



### **Lomness CPA Services, Inc.'s Terms and Conditions**

**Overview** - This letter describes our standard terms and conditions ("Terms and Conditions") related to our provision of services to you. This letter, combined with any engagement letter(s) you have with our firm, comprises your agreement with us ("Agreement"). If there is any inconsistency between your engagement letter(s) and this *Terms and Conditions Letter*, the engagement letter(s) will prevail to the extent of the inconsistency.

For the purposes of this *Terms and Conditions*, any reference to "firm," "we," "us," or "our" is a reference to Lomness CPA Services, Inc., and any reference to "you," or "your" is a reference to the party or parties that have engaged us to provide services.

**Billing and Payment Terms** - We will bill you for our professional fees and out-of-pocket costs. Payment is due within 30 days of the date on the billing statement. If payment is not received by the due date, you will be assessed interest charges of 10% per month on the unpaid balance. You have thirty (30) days from the invoice date to review the invoice and to communicate to us in writing any disagreement with the charges, after which you waive the right to contest the invoice.

All outstanding invoices must be paid prior to the release of the deliverable(s) specified in the Agreement. If you fail to pay all outstanding invoices, you assume all risk associated with your failure to meet any governmental or other deadlines, including the assessment of penalties and interest. We do not release incomplete deliverables.

We reserve the right to suspend or terminate our work for non-payment of fees. In the event that work is discontinued, either temporarily or permanently, as a result of delinquent payment, we shall not be liable for any damages you may incur as a result of the work stoppage.

**Electronic Data Communication and Storage** - In the interest of facilitating our services to you, 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. Your 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.

You recognize and accept 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. You consent to our use of these electronic devices and applications during this engagement.

**Safe Send**- We will utilize Safe Send, a collaborative, virtual workspace in a protected, online environment. Safe Send permits real-time collaboration across geographic boundaries and time zones and allows Lomness CPA Services, Inc. and you to share data, engagement information, knowledge, and deliverables in a protected environment. By using Safe Send you agree to be bound by their privacy policy, terms, conditions, and limitations. Safe Send privacy statement can be found at [this website](#) or by contacting our office to request a paper copy.

You agree that we have no responsibility for the activities of Safe Send and agree to indemnify and hold us harmless with respect to any and all claims arising from or related to the operation of Safe Send.

Lomness CPA Services, Inc. is not a host for any of your information. You are responsible for maintaining your own copy of this information. We do not provide back-up services for any of your data or records, including information we provide to you. Safe Send utilized solely as a method of transferring data and are not intended for the storage of your information. Information on Safe Send may be deleted by Lomness CPA Services, Inc.

If you decide to transmit your confidential information to us in a manner other than Safe Send, you accept responsibility for any and all unauthorized access to your confidential information. If you request that we transmit confidential information to you in a manner other than Safe Send, you agree that we are not responsible for any liability including but not limited to, (a) any loss or damage of any nature, whether direct or indirect, that may arise as a result of our sending confidential information in a manner other than a secure portal, and (b) any damages arising as a result of any virus being passed on or with, or arising from any alteration of, any email message.

**Third-Party Service Providers or Subcontractors**<sup>1</sup> We may use a third-party service provider to assist us where necessary to help provide professional services to you or support the needs of our firm. This may include provision of your confidential information

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<sup>1</sup> Refer to AICPA Code of Professional Conduct §1.700.040, *Disclosing Information to a Third-Party Service Provider*, for more information regarding the steps to be taken prior to disclosing confidential client information to third parties. Refer to Internal Revenue Code §7216 for more information regarding disclosure of tax information to third parties. Further considerations arise when a firm is required to comply with the *Health Insurance Portability and Accountability Act of 1996* and the *Health Information Technology for Economic and Clinical Health Act*.



to the third-party service provider. We require our third-party service providers to have 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 subjected to our firm's customary quality control procedures.

By accepting the terms and conditions of our engagement, you consent to the disclosure of your confidential information to third-party service providers, if such disclosure is necessary to deliver professional services to you or provide support services to our firm. In certain circumstances, we may require a separate written consent from you before your information is transmitted to a third party.<sup>2</sup>

***Independent Contractor*** - When providing services to your company, we will be functioning as an independent contractor and in no event will we or any of our employees be an officer of you, nor will our relationship be that of joint venturers, partners, employer and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to you.

