ADDITIONAL TERMS, CONDITIONS, AND REPRESENTATIONS

1. KL Accounting, Inc. is responsible for preparing only the state and local returns which we have historically prepared and which you authorize us to prepare. If the company has taxable activity in a state or local municipality that has not historically been recognized on a return filing, please discuss with us. Nexus laws regarding sales of services are rapidly changing. Remote employees may trigger nexus issues, even if the employer has no physical location. Please inform us of services sold to customers in states for which you have not filed a return in the past. Additionally, please inform us where remote employees, if any, perform services. The laws of the state may have changed. We will assist the company in determining whether or not nexus exists with the state or local municipality and the filing requirement thereon. If the company has tax filing requirements in a given state or local municipality but does not file that return, there could be possible adverse ramifications, such as an unlimited statute of limitations, penalties, etc. State income tax nexus is complex and rapidly changing. Often nexus is based on judicial history. Our best evaluations of nexus are subject to challenge by the various states, and a positive outcome of such a challenge is not guaranteed.

2. Our engagement will be fulfilled upon delivery of the completed returns to you. Therefore, you have the final responsibility for all information shown on the tax returns, including, but not limited to, both the book and tax income recognized and the allocation of that income (if applicable) per the company's operating agreement. You should review them carefully before you sign and file the returns with the appropriate taxing authorities and/or authorize us to e-file them on the company's behalf.

3. You are responsible for the safeguarding of assets, the proper recording of transactions in the books of accounts, the substantial accuracy of the financial records, and the full and accurate disclosure to us of all relevant facts affecting the returns. Furthermore, you agree to oversee all services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience to evaluate the adequacy and results of the services and to accept responsibility for them.

4. Pursuant to standards prescribed in IRS Circular 230 and IRC 6694, we are forbidden from signing a tax return unless we have a reasonable belief that there is substantial authority for a tax position taken on the return or we have a reasonable basis for a tax position taken on the return and we disclose this tax position on a separate attachment to the tax return. Substantial authority is generally viewed by tax professionals as requiring at least a 40% probability that the tax position taken will be sustained on its merits. However, under no circumstances may we sign a tax return with a tax position that has no reasonable basis. We will advise management with regard to tax positions taken in the preparation of the tax returns, but management must make all decisions with regard to those matters.

5. The company's returns may be selected for review by the taxing authorities, or the company may receive a notice requesting a response to certain issues on the tax returns. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination or inquiry, we will be available upon request to represent the company or respond to such inquiry. If such services are requested, all of the terms, conditions and representations of this engagement letter shall apply, and we will render additional invoices for these services and any expenses incurred.

6. The law provides various penalties and interest that may be imposed when taxpayers understate their tax liability and/or fail to pay the full amount of taxes owed by the original filing due date. Furthermore, additional penalties and interest are imposed when taxpayers fail to remit the proper amount of subsequent year tax estimates. Based on information you provide to us, we can assist you in determining the correct amount of taxes owed for the current year and subsequent year tax estimates. You acknowledge that any such understated or underestimated tax, and any imposed interest and penalty thereon are the company's responsibility, and we, as the tax return preparer, have no responsibility in that regard. If you would like information on the amount or the circumstances of these interest and penalties, please contact us.

7. To the best of your knowledge and belief, and unless specifically indicated to us that the representation below cannot be made, you confirm that:
    - There was no change in ownership during the year.
    - The company has reported (or plans to report) on Forms 1096/1099 certain types of payments made. These payments include:
        - Non-employee compensation (i.e. contractors/sub-contractors) for services performed paid to a single recipient when the total amount paid in a calendar year is $600 or more.
        - Commissions, fees, and other compensation paid to a single recipient when the total amount paid in a calendar year is $600 or more.
        - Interest, dividends, rents, royalties, annuities, prizes/awards, and other income items paid to a single recipient when the total amount paid in a calendar year is $600 or more.

Please note, under the current regulations, most payments to corporations are exempt from Form 1099 reporting requirements. However, there are some notable exceptions, the most significant being payments of $600 or more in a calendar year to an incorporated law firm must be reported on Form 1099-MISC.

- The company has disclosed all reportable transactions. These include but are not limited to listed transactions that the IRS has determined to be a tax avoidance transaction; transactions which produce questionable tax shelters, tax deductions, losses, or credits; require confidentiality by you or a related party and for which you or a related party paid an advisor a minimum fee; a transaction for which fees are contingent on your realization of tax benefits from the transaction or refundable if all or part of the intended tax consequences of the transaction are not sustained; or a transaction that results in you claiming a significant loss (at least $2 million in any single year or $4 million in any combination of tax years).
- For corporations (including S-Corporations), the company paid reasonable compensation in the form of W-2 wages to its officers, shareholders, and related party family members. In addition, taxable fringe benefits (including health insurance premiums for a more than 2% shareholder of an S-Corporation) have been included in W-2 wages.
- For partnerships/LLCs, the company has disclosed (or will disclose) to us the total guaranteed payments, including fringe benefits, received by each partner/member.
- The company has disclosed all related party transactions between family members or a business in which the business shareholders, partners or members have an ownership interest. These types of transactions include borrowing and/or lending funds, paying and/or receiving rents, buying and/or selling products or property, and performing and/or receiving services.
- If applicable*, the company is in compliance with the mandates established under the Affordable Care Act (ACA). The ACA requires that the company provides proof that, 1)

