's income tax returns.

P.O. Box 99352
Seattle, WA 98139

206-420-4257 phone
206-260-7228 fax

KERRYT@KTCPA.NET

SUBSTANTIATION AND DOCUMENTATION

By your signature below you are confirming to us that, unless we are otherwise advised, the travel, entertainment, gifts, and related expenses are supported by the necessary records required under Section 274 of the Internal Revenue Code. If you have any questions as to the type of records required, please ask us for advice in that regard.

SUBSTANTIAL UNDERSTATEMENT

The law provides for a penalty to be imposed where taxpayers make a substantial understatement of their tax liability. For corporate taxpayers, a substantial understatement exists when the understatement for the year exceeds the greater of 10 percent of the tax required to be shown on the return, or \$10,000. The penalty is 20 percent of the tax underpayment. Taxpayers may seek to avoid all or part of the penalty by showing (1) that they acted in good faith and there was reasonable cause for the understatement, (2) that the understatement was based on substantial authority, or (3) that the relevant facts affecting the item's tax treatment were adequately disclosed on the return. You agree to advise us if you wish disclosure to be made in your returns or if you desire us to identify or perform further research with respect to any material tax issues for the purposes of ascertaining whether, in our opinion, there is "substantial authority" for the position proposed to be taken on such issues in your returns.

AUDITS AND TAX RETURN POSITIONS

As you know, your returns are subject to examination by the taxing authorities. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on a tax return. Any proposed adjustments by the examining agent are subject to certain rights of appeal. You understand that we are not responsible for IRS disallowance of doubtful deductions or inadequately supported documentation, or for resulting taxes, penalties and interest.

We will use our professional judgment in preparing your returns. Whenever we are aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that may be taken on your return. We will follow whatever position you request on your return so long as it is consistent with the codes and regulations and interpretations that have been promulgated. If the Internal Revenue Service should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional penalties or assessments. In the event, however, that you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we 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.

Any oral tax advice provided by our firm is subject to stringent limitations. You should only rely upon tax advice confirmed in writing by our firm.

OTHER STATE AND LOCAL RETURNS

Washington State levies a Business and Occupation tax ("B&O Tax") on the gross receipts of businesses with a presence inside the state. The cities of Seattle and Tacoma levy a similar tax on businesses located inside

those cities. Retail sales tax is also levied at the State and local level. Although we have expertise in these areas, we do not normally address these tax matters unless instructed to do so by you. If you would like us to address any matters related to these taxes, please let us know immediately.

FOREIGN REPORTING REQUIREMENTS

Please note that any person or entity subject to the jurisdiction of the United States (includes individuals, corporations, partnerships, trusts, and estates) 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 in the calendar year in a foreign country, shall report such a relationship. Although there are some limited exceptions, filing requirements also 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 foreign account(s). For example, a corporate-owned foreign account would require filings by the corporation and by the individual corporate officers with signature authority. Failure to disclose the required information to the U.S. Department of the Treasury may result in substantial civil and/or criminal penalties.

If you and/or your entity have a financial interest in, or signature authority over, any foreign accounts, you are responsible for providing our firm with all the information necessary to prepare the Report of Foreign Bank and Financial Accounts (FBAR) required by the U.S. Department of the Treasury in order for the FBAR to be received by the Department on or before April 15th of each tax year.

In addition, the Internal Revenue Service also requires information reporting under applicable Internal Revenue Code sections and related regulations, and the respective IRS tax forms are due when your income tax return is due, including extensions. The IRS reporting requirements are in addition to the U.S. Department of the Treasury reporting requirements stated above. Therefore, if you fall into one of the categories below, or if you have any direct or indirect foreign interests, you may be required to file applicable IRS forms:

- You are an officer, director or shareholder with respect to certain foreign corporations (Form 5471);
- You are a foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business (Form 5472);
- You are a U.S. transferor of property to a foreign corporation (Form 926);
- You are a U.S. person with an interest in a foreign trust (Forms 3520 and 3520-A); or
- You are a U.S. person with interests in a foreign partnership (Form 8865).

Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the Internal Revenue Service may result in substantial monetary penalties. By your signature below, you accept responsibility for informing us if you believe that you may have foreign reporting requirements with the U.S. Department of the Treasury and/or Internal Revenue Service and you agree to timely provide us with the information necessary to prepare the appropriate form(s). We assume no liability for penalties associated with the failure or untimely filing of any of these forms.

CONFLICT OF INTEREST

Our firm is currently/will be rendering the following service to you: preparation of your business tax return. During the course of rendering this service to you, our firm will also be rendering services to your business partners and fellow shareholders. This letter will discuss certain ramifications of our firm's proposed

concurrent representation of both you and your business partners and fellow shareholders. You have the opportunity to have your own legal representative review and advise you on all matters related to the services, including this letter, prior to signing the acknowledgment that this letter contains.

Rendering services to both you and your business partners and fellow shareholders at the same time presents a potential conflict of interest. The potential conflict of interest arises because your interests could become adverse to your business partners' and fellow shareholders' interests in the future. Therefore, our firm must perform its services in a manner furthering both of your interests, cannot favor one party to the detriment of the other, and cannot negotiate on behalf of either party with the other party.

Based upon both parties' current cooperation and the preexisting relationship of the parties, we feel that our firms' concurrent representation of both parties presents no actual conflict of interest and that as accountants and advisors, our firm can adequately represent both parties' interests.

Should an actual conflict of interest arise in the future, our firm will promptly apprise you of any such actual conflict so that you and your business partners and fellow shareholders can jointly decide how to resolve the conflict and/or whether you wish to obtain separate representation. Further, if you become aware of an actual conflict of interest, you agree to inform our firm of that actual conflict immediately.

By signing below, you acknowledge that (1) the potential conflict of interest has been fully disclosed to you; (2) you understand and acknowledge the potential conflict of interest as described; and (3) you consent to the concurrent representation subject to the potential conflict of interest as disclosed.

RECORD RETENTION

It is our policy to keep our records related to this engagement for six years. However, we do not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. Upon the expiration of the six year period you agree that we shall be free to destroy our records. 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.

FEES AND DISPUTES

Our fees for these services will be computed at our standard rates and will be billed as the work progresses. Hourly rates for personnel in our firm range from \$90.00 to \$185.00. These rates are subject to change from time to time without notice. Fees do not include out-of-pocket expenses advanced for you, such as computer charges, photocopying, and publication costs. These may be billed to you separately. Invoices will be mailed monthly and are due when received. If we have not received payment within 45 days of our invoice, all work will be suspended until your account is brought current, unless other arrangements have been made.

The fee does not include responding to inquiries from taxing authorities. Our firm is also not responsible for a taxing authority's disallowance of doubtful deductions or deductions that are not supported by you with adequate documentation, nor for resulting taxes, penalties, and interest.

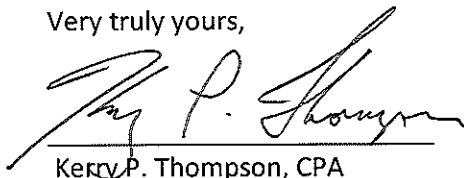
If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute

by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, 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.

We will be pleased to discuss this letter with you at your convenience. If the foregoing is acceptable to you, please sign the original copy of this letter in the space provided and return it to our office. E-mail or fax is fine; we do not need an original.

Very truly yours,



Kerry P. Thompson, CPA

The foregoing is in accordance with my understanding of your engagement to provide tax services. The terms described in this letter are acceptable and are hereby agreed to:

By: _____

Date: _____

Print Name: _____

Company Name: _____