



Morling & Company

We Maximize Your Financial Well-Being

Financial, Tax and Business Consulting Services

7049 Redwood Boulevard, Suite 205

Novato, CA 94945

Phone: 415-956-9500

Fax: 415-956-1856

Company Name and Key Executives	Date		
	Company Name	Industry	Year Started
	1 Name (First, Middle, Last)	Title	Percent of Ownership
	2 Name (First, Middle, Last)	Title	Percent of Ownership
	3 Name (First, Middle, Last)	Title	Percent of Ownership
	4 Name (First, Middle, Last)	Title	Percent of Ownership

Company Address	Street Address		
	City	State	Zip Code
	Mailing Address (if different)		
	City	State	Zip Code

Company Contact Information	1 Contact Name	Phone Number	Email Address
	2 Contact Name	Phone Number	Email Address
	3 Contact Name	Phone Number	Email Address
	4 Contact Name	Phone Number	Email Address
	Fax Number	Website URL	

To clarify our understanding of your needs and our responsibility to your Company, please indicate which services you require our assistance with. This information is necessary for a successful outcome.

Yes No

1. Income Tax Returns & Quarterly Estimated Tax & Annual payroll related tax returns (if applicable)

2. Quarterly Sales Tax Returns

3. Annual Forms (i.e. Form 1099)

4. Annual Business License & Gross Revenue Calculations

5. Local Tax & Miscellaneous (if applicable)

6. Countrywide Business Property statements

7. Workers' Compensation Payroll Reports to insurance carriers

8. Year-End Payroll Adjustments, e.g., "Personal Use of Company Auto"

9. Business type?	Sole Proprietorship	Partnership	Limited Liability Company (LLC)
	S-Corporation	C-Corporation	
	Other: _____		

10. Purpose of Business: _____

11. Please list any issues important to you or issues you would like to discuss in more detail.



Business Engagement Agreement

This Engagement Agreement confirms the services you have asked our firm to perform and the terms under which we have agreed to perform those services. We are asking for your signature on this engagement agreement because our Errors and Omissions insurance carrier requires a signed engagement agreement prior to Morling & Company rendering any services. Please read this letter carefully because it is important to both our firm, and you, that you have a complete understanding of the nature and extent of the services we agree to perform, your responsibilities, and our fee arrangements. If you have any questions regarding this letter or believe we have misunderstood what you need, please call to discuss before signing this engagement agreement.

1. Scope of Service - Business Advisory & Financial Services

1.1. We are available to work closely with you and your business to provide a full range of services, which may include:

- Business Start-Up Planning
- Financing Alternatives
- Financial Reporting
- Buy-Sell Analysis
- Strategic Planning including exit strategies
- Payroll and Pension Planning
- Formal Business Plans
- QuickBooks™ & Quicken™ Accounting Services
- Financial Implications of Contracts
- Executive Compensation
- Tax Planning for Closely Held Businesses
- Audit Representation before the Internal Revenue, Service, Franchise Tax Board, State Board of Equalization, Employment Development Department and other agencies
- Business Consultations in a variety of other areas

1.2. Morling & Company is not a licensed CPA firm and as such does not issue formal financial statements under generally accepted accounting principles. We do not perform auditing or financial statement reviews utilizing generally accepted auditing standards.

2. Scope of Service - Tax Advisory & Financial Counseling Services

2.1. We are available to answer your inquiries on specific tax and financial matters and to consult with or assist you on business financial planning matters, including planning to minimize income taxes, preparing income tax projections, and engaging in research in connection with such matters. In any counseling with you regarding investments, business financial or tax planning, we may analyze proposed investments in terms of your financial position and goals as well as their tax aspects, but we will offer no recommendations as to the investment quality of any specific investment. Investment advisory services are available through Morling Financial Advisors, LLC, a registered investment advisory firm, under a separate engagement agreement.



