Form 1120-S Legalese and Disclosures

Our engagement is limited to performing the following services:

1. Prepare the federal and state corporate income tax returns based upon those filed with your 2022 return.
2. Prepare any bookkeeping entries we find necessary in connection with preparation of the income tax returns.
3. Prepare and post any adjusting entries.

We will not audit or verify the data you submit, although we may ask you to clarify it, or furnish us with additional data.

This engagement letter does not cover the preparation of any financial statements, which, if we are to provide, will be covered under a separate engagement letter.

You are confirming that you will furnish us with all the information required for preparing the returns. This includes, but is not limited to, providing us with the information necessary to identify (1) all states and foreign countries in which you "do business" or derive income (directly or indirectly) and (2) the extent of business operations in each relevant state and/or country. We will not audit or verify the data you submit, although we may ask you to clarify it, or furnish us with additional data. You should retain all the documents, books, and records that form the basis of your income and deductions. The documents may be necessary to prove the accuracy and completeness of the returns to a taxing authority. If you have any questions as to the type of records required, please ask us for advice in that regard.

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.

Please note the Internal Revenue Service ("IRS") considers virtual currency (e.g., Bitcoin) and other digital assets (e.g., NFTs) as property for U.S. federal tax purposes. As such, any transactions involving cryptoassets or transactions that use or exchange virtual currencies are subject to the same general tax principles that apply to other property transactions. If you had any cryptoasset or virtual currency activity during the <year> tax year, you may be subject to tax consequences associated with such transactions and may have additional foreign reporting obligations.

You agree to provide us with complete and accurate information regarding any transactions in, or transactions that have used, virtual currency during the applicable tax year. Please ask us for advice if you have any questions regarding the type of records required for virtual currency transactions.

We may provide you with a questionnaire or other document requesting specific information. Completing those forms will assist us in making sure you are well served for a reasonable fee. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that you have disclosed to us all relevant facts affecting the returns. We will not

verify the information you give us; however, we may ask for additional clarification of some information.

If, during our work, we discover information that affects prior-year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue. We will be happy to prepare appropriate amended returns as a separate engagement.

The IRS and U.S. Treasury issued final tangible property regulations (TPRs) that govern when taxpayers must capitalize and when they can deduct expenditures for acquiring, producing or improving tangible property. These regulations were fully effective for tax years beginning on or after January 1, 2014. The final regulations created new annual elections, and while certain safe harbors and elections are implemented through filing statements or treatment of an item on a timely filed federal tax return, the IRS considers the remaining provisions to be a change in accounting method, which may require the filing of Form 3115, Application for Change in Accounting Method.

If we become aware that you may be using an accounting method not in accordance with the final TPR regulations, our firm may need additional time to analyze your current and prior acquisitions and improvements to properly complete Form 3115. You accept ultimate responsibility for your capitalization analyses and decisions, and you agree to provide us with the information necessary to prepare the appropriate elections and/or method change IRS form(s). Please ask us for advice if you have any questions regarding your company's application of these regulations.

We will use our professional judgment in preparing your returns. Given the magnitude of the economic tax relief provisions the U.S. stimulus packages have contained, as well as some new concepts introduced in the law, additional stated guidance from the Internal Revenue Service, and possibly from Congress in the form of technical corrections on certain income tax provisions may be forthcoming. We will use our professional judgment and expertise to assist you given the guidance as currently promulgated at the time our services are rendered. Subsequent developments issued by the applicable tax authorities may affect the information we have previously provided, and these effects may be material. 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 share our knowledge and understanding of the possible positions that may be taken on your return. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated.

If a taxing authority should later contest the position taken, there may be an assessment of additional tax, interest and penalties. We assume no liability for any such assessment of additional tax, penalties or interest. 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 for any damages that occur as a result of ceasing to render services.

If you have asked us to receive in our office and file your QuickBooks files for the purpose of preparing your tax returns, you understand that we are not responsible for the accuracy and completeness of your company's books and records. As such, our services related to maintaining the QuickBooks files in our office are for your convenience only. Accordingly, we will not advise you regarding the proper recording or appropriateness of the underlying transactions.

The law provides for a penalty to be imposed where a taxpayer makes a substantial understatement of his or her tax liability. For S-corporations and individual 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 $5,000. The penalty is 20 percent of the underpayment. Taxpayers other than "tax shelters" 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. A taxpayer is considered a "tax shelter" if its principal purpose is to avoid Federal income tax. Because an S-corporation is an entity whose tax attributes flow through to its shareholders, the penalty for substantial understatement of tax relating to S-corporation items may be imposed on the shareholder. You agree to advise us if you wish disclosure to be made in your returns or if you wish for us to identify or perform further research with respect to any material tax issues for the purpose of ascertaining whether, in our opinion, there is "substantial authority" for the position proposed to be taken on such issues in your returns.

