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Subject: Preparation of Your 2014 Tax Returns

Thank you for choosing Richard A Melancon, CPA to assist you with your 2014 taxes. We sincerely appreciate the opportunity to prepare your income tax return. This engagement letter documents our mutual responsibilities and limitations in the tax return preparation process and is a part of our compliance with the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants.

Scope of Service

We will prepare your 2014 federal and resident state income tax returns from information you furnish to us. However, we do not prepare any additional tax returns without your authorization to do so. (For example, we do not automatically prepare non-resident returns or foreign compliance returns without your approval.) We are happy to discuss other obligations, such as local, franchise, sales, use or property taxes. However, we cannot accept responsibility to research these obligations without your request to do so. Therefore, please feel free to discuss these or other issues when you submit your documents at year-end.

Our tax preparation work does not include any procedures designed to discover defalcations or other irregularities (i.e., fraud), should any exist. We will not audit or otherwise verify the data you submit, although we may ask you for clarification for some of the information. Accounting and bookkeeping assistance will be rendered as we find necessary in the course of preparing the returns, and additional fees will be included in you final invoice for these services.

Source of Information

As you know, we rely on you to provide to us all of the information required for the preparation of complete and accurate returns, including all worldwide income. You are responsible to read, approve, and submit (or authorize us to file electronically) your tax returns timely. All of your original records that you provide to us will be returned to you at the conclusion of the engagement.

You should retain all documents, cancelled checks and other data in support of information and amounts reported on your returns. These records may be necessary to prove the accuracy and completeness of the returns to a taxing authority. While we retain our records for a period of three to five years following the conclusion of the engagement, our records and files are not a substitute for your own records. We are happy to send you a copy of your tax documents from our files. However, please note that catastrophic events or physical deterioration may result in our Firm's records being unavailable before the expiration of our standard retention period.

The engagement ends when the tax return is complete and filed electronically. Alternatively, the engagement ends when we deliver the paper copy to you to file by mail. Also, we reserve the right to withdraw from the engagement at any time. If we do, we intend to notify you immediately so that you can pursue other options to file your tax return.

Extension of Time to File Return

We generally discourage clients from filing an extension because applying for an extension of time to file will generally extend the time available for a government agency to undertake an audit of your return or will generally extend the statute of limitations. Additionally, extensions may affect your liability for penalties and interest or impact your compliance with governmental and other deadlines. For this reason, we ask that you plan to submit all records no later than 30 days before the tax return is due.

If we do not receive all the necessary information from you on a timely basis, or if we mutually agree to do so for other reasons, it may become necessary to apply for an extension of the filing deadline. Please understand that all taxes owed are due by the original filing due date, and any tax not paid by the original due date of the return will be subject to interest and penalty charges.

Filing Status

One benefit of our tax software is that it retains information from the prior year to reduce errors and help improve efficiency. As a result, we will prepare your returns based on your filing status as reflected in your income tax returns from last year. If your marital status, address, or other significant facts have changed or you have questions about your filing status, please contact us immediately.

Tax Position and Interpretation

We will use our professional judgment to resolve questions in your favor where a tax law is unclear and there is reasonable justification for doing so. Whenever we are aware that an applicable tax law is unclear or that there are conflicting interpretations of the law by authorities, we will explain possible positions that may be taken on your return. We will follow whatever position you request, so long as it is consistent with our understanding of the current codes and regulations and their interpretations. For this reason, if the IRS or other taxing authorities should later contest the position taken and assess tax, interest and penalties, we assume no responsibility for any such taxes, interest, penalties, fees or other assessments.

Please be aware that the IRS can impose a 20% penalty for substantial underpayment of tax (see **Reportable Transactions and Disclosures** for further details). You agree to advise us if you wish to disclose a tax treatment(s) on your return, and we reserve the right to withdraw from the engagement if we believe the treatment is not reasonable.

