



A CPA and Financial Planning Firm

Dear Valued Client:

Welcome to the 2017 tax filing season! The purpose of this cover letter is to provide two brief updates and outline the items in your engagement packet.

2018 Tax Law Changes

Many clients have asked how the new tax law will impact their situation. In response to these inquiries, a summary letter describing some of the key changes for 2018 will be included with your 2017 return.

Additionally, we are offering a **2018 tax planning and projection service**. This service will be covered under a separate engagement letter and will be billed separately from your tax preparation fee. You will have the opportunity to meet with a tax professional from our team to discuss your projections and strategies that may reduce your 2018 tax liability. If you are interested, please contact our office to arrange an appointment after April 23, 2018.

Community Support

This year, NGS will be matching dollar-for-dollar, up to \$25 per client, contributions to the nonprofit organization Active Grace. Located in Hendricks County, Active Grace seeks to walk alongside and support individuals, veterans, and families with an assortment of needs. More information will be available when you visit our office.

2017 Engagement Packet

This year's engagement packet contains ***four*** items we need you to complete and return to NGS:

1. Engagement Letter
2. Tax Representation Letter
3. Tax Questionnaire
4. Tax Organizer

If you have any question as you complete your engagement packet please call our office at 317-839-8377, and we will be glad to assist you.

We look forward to working with you this tax season and appreciate your continued business!

The NGS Team

ENGAGEMENT LETTER
for Preparation of 2017 Individual Income Tax Return

Dear Valued Client:

We appreciate the opportunity to work with you. To minimize the possibility of a misunderstanding between us, we are setting forth pertinent information about the services we will perform for you.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services.

Scope of work, role of tax questionnaire and tax organizer:

We will prepare your 2017 Federal and Resident State (if applicable) individual income tax returns from information you furnish us and we may e-file them with an outside computer service. We will not audit or otherwise verify the data you submit, although we may ask you to clarify some of the information. We will furnish you with a tax questionnaire to help you gather and organize the necessary information required for the preparation of your individual income tax return. Providing us with the completed tax organizer will help to ensure that you are not overlooking important information that may be necessary for complete and accurate returns. If you have taxable activity in a state other than your resident state, you are responsible for providing our firm with all information necessary to prepare any additional applicable state(s) or local income tax returns.

Filing Deadlines and Extensions:

We must receive all information to prepare your return by **Friday, March 2, 2018** to ensure that your return will be completed by April 17, 2018. If we have not received all of your information by March 2, 2018, we cannot guarantee that your returns will be completed before the deadline. If your return is not completed by April 17, 2018, you may be subject to late-filing or late-payment penalties. We assume no liability for late filing or late payment penalties.

We **do not** automatically file tax extensions. You must notify us in writing (e-mail or fax are acceptable) if you want us to file an extension for you. The notification should include your estimate of any balance due with the extension. Or, at your request and when all pertinent tax documents are provided, we can assist with the calculation. **Failure to file** an extension may cause you to be subject to various penalties and interest. Additionally, **an extension does not relieve you from paying the tax due on the due date or making quarterly estimated tax payments for the current year.** **Failure to pay** any tax due with the extension or failure to pay quarterly estimated tax payments may make you subject to various penalties and interest.

Client Record Retention:

It is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns, including but not limited to the auto, travel, entertainment, and related expenses and the required documents to support charitable contributions. If you have any questions as to the type of records required, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns. We are not responsible for the disallowance of deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest.

Understatement of Tax Liability:

The law provides for a penalty to be imposed where a taxpayer makes a substantial understatement of their tax liability. For individual taxpayers, a substantial understatement exists when the understatement for the year exceeds the greater of 10% of the tax required to be shown on the return or \$5,000. The penalty is 20% 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 based on substantial authority or (2) 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 purpose of ascertaining whether, in our opinion, there is "substantial authority" for the position proposed to be taken on such issue in your returns.

