

# *Slavic Sukharev, An Accountancy Corporation*

## *Accounting & Taxation*

4920 Topeka Drive  
Tarzana, California 91356  
Telephone: (323) 496-9889  
E-mail: [slavic89@pacbell.net](mailto:slavic89@pacbell.net)

December 29, 2022

Ms. Arina Goldring  
Chief Executive Officer  
Los Angeles Leadership Academy  
2670 Griffin Avenue  
Los Angeles, CA 90031

Dear Ms. Goldring:

This letter is to confirm and specify terms of our engagement with Los Angeles Leadership Academy (the "Entity") for the 2020 and 2021 years and to clarify the nature and extent of the tax services we will provide.

### ***Engagement Objective and Scope***

We will perform the research, testing, preparation, recordkeeping and amended payroll tax returns, required to obtain the ERTC (Employee Retention Tax Credit) for the qualifying quarters in 2020 and 2021.

The ERTC is a one-time Federal refundable tax credit which was created by the CARES Act on March 27, 2020, and modified by the Taxpayer Certainty and Disaster Tax Relief Act of 2020 in December of 2020

Generally speaking, the tax credit equals 50 percent of a qualified employee's wages up to a maximum credit of \$5,000 per employee in 2020 and a maximum credit of \$21,000 per employee in 2021. Qualified employees' wages are those that were not paid with PPP funds.

The ERTC is a multi-step, multi-year process which affects your business payroll tax returns, business income tax returns and personal income tax returns. Slavic Sukharev, An Accountancy Corporation maintains a team of experts on this subject and has the experience and knowledge in payroll taxes, business taxes and income taxes sufficient for this engagement.

The ERTC requires qualifications of the employer, qualifications of the employee, identifying and separating qualified wages, performing calculations, amending payroll tax returns and business returns, and maintaining records.

Client understands that these credits will also affect your year-end income tax returns for 2020 and/or 2021. Since the ERC reduces deductible wages, there might be additional taxes due for the entity and/or on the personal returns in the affected years. The 2020 and/or 2021 year-end returns are separate fees and if we are required to amend business or personal returns, Client understands that a separate fee for those returns will be charged.

Timing and deadlines of when these credits are calculated and/or returns prepared is at the sole discretion of Slavic Sukharev, An Accountancy Corporation. There is a 3-year window to obtain the credits and Client understands and agrees that amended returns for 2020 and/or 2021 may be required.

The 2020 credits will be given priority, and, because of different rules and deadlines, the 2021 credits will be applied for a later date in 2021.

Client will be required to complete a Preliminary Questionnaire and return it to Slavic Sukharev, An Accountancy Corporation.

This agreement does not cover the work required for any other tax credits.

Our engagement does not include any procedures designed to detect errors, fraud, or theft. Therefore, our engagement cannot be relied upon to disclose such matters. In addition, we are not responsible for identifying or communicating deficiencies in your internal controls. You are responsible for developing and implementing internal controls applicable to your operations.

This engagement is limited to the professional services outlined above.

### ***CPA Firm Responsibilities***

Unless otherwise noted, we will perform our services in accordance with the Statements on Standards for Tax Services ("SSTs") issued by the American Institute of Certified Public Accountants ("AICPA") and U.S. Treasury Department Circular 230 ("Circular 230"). It is our duty to perform services with the same standard of care that a reasonable tax return preparer would exercise in this type of engagement. It is your responsibility to safeguard your assets and maintain accurate records pertaining to transactions. We will not hold your property in trust for you, or otherwise accept fiduciary duties in the performance of the engagement.

### **Arguable positions**

We will use our judgment to resolve questions in your favor where a tax law is unclear, provided there is sufficient support for doing so. If there are conflicting interpretations of the law, we will explain the possible positions that may be taken on your tax credit. We will follow the position you request, provided it is consistent with our understanding of the Internal Revenue Code ("IRC"), tax regulations, Revenue Rulings, Revenue Procedures, private letter rulings and court decisions. If the IRS, state, or local tax authorities later contest the position taken, additional tax, penalties, and interest may be assessed. We assume no liability, and you hereby release us from any liability, including but not limited to, additional tax, penalties, interest, and related professional fees.

### **Government inquiries**

Client understands that the IRS is administering this credit and that Client may receive inquiry notices in the future or be audited based on this engagement. Slavic Sukharev, An Accountancy Corporation will respond to any notices and can represent Client if audited at a separate hourly charge. Client holds Slavic Sukharev, An Accountancy Corporation harmless for any actions by the IRS against Client regarding the ERTC.

### ***Client Responsibilities***

We will prepare the Entity's 2020 and/or 2021 ERTC for the qualifying quarters from the information you furnish us. You will provide us with payroll records and other supporting data necessary to prepare your ERTC. You must provide us with accurate and complete information.

