



CliftonLarsonAllen LLP
2210 East Route 66
Glendora, CA 91740
626.857.7300 | fax 626.857.7302
CLAconnect.com

January 29, 2021

East Bay Innovation Academy
3400 Malcolm Ave
Oakland, CA 94605

Re: June 30, 2021 Tax Exempt Returns and State Filings

Dear Michelle:

We are pleased that East Bay Innovation Academy (“you,” “your,” or “the organization”) has engaged CliftonLarsonAllen LLP (“CLA,” “we,” “us,” and “our”) to prepare the organization’s federal Form 990 and applicable state filings. This letter confirms the scope, limitations, and related terms of our engagement for the year ended June 30, 2021.

Our responsibility to you

We will prepare the organization’s federal Form 990 and applicable state filings in accordance with the applicable tax laws. We will use our judgment in resolving questions where the law is unclear, and where there is reasonable authority, we will resolve questions in your favor whenever possible. We will not audit or independently verify the accuracy or completeness of the information we receive from you for the preparation of the returns and filings, and our engagement cannot be relied upon to uncover errors or irregularities in the underlying information.

Your responsibilities

It is your responsibility to provide us with all of the information needed to prepare complete and accurate returns and filings. We will have no obligation to prepare the returns and filings until you have provided such information to us. We will prepare filings for the same states where the organization filed last year unless organization personnel notify us to the contrary or other information clearly indicates the need for an additional return or state filing. It is your responsibility to comply with all foreign jurisdiction filing requirements. We have no obligation to prepare returns for foreign jurisdictions

The United States Supreme Court ruled in *South Dakota versus Wayfair* (6/21/18) that physical presence is no longer required to establish nexus for sales tax. This ruling may have broad implications, even beyond sales tax, as to where an organization is subject to tax. Please note that if the organization had a taxable presence in more than one jurisdiction, such as an employee or agent within the jurisdiction, any tangible property owned or rented within the jurisdiction, or if the organization exceeds any applicable economic nexus thresholds, the organization or related entities may be subject to state or local income, sales, use, franchise, or gross receipts tax in that jurisdiction depending upon the particular facts. It is the organization’s responsibility, not CLA’s, to determine if assistance is needed in deciding whether the organization or related entities may be liable for income, sales, use, franchise, or gross receipts tax, or have a filing requirement in the various state or local jurisdictions.

It is important for you to identify any ownership OR signature authority over a foreign bank account or other foreign financial assets which includes but is not limited to foreign: stocks, mutual funds, partnerships, bonds,

retirement accounts, estates, trusts, annuities, swaps, and derivatives. Failure to disclose penalties can be significant, starting at \$10,000 and can be upwards of 50 percent of the value of the asset. Please provide account statements if you have any foreign account ownership or signature authority. Note that these rules do not apply to foreign investments held by U.S. mutual funds. In addition, ownership in a foreign business entity (association, corporation, disregarded entity, or partnership) could trigger additional U.S. foreign informational reporting requirements. These reporting requirements require the disclosure of ownership, financial information, and related-party transactions. Failure to properly disclose ownership and the required information could trigger a \$10,000 penalty per filing. We cannot be held responsible if you fail to identify or provide such information to us.

For all nonattest services we may provide to you, including the preparation of the federal Form 990 and applicable state filings, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. Management is also responsible for ensuring that your data and records are complete and that you have received sufficient information to oversee the services. You are responsible to carefully review the federal Form 990 and state filings that we prepare on your behalf before signing and submitting them to tax authorities. We will advise you with regard to tax positions taken in the preparation of the federal Form 990 and state filings, but the responsibility for the federal Form 990 and state filings remains with you.

Tax examinations

All returns and filings are subject to potential examination by the IRS and state authorities. In the event of an examination, we will be available, at your request, to assist or represent the organization and its directors or officers. Services in connection with tax examinations are not included in our fee for preparation of the federal Form 990 and state filings. Our fee for such services will be billed to you separately, along with any direct costs.

Record retention

You are responsible for retaining all documents, records, canceled checks, receipts, or other evidence in support of information and amounts reported on the federal Form 990 and state filings. These items may be necessary in the event the taxing or other authority examines or challenges your federal Form 990 and state filings. These records should be kept for at least seven years. Your copy of the federal Form 990 and state filings should be retained indefinitely.

If carryover item(s) exist (e.g., capital loss, net operating loss, tax credits, etc.), you should retain the supporting records related to the carryover item(s) until the item has either been utilized (and the statute of limitations associated with the year of utilization has expired) or the carryforward period has expired.

In preparing the federal Form 990 and state filings, we rely on your representation that organization personnel and its directors or officers understand and have complied with these documentation requirements. The management of the organization is responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of the organization's financial records.

All of the records that you provide to us to prepare your federal Form 990 and state filings will be returned to you after our use. Our working papers, including any copies of your records that we chose to make, are our property and will be retained by us in accordance with our established records retention policy. This policy states, in

general, that we will retain our working papers for a period of seven years. After this period expires, our working papers and files will be destroyed. Furthermore, physical deterioration or catastrophic events may shorten the time our records are available. The working papers and files of our firm are not a substitute for the records of the organization.

