

**Engagement Letter for the Preparation of  
2024 Exempt Organization Tax Returns**

Dear Client;

Thank you for selecting my firm to assist you in preparing your exempt organization tax return. This letter confirms the terms of our engagement and the nature, timing and limitations of the services I will provide. You received this letter because I understand that you are the person responsible for the tax matters of the organization.

I will prepare your 2024 Federal and State Exempt organization returns from the information you furnished. I will perform limited analysis of your accounts, as I deem necessary in my professional judgment, solely for purposes of preparing your tax returns. I may propose adjusting journal entries to your accounts. My analysis cannot be relied upon to discover defalcations or irregularities; however, I will inform you if I do discover such defalcations or irregularities.

Management is responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of the financial records. **Because you have final responsibility for the tax returns, you should review them carefully before signing them.**

The filing deadline for the tax returns is the 15<sup>th</sup> day of the fifth month following your year end. In order to meet this filing deadline, the information needed to complete the returns should be received in this office at least 45 days prior to this date. Late filed returns can result in SEVERE penalties. If an extension of time to file is required, I will use the information available at the time to prepare the extension. **An extension provides you with an automatic six (6) month period of time to file (through the 15<sup>th</sup> day of the eleventh month following your year-end); it does extend the time to pay any taxes owing. Taxes paid & returns filed late will result in interest and substantial penalties.**

You are responsible for reporting foreign activities. By signing, you acknowledge that you will inform me of any income from foreign sources, signatory authority over any foreign accounts, or of any foreign transactions with a related entity. If you are unsure whether income or an account is foreign, please call me. **Note, penalties for failure to report foreign activities are severe.**

Note, California's passage of Senate Bill AB 5 (effective 1/1/2020) makes the presumption most workers are employees, not independent contractors. Misclassifying workers can result in substantial payroll tax, worker's compensation insurance, and general business liability insurance costs; pension liability issues; and **SEVERE** penalties. If you have independent contractors, make sure you are classifying them properly under the new law. Seek advice from legal counsel, preferably a labor law attorney. **We accept no responsibility for misclassified workers.**

**► SIGNATURE REQUIRED ON PAGE 2 (OVER)**

The IRS is increasing its efforts to make sure taxpayers are properly reporting **virtual currency** transactions. If you own, accept, or use virtual currencies please let us know so we can report them properly on your returns.

Your returns may be selected for review by taxing authorities. In the event of such governmental tax examination, I will be available, upon request, to represent you. There will be additional fees for this service.

I generally retain, for seven years, the final work product generated for my clients. After the retention period, the documents are destroyed. I do not keep original documents — they are returned to you after completion of the returns. **It is your responsibility to retain your records for possible future use**, including possible examination by the taxing authorities.

My fees for tax preparation services are based on the amount of time required at my standard billing rates plus out-of-pocket expenses. All invoices are due and payable upon presentation. **Tax returns will not be filed electronically nor paper returns released until fees are paid.**

If this engagement letter correctly expresses your understanding of the nature, scope, and terms of services that I will provide, please sign the enclosed copy of this letter and return it to my office (drop off, email, snail mail, or fax).



**IMPORTANT: WE CANNOT PROCESS OR PREPARE YOUR 2024 TAX RETURN  
UNTIL WE ARE IN RECEIPT OF THIS SIGNED ENGAGEMENT LETTER**



Sincerely,

*Robert L. Borelli*

Robert L. Borelli, Certified Public Accountant

▶ Acknowledged:

**▶ SIGNATURE REQUIRED**

Signature: \_\_\_\_\_

Print Name/Title: \_\_\_\_\_

Name of Entity: \_\_\_\_\_

Date: \_\_\_\_\_

Best Contact Phone #: \_\_\_\_\_ Cell / home / work  
(CIRCLE ONE)

Email Address (Current): \_\_\_\_\_

**PLEASE RETURN YOUR SIGNED ENGAGEMENT LETTER AS SOON AS POSSIBLE.**  
Send to: [info@borellicpa.com](mailto:info@borellicpa.com) or fax to (888)455-2193 or via mail