E-filing Requirements:

Taxing authorities now require us to electronically file all federal and state individual income tax returns ("e-filing"). However, you do have the right to "opt out" of the e-filing program. Please notify our firm immediately should you desire not to have your return e-filed so that we may provide you with the form(s) necessary for opting out of the e-file program. Please note that unless you notify us of your desire to not e-file your return(s), we will prepare your return to be e-filed.

Although e-filing requires both you and our firm to complete additional steps, the same filing deadlines will apply. You must therefore ensure that you complete the additional requirements well before the due dates in order for our firm to be able to timely transmit your return(s). We will provide you with a copy of the income tax return(s) for your review prior to electronic transmission. After you have reviewed the return(s), you must provide us with a signed authorization indicating that you have reviewed the return(s) and that, to the best of your knowledge, you feel your federal return and, if applicable, your state return are correct.

We cannot transmit the returns to the taxing authorities until we have the signed authorization. Therefore, if you have not provided our firm with your signed authorization by April 13, 2018, we will place your returns on extension, even though they might already have been completed. In that event, you will be responsible for ensuring that any payment due with the extension is timely sent to the appropriate taxing authorities. You will also be responsible for any additional costs our firm incurs arising from the extension preparation.

Finally, please note that although our firm will use our best efforts to ensure that your returns are successfully transmitted to the appropriate taxing authorities, we will not be financially responsible for electronic transmission or other errors arising after your return has been successfully submitted from our office.

Responding to Inquiries, Examination, or Audit by Taxing Authorities Not Included:

We are responsible for preparing only the returns listed above. Our fee does not include responding to inquiries, examination, or audit by taxing authorities. However, we are available to represent you. Our fees for such services are at our standard rates and would be covered under a separate engagement letter.

Interpretation of Tax Law:

We will use our professional judgment to resolve questions in your favor where a tax law is unclear if there is a reasonable justification for doing so. 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 a taxing authority should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. Currently, the IRS and state taxing agencies are aggressive in assessing 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 for any damages that occur as a result of ceasing to render services.

Self-Employed Social Security Impact:

When a self-employed taxpayer reduces taxable income there is also a reduction in earned income reported to the Social Security Administration, which could reduce current and future benefits for the taxpayer or his or her dependents. You acknowledge and agree to not only the current tax reduction but also the potential negative effects on future social security benefits for you, your spouse and any dependents.

FOREIGN ASSET REPORTING:

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 an aggregate value exceeding \$10,000 at any time during the calendar year 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.

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 the due date. Beginning with the 2017 tax filing season, the FBAR filing deadline is April 15th and follows the federal income tax due date guidance, which notes that if the tax due date falls on a weekend or legal holiday, the form is considered timely filed if filed on the next business day. An automatic 6-month extension will be granted to October 15th of each tax year.

Electronic filing of the FBAR is mandatory using the Bank Secrecy Act (BSA) e-filing system located on the Financial Crimes Enforcement Network (FinCEN). If you would like our firm to submit your electronic FBAR (FinCEN Form 114) 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 all interests you have in a foreign account, or if we do not timely receive your signed authorization to file your foreign reporting form, we will not be able to prepare and file the required disclosure statements.

Additionally, the IRS also requires information reporting on foreign interests or activities under applicable Internal Revenue Code (IRC) 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 have any direct or indirect foreign interests that require disclosures to the IRS, you must provide us with the information necessary to prepare the applicable IRS forms.

Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the IRS may result in substantial monetary penalties. 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 IRS and you agree to timely provide us with the information necessary to prepare the appropriate form(s). We understand that the foreign reporting requirements are very complex, so if you have any questions regarding the application of the U.S. Department of the Treasury and/or the IRS reporting requirements to your foreign interests or activities, please ask us for advice in that regard. We assume no liability for penalties associated with the failure or untimely filing of any of these forms.

Attorney-Client Privilege to CPA Communications:

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.

In addition, your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication 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.

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.