Our obligations under this agreement are solely obligations of Lomness CPA Services, Inc., and no partner, principal, employee or agent of Lomness CPA Services, Inc. shall be subjected to any personal liability whatsoever to you or any person or entity.

### ***Records Management***

**Record Retention and Ownership** - We will return any original records and documents you provide to us on or before the conclusion of the engagement. Our copies of your records and documents are solely for our documentation purposes and are not a substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations. You are responsible for maintaining complete and accurate books and records, which may include financial statements, schedules, tax returns and other deliverables provided to you by us. If we provide deliverables or other records to you via an information portal, you must download this information within 14 days. Professional standards preclude us from being the sole repository of your original data, records, or information.

Workpapers and other documents created by us are our property and will remain in our control. Copies are not to be distributed without your written request and our prior written consent. Our workpapers will be maintained by us in accordance with our firm's record retention policy and any applicable legal and regulatory requirements. A copy of our record retention policy is available upon request.

Our firm destroys most workpaper files after a period of seven years. Catastrophic events or physical deterioration may result in damage to or destruction of our firm's records, causing the records to be unavailable before the expiration of the applicable retention period.

**Working Paper Access Requests by Regulators and Others** - State, federal and foreign regulators may request access to or copies of certain workpapers pursuant to applicable legal or regulatory requirements. Requests also may arise with respect to peer review, an ethics investigation, the sale of your organization, or the sale of our accounting practice. If requested, access to such workpapers will be provided under the supervision of firm personnel. Regulators may request copies of selected workpapers to distribute the copies or information contained therein to others, including other governmental agencies.

If we receive a request for copies of selected workpapers, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such request as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit the disclosure of information. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests.

**Summons or Subpoenas** - All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis.

If we receive a summons or subpoena which our legal counsel determines requires us to produce documents from this engagement or testify about this engagement, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such summons or subpoena as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit discovery. If you take no

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<sup>2</sup> Separate, written consent meeting the requirements of IRC §7216 may be necessary for certain situations. See [IRS Section 7216 Information Center](#) and [AICPA Section 7216 Guidance and Sample Consent Forms](#) for more.



action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests.

**Marketing and Educational Communications** - Newsletters, updates, explanations of technical developments or similar communications to you we may periodically send to you are strictly for marketing or general educational purposes and should not be construed as professional advice on which you may rely. These communications, by themselves, do not create a contractual relationship between us and you, a binding obligation for us to provide services to you, nor a requirement on our part to monitor issues for you.

**Disclaimer of Legal and Investment Advice** - Our services under this Agreement do not constitute investment advice unless specifically engaged in the *Engagement Objective and Scope* section of this Agreement. Our services under this Agreement do not constitute legal advice.

**Referrals** - In the course of providing services to you, you may request referrals to products or professionals such as attorneys, brokers, or investment advisors. We may identify professional(s) or product(s) for your consideration. However, you are responsible for evaluating, selecting, and retaining any professional or product and determining if the professional or product meets your needs. You agree that we will not oversee the activities of and have no responsibility for the work product of any professional or the suitability of any product we refer to you or that you separately retain. Further, we are not responsible for any services we perform that fail to meet the intended outcomes as a result of relying on the services of other professionals or products you may retain.

**Brokerage, Investment Advisory, or Cryptocurrency Statements** - If you provide our firm with copies of brokerage, investment advisory, or cryptocurrency statements and/or read-only access to your accounts, we will use the information solely for the purpose described in the *Engagement Objective and Scope* section of this Agreement. We will rely on the accuracy of the information provided in the statements and will not undertake any action to verify this information. We will not monitor transactions, investment activity, provide investment advice, or supervise the actions of the entity or individuals entering into transactions or investment activities on your behalf. We recommend that you receive and carefully review all statements upon receipt and direct any questions regarding account activity to your banker, broker, or investment advisor.

**Federally Authorized Practitioner - Client Privilege** - Internal Revenue Code §7525, *Confidentiality Privileges Related to Taxpayer Communication*, provides a limited confidentiality privilege applying to tax advice embodied in taxpayer communications with federally authorized tax practitioners in certain limited situations.

