

February 15, 2018

**East Bay Innovation Academy**  
**c/o Michelle Cho**  
3400 Malcolm Avenue  
Oakland CA 94605

Re: Engagement Agreement for Exempt Organization Tax Returns for the Years Ending June 30, 2018, 2019 and 2020

Dear Ms. Cho:

We appreciate the opportunity to provide services to East Bay Innovation Academy (referred to herein as the “Organization”). This letter is to confirm the terms of Squar Milner LLP’s (“Squar Milner”) engagement with you for the years ending June 30, 2018, 2019 and 2020, and to clarify the nature and extent of the services we will provide.

***Summary of Our Services:***

Our engagement will be designed to prepare annual information returns for East Bay Innovation Academy for the years ending June 30, 2018, 2019 and 2020, and consulting services related thereto as requested, and such additional work as may be agreed to by the Organization and Squar Milner or as provided for in Exhibit A, which is incorporated herein by reference.

We will prepare these returns from information which you will furnish us. We will make no audit or other verification of the data submitted, although we may ask for a clarification of some of the information, or for additional information as we consider necessary. Our work in connection with the preparation of the annual income returns does not include any procedures designed to discover defalcations or other irregularities, should any exist.

We will use our judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities’ interpretations of the law and other supportable positions. Unless otherwise instructed by you, we will resolve such questions in your favor whenever possible.

Most of the tax returns that we will prepare require signatures, under the penalties of perjury, of an officer of the Organization affirming that the tax returns and the accompanying schedules and statements are true, correct and complete to the best of his or her knowledge. The Organization is



responsible for understanding and agreeing with the various amounts, computations and statements made in the tax returns before they are filed with the taxing authorities.

The Organization agrees to file, unaltered, the tax returns as prepared by Squar Milner on or before the due dates for the returns. In the event changes must be made by the Organization to the tax returns before filing, such changes may only be made with our written consent. The Organization also agrees to inform us in writing of any failure to timely file the tax returns.

Unless otherwise agreed with Squar Milner, the Organization will be responsible for preparation and filing of all other tax or information returns required to be filed with the authorities including, for example, city and county income or gross receipts filings, payroll tax filings, sales and use tax filings, information reporting filings, etc.

***Fees and Billing Procedures:***

The fees for our services will be based upon the amount of time required at our standard billing rates which are subject to change without notice (see attached Schedule of Hourly Rates at Exhibit B). In addition to our standard rates, we will also bill an amount that represents our standard charge for administration equal to 6% of the fees billed, plus out-of-pocket expenses, if any. Payments for services are due when rendered and interim billings may be submitted as work progresses and expenses are incurred. If payment is not received within 30 days from the date of invoice, such invoice will be considered past due. Past due invoices are subject to the lesser of our current monthly late charge (1.25% per month), which is subject to change, or the maximum charge permitted by applicable law. Failure to remit payment for past due services may result in deferral of further work or termination of agreement. In the event collection procedures are required, you are responsible for expenses of collection, including attorneys' fees.

We estimate professional fees as follows:

Preparation of the June 30, 2018 tax returns	\$1,095
Preparation of the June 30, 2019 tax returns	\$1,195
Preparation of the June 30, 2020 tax returns	\$1,295

Except as expressly provided herein, this engagement letter does not modify the terms or provisions of any other engagement letter for professional services which was agreed to prior to the date noted below.

If any of the above provisions (or those included in the attached Exhibit A) is determined to be invalid or unenforceable, the remaining provisions shall remain in effect and binding on the parties to the fullest extent permitted by law.



East Bay Innovation Academy  
c/o Michelle Cho  
February 15, 2018  
Page 3

We want to express our appreciation for this opportunity to work with you. If the foregoing fairly sets forth your understanding, please sign this letter in the space indicated and return it to our office.

If you have any questions or comments regarding the terms of this Agreement, please do not hesitate to contact us.

Sincerely,

**SQUAR MILNER LLP**

**James A. Rotherham**  
**Partner**

Enclosures

Easr Bay 06.30.18-2020 CA Charter Schools 990 Exempt (4) Eng Ltr

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BY ACKNOWLEDGING AND ACCEPTING THE TERMS AND CONDITIONS OF THIS AGREEMENT WITH YOUR SIGNATURE BELOW, YOU ARE ACKNOWLEDGING THAT YOU HAVE READ, UNDERSTAND AND AGREE TO BE BOUND BY THE ADDITIONAL TERMS AND CONDITIONS SET FORTH IN EXHIBIT A ATTACHED HERETO.

By: \_\_\_\_\_  
Michelle Cho

Date: \_\_\_\_\_



## **EXHIBIT A**

The following terms and conditions set forth below in this Exhibit are in addition to those set forth in the previous pages and are part of this Agreement entered into between you and Squar Milner.