Business Engagement Agreement

3. Scope of Service - Income Tax Return Preparation

- 3.1. We are available to prepare your Company's federal and state income tax returns from the information you furnish to us (as well as any other State(s) including, if appropriate, estimated income tax return vouchers). 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. During the normal course of our engagement, we may call to your attention matters that might affect our tax and accounting positions, however, we do not assume responsibility for discovering such items, which might provide the basis for amended returns. We will render accounting and bookkeeping assistance as we find necessary for preparing the income tax returns. We will process your tax returns in-house utilizing a 3rd party computer service.
- 3.2. For the limited purpose of preparing the above-mentioned tax returns, you may have provided us with your monthly QuickBooks files. By your signature below, 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.
- 3.3. We will not be responsible for advising you with respect to independent contractor status as part of our services. If you have any questions regarding the classification of employees versus independent contractors, we strongly encourage you to consult with legal counsel experienced in employment practice matters.
- 3.4. Management is responsible for the design, implementation, and administration of applicable policies that may be required under the Affordable Care Act. As Morling & Company is 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.
- 3.5. By signing this agreement, you authorize Morling & Company to execute the Online Account View Access Authorization on the Franchise Tax Board's website. You understand that Morling & Company will have view-only access to all the tax year information available on the FTB's website that is associated with you. This authorization remains in effect until you revoke it in writing.

4. Foreign Accounts & Business Interests

- 4.1. 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 a value exceeding \$10,000 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.



Business Engagement Agreement

- 4.2. If you and/or your entity have a financial interest in, or signature authority over, any foreign accounts, you are responsible for providing our firm with all the information necessary to prepare the Report of Foreign Bank and Financial Accounts (FBAR) required by the U.S. Department of the Treasury in order for the FBAR to be received by the Department on or before April 15th of each tax year. However, an extension can be requested for a maximum period of 6 months ending on October 15th of each tax year. Therefore, you will need to provide us with the necessary information if you would like us to request an extension on your behalf.
- 4.3. The electronic filing of FBAR reports is mandatory using the Bank Secrecy Act (BSA) e-filing system for the Financial Crimes Enforcement Network (FinCEN). If you would like our firm to submit your electronic FBAR on your behalf, we must receive a signed consent form (FinCEN Form 114a) from you prior to submitting the foreign reporting form. If you do not provide our firm with information regarding any interest you may have in a foreign account, or if we do not receive your signed authorization to file your foreign reporting forms, we will not be able to prepare and file any of the required disclosure statements.
- 4.4. In addition, the Internal Revenue Service also requires information reporting under applicable Internal Revenue Code 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 fall into one of the below categories, or if you have any direct or indirect foreign interests, you may be required to file applicable IRS forms.
 - 4.4.1. (Form 8938) You are an individual or entity with ownership of foreign financial assets and meet the specified criteria;
 - 4.4.2. (Form 5471) You are an officer, director or shareholder with respect to certain foreign corporations;
 - 4.4.3. (Form 5472) You are a foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business;
 - 4.4.4. (Form 926) You are a U.S. transferor of property to a foreign corporation;
 - 4.4.5. (Forms 3520 and 3520-A) You are a U.S. person with an interest in a foreign trust or;
 - 4.4.6. (Form 8865) You are a U.S. person with interests in a foreign partnership.
- 4.5. Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the Internal Revenue Service may result in substantial monetary penalties.
- 4.6. By your signature below, you accept responsibility for informing us if you believe that you may have foreign reporting requirements with the U.S. Department of the Treasury and/or Internal Revenue Service and you agree to timely provide us with the information necessary to prepare the appropriate form(s). We assume no liability for penalties associated with the failure to file, or untimely filing, of any of these forms.