Affordable Care Act:

Our services in connection with this engagement are not designed to address the legal or regulatory aspects of your compliance with the Affordable Care Act. In preparing your individual tax returns, we will rely solely on the information you provide us regarding the ACA mandates and you agree to accept full responsibility for the accuracy and completeness of this information, as well as your compliance with the ACA. As such, we will not be responsible for any taxes, penalties, or interest that may be assessed.

Our Fees:

Fees for our services will be based on our standard rates and the complexity of your tax return(s), as well as out-of-pocket costs, and processing and handling fees. Payment is due when we complete your return.

NGS Record Retention Policy:

It is our policy to keep records related to this engagement for 7 (seven) years. However, NGS does not keep any original client records, so we will return those to you 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 agencies.

By your signature below, you acknowledge and agree that upon the expiration of the 7-year period NGS shall be free to destroy our records related to this engagement.

Dispute Settlement:

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable rules for resolving professional accounting and related services disputes before resorting to litigation. Costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the applicable rules for resolving professional accounting and related services disputes of the American Arbitration Association, except that under all circumstances the arbitrator must follow the laws of Indiana. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT, IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION. The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

If the above fairly sets forth your understanding, please sign the enclosed copy of this letter and return it to us. Please note that you are affirming to NGS your understanding of, and agreement to, the terms and conditions of this engagement letter by any one of the following actions: returning your signed engagement letter to our firm, returning your income tax information to us for use in the preparation of your returns, the submission of the tax returns we have prepared for you to the taxing authorities, or the payment of our return preparation fees.

We are pleased to have you as a client and look forward to a long and mutually satisfying relationship.

Sincerely,

The NGS Team

Client Signature: _____ Date: _____

Name Printed: _____

TAX REPRESENTATION LETTER
for 2017 Individual Income Tax Return

NGS, LLC
1917 Crown Plaza Blvd

Dear NGS Team:

I am providing this letter in connection with your preparation of the federal and, if applicable, state income tax returns for _____ for the year(s) ended 2017.

I confirm, to the best of my knowledge and belief, the following representations:

1. I have made available to you all the records and information constituting the basis of my income and deductions as necessary for you to prepare the returns listed above.
2. I have retained all of the original documents and records necessary to substantiate the positions I have taken on my tax return. This includes, but is not limited to, retaining the required documentation under the individual mandate of the Affordable Care Act to support that I, my spouse (if filing jointly), and anyone I could or did claim as a dependent, have maintained the minimum essential coverage for each and every month during 2017.
3. All material transactions have been properly recorded in the accounting records, schedules, and documents provided to you for purposes of preparing the returns listed above.
4. I understand and agree that NGS will be relying on the information provided by me and will not be auditing, reviewing, or otherwise verifying this information.
5. **I have made NGS aware of all financial interests in, or signature or other authority over, all bank accounts, securities, or other financial accounts having an aggregate value exceeding \$10,000 at any time during the calendar year in a foreign country. This includes all direct or indirect control I may have over a foreign or domestic entity with foreign financial accounts.**
6. **In addition, I have also provided you with all of the information necessary with respect to any officer, director, or shareholder positions I may have with respect to certain foreign corporations (Form 5471); foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business (Form 5472); U.S. transferor of property to a foreign corporation (Form 926); interests in foreign trusts (Forms 3520 and 3520-A); interests in foreign partnerships (Form 8865); and ownership of foreign financial assets that meet the specified criteria (Form 8938); and all other foreign interests.**
7. I acknowledge that I have final responsibility for the accuracy and completeness for the tax returns and, as such, I will review them carefully before I sign them.
8. I have responded fully and truthfully to all of the inquiries made to me.

Sincerely,

Client Signature: _____ Date: _____

NGS, LLC
2017 Individual Income Tax Questionnaire

Please check the appropriate box and include all necessary details and documentation.