Reportable Transactions and Disclosures

The law also imposes a substantial penalty on taxpayers and preparers for failure to disclose "Reportable Transactions" (see next section for further details). You agree to advise us of any "Reportable Transactions" identified under tax law and regulations and recognize that it is solely your decision to disclose any reportable transactions in the returns that we prepare for you.

Further, you agree to pay all fees and expenses incurred if you do not permit us to complete the returns.

If we conclude, as a result of our research, that you are required to disclose a transaction on your tax return, you consent to attach a completed Form 8275 or 8275-R to your tax return after we discuss the situation with you. In addition, you agree to hold our Firm harmless with respect to any and all actual and consequential damages (including but not limited to taxes, penalties, interest, and attorney fees and costs) that you incur as a result of including such disclosures with your filed tax returns.

As you know, we stand ready to assist you in preparing your income tax return. Ultimately, though, you are responsible to file the return and pay all taxes, fines and penalties assigned to your return. We are required to submit all tax returns electronically -- *unless you formally request otherwise*. Please be aware that we have the ability to send you a filing verification upon request after you have approved the electronic filing of your return. This verification may be useful since electronic filing does not result in a Certified Mail Receipt.

Reportable Transactions

Reportable transactions are activities identified by the IRS as potentially abusive transactions whose primary purpose is tax avoidance. Reportable transactions typically include high-risk tax avoidance schemes, and unusual nonconforming tax planning strategies. The law imposes a substantial penalty on taxpayers and preparers for failure to disclose "reportable transactions".

Foreign Account Holdings

The Department of Treasury has imposed complex rules and severe penalties for failure to report foreign financial accounts owned by taxpayers who file a U.S. tax return. If you have financial holdings in a foreign account, please let us know so that we can discuss potential reporting issues for the current year.

Use of Income Tax Return

We will prepare the income tax returns solely for filing with the Internal Revenue Service and state and local authorities. They are not intended to benefit or influence any third party, either to obtain credit or for any other purpose. We are happy to provide clients with additional copies of their respective tax returns that we have prepared. There may be a nominal charge for this service after the original return has been delivered.

It is the policy of this Firm not to send copies of tax returns by facsimile or e-mail to anyone beyond the named taxpayer. Due to the risk for unintentional disclosure of tax return information, there are no exceptions to this policy.

Our services for this engagement will be concluded upon the mailing or delivery to you of your tax returns for your review and filing with the appropriate taxing authorities. You have the final responsibility for the income tax returns and should therefore review them carefully before signing and filing the returns.

Severability of Conditions

If any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms of this engagement letter.

Substantial Understatement Penalty

An understatement of tax (reporting less income, higher taxes, or other information that reduces the overall tax liability) is considered substantial if it exceeds the greater of 10% of the correct tax liability or \$5,000 for individuals. To avoid the substantial understatement penalty, you must have substantial authority to support the tax treatment of the item challenged by the IRS or adequate disclosure of the item.

Adequate disclosure requires proper disclosure of the position on the tax return and there must be a reasonable basis for the position. A completed IRS Form 8275 or 8275R, which discloses all relevant facts, must be attached to your original tax return to meet the adequate disclosure requirement. A disclosed tax position that meets the reasonable basis standard must have some authority supporting the position and be more than just arguable. Specifically, an undisclosed tax position is subject to this penalty if it does not meet the substantial authority or "more likely than not" standard.

Itemized Deductions

The IRS is imposing new documentation rules on required documentation for most itemized deductions. This includes charitable gifts, business meals and household goods donations.

Charitable Contributions

No charitable contribution deduction is allowed unless the taxpayer has either (1) bank records (e.g., cancelled checks or bank statements) or (2) written communication from the charity that includes the organization's name, address, Federal ID, date of donation, and the amount. This means that donors who give cash need to get written acknowledgement from the charity in order to claim the deduction. Also, as in prior years, any donation of \$250 or more requires an acknowledgement letter from the charity. Any donations of clothing and household goods must be in at least "good used condition" at the time of the contribution to be deductible. If you include charitable contribution information with your tax return data, we will assume that you have the required documentation set forth above and that you have applied the appropriate valuation methods for noncash donations.