Business Engagement Agreement

5. Client's Responsibilities

- 5.1. You will be responsible for the accuracy and completeness of the information you furnish us to prepare your returns. We will not be responsible to respond to tax authority notifications or perform other work unless you specifically request our services. We will not audit or otherwise verify the data you submit. Your signature on this engagement agreement confirms to us that you acknowledge having the necessary receipts, logs, or other records to support all of your deductions including travel, meals and entertainment and charity donations. You will be required to produce those records should you be audited by a taxing authority, plus we may ask you for clarification of some of the information, or to furnish written or verbal assurance, that records or other evidence exists to substantiate certain deductions. If additional information is required, we may ask that you sign a Power of Attorney, giving Morling & Company limited authorization to request information from the IRS or other tax agencies.

6. Record Retention

- 6.1. Retention of the necessary documents which support data given to us is your responsibility. The personal information we retain is stored in a secure space and on secure computers. We take our obligation to protect your privacy very seriously and value your trust. It is our policy to keep records related to this engagement for six (6) years for active clients and three (3) years for inactive clients. However, Morling & Company does not keep any original client records. We will return to you all documentation 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 agency. Your signature on this engagement agreement states that you acknowledge and agree that upon the expiration of the six (6) year period, three (3) years for ex-clients, Morling & Company shall be free to destroy any records related to this engagement without notifying you. When your personal information is no longer needed, it is shredded, erased, or destroyed before being recycled.

7. Travel & Entertainment Expenses

- 7.1. By your signature below, 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.



Business Engagement Agreement

8. Understatement of Tax Liability

- 8.1. We will use our professional judgment in preparing your returns. 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 to you for any damages that occur as a result of ceasing to render services.
- 8.2. The law provides for a penalty to be imposed where taxpayers make a substantial understatement of their tax liability. For taxpayers, a substantial understatement exists when the understatement for the year exceeds the greater of (i) 10 percent of the tax required to be shown on the return for the taxable year (or, if greater, \$10,000 or (ii) \$10,000,000. The penalty is 20 percent of the tax underpayment. Taxpayers 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. You agree to advise us if you wish disclosure to be made in your returns or if you desire us to identify or perform further research with respect to any material tax issues for the purposes of ascertaining whether, in our opinion, there is "substantial authority" for the position proposed to be taken on such issues in your returns.

9. Tax Returns Selected for Review by Taxing Authorities

- 9.1. All returns are subject to review by the taxing authorities. Any items resolved against you by the examining agent are subject to certain rights of appeal. In the event of such a tax examination, we are available to represent or assist you. Such additional services are not included in our fee for preparation of returns. A \$4,000 non-refundable retainer is required prior to undertaking your audit defense.

10. Conflict of Interest

- 10.1. In the event your Company is owned by you and your spouse, and a dispute arises such that we cannot perform the work we have undertaken to perform, it will be necessary for us to withdraw as your professional advisor on those disputed matters and to advise one or both of you to obtain independent advice. If you have differences of opinion as to the proper course of action, we will point out the pros and cons of the alternatives, but we cannot advocate for either of your positions.
- 10.2. Rules of professional conduct require that we not withhold information from either spouse.

11. Fees & Billings: General & Fees-Retainers & Fees-Change in Circumstances

- 11.1. The fees for our services are based on the amount of time required to complete the engagement, which may include, but are not limited to:



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- 11.1.1. Planning
- 11.1.2. All Communications
- 11.1.3. Research
- 11.1.4. Meetings
- 11.1.5. Third-party inquiries
- 11.1.6. Collection matters
- 11.1.7. Documentation
- 11.1.8. Correspondence (including emails)

11.2. We will bill you at our standard billing rates, plus additional charges for computer processing services, administrative services, and any other out-of-pocket costs. Out-of-pocket costs include, but are not limited to, items such as travel expenses and service bureau charges. Our hourly rates vary and are determined according to the degree of complexity, the responsibility involved, and the experience required to complete the engagement. In future years, our hourly rates may increase due to various circumstances; however, we will notify you in advance if our rates increase in excess of 10% per annum, compounded. We reserve the right to ask for a retainer prior to rendering services. There will be additional charges for clients whose data arrives just prior to a due date forcing Morling & Company to incur overtime costs with our staff.