their employees were offered health insurance coverage and, 2) such health insurance coverage was affordable and provided minimum value. This proof is required to be summarized and filed with the Internal Revenue Service (Forms 1094-B or C). In addition, each employee is to be provided with a statement (Forms 1095-B or C) of their own health insurance coverage.

If the company is required to provide proof of coverage to the Internal Revenue Service and its employees but fails to do so, that failure may result in the assessment of substantial penalties. If the company is required to provide affordable health insurance that provides minimum value to its employees but fails to do so, that failure will result in a "Shared Responsibility Payment" being assessed. These assessments will occur subsequent to the filing of the tax return.

* The compliance mandates established under the provisions of the ACA are complex. To determine whether the company is in compliance, please contact your benefits advisor.

- Unless a lower amount has been discussed, we will assume that the company has adopted (for book and federal income tax purposes) the following policy regarding capitalization of expenses, in accordance with Internal Revenue Code Sections 167 and 168 and related Regulations:
  - Amounts whose individual cost (including tax, installation and delivery costs) does not exceed $2,500 ($5,000 if the company has audited financial statements) will be deducted as incurred as an operating expense.
  - Amounts exceeding $2,500 ($5,000 if the company has audited financial statements) will be examined individually to determine if their use or purpose requires capitalization under the betterment, adaptation or restoration rules prescribed by the Internal Revenue Service and will be capitalized or expensed as incurred as a result of the application of those rules.
- The company has disclosed if it is either doing business in a foreign country or U.S. territory or owns a subsidiary (wholly owned or in part) that is doing business in a foreign country or U.S. territory. Please note that we will not prepare any tax forms required by any foreign taxing authority. If you believe that foreign tax filings are required, please contact us.
- The company has disclosed if it has a financial interest in (direct or indirect), 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.

Note:

If the company has a financial interest in any foreign accounts, it must electronically file the FinCEN Report 114, *Report of Foreign Bank and Financial Accounts* (FBAR), as required by the U.S. Department of the Treasury. 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 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.

If the company fails to disclose the required information to the U.S. Department of the Treasury, the failure to disclose may result in substantial civil and/or criminal penalties. You are responsible for providing our firm with all the information necessary to prepare the FBAR. **Failure to file can result in penalties ranging from $10,000 to the greater of $100,000 or 50% of account balances.** If you do not

provide our firm with information regarding any interest the company may have in a foreign account, we will not be able to prepare any of the required disclosure statements.

8. The company should retain all the documents, canceled checks and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority, and as such, the company should retain and protect these records. The company is responsible for substantiating any amount upon which a deduction is taken on the return. The type of deduction taken will determine the specific substantiation needed. The following is a list of common deductions taken on a tax return and the substantiation required for each.

- Automobile Expenses – Mileage logs and trip sheets for each trip. Commuting miles between home and a fixed work location are not considered deductible business miles. The standard mileage rate is 67 cents per mile driven for business use in 2024.
- Meals and Expenses (100% deductible) – Business meals for the benefit of employees who are not highly compensated, such as holiday parties, lunches for staff meetings, birthdays, and company outings if only the employees and their families attend (no clients).
- Meals and Expenses (50% deductible) – Includes meals with an employee, meals during travel, and meals with clients. Business meals with clients require documentation substantiating who the client was and the business purpose of the meal. A receipt is not required for expenses under $75, but documentation is still required. Meals for clients at any event, such as a sporting event, etc., requires documentation substantiating that there was a bona fide business discussion prior to, during, or following the meal/entertainment event. The meals are deductible only if they are paid for separately from the entertainment event with a separate receipt or, if the entertainment event and the meals are included on one invoice, the meals are listed and priced separately.
- Entertainment expenses are not deductible for 2024.
- Charitable Cash Contributions (in any one day to any one organization):
  - The corporate charitable contribution deduction limitation remains at 10% of taxable income in 2024.
  - Less than $250 – A bank record (e.g., canceled check/ credit card statement) or a written acknowledgement from the charity.
  - $250 or more – Both a bank record and a written acknowledgement from the charity.
- Charitable Non-Cash Contributions (in any one day to any one organization):
  - Deduction of less than $250 – A receipt or a written acknowledgement from the charity.
  - Deduction between $250 and $500 – A written acknowledgement by the charitable organization.
  - Deduction between $501 and $5,000 – Same records required as the $250 to $500 category. In addition, records must show how the property was acquired, the date acquired and the adjusted basis of the property.
  - Deduction of more than $5,000 – Same records required as the $501 to $5,000 category. In addition, most contributions require a written appraisal.

