

Terms and Conditions For Tax Services

In the course of delivering services relating to tax return preparation, tax advisory, and assistance in tax controversy matters, Ayala, Vado & Associates (we or us) applies customary practices intended to provide these services in a cost effective manner. This document describes certain of these customary practices, as well as other standard terms, conditions, and limitations relating to our provision of tax services. Except to the extent we expressly agree in a written instrument signed by our authorized representative that specifically refers to the engagement covered by this Engagement Letter, all services that we provide to any client or third party (you) relating to tax return preparation, tax consultation and advice, representation in any tax controversy matter, or any other federal, state, local, or foreign tax matter, are subject to the following terms, conditions, and limitations (these Terms). References to the "Engagement Letter" mean the letter or other document describing the scope of our services and the associated fee arrangement to which these Terms are attached. References to the "Code" mean the Internal Revenue Code of 1986, as amended.

1. Terms Regarding Tax Return Preparation

1.1 Scope of Return Preparation Services.

Our services in preparing your tax returns are limited to tax return preparation, and our preparation of a return should not be viewed as assurance that any particular reported position is correct. If we become aware of a return position for which we believe a penalty under the Code is likely to apply, we will bring that position to your attention. If you would like us to advise you concerning any specific matter on your tax return, please contact us to discuss expanding the scope of our services. Any Tax Advice rendered in connection with the preparation of any tax return is subject to the provisions described under "Terms Regarding Tax Advice" below.

1.2 Reliance on Information.

We will rely on the financial statements or other financial information that you provide. We will not investigate or verify any facts underlying the transactions reported on your tax return. If the actual facts differ from the facts represented to or understood by us, or if there are related facts of which we are not aware, the reporting of the transactions could be

materially different than that reported on the returns prepared by us.

1.3 Our and Your Respective Responsibility for Accuracy.

We will exercise due professional care and judgment to include all required information in your tax returns. The Code provides that by signing your returns, you are verifying that they are true, correct and complete. Accordingly, you should review each tax return carefully before signing it, and bring any questionable items or omissions to our attention.

1.4 Jurisdictions for Returns.

We will prepare tax returns for those federal, state, and local jurisdictions requested by you in writing. We will advise you if we believe, based on the information that you provide us, that a tax return should be filed in any other jurisdiction, but we will not prepare any such tax return without your approval of the expansion of our scope of services.

1.5 Level of Assurance and Return Disclosures.

The Code prohibits tax preparers from signing any tax return known to report any position (i) that is not supported by "substantial authority" unless certain disclosures are made concerning the position or (ii) attributable to certain "tax shelters" that the preparer does not reasonably believe is more likely than not correct. Because of the limited scope of analysis in evaluating a reporting position, a conclusion that disclosure is not required to enable us to sign a return may not be sufficient to avoid the application of tax penalties under the Code. Except as expressly provided in the Engagement Letter, we will not review any reporting position or perform any tax research for the purpose of either (i) determining whether a position can be reported without disclosure or (ii) determining whether tax penalties may apply. If you wish to report a position without disclosure on the return, or if you are concerned the scope of our services to include rendering Tax Advice intended to address your concerns.

1.6 Disclosure of Reportable Transactions.

The Code and certain state laws require that you disclose on your tax return certain "reportable transactions" or "listed transactions." There are significant financial penalties for failure to disclose these transactions, and these penalties may apply even if the transaction does not lead to an understatement of tax. Our tax return preparation services do not include any investigation to

evaluate whether there are any reportable transactions that are required to be disclosed on your returns, but we will advise you if we conclude that any such disclosure is required. If you would like us to specifically review any potentially "reportable transaction" or "listed transaction," please contact us to discuss expanding the scope of our services.

2. Terms Regarding Tax Advice

2.1 Limitations on Oral and Email Communication.

We may discuss with you our views regarding the tax treatment of certain items. We may also provide you with tax information in the body of an email. Any advice or information delivered orally or in the body of an email (as opposed to a memorandum delivered as an email attachment) will be based upon limited tax research and limited discussion and analysis of the underlying facts. Additional research or more complete review of the facts could affect our analysis and conclusions. Because of these limitations and the related risks, it may not be appropriate to proceed with any transaction or any tax return reporting position solely on the basis of any oral or email communication. You accept all responsibility for any loss, cost, or expenses resulting from your decision (i) not to have us perform the research and analysis necessary to reach a more definitive conclusion and (ii) to instead rely on an oral or email communication. The limitation in this paragraph will not apply to an item of written Tax Advice that is delivered to you as a document attached to an email.