In 2018, a Supreme Court Ruling in South Dakota v. Wayfair, Inc. ("Wayfair") significantly impacted businesses that engage in out-of-state sales (i.e., remote sales). Wayfair opened the door for other states to redefine what is deemed to be "sufficient contact" from a physical presence standard, to a much broader standard that looks at a business's economic presence ("economic nexus") in a given state. How this may impact your business depends on the individual states from which you derive sales and whether they have adopted an economic nexus standard. As our engagement is limited to preparing the income tax returns specified above, our firm is not rendering any services designed to assess your sales and use tax risks and potential exposure to substantial ("economic") nexus. By your signature below, you understand and acknowledge that you are responsible for compliance with applicable rules associated with the collection and remittance of sales and use tax for the various states in which you do business. If you require our assistance to assess your sales and use tax exposure and how the Wayfair decision may impact your business, please let us know. Any additional services will be covered under a separate engagement letter.

If your business has employees working remotely in another locality, state and/or foreign country, even on a temporary basis, your company may be viewed as having "nexus" in that location for tax purposes. If a business is deemed to have "nexus" for that location, the business may be obligated to pay additional franchise, income, sales or use tax; payroll or other business tax; and to comply with other tax or reporting requirements. By your signature below, you understand that Management is responsible for tracking the locations where company employees live and work and determining the tax compliance requirements in those respective locations. If you require our assistance to assess your potential tax exposure in locations other than your normal place of business where you may have employees residing, please let us know. Any additional services will be covered under a separate engagement letter.

Our work in connection with the preparation of your income 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 income tax returns.

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 at any time during 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 may be subject to certain filing requirements with the U.S. Department of the Treasury, in addition to the IRS. Filing requirements may 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).

The filing deadline for the Report of Foreign Bank and Financial Accounts (FBAR) required by the U.S. Department of the Treasury is April 15th and follows the federal income tax due date guidance, which notes that if the tax due date falls on a weekend or legal holiday, the form is considered timely filed if filed on the next business day. An automatic 6-month extension is available. Electronic filing of the FBAR is mandatory using the Bank Secrecy Act (BSA) e-filing system for the Financial Crimes Enforcement Network (FinCEN). We must receive a signed consent form from you prior to submitting the foreign reporting form. If we do not receive your signed authorization to file your foreign reporting form, we will not be able to file any of the required disclosure statements on your behalf.

Additionally, the IRS requires information reporting on foreign interests or activities under applicable IRC 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 have any direct or indirect foreign interests that require disclosures to the IRS, you must provide us with the information necessary to prepare the applicable IRS forms.

Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the IRS may result in substantial civil and/or criminal penalties. By your signature below, you agree to provide us with complete and accurate information regarding any foreign accounts that you and/or your entity may have had a direct or indirect interest in, or signature authority over, during the above referenced tax year. The foreign reporting requirements are very complex, so if you have any questions regarding the application of the

U.S. Department of the Treasury and/or the IRS reporting requirements to your foreign interests or activities, please ask us for advice in that regard. We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

Management understands that all individual shareholders are responsible for submitting their individual K-1 and, if applicable, K-3 to their own tax preparers for inclusion with their individual tax returns.

Management is responsible for the design, implementation, and administration of applicable policies that may be required under the Affordable Care Act or any state-specific health mandate. We are not rendering any legal services as part of our engagement, we will not be responsible for advising you with respect to the legal or regulatory aspects of your company's compliance with the Affordable Care Act or any state-specific health mandate.

We will not be responsible for advising you with respect to classification of employees versus independent contractor status as part of our services. If you have any questions regarding such issues, we strongly encourage you to consult with legal counsel experienced in employment practice matters.

By your signature below, you understand and agree that management is responsible for the accuracy and completeness of the records, documents, explanations, and other information provided to us for purposes of this engagement. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them. You agree that our firm is not responsible for a taxing authority's disallowance of deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest.
We will use our professional judgment in preparing your returns. Given the magnitude of the changes the Tax Act contains, as well as some new concepts introduced in the law, additional stated guidance from the Internal Revenue Service, and possibly from Congress in the form of technical corrections, may be forthcoming. We will use our professional judgment and expertise to assist you given the Tax Act guidance as currently promulgated. Subsequent developments issued by the applicable tax authorities may affect the information we have previously provided, and these effects may be material. 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. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, 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 for any damages that occur as a result of ceasing to render services.

Federal law has extended the attorney-client privilege to some, but not all, communications between a client and the client's CPA. The privilege applies only to non-criminal tax matters that are before the IRS or brought by or against the U.S. government in a federal court. The

communications must be made in connection with tax advice. Communications solely concerning the preparation of a tax return will not be privileged.

In addition, the confidentiality privilege can be inadvertently waived if the contents of any privileged communication are discussed with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing any privileged information to a third party. As a corporation, you need to be especially careful about privileged communications. If a communication is made in the presence of a corporate employee who is not authorized to act or speak for the corporation in relation to the communication's subject matter, then the communication will be deemed to be made in the presence of a third party and any privilege will be waived.

If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue that the communication is privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, that are a result of attempts to protect any communication as privileged.

Because of the importance of oral and written management representations to the effective performance of our services, you release and indemnify our firm and its personnel from any and all claims, liabilities, costs and expenses attributable to any misrepresentation by management and its representatives.

