

## **Audit Defense Plan Agreement Terms and Conditions**

As part of the other contracted services that Outsourced CFO Solutions, Inc. is performing for you, you are able to participate in the Audit Defense Plan upon agreeing to the following additional terms and conditions.

### **Definitions for Audit Defense Plan**

In this Audit Defense Plan Agreement the following terms, have the meanings ascribed to them in this section:

- "You" and "your" refer to Contact name, whose name(s) also appear(s) on the tax return in question.
- "We", "us", and "Outsource CFO Solutions" refer to Outsourced CFO Solutions, Inc., the firm providing these audit defense services to you.
- "IRS" refers to the Internal Revenue Service.
- "State" refers to the applicable state income tax authority.
- "Audit" refers to any communication, including telephone calls, initiated by the IRS or State income tax agency that wishes to audit, examine, review, investigate or verify any item or items on your IRS income tax forms or State equivalents.
- "Local" refers to city and local taxes.
- "Period of Participation" refers to the period commencing with the Acceptance Date and ending with the expiration of, or voluntary or involuntary withdrawal from, the Audit Defense Plan.
- "Acceptance Date" means the date that Outsourced CFO Solutions receives from you this signed Audit Defense Plan Agreement and payment in full. You will receive a receipt for payment as proof of acceptance.

### **Audit Defense Services**

We are responsible for providing you with the highest caliber audit defense service available. Outsourced CFO Solutions will professionally defend a covered, (as described below in the Audit Defense Plan Exclusions and Limitations sections below), federal or state income tax audit from the time of the first notice to its completion. This includes any audit that arises during the Period of Participation. All scheduling of appointments, telephone calls, and correspondence will be handled by the assigned Audit Representative(s).

The Audit Defense services we will provide include:

- Handling all communications, including letters and/or telephone calls with the IRS or State regarding the Audit.
- Assigning the Audit Representative(s) to manage your case.
- Developing a strategy with you and then setting up a meeting with the IRS or State on your behalf.
- Negotiating a settlement with the IRS or State. Of course, no settlement will be entered into with the IRS or State without your final approval and consent.

Outsourced CFO Solutions, Inc. cannot guarantee any result or opinion.

### **Assistance with Tax Notices**

Outsourced CFO Solutions will assist you in resolving any IRS or State income tax related notices or letters received during the Period of Participation. We will review the notice and the related tax return, discuss the issue with you, including what documentation you may need to provide to the IRS or State, and then handle the matter as needed from start to finish.

Outsourced CFO Solutions, Inc. cannot guarantee any result or opinion.

### **Your Responsibility**

You are responsible for performing or providing the following:

- Upon receipt of any communications from the IRS or State, you must promptly call Outsourced CFO Solutions at (916) 773-7053. If you do not contact Outsourced CFO Solutions within 30 days of the date of the first notice, additional charges may apply, and you will impede our ability to defend your case.
- Do not contact the IRS or State directly. To ensure effective service regarding your audit, you must use your assigned Outsourced CFO Solutions Audit Representative(s) as your only contact with the IRS or State.
- Provide your signature(s) on the required IRS or State Power of Attorney form(s) and return it to your Audit Representative(s) in a timely manner. This will enable your Audit Representative(s) to communicate with the IRS or State on your behalf. This document cannot be altered in any way.

- Provide, in a timely manner, the information and documentation requested by your Audit Representative(s) to substantiate the distinct items of income and expenses in question so that Outsourced CFO Solutions can prepare your defense.

Outsourced CFO Solutions is not responsible for any extra work or costs involved if you report an Audit or Tax Notice late, or you do not cooperate by providing requested documentation in a timely manner, and the IRS or State issue a Notice of Deficiency (NOD) or State equivalent. If this occurs, we may charge you a "Late Fee".

We also ask that you comply with the audit procedure and strategy actions recommended by Outsourced CFO Solutions and any of the Audit Representative(s) working on your behalf. If you are unable to maintain this commitment, Outsourced CFO Solutions cannot be responsible for the outcome of your Audit and reserves the right to cease providing Audit Defense services where reasonably warranted.

### **Audit Defense Plan Limitations**

While Outsourced CFO Solutions is dedicated to legitimately protecting the rights and assets of our clients in the event of an Audit or Tax Notice, **we do not provide the following services as part of the Audit Defense Plan:**

- Outsourced CFO Solutions does not provide legal assistance, we cannot assist in the defense of any civil or criminal fraud matters, and we cannot represent you in Federal or State Court, including Tax Court.
- The Audit Defense Plan does not include services related to Local tax returns, payroll tax, sales tax, property tax, gross receipts tax, estate and gift tax, or compliance audits of pension and profit sharing plans.
- The Audit Defense Plan does not include services to prepare or amend Federal, State or Local income tax returns or other returns requested by the applicable taxing agencies, including payroll returns, sales tax returns, etc. (Such services, if needed, may be provided pursuant to a separate engagement agreement.)
- The Audit Defense Plan does not include services to reconcile checkbooks, organize records, or do record keeping or bookkeeping. (Such services, if needed, may be provided pursuant to a separate engagement agreement.)
- The Audit Defense Plan does not cover assistance for collection demands from the IRS or State as they are not considered an Audit or Tax Notice. (Such services, if needed, may be provided pursuant to a separate engagement agreement.)

- The Audit Defense Plan is limited to the "examination" division of the IRS or State and it does not cover the services necessary to take the case to the "appeals" division of the IRS or State.

### **Audit Defense Plan Exclusions**

In some circumstances, various services, tax returns, and tax issues may be excluded from the Audit Defense Plan. **Such exclusions include, but are not limited to:**

- If the date on the Tax Notice or notice of Audit from the IRS or State is prior to the Acceptance Date of this Audit Defense Plan Agreement, Audit Defense services for that issue are excluded.
- If you have an ownership interest in a Corporation, Partnership, LLC, LLP, Trust, Estate, Tax Shelter, or other tax entity that has received a Tax Notice or notice of Audit, but is neither an Outsourced CFO Solutions client nor within the Period of Participation of an Audit Defense Plan, Audit Defense services for such a tax entity are excluded.
- If a tax return is out of the normal statute of limitations, then Audit Defense services for that tax return are excluded. The normal statute of limitations is the time period during which the IRS or State has to audit your tax return as calculated from the date of filing or the due date, whichever is later. This period is generally three years for the IRS, and typically four years for States.
- Outsourced CFO Solutions will not provide Audit Defense services to anyone protesting the taxing of income on economic, religious, legal, constitutional, or any frivolous grounds.
- If you are currently under investigation by CID, you are excluded from the Audit Defense Plan. If Outsourced CFO Solutions is providing Audit Defense services and CID becomes involved in the Audit, Outsourced CFO Solutions will cease providing any Audit Defense services and you will be excluded from the Audit Defense Plan until the completion of the CID investigation. When the CID investigation is completed, and depending upon their determination, Outsourced CFO Solutions may resume providing you with Audit Defense services.