2.2 Facts and Assumptions.

Our investigation to confirm or verify any facts described in any letter, memorandum, or opinion addressing the application of tax laws to a particular situation ("Tax Advice") will be limited to the investigation described in the body of the Tax Advice, and we will rely on the assumptions and representations described in the Tax Advice. Any change in or addition to these facts, assumptions, or representations could materially and adversely affect our analysis and conclusions. If you for any reason believe that any facts, assumptions, or representations in any Tax Advice are incorrect or representations could materially and adversely affect our analysis and conclusions. If you for any reason believe that any facts, assumptions, or representations in any Tax Advice are incorrect or incomplete, you must notify us immediately to discuss the impact on our analysis and conclusions. You should

not rely upon any item of Tax Advice that is based on facts, assumptions, or representations that you believe to be incorrect or incomplete.

2.3 Applicable Law.

Unless expressly stated in our Tax Advice, our analysis and conclusions will relate solely to federal income tax consequences under the Code as of the date of our Tax Advice. If you would like us to address tax consequences to you under any other applicable tax law, please contact us to discuss expanding the scope of our services.

2.4 Issues Addressed.

Each item of Tax Advice will be limited to advice concerning the tax issues described in the Tax Advice, and it may not consider all of the issues that may arise in connection with the transaction. Except as expressly stated in an item of Tax Advice, our advice is not an endorsement of any particular transaction structure, nor is it a recommendation that any addressee proceed with the transaction structure described in the Tax Advice.

2.5 Reportable Transactions.

The Code and certain state laws require that you disclose on your tax return certain "reportable transactions" or "listed transactions." There are significant financial penalties for failure to disclose these transactions, and these penalties may apply even if the transaction does not lead to an understatement of tax. We will not review any transaction to determine whether it is a "reportable transaction" or a "listed transaction" except as expressly provided in the Tax Advice. If you would like us to review any transaction to determine whether it is a "reportable transaction" or "listed transaction," please contact us to discuss expanding the scope of our services.

2.6 Level of Assurance for Tax Advice; No Guarantee.

Many areas of tax law are unclear, and the application of the tax law to any particular facts may be subject to more than one interpretation. Our Tax Advice will be based upon our interpretation of applicable law and regulations, and certain case and ruling authority as of the date of the Tax Advice. The level of assurance for any particular item of Tax Advice will depend on the underlying facts, the clarity of applicable law, regulations, rulings, and court cases, and the extent of factual due diligence and tax research performed. The conclusions in our Tax Advice will be based on our good faith belief that they meet the level of assurance stated in

the Tax Advice. Obtaining Tax Advice at a particular level of assurance may in some cases provide a defense to certain tax penalties, but you should not assume that an item of Tax Advice will offer you protection from penalties except as expressly stated in the Tax Advice. Our analysis and conclusions will be based upon our professional judgment; will not be a guarantee of the ultimate tax consequences of the transactions described in the Tax Advice, and will not be binding on the IRS or any tax authority, or any court. If you would like greater certainty regarding the tax treatment of any particular transaction, please contact us to discuss the possibility of obtaining a ruling from the appropriate tax authority.

2.7 Reliance and Distribution.

Each item of Tax Advice is rendered only for the benefit of the named addressee(s), and does not address the tax consequences to any other person or entity that is not an addressee. No person or entity other than the named addressee(s) may rely on the Tax Advice. To avoid confusion regarding matters of reliance, our Tax Advice may not be delivered to any other party unless you advise the recipient of these limitations on reliance. Unless expressly provided in an item of Tax Advice, but subject to the limitation in the preceding sentence, you are free to share the Tax Advice with any third party. You may deliver a copy of any Tax Advice to the IRS or any tax authority for the purpose of demonstrating good faith and reliance on the analysis and conclusions expressed therein. You should be aware that the delivery of any item of Tax Advice to a third party may act as a waiver of any otherwise available claim of privilege. Before delivering an item of Tax Advice to a third party, we recommend that you consult with legal counsel to assess the matters relating to claims of privilege.

3. Terms Applicable to All Tax Services

3.1 Scope of Services.

Our services will be limited to the services specifically described in our Engagement Letter. Services in providing Tax Advice or in preparing a tax return do not include representation in the event of an examination by the IRS or other tax authorities. If you need tax services beyond those specifically described in our Engagement Letter, these additional services would constitute either a separate engagement or an expansion of an existing engagement at an additional cost. Our agreement to provide services for one engagement does not obligate us to accept any other engagement.