	Yes	No
Personal Information		
Did your marital status change during the year? If yes, explain: _____	<input type="checkbox"/>	<input type="checkbox"/>
Did your address change from last year?	<input type="checkbox"/>	<input type="checkbox"/>
Can you be claimed as a dependent by another taxpayer?	<input type="checkbox"/>	<input type="checkbox"/>
Did you change any bank accounts, or did routing transit numbers (RTN) and/or bank account number change for existing bank accounts that have been used to direct deposit (or direct debit) funds from (or to) the IRS or other taxing authority during the tax year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive an Identity Protection PIN (IP PIN) from the IRS or have you been a victim of identity theft? If yes, attach the IRS letter.	<input type="checkbox"/>	<input type="checkbox"/>
Dependent Information		
Were there any changes in dependents from the prior year? If yes, explain: _____	<input type="checkbox"/>	<input type="checkbox"/>
Do you have any children under age 19 or a full-time student under age 24 with unearned income in excess of \$2,100?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have dependents who must file a tax return?	<input type="checkbox"/>	<input type="checkbox"/>
Did you provide over half the support for any other person(s) other than your dependent children during the year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you pay for child care while you worked, looked for work, or while a full-time student?	<input type="checkbox"/>	<input type="checkbox"/>
Did you pay any expenses related to the adoption of a child during the year?	<input type="checkbox"/>	<input type="checkbox"/>
If you are divorced or separated with child(ren), do you have a divorce decree or other form of separation agreement which establishes custodial responsibilities?	<input type="checkbox"/>	<input type="checkbox"/>
Did any dependents receive an Identity Protection PIN (IP PIN) from the IRS or have they been a victim of identity theft? If yes, attach the IRS letter.	<input type="checkbox"/>	<input type="checkbox"/>
Purchases, Sales and Debt Information		
Did you start a new business or purchase rental property during the year?	<input type="checkbox"/>	<input type="checkbox"/>
Did you sell, exchange, or purchase any assets used in your trade or business?	<input type="checkbox"/>	<input type="checkbox"/>
Did you acquire a new or additional interest in a partnership or S corporation?	<input type="checkbox"/>	<input type="checkbox"/>
Did you sell, exchange, or purchase any real estate during the year?	<input type="checkbox"/>	<input type="checkbox"/>

- Did you purchase or sell a principal residence during the year?
- Did you foreclose or abandon a principal residence or real property during the year?
- Did you acquire or dispose of any stock during the year?
- Did you take out a home equity loan this year?
- Did you refinance a principal residence or second home this year?
- Did you sell an existing business, rental, or other property this year?
- Did you lend money with the understanding of repayment and this year it became totally uncollectable?
- Did you have any debts canceled or forgiven this year, such as a home mortgage or student loan(s)?
- Did you purchase a qualified plug-in electric drive vehicle or qualified fuel cell vehicle this year?

Income Information

- Did you have any foreign income or pay any foreign taxes during the year, directly or indirectly, such as from investment accounts, partnerships or a foreign employer?
- Did you receive any income from property sold prior to this year?
- Did you receive any unemployment benefits during the year?
- Did you receive any disability income during the year?
- Did you receive tip income not reported to your employer this year?
- Did any of your life insurance policies mature, or did you surrender any policies?
- Did you receive any awards, prizes, hobby income, gambling or lottery winnings?
- Do you expect a large fluctuation in income, deductions, or withholding next year?

Retirement Information

- Are you an active participant in a pension or retirement plan?
- Did you receive any Social Security benefits during the year?
- Did you make any withdrawals from an IRA, Roth, myRA, Keogh, SIMPLE, SEP, 401(k), or other qualified retirement plan?
- Did you receive any lump-sum payments from a pension, profit sharing or 401(k) plan?
- Did you make any contributions to an IRA, Roth, myRA, Keogh, SIMPLE, SEP, 401(k), or other qualified retirement plan?

Education Information

- Did you, your spouse, or your dependents attend a post-secondary school during the year, or plan to attend one in the coming year?

- Did you have any educational expenses during the year on behalf of yourself, your spouse, or a dependent? If yes, attach any Form(s) 1098-T and receipts for qualified tuition and related expenses

- Did anyone in your family receive a scholarship of any kind during the year? If yes, were any of the scholarship funds used for expenses other than tuition, such as room and board?