11.3. All fees are due upon the completion of work on a "cash on delivery" basis. If we perform other work and agree to bill you on account, generally we will provide you with an invoice for our fees and costs incurred on a monthly basis. You agree to pay each invoice upon receipt, and we must receive payment within 30 days after the date of our invoice. Late fees in the amount of 1-1/2% per month on the unpaid balance shall be assessed after 30 days of the invoice date.

12. Stop Work Clause

12.1. If our invoices remain unpaid 60 days after the invoice date, at our election, we will stop all work until your account is brought current, or we will withdraw from this engagement. Your signature acknowledges and agrees that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this engagement because of your failure to pay on a timely basis for services rendered as required by this engagement agreement, we shall not be liable to you for any damages that occur because of our ceasing to render services.

13. Professional Service Referrals

13.1. From time to time if requested, we may accommodate our clients by providing referrals to unrelated service providers. Please be aware that we take no responsibility for the quality of the service provided by them and we make no warranties on their work.



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14. Attorney Client Privilege

- 14.1. 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.
- 14.2. 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.
- 14.3. 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.

15. Policies Pertaining to the Privacy of Your Information

- 15.1. If you are like most Americans, privacy is a big concern to you. We want you to know that Morling & Company shares this concern. During the rendering of services (preparation of your tax return/financial plan) your personal information may be shared with the employees of Morling & Company. This might include information on applications, worksheets, tax organizers, or other documents we use in preparing your taxes or financial plan. It also may include information we receive directly from third parties such as brokerage houses and banks regarding your accounts and information about your transactions with us, or our affiliates. Protecting your privacy is important to us and your personal information is only shared with those employees with whom it is necessary to perform the services for which we were engaged. State and Federal laws and the standards of our profession, pledge us to keep your information confidential unless we are required by a legal authority to divulge the information.
- 15.2. 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, including password protecting tax returns and other confidential documents. 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 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.



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15.3. In order to complete your tax return or provide personal financial advice, it may be necessary for us to share your information with our affiliate, Morling Financial Advisors, LLC, or other persons/entities with whom we have a service relationship. We will notify you in advance before this information can be shared with parties outside of Morling & Company and Morling Financial Advisors, LLC. Morling Financial Advisors, LLC also shares our privacy policy and commitment to your protection.

16. Outsourcing of Select Information

16.1. Unless you indicate otherwise, our firm may transmit confidential information that you provided to third parties within the United States in order to facilitate delivering our services to you. For example, such transmissions might include, but not be limited to tax return electronic service providers. We have secured confidentiality agreements with all our service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the work provided by any third-party service providers used under this agreement. By your signature below, you consent to have confidential information transmitted to entities outside the firm. Please feel free to inquire if you would like additional information regarding the transmission of your confidential information.

17. Disputes - Services

17.1. In the event of any dispute arising out of our work for you (excluding disputes over our fees and/or your payment of same), the parties agree to try in good faith to resolve the dispute through mediation by selecting a neutral third party provided by the American Arbitration Association in San Francisco, California, to help us reach an agreement. If we are unable to resolve our differences through mediation, then both parties hereby agree in advance to submit those differences to mandatory, binding, final and non-appealable arbitration in accordance with the rules of the American Arbitration Association in San Francisco, California.

17.2. In agreeing to first mediate, then to arbitrate, you hereby acknowledge that both parties willingly give up the right to have the dispute decided in a court of law before a judge or jury, as well as the right to appeal that outcome, and instead are accepting the use of mediation, as necessary, followed by binding arbitration to ensure cost-effective and timely resolution of all disputes, which are subject to these provisions.

17.3. All third party charges for mediating or arbitrating our differences shall be borne in equal shares by both parties, except that said charges shall be an element of the dispute, allocable as the parties agree in the case of a mediated result or as the arbitrator determines if arbitration is required.