3.2 Your Responsibilities.

In order for us to provide effective services, you must cooperate with us and provide us with any information that we request, all on a timely basis. You must cause your employees and contractors to cooperate fully and timely with us. You must designate for us a person authorized to make or obtain all management decisions with respect to our services on a timely basis. We will rely in good faith on all information and management decisions communicated to us by you, your employees, or your contractors, and we will not be responsible for any loss or other obligation arising from our reliance. Any failure to fulfill your responsibilities will be grounds for our suspending or terminating our services.

3.3 Decisions.

While we will provide you with advice concerning tax return reporting and the tax consequences of certain transactions, you will retain all authority and responsibility for any decisions based on our advice.

3.4 Independent Contractor.

For all tax services that we perform, we will be an independent contractor and not your employee, agent, or partner, and we will determine the method, details and means of performing our services. We assume full and sole responsibility for the payment of all compensation and expenses of our employees and for all of their applicable employee withholdings.

3.5 Confidentiality.

We will maintain the confidentiality of your Confidential Information. We may disclose your Confidential Information to our employees and third party contractors as necessary to provide our services, including without limitation the disclosures authorized by paragraph Without limiting the foregoing, we may in certain circumstances disclose your Confidential Information to software vendors for the purpose of obtaining technical support in the course of providing services to you, but it is our policy to require these vendors to maintain the confidentiality of Confidential Information disclosed to them. We may also disclose Confidential Information if required by a court or governmental agency, but we will use commercially reasonable efforts to inform you prior to disclosure. By agreeing to the Engagement Letter, you specifically authorize the disclosures described in this paragraph. To protect your Confidential Information, you agree that you will not disclose any Confidential Information to us

except as we request or as necessary for us to provide our services. In certain circumstances, information that you disclose to us could be the subject of a claim of privilege, but you must generally assert and maintain the privilege claim. You should contact your legal counsel if you have questions concerning the availability of any privilege or how and whether to assert a privilege. We will use reasonable precautions to protect your Confidential Information, but we have no obligation to employ any measures that you do not regularly employ in protecting your Confidential Information. Except as provided in the following sentence, "Confidential Information" means:

- (i) information contained in your internal financial and business records,
- (ii) information reported on your tax returns, and (iii) other information concerning you or your business that is marked "confidential" or otherwise identified as "confidential" in writing at the time of disclosure. Confidential Information does not include information (i) that is or becomes publicly available or generally known to persons in your industry without breach of our obligations under this section, or (ii) received by us after the termination of the Engagement Letter. A majority of our clients choose to communicate with us by email, and we will use email unless a client directs otherwise. Because email is not secure, it may not be an appropriate means for sending certain confidential or sensitive data. If you are concerned about the security of particular information, please contact us to discuss alternative arrangements.

3.6 Engagement of Other Parties.

We may recommend and/or refer various Professionals to you. In performing any tax services, we may engage the services of seasonal preparers, independent contractors, or other third party personnel. By engaging us, you have authorized us to allow employees of Ayala, Vado & Associates and such other third parties access to your files, financial information and other confidential information. Our engagement of any third party does not affect our obligations to you.

3.7 Changes in Law.

Subsequent changes to applicable law or regulations, or the issuance of new case or ruling authority, could

materially and adversely affect the analysis and conclusions in an item of Tax Advice or a position reported on return. Neither the delivery of any Tax Advice nor the preparation of a tax return is an undertaking on our part to advise you of any changes in law.

3.8 Possibility of Litigation.

If the IRS or another tax authority adopts a position contrary to any analysis or conclusions in our Tax Advice or to any position reported on a tax return, it might be necessary to pursue administrative appeals or litigation. Decisions of whether and how to pursue administrative appeals or litigation may be based on considerations of cost, publicity, and other matters unrelated to the technical merits of a tax position. In some cases, taxpayers elect not to pursue appeals or litigation even though a reported position may ultimately be sustained on appeal or in litigation.

3.9 Disclaimer of Legal and Investment Advice.

Our services under the Engagement Letter and these Terms do not constitute legal or investment advice. We recommend that you retain competent legal counsel and investment advisers.

3.10 Warranty and Limitation.

We warrant that our services will be performed with reasonable care in a diligent and competent manner. THIS WARRANTY IS OUR ONLY WARRANTY CONCERNING OUR SERVICES, AND IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES AND REPRESENTATIONS, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE, ALL OF WHICH ARE HEREBY DISCLAIMED.