### **Documentation**

You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your ERTC. You represent that you have such documentation and can produce it if necessary, to respond to any audit or inquiry by tax authorities. You agree to hold

our firm harmless from any liability including but not limited to, additional tax, penalties, interest, and professional fees resulting from the disallowance of tax deductions due to inadequate documentation.

#### Worker classification

You acknowledge and confirm that you, in consultation with other professional advisors, as needed, are responsible for determining the correctness of any worker classification. Payroll tax withholding and related employer payroll tax implications result from this determination. We cannot advise you with respect to worker classification and will rely upon your determination of same.

#### Ultimate responsibility

You have final responsibility for the accuracy of your ERTC. We will provide you with a copy of your electronic ERTC and accompanying schedules and statements for review prior to filing with the IRS, state and local tax authorities, as applicable. You agree to review and examine them carefully for accuracy and completeness

#### ***Documentation Retention Policy***

We generally retain, for ten years, the final work product generated for our clients. After the retention period, the documents are destroyed or if digital, deleted from our server. We do not keep original documents — they are returned to you after completion of the returns. It is the Entity's responsibility to retain the records for possible future use, including possible examination by the taxing authorities.

By signing this engagement letter, you acknowledge and agree that upon the expiration of the seven-year period, we are free to destroy our records related to this engagement.

#### ***Fees for Our Services***

Our fees are contingent upon the approval of the credit by the IRS and will be calculated as 15% of the amount of ERTC received.

All invoices are issued monthly and are due and payable upon presentation. Tax returns will not be filed electronically until fees and outstanding invoices are paid. Amounts not paid within 30 days from the invoice date will be subject to a late payment charge of 1% per month (12% per year).

#### ***Dispute Over Service***

Client understands that, as of today's date, more guidance from the IRS may be forthcoming. There is no precedence for this credit and little lead time for professionals and software companies to prepare, thereby adding to the possibility of errors. There are no court cases, revenue rulings or audit guidelines to date. Some future events may affect the calculations done by Slavic Sukharev, An Accountancy Corporation. Slavic Sukharev, An Accountancy Corporation is obtaining the data you provide and performing calculations in good faith using its experience and knowledge in these matters based on the available information at this time. Client holds Slavic Sukharev, An Accountancy Corporation harmless in the event that the IRS makes future adjustments detrimental to Client.

In the event of a dispute arising between us related in any way to our services (other than our efforts to collect a past due invoice), our firm and you agree to discuss the dispute and, if necessary, to promptly engage in mediation before a retired judge of the Superior Court of the State of California affiliated with Judicial Arbitration & Mediation Services, Inc. ("JAMS"), or as may be otherwise mutually agreed by you and us. Mediation may be initiated by either of us by giving written notice to the other party. If we cannot agree on a retired judge from the JAMS panel within ten (10) days of the initiation of mediation, JAMS will provide a list of three available judges and each party may strike one. The remaining judge (or if there are two, the one selected by JAMS) will serve as the Mediator. In the event the Mediator is not selected

as provided for above for any reason, the party initiating mediation shall apply to the appropriate Court for the appointment of a qualified retired judge to act as the Mediator.

We will share the Mediator's fees and expenses equally, but otherwise will bear our own attorneys' fees and mediation costs. Participation in such mediation shall be a condition to either of us initiating litigation. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identity for purposes of the award of attorneys' fees.

To the fullest extent permitted by law, the total liability, in the aggregate, of our firm and its partners, employees, and agents for any claims, losses, costs, taxes, penalties, interest, or damages of any kind whatsoever, arising out of, resulting from or in any way related to our firm's accounting services rendered to you or on your behalf, from any cause, including but not limited to negligence, professional errors and omissions, strict liability, breach of contract, or breach of warranty, shall not exceed the total compensation received by us for such services.

We have the right to withdraw from this engagement, in our discretion, if you don't provide us with any information we request in timely manner, refuse to cooperate with our reasonable requests or misrepresent any facts. Our withdrawal will release us from any obligation to complete the tax returns and will constitute completion of our engagement. You agree to compensate us for our time and out-of-pocket expenses through the date of withdrawal.

***Acceptance of our Services***

If the foregoing fairly sets forth your understanding of our engagement, please sign the enclosed copy of this letter and return it to our office. Work cannot commence until a signed copy of this document is returned.

Yours truly,

A handwritten signature in black ink, appearing to read 'Slavic', with a long, sweeping horizontal stroke extending to the right.

*Slavic Sukharev, CPA*

**AGREED TO AND ACCEPTED:**

By:

---

Ms. Arina Goldring, CEO