

# LIGGETT, MELZER & JOSHI CPAs P.C.

Certified Public Accountants

307 7th Avenue, Suite 1407, New York, NY 10001 | (212) 481-3490

## Standard Terms and Conditions

These Standard Terms and Conditions (“Terms”) apply to and are incorporated into any engagement letter or agreement (the “Agreement”) between Liggett, Melzer & Joshi CPAs P.C. (the “Firm,” “we,” or “us”) and the client identified in the applicable engagement letter (the “Client” or “you”) for the provision of accounting, tax, and advisory services. These Terms, together with the specific engagement letter and any attached fee schedule, set forth the entire understanding between the parties with regard to the engagement.

### Accounting and Tax Advisory Services

We will perform our services in accordance with the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants and U.S. Treasury Department Circular 230. It is the Client’s responsibility to safeguard its assets and maintain accurate records pertaining to transactions. We will not hold Client property in trust for the Client or otherwise accept fiduciary duties in the performance of the engagement.

While we may from time to time suggest options which may be available to the Client, and further give our professional evaluation of these options, the ultimate decision as to which, if any, of these options to implement rests with the Client. Any advice we may provide is based upon reference materials, facts, assumptions, and representations that are subject to change. We will not update our advice after the conclusion of the engagement for subsequent legislative or administrative changes or future judicial interpretations.

Our work in connection with our services does not include any procedures designed to discover defalcations or other irregularities, should any exist. Our services will be prepared solely from information provided to us without verification by us. We will not audit or otherwise verify the data the Client submits to us, although we may ask the Client to clarify certain information. We will use professional judgment in resolving questions where the accounting treatment or tax law is unclear, or where there may be conflicts between the taxing authorities’ interpretation of the law and other supportable positions. Unless otherwise instructed by the Client, we will resolve such questions in the Client’s favor whenever possible. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

### Client Responsibilities

The Client is responsible for maintaining adequate documentation to substantiate the accuracy and completeness of its financial statements and tax returns. The Client should retain all documents that provide evidence and support for reported income, credits, and deductions on its returns, as required under applicable tax laws and regulations. The Client is responsible for the adequacy of all information provided in such documents and represents that it has such documentation and can produce it if necessary to respond to any inquiries from third parties, including tax authorities. The Client agrees to hold the Firm harmless with respect to any additional tax, penalties, interest, and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.

The Client is responsible for informing the Firm of all foreign assets owned directly or indirectly, including but not limited to financial accounts with foreign institutions, other foreign non-account investments, and ownership of any foreign entities, regardless of amount. If, upon review of the information the Client has provided, including information that comes to our attention, we believe that the Client may have additional filing obligations, we will notify the Client. Failure to timely file the required forms may result in substantial civil and/or criminal penalties.

If the Client transacted in digital assets during the tax year, the Client may have tax consequences and/or additional reporting obligations associated with such transactions. The Client agrees to provide complete and accurate information regarding any transactions in, or transactions that have used, digital assets during the applicable tax year. Questions regarding digital assets and/or transactions should be directed to us in writing, and we will respond in writing.

The IRS considers a gift to be any transfer to an individual, either directly or indirectly, where full consideration (measured in money or money's worth) is not received in return. The Client is responsible for informing the Firm if gift tax returns are required to be filed.

The Client agrees to provide all necessary information and documentation sufficiently in advance of filing deadlines to allow for timely completion.

## **Tax Authorities**

The Client's returns may be selected for review by the tax authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such a government tax examination, we will be available upon request to represent the Client and will render additional invoices for the time and expenses incurred. When a tax examination or tax notice results in additional taxes due, interest, and/or penalty, charges resulting therefrom are the responsibility of the taxpayer. The Firm is responsible for penalties resulting from clerical error. In accordance with federal law, in no case will we disclose the Client's tax return information to any location outside the United States, to another tax return preparer outside of our firm for purposes of a second opinion, or to any other third party for any purpose other than to prepare the Client's return, without first receiving the Client's consent.