3.11 Documents and Files.

We may, or may not, retain the original documents in connection with the performance of our services. If we have retained such original documents, we will, upon your written request, return to you the original documents. We may retain copies of these documents for our files.

3.12 Work Product.

We will deliver to you the items expressly enumerated in the Engagement Letter. All our work product and files will remain our property, and we retain all copyrights and intellectual property with respect to our work product. We, in our sole discretion, may provide you with access to or copies of our files, but you will be

obligated to pay all costs associated with such access or copies.

3.13 Document Production and Testimony.

If we are requested or authorized by you, or if we are required by government regulation, subpoena or other legal process, to produce any documents or files, or to make our personnel available as witnesses with respect to this engagement, you will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the reasonable fees and expenses of our counsel, incurred in responding to such requests.

3.14 Record Retention.

Federal tax law requires us to retain either copies of tax returns we prepare or specified information relating to those returns, as well as certain other documents related to our tax services for varying time periods. Our current policy (which we may revise at any time and in our sole discretion) is to retain copies of tax returns and certain related workpapers for seven years after the return is filed, subject to casualties beyond our control. We provide our clients with a file copy of each federal income tax return for which we are a signing preparer, and we recommend that you retain this copy for at least seven years. Although taxpayers are not required to retain their tax records for longer than our seven-year recommendation, there are situations in which tax returns older than seven years may contain information useful in future tax planning. For example, prior year returns may contain information relating to the basis of assets for gain/loss calculations, and corporations may use tax return information in calculating "earnings and profits" for corporate tax planning. We recommend that taxpayers consider maintaining separate accounting records or workpapers with this information. If you would like us to assist you in developing these separate records, please call us to discuss the scope of such a project. It may also be advisable to retain accounting or tax records for longer than seven years for reasons unrelated to taxes. Decisions regarding document retention may involve a variety of legal considerations (e.g., statutes of limitations, rules of evidence), so you may wish to consult your legal counsel to address these legal considerations.

3.15 Conflicting Engagements.

If we at any time determine in our sole discretion that a conflict of interest exists that prevents us from providing

our services in accordance with applicable ethical rules, we will notify you of the conflict and may withdraw from representing you to the extent that such withdrawal is required or permitted by applicable ethical rules.

4. General Business Terms

4.1 Requests for Services.

In responding to requests for services made by your officers, managers, employees, or agents, we will presume that all requests have been authorized by your internal procedures. If you wish to limit the individuals who can request services, you must notify us of any limitations in writing.

4.2 Billing.

Our fees and expenses will be billed on a regular basis. Each invoice is payable upon receipt of the invoice. If you believe that any invoice is incorrect or if you wish to dispute any invoice, you must notify us in writing within 60 days of your receipt of the invoice. We reserve the right to charge interest on any invoice that is not paid within 30 days of the invoice date.

4.3 Uncontrollable Delays.

The time for performance of any of your or our obligations (other than the obligation to pay money due) will be extended for a reasonable time in the event of causes beyond your or our reasonable control, including without limitation acts of God, war, acts of government, fire, flood, strike or labor problems, sabotage, and delays in obtaining labor, materials, equipment, or transportation.

4.4 Suspension of Services.

If you fail to pay any invoice when due, we reserve the right to suspend the performance of services until your account is paid in full or you have made other payment arrangements satisfactory to us. Our suspension of services will not affect your obligations to us under the Engagement Letter or these Terms.

4.5 Termination.

You may terminate the Engagement Letter at any time by written notice to us. Subject to any restrictions imposed by applicable ethical rules, we may terminate the Engagement Letter at any time upon written notice to you. Termination for any reason will not affect your obligation to pay us for fees and expenses incurred prior to termination or in transferring files to and otherwise cooperating with any successor tax preparer or tax advisor. If you terminate any Engagement Letter after we have commenced performing services under a fixed

fee arrangement, you will be obligated to pay us the entire fixed fee upon termination.

4.6 Survival of Provisions.

All provisions of these Terms will survive the termination or cancellation of the Engagement Letter, except that (i) we will not have any obligation to provide services after termination and (ii) except as provided in paragraphs 3.12, 3.13 and 4.5, you will not have any obligation to pay us for any services that we perform after termination.