Tax consulting services

This engagement letter also covers tax consulting services that may arise for which the organization seeks our consultation and advice, both written and oral, that are not the subject of a separate engagement letter. These additional services are not included in our fees for the preparation of the federal Form 990 and state filings.

We will base our tax analysis and conclusions on the facts you provide to us, and will not independently verify those facts. We will review the applicable tax law, tax regulations, and other tax authorities, all of which are subject to change. At your request, we will provide a memorandum of our conclusions. Written advice provided by us is for the organization's information and use only and is not to be provided to any third party without our express written consent.

Unless we are separately engaged to do so, we will not continuously monitor and update our advice for subsequent changes or modifications to the tax law and regulations, or to the related judicial and administrative interpretations.

Communications and confidentiality

The Internal Revenue Code contains a limited privilege for confidentiality of tax advice between you and our firm. In addition, the laws of some states likewise recognize a confidentiality privilege for some accountant-client communications. You understand that CLA makes no representation, warranty or promise, and offers no opinion with respect to the applicability of any confidentiality privilege to any information supplied or communications you have with us, and, to the extent that we follow instructions from you to withhold such information or communications in the face of a request from a third party (including a subpoena, summons or discovery demand in litigation), you agree to hold CLA harmless should the privilege be determined not to apply to particular information or communications.

CLA will not disclose any confidential, proprietary, or privileged information of the entity to any persons without the authorization of entity management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Consent to send you publications and other materials

For your convenience, CLA produces a variety of publications, hard copy and electronic, to keep you informed about pertinent business and personal financial issues. This includes published articles, invitations to upcoming seminars, webinars and webcasts, newsletters, surveys, and press releases. To determine whether these materials may be of interest to you, CLA will need to use your federal Form 990 and state filings information. Such information includes the organization name and address as well as the business and financial information you provided to us.

By signing and dating this engagement letter, you authorize CLA to use the information that you provide to CLA during the preparation of your federal Form 990 and state filings to determine whether to offer you relevant materials. Your consent is valid until further notice. If you do not wish to authorize such use, please strike out this paragraph prior to signing the engagement letter.

Consent to use tax information for benchmarking analyses

In an effort to better serve the needs of our clients, we develop a variety of benchmark, performance indicator, and predictive analysis reports, using anonymized client data obtained from our audit, tax, and other engagements. Business and financial information that you provide to us may be combined with information from other clients and included within the aggregated data that we use in these reports. While some of these analytical reports will be published and released publicly, please be assured that the separate information that we obtain from you will remain confidential, as required by the AICPA Code of Professional Conduct.

Unless authorized by law or the client consents, we cannot use a client's tax return information for purposes other than the preparation and filing of the client's tax return. By signing and dating this engagement letter, you authorize CLA to use any and all information furnished to CLA for or in connection with the preparation of the tax returns under this engagement letter, for a period of up to six (6) years from the date of this engagement letter, in connection with CLA's preparation of the types of reports described in the foregoing paragraph. If you do not wish to authorize such use, please strike out this section prior to signing the engagement letter.

Limitations

You agree that it is appropriate to limit the liability of CLA, its partners, principals, directors, officers, employees, and agents (each a "CLA party") and that this limitation of remedies provision is governed by the laws of the state of Minnesota, without giving effect to choice of law principles.

The exclusive remedy available to you shall be the right to pursue claims for actual damages that are directly caused by acts or omissions that are breaches by a CLA party of our duties owed under this engagement agreement, but any recovery on any such claim shall not exceed the portion of the total fees actually paid by you to CLA that corresponds to the particular service(s) that give(s) rise to the claim (i.e., the specific service(s) that a CLA party performed in such a manner as to cause CLA to be liable to you).

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between you and any CLA party. The parties (you and CLA) agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against any CLA party must be commenced as provided below, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery. An action to recover on a dispute shall be commenced within the shorter of these periods ("Limitation Period"):

- For federal Form 990 and state filing preparation, separately within thirty-six (36) months after the date when we deliver the tax returns and filings under this agreement to you on which the dispute is based, regardless of whether any CLA party provides other services for you or relating to said returns and filings.

- For tax consulting engagements, separately within thirty-six (36) months from the date of our last billing for services on each consultation on which the dispute is based.
- For all tax return, state filing, and tax consulting engagements, within twelve (12) months from the date when you terminate this or any other engagement of our services.

The applicable Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

Fees

Our professional fees will be billed based on the time involved and skills required. We will also bill for expenses (including internal and administrative charges) plus a technology and client support fee of five percent (5%) of all professional fees billed. Fees and expenses for this work will be invoiced separately. Our invoices, including applicable state and local taxes, will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued the tax returns and filings. You will be obligated to compensate us for all time expended and related fees and to reimburse us for all out-of-pocket expenditures through the date of termination.

Other fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

Finance charges and collection expenses

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

Termination of agreement

Either party may terminate this agreement at any time by giving written notice to the other party. In that event, the provisions of this agreement shall continue to apply to all services rendered prior to termination.

Agreement

Please sign and date this letter to confirm your agreement and return it to us at your earliest convenience.

We are looking forward to working with you.

Sincerely,

CliftonLarsonAllen LLP

Marlen Gomez, CPA
Director
626-857-7300
Marlen.gomez@CLAconnect.com

Enclosure

Accepted on behalf of the organization:

Signature

Title

Date