This privilege is limited in several important respects. For example, the privilege may not apply to your records, state tax issues, state tax proceedings, private civil litigation proceedings, or criminal proceedings.

While we will cooperate with you with respect to the privilege, asserting the privilege is your responsibility. Inadvertent disclosure of otherwise privileged information may result in a waiver of the privilege. Please contact us immediately if you have any questions or need further information about this federally authorized practitioner-client privilege.

**Limitations on Oral and Email Communications** - We may discuss with you our views regarding the treatment of certain items or decisions you may encounter. We may also provide you with information in an email. Any advice or information delivered orally or in an email (rather than through a memorandum delivered as an email attachment) will be based upon limited research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts may affect our analysis and conclusions.

Due to these limitations and the related risks, it may or may not be appropriate to proceed with a decision solely on the basis of any oral or email communication from us. You accept all responsibility, except to the extent caused by our gross negligence or willful misconduct, for any liability including but not limited to additional tax, penalties or interest 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 advice that is a deliverable of a separate engagement. If you wish to engage us to provide formal advice on a matter on which we have communicated orally or by email, we will confirm this service in a separate agreement.

**Electronic Signatures and Counterparts** - Each party hereto agrees that any electronic signature is intended to authenticate a written signature, shall be valid, and shall have the same force and effect as a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, a scanned copy of a manual signature, an electronic copy of a manual signature affixed to a document, a signature incorporated into a document utilizing touchscreen capabilities, or a digital signature. Documents may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement.



**Conflicts of Interest** - If we, in our sole discretion, believe a conflict of interest has arisen affecting our ability to deliver services to you in accordance with either the ethical standards of our firm or the ethical standards of our profession, we may be required to suspend or terminate our services without issuing our work product.

If you have a pending divorce, we advise each of you to seek independent tax advice as you may have conflicting interests.

**Mediation** - If a dispute arises out of or relates to this Agreement including the scope of services contained herein, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try to settle the dispute by mediation administered by the American Arbitration Association ("AAA") under the *AAA Accounting and Related Services Arbitration Rules and Mediation Procedures* before resorting to arbitration, litigation, or any other dispute resolution procedure. The mediator will be selected by mutual agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the AAA. The mediation will be conducted in Texas.

The mediation will be treated as a settlement discussion and, therefore, all discussions during the mediation will be confidential. The mediator may not testify for either party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceedings. The costs of any mediation proceedings shall be shared equally by all parties. Any costs of legal representation shall be borne by the hiring party.

This provision shall not apply to any dispute related to our billing and/or invoices.

**Limitation of Liability – LOMNESS CPA SERVICES, INC.’S LIABILITY FOR ALL CLAIMS, DAMAGES, AND COSTS ARISING FROM NEGLIGENT ACTS, ERRORS, OR OMISSIONS COMMITTED BY US IN THE PERFORMANCE OF THIS ENGAGEMENT IS LIMITED TO THREE (3) TIMES THE TOTAL AMOUNT OF FEES PAID BY YOU TO LOMNESS CPA SERVICES, INC. FOR THE SERVICE GIVING RISE TO THIS LIABILITY**

**Limitation of Damages - NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, LOMNESS CPA SERVICES, INC. SHALL NOT BE LIABLE FOR ANY LOST PROFITS, INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, CONSEQUENTIAL, OR SIMILAR DAMAGES, TO THE EXTENT SUCH DAMAGES MAY BE LAWFULLY LIMITED OR EXCLUDED, OF ANY NATURE EVEN IF WE HAVE BEEN ADVISED BY YOU OF THE POSSIBILITY OF SUCH DAMAGES.**

**Engagement Letters** – Most work or projects performed by our firm is governed by an engagement letter. The timing and frequency of our engagement letter delivery will vary by the type of work being performed. In some instances, an engagement letter will not be furnished until our work is complete and the deliverable is provided to you. In those instances, you may request an advance copy of our engagement letter for review and approval. Our engagement letters contain information about your responsibilities, and we expect you to review them carefully prior to approving the work product of any engagement. Please contact our office if you have any questions about our engagement letter policies or your responsibilities.