4.7 Entire Agreement; Interpretation.

These Terms and the Engagement Letter represent our entire agreement and understanding concerning the engagement described in the Engagement Letter, and they supersede all prior and contemporaneous agreements. All Terms and the Engagement Letter must be construed according to their fair meaning and not strictly for or against any party.

4.8 Amendments, Waivers and Consents.

Neither these Terms nor the Engagement Letter may be amended except by our mutual written agreement. No waiver of any breach of these Terms or the Engagement Letter will be effective unless the waiver is in writing and signed by the party against whom the waiver will be enforced. No waiver of anyone breach will be deemed a waiver of any other or subsequent breach.

4.9 Assignment; No Third Party Beneficiaries.

You may not assign the Engagement Letter or these Terms to any other party without our prior written consent, except that you may assign the Engagement Letter and these Terms to any party that acquires substantially all of your assets and goodwill. These Terms and the Engagement Letter will be binding on our and your respective successors and assigns. There are no third party beneficiaries to the Engagement Letter or to these Terms except as expressly provided in the Engagement Letter.

4.10 Governing Law.

The Engagement Letter (including these terms, conditions, and limitations) and any dispute or claim arising out of or relating thereto will be governed by and construed in accordance with the laws of the state in which the Ayala, Vado & Associates office providing the services is located without regard to provisions governing conflicts of laws. All litigation or other legal proceedings will be brought in the state or federal courts

located in that state. The parties agree to this choice of law, jurisdiction and venue, and waive any defense of an inconvenient forum. To the extent that may be allowed by law, the parties also waive trial by jury and agree that any dispute or claim should be resolved by a judge without a jury.

4.11 Fee Disputes.

You and Ayala, Vado & Associates both agree that any dispute over fees charged by us to you will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association (or other association). Such arbitration shall be binding and final. The arbitration shall take place at the location closest to the Ayala, Vado & Associates office providing the services. Any award rendered by the Arbitrator pursuant to this Agreement may be filed and entered and shall be enforceable in the Superior Court of the County in which the arbitration proceeds. 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.

4.12 Newsletters and Similar Communications.

We may from time to time send newsletters, mails, explanations of tax law developments, or similar communications to selected clients, former clients, or other interested parties. These communications are of a general nature and are not definitive advice. We do not send all such communications to all clients, former clients, or interested parties. These newsletters do not establish or continue a client relationship with any person, and they do not constitute an undertaking on our part to monitor tax or other issues for you or for any other parties.

5. Liability and Dispute Resolution

5.1 Indemnification for Breach.

Subject to the provisions of paragraph 5.2, each party will indemnify the other for any loss, liability, or

obligation arising out of or relating to a failure to fulfill its obligations under the Engagement Letter or these Terms.

5.2 Opportunity to Cure and Liability Limitations.

In the event that we fail to meet our obligations under the Engagement Letter or these Terms, including without limitation paragraph 3.10, you must notify us in writing and provide us with the opportunity to re-perform the services. If the services cannot be re-performed, or if re-performance will not cure the breach, then your remedy will be for us to refund our fees relating to these services up to the amount of your direct damages caused by our failure to meet our obligations.

In no event will our aggregate liability for claims, whether in contract, in tort, at law, or in equity, arising out of or relating to our failure to meet our obligations under the Engagement Letter or these Terms exceed the amount of our fees actually paid to us under the Engagement Letter. In no event will we be liable for loss of profits or any consequential, indirect, special, exemplary, or punitive damages.

5.3 Time Limitations on Claims.

No claim or action by either party, regardless of whether the claim is in contract in tort, at law or in equity, arising out of or relating to any matter under the Engagement Letter may be brought by either party (i) more than 24 months after the party first knows or has reason to know that the claim or cause of action has under the Engagement Letter. This paragraph may shorten, but in no event will it extend, any period of limitation on actions otherwise provided by applicable law.

5.4 Savings Clause.

In the event any provision herein violates a tax jurisdiction's Standard of Conduct specifically applicable to a client, as to that client, such provision shall be (i) modified to the extent necessary to be in compliance with that specific standard, or (ii) rendered void if modifying the provision cannot result in compliance with the specifically applicable standard. In the event any portion of Engagement letter, including these Terms and Conditions is found to be void, illegal or unenforceable, all remaining provisions shall remain in full force and effect.

5.5 Effect on Accounting or Attest Services.

The provisions of paragraphs 5.1 and 5.2 will not limit the obligations or liability of Ayala, Vado & Associates

under any separate agreement for the provision of accounting or attest services