### ***Additional Services:***

From time to time, the Organization may request Squar Milner to provide services outside the scope of these tax return preparation services that may not be significant enough to require a separate agreement (“Additional Services”). Subject to our agreement, Squar Milner will provide Additional Services necessary to respond to matters presented to us by the Organization, or matters we bring to the attention of the Organization for which the Organization agreed Squar Milner should provide assistance. The following illustrates the nature of the Additional Services intended to be covered by this Agreement:

- **Recurring tax consulting services**

We will provide advice, answers to questions and/or opinions on tax planning or reporting matters, including research, discussions, preparation of memoranda and attendance at meetings relating to such matters, as mutually determined to be necessary. We caution you that tax rules change frequently. For this reason, an opinion or advice expressed in connection with a transaction on a specific date may not apply to a similar transaction at a later date. You should ask us to reevaluate the situation each time a transaction is proposed.

- **Matters involving tax authorities**

We will provide advice and/or assistance with respect to matters involving the Internal Revenue Service or other tax authorities on an as-needed or as-requested basis.

These examples are not meant to limit the Additional Services we may provide to the Organization under the terms of this Agreement. We will keep you fully apprised of the nature of any Additional Services we are providing under this Agreement. All related periodic billings (under the terms and conditions described herein) will describe the Additional Services rendered during the period.

### ***Confidential 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 the 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.

***Privacy and Electronic Communications:***

This letter shall serve as your authorization for the use of e-mail and other electronic methods to send and receive information, including confidential information, between Squar Milner and the Organization and between Squar Milner and any outside specialists or other entities/persons engaged by either the Organization or Squar Milner. The Organization acknowledges that e-mail travels over the public internet, which is not always a secure means of communication; thus, the confidentiality of the transmitted information could be compromised through no fault of ours. We will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of the transmitted information described in this paragraph.

In accordance with federal law, absent your written consent, with respect to your tax return information, we will not disclose this information to third parties for purposes other than the preparation and filing of your tax return(s).

By executing this engagement letter, you consent to Squar Milner using your tax return information to send you, by any medium: firm newsletters, surveys, press releases, information concerning firm seminars and nontax-related services, and any other communication sent to some or all of the firm's clients. This consent shall be valid for five years and is not conditioned on our providing services to you.

***Record Retention:***

It is our policy to keep records related to this engagement for seven (7) years. However, Squar Milner 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.

The Organization is required to maintain and retain adequate documentation to support the tax returns as filed as penalties can be imposed by taxing authorities for the failure to produce adequate documentation supporting the items included in a tax return.

***Subpoena or Summons for Information in Squar Milner's Possession:***

If, in relation to pending or possible litigation, a regulatory investigation/informal inquiry, or an administrative, arbitration or similar proceeding to which Squar Milner is not a party, we receive a validly issued and enforceable subpoena or summons requesting that we (1) produce any of our workpapers or other documents in our possession relating to this (or a prior or future) engagement, (2) provide other information about any such engagement, and/or (3) testify about any such engagement, we will notify the Organization prior to responding to it if we are legally allowed to do so. If the Organization does not take any legal action within the time permitted for us to respond, or if such action does not result in a judicial order protecting us from providing the requested documents and/or information, we may construe the inaction or failure as your consent to comply with such request. Under these circumstances, we will release the requested documents and/or provide the requested information.

If the above occurs, our efforts to comply with such demands or requests will be deemed a separate engagement and accordingly we shall be entitled to compensation for our time and reimbursement of our reasonable out-of-pocket expenses (including any legal fees) in complying with any such demand or request. However, nothing discussed herein is intended to relieve us of our duty (except as otherwise required by applicable law) to observe the confidentiality requirements of the public accounting profession in the United States of America.

***Limiting Language:***

In recognition of the relative risks and benefits of this agreement to both you and Squar Milner, you agree, to the fullest extent permitted by law, that Squar Milner will not be liable for any and all claims, losses, costs and

damages of any nature whatsoever arising out of or in connection with any services provided to you in an amount greater than the amount of fees actually paid to us with respect to the services directly relating to and forming the basis of such claim, loss, cost or damage. Furthermore, in no event shall we be liable to you for punitive damages in connection with services provided.

During the course of the services described above, Squar Milner will utilize information developed from your records. We will rely upon you for the accuracy and completeness of its records, as well as all other information supplied by you, including oral and written representations by you and your representatives. You agree to release, indemnify, and hold Squar Milner, its partners, heirs, executors, personal representatives, successors and assigns, harmless from any liability for any damages or costs, including attorney fees resulting from, in whole or part, fraud caused by or participated in, or from knowing misrepresentations by the Organization and its representatives.

Tax returns are subject to audit and possible challenge by the taxing authorities, which may result in additional assessments of tax, interest and, in certain cases, penalties. You understand that we do not assume responsibility for such assessments nor for resulting taxes, penalties and interest. Should your tax return be selected for audit, or if there are other notices or communications questioning items on your return, we will be pleased to assist you in discussions with these authorities. We will invoice you separately for this service.

***Termination of Services:***

The Organization may terminate our services at any time, with or without cause. However, the Organization shall still be required to pay our invoices for services rendered up through the date of termination. We may terminate or suspend our services for non-payment of our fees or by reason of professional considerations, which in our judgment make it inappropriate to continue the engagement.