The Internal Revenue Code and regulations impose preparation and disclosure standards with non-compliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures to the Client and/or in the tax return concerning positions taken on the return that do not meet these standards. Accordingly, we will discuss tax positions that may increase the risk of exposure to penalties and any recommended disclosures with the Client before completing the preparation of the return. If we conclude that we are obligated to disclose a position and the Client refuses to permit the disclosure, we reserve the right to withdraw from the engagement, and the Client agrees to compensate us for our services to the date of withdrawal. Our engagement with the Client will terminate upon our withdrawal. The IRS permits the Client to authorize us to discuss, on a limited basis, aspects of its return for one year after the return's due date. The Client's consent to such a discussion is evidenced by checking a box on the return. Unless the Client instructs us otherwise, we will check that box authorizing the IRS to discuss the return with us.

Pursuant to Circular 230, we are required to advise the Client that any federal tax advice contained in any communication resulting from this engagement is not intended or written to be used, and cannot be used, by the addressee or any taxpayer for the purpose of avoiding

penalties that may be imposed under the Internal Revenue Code, or for promoting, marketing, or recommending to another party any plan or arrangement addressed in the communication.

Any difference between the amount of tax computed for purposes of an extension and the final tax return may result in inadequate estimated tax payments and penalties and interest applied to the balance due. Any such penalties and interest are the responsibility of the taxpayer. There is no way to ensure there will be no underpayment penalties for complex tax returns other than deliberate overpayment.

## **Method of Communications**

In the interest of facilitating our services to the Client, we may send data over the Internet, temporarily store electronic data via computer software applications hosted remotely on the Internet, or utilize cloud-based storage. The Client's confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with our obligations under applicable laws, regulations, and professional standards.

The Client recognizes and accepts that we have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted, or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us. The Client consents to our use of these electronic devices and applications during the engagement.

We will retain Client records for seven (7) years, after which they may be destroyed. Original documents remain the property of the Client, who should retain them for its records.

## **Third Party Service Providers or Subcontractors**

In the interest of enhancing our availability to meet the Client's professional service needs while maintaining service quality and timeliness, we may use a third-party service provider to assist us in the provision of services to the Client, which may include receipt of the Client's confidential information. Any such provider has established procedures and controls designed to protect client confidentiality and maintain data security. As the paid provider of professional services, our firm remains responsible for exercising reasonable care in providing such services, and our work product will be subject to our firm's customary quality control procedures.

By accepting the terms of the engagement, the Client provides its consent and authorization to disclose its confidential information to a third-party service provider, if such disclosure is necessary to deliver professional service or provide support services to our firm.

## **Disclaimer of Legal and Investment Advice**

Our services under the Agreement do not constitute legal or investment advice unless specifically agreed to in the engagement objective and scope section of the applicable engagement letter. We recommend that the Client retain legal counsel and investment advisors to provide such advice.

## **Referrals**

While providing services to the Client, the Client may request referrals to attorneys, brokers, investment advisors, or other professionals. We may identify professionals for the Client's consideration; however, the Client is responsible for evaluating, selecting, and retaining any such professional and determining whether the professional can meet its needs. The Client agrees that we have no responsibility for, and will not oversee, the activities of any professional to whom we refer the Client.

## **Record Retention**

It is the Client's responsibility to retain its original records. Our firm policy is to retain engagement files and workpapers for a period of seven (7) years following the date of our report or the applicable tax year-end, after which time files may be destroyed without further notice. Clients may request copies of records during this period, subject to payment of reasonable retrieval and copying fees. Original client-provided records remain the property of the Client and will be returned upon completion of our services.