Business Meal Allowance

The law requires substantiation by adequate records or other corroborating evidence of all deductions for business meals, entertainment, travel, business gifts, and business usage of automobiles and listed property. Any deduction claimed for business purposes must be substantiated by written records indicating the amount, time, place, and business purpose of the expense. Business meals and entertainment should also document the person entertained and the business relationship to the taxpayer; business gifts are subject to these same requirements and are subject to a per recipient dollar limitation. The same law requires contemporaneous substantiation of business use of "listed property", including vehicles, personal computers, and

cellular telephones. You represent, by providing those expense items to us, that you have the required records and receipts to substantiate such deductions.

Fees

Fees are due and payable at the conclusion of the engagement. Any amount outstanding past 30 days will bear interest at a rate of one and one half per cent (1.5%) per month. It is our policy not to perform any additional services any time an amount is past due for more than 30 days. If collection procedures become necessary, we reserve the right to additionally be repaid the cost of collection, including attorney fees and other related costs.

OTHER SERVICES

Tax Planning

Our Firm provides a range of services beyond income tax preparation. For example, we can provide tax planning services, which are available as a separate engagement outside of the income tax preparation engagement. During the course of preparing the tax returns identified above, we may bring to your attention certain available tax saving strategies for you to consider as a possible means of reducing your income taxes in subsequent years. However, such planning services would be provided under a separate engagement and should not be assumed to be a part of this tax preparation engagement. We recognize that it is your choice and your responsibility to implement any strategies.

IRS Contact

If you are contacted by the IRS subsequent to your tax filing, we can assist you with your response to that inquiry. In that event, we would be pleased to discuss providing assistance to you under terms of a separate engagement letter for that specific purpose.

Professional Fees

Fees for our services are based upon the complexity of the work performed, plus out-of-pocket expenses. We reserve the right to increase or decrease our fees based upon the value of the services rendered. In the event your records are not submitted in a timely manner or they are incomplete, we may charge additional fees to compensate for the additional work required to complete the return in the compressed timeframe. All invoices are payable upon receipt of your tax return and will accrue late fees at the rate of 1.5% per month on the unpaid balance.

We reserve the right to suspend or withdraw from this engagement for reasonable cause (e.g., unpaid fees or requests for services outside of our professional standards. etc.). If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet government and other filing deadlines, or for any penalties and interest that may be assessed against you resulting from your failure to meet the deadlines.

Transfer of Information

We prefer to see original documents to support your income and expense items when possible. However, if this is not practical, we can accept documents in paper, via facsimile transmission or submitted via e-mail. Once your return is complete, we will return your original documents to you and retain electronic copies of some or all of these documents. As part of our service, we

will provide you with a completed income tax return either in paper form or electronic **.PDF** version. Our Firm employs measures in the use of facsimile machines and computer technology designed to maintain data security. While we will use reasonable efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and you consent to our use of these electronic devices during this engagement.

Personal Money Management

If you know of someone who is experiencing financial distress, we offer one-on-one coaching to develop appropriate money management techniques based on the book that we published under the title “*You Can Afford the Good Life.*” The goal of the coaching is to show others how to eliminate unnecessary debt, to live within current financial constraints, and to achieve wealth goals that are not focused on accumulation of money.

Business Consulting Services

For our business clients, we offer a range of business consulting services that are focused to help your business achieve its maximum success. When you are ready to grow your business, you must transform your organizational structure to support this new level of profits. Without this transformation, a growing company is not sustainable in the long term, and therefore, cannot achieve its maximum success.

This letter is sent as a confirming document to all clients. Therefore, you are not required to sign or return this letter to accept these terms. Again, we appreciate your confidence in us. Please call if you have questions.

Sincerely,

A handwritten signature in cursive script that reads "Richard A. Mélançon".

Richard A. Mélançon, CPA