August 11, 2008

**CONFIDENTIAL**

Client

**Business Name**

4116 Spring Hill Road

Anytown, USA 12345

Dear Clients:

I am pleased to confirm our understanding of the tax engagement, which we will perform for you**.**  This letter confirms the services you have asked our firm to perform and the terms under which we have agreed to do that work. Please read this letter carefully because it is important to both our firm and you that you understand what you can and cannot expect from our work. If you are confused at all by this letter or believe we have misunderstood what you need, please call us to discuss this letter before you sign it.

**INCOME TAX RETURNS**

As part of our engagement, we will prepare the following tax returns for you:

* Federal Form 1040 with supporting schedules for the year ended December 31, 2008
* Michigan Form MI-1040 with supporting schedules for the year ended December 31, 2008, including, if necessary, requests to extend the due dates of these returns.
* Federal Form 1120S with supporting schedules for the year ended December 31, 2008 for your LLC.
* Arizona Form 120S with supporting schedules for the year ended December 31, 2008 for your LLC.

It is your responsibility to inform us of any additional states that will require tax returns. If you would like to discuss other states in which you may be required to file tax returns, please contact us.

We will prepare your 2008 federal and state income tax returns from information that you will furnish us. We will not audit or otherwise verify the data you submit, although it may be necessary 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 in keeping pertinent information from being overlooked.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all the documents, canceled checks and other data that form the basis of income and deductions.

These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

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

We will use professional 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.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or the circumstances of these penalties, please contact us.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments 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.

We will also render to you tax advice from time to time upon your request. This engagement does not include representation before the Internal Revenue Service resulting from the examination of your tax returns. Should the need arise; these services will be performed subject to a separate engagement letter.

You are advised to retain copies of your own tax returns. We will retain tax records and tax returns on site for three years. Copies of these returns will be available to you at our normal billing rates for making copies.

**OTHER SERVICES**

In addition to the services identified above, we will be pleased to respond to requests for advice regarding specific tax, accounting, and financial issues you may encounter. We are always available to meet with you and/or other of your representatives at various times throughout the year to discuss current business, operational, accounting, and personal financial matters affecting you. If additional meetings, telephone and email consultations are needed in addition to those outlined above, please let us know. Fees for these additional services will be billed at our standard hourly rates of $195 per hour, billed in 15 minute increments.

**TERMINATION AND OTHER TERMS**

We reserve the right to withdraw from this engagement without completing the work if you fail to comply with the terms of this engagement letter. If any portion of this agreement is deemed invalid or unenforceable, the finding shall not invalidate the remainder of the terms set forth in this engagement letter.

**FEES FOR SERVICES**

Our estimated fee for the services described is $1,900. If any unforeseen circumstances arise during the course of our engagement which will impact the completion of our work or the cost, we will suspend our services immediately and discuss the causes, costs and methods of resolving the issue with you before proceeding with the engagement. In accordance with Firm policy, we require that 50% of the total estimated fees be paid prior to the commencement of our engagements. Please complete the credit card billing information below so that we may charge this retainer. The balance of our estimated fees will be due upon delivery of your income tax returns so that our charges can be related to the services rendered and so that any questions regarding services or billing can be responded to promptly.

If payment is not made by the due date, we reserve the right to suspend or terminate our work. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet government and other deadlines, for any penalties or interest that may be assessed against you resulting from your failure to meet such deadlines, and for any other damages (including consequential damages) incurred as a result of the suspension or termination of our work.

If any unforeseen circumstances arise during the course of our engagement which will impact the completion of our work or the cost, we will suspend our services immediately and discuss the causes, costs and methods of resolving the issue with you before proceeding with the engagement. Our charges for other services will be agreed to separately. Bills will be rendered on a monthly basis with payment due upon presentation. In accordance with Firm policy, we require that all invoices be paid within ten days of the due date.

If at any time you have any questions regarding services or billing please contact us immediately so that your questions can be responded to promptly.

If the information you provide is not submitted in a timely manner or is incomplete or unusable, we reserve the right to charge additional fees and expenses for services required to correct the problem. If this occurs, we will contact you to discuss the matter and the anticipated delay in performing our services.

**EXCLUSIONS**

This engagement includes only those services specifically described in this letter. Any additional services requested by you will be subject to a separate written understanding before the additional services are commenced.

The parties intend this engagement letter to be the final expression of the terms of their agreement and further intend this letter be the complete and exclusive statement of all the terms of their agreement. This letter supersedes all prior agreements and all agreements made contemporaneously with the execution of this agreement. Any prior agreement or oral contemporaneous agreements may not be used to contradict, supplement or explain this letter.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let me know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to me.

I want to express our sincere appreciation for this opportunity to work with you.

Sincerely,

**Your Firm Name Here**

Certified Public Accountants

Owner Name

Managing Partner

Enclosure

This letter correctly sets forth the understanding of **Client Name**

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

**PAYMENT INSTRUCTIONS** (please select one of the following options)

Credit Card: We accept VISA, MasterCard and American Express. Please provide us with the

following:

Card Type: \_\_\_\_\_\_\_\_\_\_\_\_ Card Number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

Security Code (3-digit code on the back of the card): \_\_\_\_\_\_\_\_\_\_\_\_\_

Cardholder's name and Billing Address:

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