You acknowledge that you are responsible for management decisions and functions. That responsibility includes designating qualified individuals with the necessary expertise to be responsible and accountable for overseeing all the specific services we perform as part of this engagement, as well as evaluating the adequacy and results of the services performed. You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

In connection with this engagement, we may communicate with you or others via email transmission. We take reasonable measures to secure your confidential information in our email transmissions. However, 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, we cannot guarantee or warrant that emails from us will be properly delivered to and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of email transmissions, or for the unauthorized use or failed delivery of emails transmitted by us in connection with the performance of this engagement. In that regard, 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 sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

We may from time to time, and depending on the circumstances and nature of the services we are providing, share your confidential information with third-party service providers, some of whom may be cloud-based or offshore, but we remain committed to maintaining the confidentiality and

security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Although we will use our best efforts to make the sharing of your information to such third parties secure from unauthorized access, no completely secure system for electronic data transfer has yet been devised. As such, by your signature below, you understand that the firm makes no warranty, expressed or implied, on the security of electronic data transfers.

In addition, in the event our firm or any of its employees or agents is called as a witness or requested to provide any information whether oral, written, or electronic in any judicial, quasi-judicial, or administrative hearing or trial regarding information or communications that you have provided to this firm, or any documents and workpapers prepared by Cook & Company CPAs + Wealth Management, LLC in accordance with the terms of this agreement, you agree to pay any and all reasonable expenses, including fees and costs for our time at the rates specified in our engagement letter, as well as any legal or other fees that we incur as a result of such appearance or production of documents.

The IRS permits you to authorize us to discuss, on a limited basis, aspects of your return for one year after the return's due date. You consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we will check that box authorizing the IRS to discuss your return with us.

The price 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.

The return(s) may be selected for review 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. In the event of a tax examination, we will be available, upon request, to represent you. However, such additional services are not included in the fees for the preparation of the tax return(s).

If any loans exist between the company and shareholders, the loan should be documented in the form of a note. The note should have a stated interest rate based on the IRS applicable federal rate (which is subject to change annually) and for the type of loan (demand or term). The interest should be paid each year the loan is in effect and a Form 1099 should be issued to you for the interest income. If formal documented loan terms are not drawn up, any loan balance could be at risk of being reclassified in a less favorable manner for tax purposes should your return be examined by the IRS. These are the steps recommended to take as the officer of the organization:

1. Create a loan agreement between you and your organization.

2. The loan agreement needs to state the amount of interest to be calculated.
3. The loan agreement needs to state when the loan is to be paid back (repayment schedule).
4. The loan agreement needs to state if there is collateral for this loan.

It is our policy to keep records related to this engagement for seven years. However, Cook & Company CPAs + Wealth Management, LLC does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. 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.

You acknowledge and agree that upon the expiration of the seven year period Cook & Company CPAs + Wealth Management, LLC shall be free to destroy our records related to this engagement.

We have the right to withdraw from this engagement, in our discretion, if you do not provide us with any information we request in a timely manner, refuse to cooperate with our reasonable requests or misrepresent any facts. Our withdrawal will release us from any obligation to complete your return and will complete our engagement. You agree to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

If any dispute arises among the parties hereto, the parties agree to first try to settle the dispute through discussion or voluntary mediation. If the discussion and voluntary mediation are unsuccessful, the parties agree to try in good faith to settle the dispute by mediation administered by an agreed upon mediator between parties. The mediation will be administered under the rules of the American Arbitration Association for resolving professional accounting and related services disputes before resorting to litigation. If the parties are unable to agree upon an association for mediation within thirty (30) days after notification that the dispute will be submitted to a mediator, then the accountant shall make the decision. 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 applicable rules for resolving professional accounting and related services disputes of the American Arbitration Association except that under all circumstances the arbitrator must follow the laws of Missouri. 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. The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

The arbitration shall take place in the offices of the arbitrator, or at a mutually agreeable location. The rules under which the arbitration shall take place shall be the rules of the American Arbitration Association or other such alternative dispute resolution procedures as may be agreed upon by the parties. If the parties are unable to agree upon an association for arbitration within thirty (30) days after notification that the dispute will be submitted to arbitration, then the accountant shall make the decision. Any statements made in preparation for

or the conduct of the actual arbitration shall be confidential and the parties agree not to use any such statements in any other matter, including any litigation between the parties and other third-parties not a part to this engagement letter. Unless otherwise agreed, the parties agree that no depositions shall proceed in connection with the arbitration and that only requests for the production of documents shall be used as a discovery device in the arbitration. Moreover, unless otherwise agreed, the parties agree that an arbitration of the dispute shall take place no later than six (6) months after service of a demand for arbitration on the other party.

We appreciate the opportunity to be of service to your company and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. Please note that you are affirming to Cook & Company CPAs + Wealth Management, LLC your understanding of, and agreement to, the terms and conditions of this letter along with the Legalese and Disclosures outlined on our website by any one of the following actions: returning your signed engagement letter to our firm, returning your income tax information to us for use in the preparation of your returns, the submission of the tax returns we have prepared for you to the taxing authorities, or payment of any portion of our return preparation fees.