The list above only provides guidance on substantiating a limited number of deduction types. There are many other types. If you are unsure as to whether or not the information the company possesses is sufficient to substantiate a deduction, please call us.

9. Due to regulations under the Corporate Transparency Act (CTA) of 2020, most small corporations, LLCs, and partnerships (reporting companies) will be required to report beneficial ownership information (BOI) to FinCEN. Beneficial ownership information is identifying information about the individuals who directly or indirectly own or control a company. Limited exemptions from the reporting requirement apply, and most exempt entities are already subject to federal and state information reporting. A reporting company created or registered to do business before January 1, 2024, will have until January 1, 2025, to file its initial beneficial ownership information report. A reporting company created or registered in 2024 will have 90 calendar days to file after receiving actual or public notice that its creation or registration is effective. A reporting company created or registered on or after January 1, 2025, will have 30 calendar days to file after receiving actual or public notice that its creation or registration is effective. Failure to comply with BOI reporting can result in civil and/or criminal penalties.

    - Completion of this paragraph.] Assisting you with your compliance in BOI reporting is not within the scope of this engagement. We bear no liability for any consequences arising from non-compliance with the CTA.
    - Additional information regarding the BOI reporting requirements can be found at https://www.fincen.gov/boi. Consider consulting with legal counsel if you have questions regarding the applicability of the CTA's reporting requirements and issues surrounding the collection of relevant ownership information.

10. We reserve the right to suspend our services or withdraw from this engagement. If we elect to terminate our services, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed the return. The company will be obligated, through the date of termination, to compensate us for all outstanding invoices as well as our final invoice, and to reimburse us for all of our out-of-pocket costs. For these purposes, any nonpayment, inability to sign the tax return, or non-response by you of information requested (among other things) will constitute a basis for our election to terminate our services.

11. It is our policy to retain copies of engagement documentation for a period of seven years (five years for former clients), after which time we will commence the process of destroying the contents of our engagement files. Any work papers prepared in conjunction with this engagement are our property, constitute confidential information, and will be retained by us in accordance with this record retention policy. To the extent we accumulate any of the company's original records during the engagement, those documents will be returned to you promptly upon completion of the engagement.

12. In the interest of facilitating our services to you, we may communicate with you by means of electronic communications, such as fax, email, or via our client portal. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and you consent to our use of these devices during this engagement. You agree that we 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. It is our belief that electronic communication provides the greatest privacy by eliminating paper trails of confidential information. As such, and unless you tell us otherwise, the client's copy of the prepared tax return will be presented back to you in a PDF file format via our web-based

client portal. If you would still like us to send you a paper copy of the tax return, please contact our office.

13. IRS regulations require that we electronically file (e-file) all tax returns, and it is our belief that this type of filing provides the greatest security. However, you do have the right to "opt-out" from e-filing by notifying us, in writing, of this desire.

14. Although we may orally discuss tax issues with you from time to time, such discussions will not constitute advice upon which we intend for you to rely on for any purpose. Rather, any advice upon which we intend for you to rely, and upon which you will rely, will be embodied in a written report or correspondence from us to you, and any such writing will supersede any prior oral representations between the parties on the issue.

15. In the event we are required to respond to a subpoena, court order or other legal process for the production of documents, work papers and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you acknowledge our right to release this information and agree to compensate us, for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

16. If the tax returns we are to prepare in connection with this engagement are for a company with multiple owners and/or board members, each is our client. You, on behalf of the multiple owners and/or board members, acknowledge that there is no expectation of privacy from the other(s) concerning our services in connection with this engagement, and we are at liberty to share with any of you, without the prior consent of the other(s), any and all documents and other information concerning preparation of the company's returns.

17. In the event that we become obligated to pay any judgment under a court proceeding, an award under a mediation proceeding, or penalty assessed by any taxing authority, in our capacity as a tax preparer, you agree to pay any costs incurred as a result of any inaccurate or incomplete information that you provided to us during the course of this engagement. You agree to indemnify us, defend us, and hold us harmless against such obligations and/or costs. Any litigation arising out of this engagement, except actions by us to enforce payment of our professional invoices, must be filed within one year from the completion of the engagement, notwithstanding any statutory provision to the contrary. In the event of 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 the services set forth in this engagement letter.

18. You agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation, and that you will engage in the mediation process in good faith once a written request to mediate has been given by either party to the engagement. Any mediation initiated as a result of this engagement shall be administered by a law firm specializing in the mediation process, not associated with either party, and selected by us, according to its mediation rules. Any ensuing litigation shall be conducted within the County of Windsor, Vermont according to Vermont law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

19. Unless you tell us otherwise, we will presume that you authorize us to discuss certain aspects of the company's tax returns with the IRS and certain states/local municipalities if necessary.