

## SAMPLE CLIENT ENGAGEMENT LETTER - 2011

We appreciate the opportunity of working with you and advising you regarding your income tax. To ensure a complete understanding between us, we are setting forth the pertinent information about the services, which we propose to render for you.

We will prepare your 2010 federal and requested state income tax returns from information that you will furnish to us. We will make no audit or other verification of the data you submit, although we may need to ask you for clarification of some of the information. We will furnish you with questionnaires and/or worksheets to guide you in gathering the necessary information. Your use of such forms will assist us in keeping our fee to a minimum.

As your CPA we collect information provided by you from your tax organizer, worksheets, documents and discussions, information that we develop as part of the engagement. We are required to keep all information about our engagement confidential so we will not disclose any information about you unless we have your approval or required/permitted by law. This applies even if you are no longer a client. We are committed to safekeeping of your confidential information and we maintain physical, electronic and procedural safeguards to protect your information.

The law provides for a penalty to be imposed when a taxpayer makes a substantial understatement of their tax liability. If you would like information on the amount or circumstances of this penalty, please let us know. In addition, if you request an extension and, including any deposit paid with the extension, have not paid substantially all the tax expected to be due for the year, the IRS may deny the extension and/or assess substantial penalties.

You have the final responsibility for the income tax returns; therefore, you should review them carefully before you sign and file them.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to disclose defalcations or other irregularities, should any exist. We will render such accounting and bookkeeping assistance, as we find necessary for the preparation of the income tax returns.

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

Our fee for these services will be based upon the amount of time required at our standard billing rates, plus out-of-pocket expenses. We will bill you on that basis, and all invoices will be due and payable upon presentation. Amounts unpaid 30 days after the date of billing will incur interest at 12%. Fees for services rendered in connection with extensive phone conversations, IRS matters, or counseling during the year will be in addition to the charges for your tax return.

Your returns may be selected for review by the taxing authorities. Any items resolved against you by the examining agent are subject to certain rights of appeal. In the event of

such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

It is our policy to keep our records related to this engagement for seven years. We specifically reserve the right to destroy our records related to this engagement at the expiration of the seven year period without prior notice to you. Lux & Associates, P.S. does not keep any of your original records. Your original records are returned to you at the completion of the services rendered in this engagement. It is your responsibility to retain and protect your original records. If for any reason you believe your original records have not been returned to you, please contact us immediately.

If this letter fairly sets forth your understanding, please sign in the space indicated below and return it to our office.

We want to express our appreciation for this opportunity to work with you, and trust that this will be the continuation of a long and mutually beneficial association.

Sincerely,

Monna Lux, CPA

LUX & ASSOCIATES, PS

Accepted by:

Signature

Print Name

Date