Some of our engagement letters are unilateral in nature. This means that a physical signature is not required by you and that your approval of our work product constitutes agreement with the accompanying engagement letter. We are happy to provide you with an engagement letter with a signature block in lieu of a unilateral engagement letter upon request.



**Indemnification** - You agree to indemnify, defend, and hold harmless Lomness CPA Services, Inc. and any of its partners, principals, shareholders, officers, directors, members, employees, agents or assigns with respect to any and all claims made by third parties arising from this engagement, regardless of the nature of the claim, and including the negligence of any party, excepting claims arising from the gross negligence or intentional acts of Lomness CPA Services, Inc.

**Designation of Venue and Jurisdiction** - In the event of a dispute, the courts of the state of Texas shall have jurisdiction, and all disputes will be submitted to the Montgomery County District Courts, which is the proper and most convenient venue for resolution. We also agree that the law of the state of Texas shall govern all such disputes.

**Insurance** - Lomness CPA Services, Inc. shall, during the term of the engagement and for three (3) years after termination of same by either you or us, maintain in full force and effect, accountants professional liability and cyber liability insurance coverage from an insurer or insurers licensed to conduct business in the state of Texas. As of the policy effective date, such insurer or insurers shall be rated A- (Excellent), by A.M. Best with a Financial Size Category of Class VII or greater. Premiums for said insurance policy shall be paid by Lomness CPA Services, Inc.

Upon your written request, Lomness CPA Services, Inc. shall furnish certificates of insurance for the required insurance coverage. Such certificate of insurance shall indicate the minimum limits of liability per claim and in the aggregate as required by you.

**Proprietary Information** - You acknowledge that proprietary information, documents, materials, management techniques and other intellectual property are a material source of the services we perform and were developed prior to our association with you. Any new forms, software, documents or intellectual property we develop during this engagement for your use shall belong to us, and you shall have the limited right to use them solely within your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements and other documents which we make available to you are confidential and proprietary to us. Neither you, nor any of your agents, will copy, electronically store, reproduce or make available to anyone other than your personnel, any such documents. This provision will apply to all materials whether in digital, "hard copy" format or other medium.

**Timing for Disputes**- You agree that any claim arising out of this Agreement shall be commenced within one (1) year from the date our services conclude as outlined in the Timing of the Engagement section of the Agreement, regardless of any longer period of time for commencing such claim as may be set by law. A claim is understood to be a demand for money or services, the service of a suit, or the institution of arbitration proceedings against Lomness CPA Services, Inc.

**Termination and Withdrawal** – Either party may terminate this Agreement at any time, and we reserve the right to withdraw from the engagement without completing services for any reason, including, but not limited to, non-payment of fees, your failure to comply with the terms of this Agreement, or as we determine professional standards require. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet governmental and other deadlines, or for any liability, including but not limited to, penalties or interest that may be assessed against you resulting from your failure to meet such deadlines.

If this Agreement is terminated before services are completed, you agree to compensate us for the services performed and expenses incurred through the effective date of termination.

**Force Majeure** - Neither party shall be held liable for any delays resulting from circumstances or causes beyond our reasonable control, including, without limitation, fire or other casualty, act of God, strike or labor dispute, war or other violence, epidemics or pandemics as defined by The Centers for Disease Control and Prevention, or any law, order or requirement of any governmental agency or authority. However, no Force Majeure event shall excuse you of any obligation to pay any outstanding invoice or fee or from any indemnification obligation under this Agreement.

**Assignment** - All parties acknowledge and agree that the terms and conditions of this Agreement shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.

**Severability** - If any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this Agreement.

**Survivability** - The following sections of this Terms and Conditions Addendum shall survive termination of the Agreement: Limitation of Liability, Limitation of Damages, Indemnification, and Statute of Limitations.

**Entire Agreement** – This agreement, including this *Terms and Conditions Letter* and any other attachments, encompass the entire agreement of the parties and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this Agreement must be made in writing and signed by both parties. This Agreement has been entered into solely between you and Lomness CPA Services, Inc., and no third-party beneficiaries are created hereby.