***Fee Disputes:***

With the sole exception of a fee dispute of less than \$50,000 (referenced below), any dispute, claim, controversy, complaint or cross-complaint in any manner arising from or related to, or asserted as an off-set against amounts charged under, this agreement, shall be submitted to resolution by arbitration before the San Diego County office of JAMS/Endispute. Arbitration shall be binding and final. The arbitration shall be governed by JAMS' Comprehensive Arbitration Rules and Procedures. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees in excess of \$50,000, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury, as well as any right to appeal, and instead are accepting the use of binding arbitration for resolution. The arbitrator may, in the award, allocate in whole or in part the fees and costs of the arbitration, including the fees of the arbitrator, and order in whole or in part recovery of the reasonable attorneys' fees of the prevailing party. The arbitrator shall not have authority to award punitive damages, any claim for which is hereby waived. The arbitrator may not award non-monetary or equitable relief of any sort. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitrator have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction. All aspects of the arbitration shall be treated as confidential. Neither the parties nor the arbitrator may disclose the existence, content or results of the arbitration, except as necessary to comply with legal or regulatory requirements. Before making any such disclosure, a party shall give written notice to all other parties and shall afford such parties a reasonable opportunity to protect their interests. Judgment on the award may be entered by any court having appropriate jurisdiction.

For a dispute involving solely a dispute of fees of \$50,000 or less, we agree to resolve the matter in the Superior Court of San Diego County or Small Claims Court, whichever is appropriate (this exception shall not affect the fact that any other or additional dispute, claim, controversy, complaint or cross-complaint shall be arbitrated in accordance with the terms set forth above).

***Other Matters:***

Please be aware that the tax services described in this letter are not an engagement for a formal written tax opinion. Any tax advice that we provide, unless pursuant to a formal written tax opinion that is on our letterhead and is identified as a formal tax opinion, constitutes informal tax advice based upon such information you have provided or that we have obtained without the formalities of written representations or other verification, and without authoritative research or consultation with legal and other tax experts on our part. Informal tax advice is not to be used for the purpose of avoiding tax penalties or for the purpose of promoting, marketing or recommending to another party any transaction or matter upon which we may provide informal advice. We will be pleased to prepare a formal, written tax opinion at your request, but only after we reach a formal written agreement in an engagement letter expressly written for that purpose that identifies the intended use of the formal tax opinion. We will require that you countersign and return to us any such Engagement Letter before we undertake to provide a formal written tax opinion.

The Internal Revenue Code and regulations impose preparation and disclosure standards with non-compliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures to you and/or in the tax return concerning positions taken on the return that don't meet these standards. Accordingly, we may discuss tax positions that may increase the risk of exposure to penalties and any recommended disclosures with you before completing the preparation of the return. If we conclude that we are obligated to disclose a position and you refuse to permit the disclosure, we reserve the right to withdraw from the engagement and you agree to compensate us for our services through the date of withdrawal. Our engagement with you will terminate upon our withdrawal.

The IRS and certain State taxing authorities permit you to authorize us to discuss, on a limited basis, aspects of your return with the IRS, or that certain State authority, for a one-year period after the return's due date. Your consent to such discussion is evidenced by checking a box on the applicable return. Unless you tell us otherwise, we will check the box authorizing the IRS and any applicable State taxing authority to discuss your return with us.

The Organization and any of its affiliates recognize that Squar Milner has incurred a great deal of time and expense in acquiring and training its staff. If the Organization or any of its affiliates hires (either as an employee or as an independent contractor) any Squar Milner employee who has worked on this engagement in the six-month period prior to hiring, the Organization will pay Squar Milner 60% of that employee's projected first year compensation upon hire of the Squar Milner employee.

Squar Milner is a limited liability partnership comprised of both certified public accountants and certain principals who are not currently licensed as CPAs. Such principals may provide some or all of the services described in this engagement letter.

Squar Milner is a legally independent member of Allinial Global, an association of over 100 independent accounting and consulting firms. Allinial Global (formerly PKF North America) offers international support by connecting its member firms to providers and global networks of accounting firms worldwide. Neither the other member firms nor Allinial Global are responsible or accept any liability for the work or advice which Squar Milner provides to its clients. In signing and returning to us this engagement letter, you acknowledge and accept that such other member firms and Allinial Global do not owe the Company any duty in relation to the work or advice which we will from time to time provide to the Company or are required to provide to the Company.



## **EXHIBIT B**

### **Schedule of Hourly Rates** (Effective July 1, 2017)

Partners	\$ 350.00	to	\$ 675.00
Managers	\$ 230.00	to	\$ 435.00
Seniors	\$ 165.00	to	\$ 275.00
Account Managers	\$ 155.00	to	\$ 255.00
Professional Staff	\$ 125.00	to	\$ 280.00
Administration	\$ 50.00	to	\$ 250.00

Administrative fees and out-of-pocket expenses apply in addition to the above hourly rate  
(Note: Rates are subject to change without notice)