18. Disputes - Fees

18.1. Fee disputes between both parties shall be subject to voluntary mediation and voluntary arbitration only. Either party may, at its election, decline to submit a fee dispute to mediation and/or arbitration, in which event, either party shall be free to litigate the matter in a court of appropriate jurisdiction.

18.2. In any dispute arising out of this agreement, including any fee dispute, both parties shall bear their own legal fees and associated costs, including their own expert's charges, regardless of whether the dispute is mediated, arbitrated, litigated, or subject to some other form of dispute resolution mechanism.



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We appreciate the opportunity to be of service to you and believe this agreement accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this agreement, please sign the enclosed copy and return it to us. This engagement agreement will continue in effect until canceled in writing by either party.

Sincerely yours,

A handwritten signature in blue ink that reads "Morling : Company" with a flourish underneath.

Morling & Company
A Financial Services Firm



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Business Engagement Agreement

if the information auto-populated is incorrect, do not change it here as that will change the information on the first page of the questionnaire. Instead, enter the correct information in the text box on the next page

Company Name

Printed Name

Title

Street Address

City

State

Zip Code

Email

Phone

Referred By

Signature

Date



Business Engagement Agreement

Our policy regarding an initial meeting or phone conferences:

- The first half-hour of in-person meeting or phone conference time is complimentary.
- Should you find the discussion compelling, we “start the clock”; BUT, after the meeting, should you decide not to engage, there will be no obligation to pay.
- However, should you decide to engage at a later date, then, you agree to bring current the initial billing.

The way we work best for our clients or prospective clients is we try to discern a prospective client’s immediate issues at hand and offer some “take away” to-dos immediately. Our experience is the best way to gauge whether there’s a fit is by judging how we are formulating your solutions (instead of us doing a promo of ourselves). We feel a prospective client’s time is also valuable and we try to provide value even if the meeting turns out to be introductory.

If you have any questions or comments about this policy, please indicate them below:



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To clarify our understanding of your needs and our responsibility to your Company, please indicate which services for which you require our assistance:

Yes

No

Quarterly and annual payroll tax returns

Quarterly sales tax returns

Annual forms (i.e. Form 1099 due January 31)

Annual business license & gross revenue calculations

San Francisco payroll tax (if applicable)

Countywide business property statements

Workers' compensation payroll reports to insurance carriers

Year-end payroll adjustments, e.g., "Personal Use of Company Auto"

Other – Please describe below:

Please note that in the areas of payroll or sales and use tax preparation, we will not be responsible for determining independent contractor status.



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2024 Billing Rates

	Professional	Tax Preparation & Financial Planning Services	Tax Audit Services	Administrative Support	Accounting Services
Senior Tax Professionals	Peter Ling	\$550	\$590	/	\$400
	Jerry Cizek	\$450	\$480	/	\$400
	John San Agustin	\$450	\$480	/	\$400
	Lou Battilana	\$450	\$480	/	\$400
	Richard Limmer	\$450	\$480	/	\$400
	Jennie Fong	\$350	/	/	\$300
Tax Professionals	Anthony Sangervasi	\$190	\$220	\$150	\$180
	Ben Lane	\$220	\$250	\$150	\$180
	Criselda Ocampo	\$295	\$325	\$200	\$250
	Eric Guan	\$150	\$175	\$120	\$140
	Jason Mendoza	\$190	\$220	\$150	\$180
	Kelly Chan	\$295	\$325	\$200	\$280
	Limin Miao	\$220	\$250	\$150	\$180
	Selina Tran	\$295	\$325	\$200	\$250
	Suma O'Farrell	\$295	\$325	\$200	\$280
Admin Team	Beth George	\$150	\$175	\$120	\$140
	Liz Santa Cruz	\$150	\$175	\$120	\$140
	Matt McCarthy	/	/	\$200	\$250
	Robb Alonzo	\$150	\$175	\$120	\$140

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