- Did you make any withdrawals from an education savings or 529 Plan account?

- Did you make any contributions to an education savings or 529 Plan account?

- Did you pay any student loan interest this year?

- Did you cash any Series EE or I U.S. Savings bonds issued after 1989?

- Would you like a worksheet to aid in the completion of a Free Application for Federal Student Aid (FAFSA) with the U.S. Department of Education?
- If yes, for what school year? _____

Health Care Information

- Did you have qualifying health care coverage, such as employer-sponsored coverage or government-sponsored coverage (i.e. Medicare/Medicaid) for your family? "Your family" for health care coverage refers to you, your spouse if filing jointly, and anyone you can claim as a dependent. If yes, attach any Form(s) 1095-B and/or 1095-C you received.

- Did anyone in your family qualify for an exemption from the health care coverage mandate? Examples of exemptions include (but are not limited to) certain non-citizens, members of a health care sharing ministry, members of Federally-recognized Indian tribes, and exemptions requested from the Marketplace. If yes, attach the Exemption Certificate Number (ECN) or type of exemption.

- Did you enroll for lower cost Marketplace Coverage through healthcare.gov under the Affordable Care Act? If yes, attach any Form(s) 1095-A you received.

- Did you enroll for lower cost Marketplace Coverage through healthcare.gov under the Affordable Care Act and share a policy with anyone who is not included in your family?

- Did you make any contributions to a Health savings account (HSA) or Archer MSA?

- Did you receive any distributions from a Health savings account (HSA), Archer MSA, or Medicare Advantage MSA this year?

- Did you pay long-term care premiums for yourself or your family?

- Did you make any contributions to an ABLE (Achieving a Better Life Experience) account? If yes, attach any Form(s) 5498-QA you received.

Did you receive any withdrawals from an ABLE (Achieving a Better Life Experience) account? If yes, attach any Form(s) 1099-QA you received.

If you are a business owner, did you pay health insurance premiums for your employees this year?

Itemized Deduction Information

Did you incur a casualty or theft loss or any condemnation awards during the year?

Did you pay out-of-pocket medical expenses (Co-pays, prescription drugs, etc.)?

Did you make any cash or noncash charitable contributions (clothes, furniture, etc.)?

If yes, please provide evidence such as a receipt from the donee organization, a canceled check, or record of payment, to substantiate all contributions made.

Did you donate a vehicle or boat during the year? If yes, attach Form 1098-C or other written acknowledgement from the donee organization.

Did you pay real estate taxes for your primary home and/or second home?

Did you pay any mortgage interest on an existing home loan? If yes, attach any Form(s) 1098 you received.

Did you incur interest expenses associated with any investment accounts you held?

Did you have an expense account or allowance during the year?

Did you use your car on the job, for other than commuting?

Did you work out of town for part of the year?

Did you have any expenses related to seeking a new job during the year?

Did you make any major purchases during the year (cars, boats, etc.)?

Did you make any out-of-state purchases (by telephone, internet, mail, or in person) for which the seller did not collect state sales or use tax?

Miscellaneous Information

Did you make gifts of more than \$14,000 to any individual?

Did you utilize an area of your home for business purposes?

Did you engage in any bartering transactions?

Did you retire or change jobs this year?

Did you incur moving costs because of a job change?

Did you pay any individual as a household employee during the year?

Did you make energy efficient improvements to your main home this year?

- Did you receive a distribution from, or were you a grantor or transferor for a foreign trust?
- Did you have a financial interest in or signature authority over a financial account such as a bank account, securities account, or brokerage account, located in a foreign country?
- Do you have any foreign financial accounts, foreign financial assets, or hold interest in a foreign entity?
- Did you receive correspondence from the State or the IRS?
If yes, explain: _____
- Do you have previous years of tax returns that are either unfiled or filed with unpaid balances due?
- Do you want to designate \$3 to the Presidential Election Campaign Fund? If you check yes, it will not change your tax or reduce your refund.
- {End English}