## **Dispute Resolution and Indemnification**

If any dispute, controversy, or claim arises in connection with the performance or breach of the Agreement and cannot be resolved by facilitated negotiations (or the parties agree to waive that process), then such dispute, controversy, or claim shall be settled by arbitration administered by the American Arbitration Association ("AAA") under its then-current Arbitration Rules for Professional Accounting and Related Disputes (the "Rules"). There shall be no pre-hearing discovery other than as may be ordered by the arbitrator. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitration shall be held in the City of New York, State of New York. The arbitrator shall have no authority to award non-monetary or equitable relief, and any monetary award shall not include punitive damages. The confidentiality provisions applicable to facilitated negotiation shall also apply to arbitration. All reasonable costs of both parties, as determined by the arbitrator — including (1) the costs, including reasonable attorneys' fees, of the arbitration; (2) the fees and expenses of the AAA and arbitrator; and (3) the costs, including reasonable attorneys' fees, necessary to confirm the award in court — shall be borne entirely by the non-prevailing party (as designated by the arbitrator in the award) and may not be allocated between the parties by the arbitrator.

The Client agrees to indemnify and hold the Firm harmless against any actions, claims, liabilities, or judgments for actual and/or punitive damages to any third party arising from or resulting from any knowing misrepresentation, willful misconduct, or fraudulent behavior by the Client or any of the Client's personnel. The Client further agrees not to seek recovery for, and to hold the Firm harmless against, any claim for actual and/or punitive damages suffered by the Client that arises from or results from any knowing misrepresentation, willful misconduct, or fraudulent behavior by the Client or any of its personnel. The Client also agrees that in no event shall the Client be entitled to recover punitive damages in any action, arbitration, or other claim against the Firm.

In recognition of the relative risks and benefits of the Agreement to both the Client and the Firm, the Client agrees, to the fullest extent permitted by law, to limit the liability of the Firm to the Client for any and all claims, losses, costs, and damages of any nature whatsoever, so that the total aggregate liability of the Firm to the Client shall not exceed one (1) times the Firm's total fee for services rendered under the Agreement. The Client and the Firm intend and agree that this limitation applies to all liability or causes of action against the Firm, however alleged or arising, unless otherwise prohibited by law.

The provisions regarding limitation of liability, confidentiality, indemnification, and dispute resolution shall survive termination of the Agreement.

## **Compensation**

Fees for services will be based upon the Firm's standard hourly rates, which generally range from \$150 (USD) per hour for staff accountants to \$450 (USD) per hour for directors (i.e., partners), plus any significant out-of-pocket costs, unless otherwise specified in an attached fee schedule (Exhibit A) to the applicable engagement letter.

Based upon the scope of services, the Firm may invoice the Client a retainer fee of up to 40% of the estimated fees prior to beginning services.

Unless separately stated, any estimated annual fee schedule assumes each Federal return will be filed with no more than one (1) State income tax filing. For individual tax returns, we charge \$250 per additional State income tax return. For business tax returns, we charge \$550 per additional State income tax return.

We charge \$350 per Sales Tax filing and a minimum base fee of \$150 for Form 1099 processing for the first ten (10) Form 1099s filed. Each additional Form 1099 is \$10.

Invoices are due upon presentation. Each engagement includes only those services specifically described in the applicable engagement letter. Costs and time spent on legal matters or proceedings arising from the engagement, such as subpoenas, testimony, or consultation involving private litigation, arbitration, or government regulatory inquiries under the Private Securities Litigation Reform Act of 1995, will be billed separately. Fees for third-party expenses (e.g., software licenses, mailing) may be charged as incurred. Billings are delinquent if not paid within thirty (30) days of the invoice date. If billings are past due more than sixty (60) days, the Firm will stop all work until the account is brought current or withdraw from the engagement.

## **Term and Termination**

Each engagement is a perpetual agreement unless a new engagement letter is agreed upon. Subsequently, the parties may agree to an increase or decrease in estimated fees; however, all other terms related to the services provided will remain in effect. Either party may terminate the engagement at any time upon written notice. In the event of termination, the Client will be responsible for compensation for all services rendered and expenses incurred up to the date of termination.

Please date and execute the applicable engagement letter and return it to the Firm to acknowledge acceptance of these Terms. If the Firm does not receive a signed original of the engagement letter but receives documentation for the Firm to prepare the Client's accounting and tax returns, such receipt shall be deemed to evidence the Client's acceptance of the terms set forth herein.