



January 2, 2014

Stephanie Winjum
Business Office Manager
Pelican Rapids Public School
310 South Broadway
Pelican Rapids, MN 56572

Dear Ms. Winjum:

This letter is to confirm our understanding of the services we are to provide for Pelican Rapids Public School.

We will perform the following services in accordance with the terms and conditions set forth in this agreement.

Description of Services: Eide Bailly LLP personnel will provide tax consulting services as requested by the above noted entity. Our services will remain advisory in nature. We cannot act in a capacity equivalent to that of a member of management or of an employee. Decision making and oversight of services must remain the responsibility of management.

The tax consulting services will be calculating the **estimated** cost of maintaining your current health insurance (assuming you currently have coverage) versus eliminating your policy and paying the **estimated** applicable required tax. If you do not currently offer health insurance, we will calculate the **estimated** tax for not providing the minimum required coverage. We will also look at the impact of the Federal Government health insurance subsidy on your business by estimating how much subsidy your employees could potentially be eligible to receive if they were not offered health insurance from you. **The above referenced estimates will be calculated based upon information provided by you related to the details of your current and/or future health insurance plans, including information regarding current and anticipated employee participation.**

Certain communications involving tax advice between you and our firm may be privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice.

We estimate that our fees for these services will be \$4,000. You will also be billed for travel and other out-of-pocket costs if incurred. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees 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

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account becomes thirty 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 upon written notification of termination even if we have not completed our report.

These fees and services for this project do not include IRS or state tax audits or inquiries or any other services such as tax or estate planning. Payments for services are due upon receipt of the billing. A finance charge of 1% per month, which is an annual rate of 12%, will be added to all invoices that remain unpaid for more than thirty days. If collection action is necessary, expenses and reasonable attorney's fees will be added to the amount due.

If required, we will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of our Firm's performance of these services. You and your attorney will receive a copy of every subpoena we are asked to respond to on your behalf and will have the ability to control the extent of the discovery process to control the costs you may incur.

The following procedures shall be used to resolve any disagreement, controversy or claim that may arise out of any aspect of our services or relationship with you, including this engagement, for any reason ("Dispute"). Specifically, we agree to first mediate.

All Disputes between us shall first be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator. The mediator will be selected by mutual agreement, but if we cannot agree on a mediator, one shall be designated by the American Arbitration Association ("AAA").

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute. Mediation will be conducted with the parties in person in Fargo, North Dakota.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Either party may commence suit on a Dispute after the mediator declares an impasse.

We both agree to submit any unresolved Dispute to trial by a federal or state court venued in Fargo, North Dakota. This agreement shall be governed by and construed in accordance with the laws of the State of North Dakota (regardless of the laws that might be applicable under the principles of conflict of law) as to all matters including without limitation, matters of validity, construction, effect, and performance.

The exclusive remedy available to you in any adjudication proceeding shall be the right to pursue claims for actual damages that are directly caused by acts or omissions that are breaches by us of our duties under this agreement and/or under applicable professional standards, such damages will be limited to no more than two times fees paid under this agreement. In no event shall we be liable to you for any punitive or exemplary damages, or for attorneys' fees.

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. We both agree that, notwithstanding any statute of limitations that might otherwise apply to a Dispute, it is reasonable that you may not bring any

legal proceeding against us unless it is commenced within twenty-four (24) months ("Limitation Period") after the date when we deliver our report under this agreement to you, regardless of whether we do other services for you or that may relate to the product.

The Limitations 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.

You agree that none of Eide Bailly LLP, its partners, affiliates, officers or employees (collectively "Eide Bailly") shall be responsible for or liable to you for any misstatements in your financial statements and/or tax return that we may fail to detect as a result of knowing representations made to us, or the concealment or intentional withholding of information from us, by any of your owners, directors, officers or employees, whether or not they acted in doing so in your interests or for your benefit, and to hold Eide Bailly harmless from any claims, losses, settlements, judgments, awards, damages and attorneys' fees from any such misstatement, provided that the services performed hereunder were performed in accordance with professional standards, in all material respects.

You agree that you will not and may not assign, sell, barter or transfer any legal rights, causes of actions, claims or Disputes you may have against Eide Bailly, its partners, affiliates, officers and employees, to any other person or party, or to any trustee, receiver or other third party.

If the tax **consulting** services and terms outlined are in accordance with your understanding of our engagement, please sign the enclosed copy of this letter in the space provided and return it in the supplied envelope.

We appreciate this opportunity to serve you. If you have any questions or need any additional information, please do not hesitate to call.

Sincerely,

EIDE BAILLY LLP



Ross Manson
Partner

Accepted By: PELICAN RAPIDS PUBLIC SCHOOL

Signature

Title

Date

RM/bb