

2011 1040 Income Tax Return Annual Engagement Letter and Privacy Notification

Date: _____ Client Name(s) _____

This letter is to confirm our understanding of the terms and objectives of our engagement, and the nature and limitations of the services I (Kathleen M. Manickas CPA) will provide. Please read this letter carefully because it is important to both me and you that you understand what you can and cannot expect from my work. In other words, I want you to know the limitations of the services you have asked me to perform. If you are confused at all by this letter or believe I have misunderstood what you need, please call to discuss this letter before you sign it.

The services I will provide under this engagement are as follows:

I will prepare your 2010 Federal, _____ & _____ Individual Income Tax
(Indicate state(s)) (Indicate local, if applicable)
Form 1040 and related Federal and State schedules, from information provided by you.

I will not audit, review compile or otherwise verify the data you submit although I may ask you to clarify some of the information.

I will furnish you with an Information Worksheet to help you gather and organize necessary information, in order to keep my fee to a minimum.

I will perform my services in accordance with the Statements on Standards for Tax Service issued by the American Institute of Certified Public Accountants. Additionally, The Internal Revenue Service imposes penalties on me as a return preparer, for failure to observe due care in reporting for income tax purposes.

I will not audit, review, compile or otherwise verify the data that you submit, although I may ask you to clarify some of the information.

I am responsible for preparing only the returns listed specifically in this letter. If you have taxable activity in a state/locality other than that specifically listed, you are responsible for advising me of the additional state/locality and providing me with all information necessary to prepare any additional applicable state(s) or local income tax returns.

Additional state or local income tax returns will be prepared as a separate engagement. If you have income tax filing requirements in a given state or locality but do not file that return there could be possible adverse ramifications such as an unlimited statute of limitations, penalties, etc. If you would like me to investigate to determine each state/locality where you have an income tax filing requirement, please inform me.

If you have derived income from a foreign country, I will use the foreign country income information, which you provide to calculate any applicable federal or state foreign tax credit or other affected federal or state income tax items. However you are responsible for meeting any foreign country income tax or other foreign country reporting requirements.

You may request that I perform additional services not contemplated by this engagement letter. If this occurs I will communicate with you regarding the scope and estimated cost of these additional services. Engagements for additional services may necessitate that I amend this letter or issue a separate engagement letter to reflect the obligations of both parties, in absence of written communication documenting any other services; my services will be limited and governed by the terms of this engagement letter.

You are responsible for maintaining, in your records, the documentation necessary to support the data used in preparing your tax returns, including but not limited to the auto, travel, entertainment, and related expenses and the required documents to support charitable contributions. If you have questions as to the type of record required, please ask me for advice in that regard. **It is also your responsibility to carefully examine and approve your completed tax returns before signing and mailing them to the tax authorities.** I am not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest. I will rely, without further verification on information you provide from third parties including, but not limited to K-1's, 1099's, 1098's, and receipts and similar items.

This engagement cannot be relied upon to disclose errors, fraud, or illegal acts.

You agree to provide me with requested information, documentation, and explanations of supporting data to be included in your tax return on a timely basis. If you fail to comply with this requirement or any of the terms of this engagement, as outlines herein, I reserve the right to withdraw from this engagement without completing your tax return

Although I will inform the appropriate level of management of any material errors and of any evidence of information that comes to my attention during the preparation of a tax return, that fraud or an illegal act may have occurred, this engagement cannot be relied upon and will not include any procedures designed to detect or disclose or report fraud, errors, theft, or illegal acts and you agree that I have no responsibility to do so. I do not obtain, receive, re-read or look at cancelled checks as part of a tax return preparation engagement.

The original filing date for your income tax returns is April 17, 2012 for the Federal return (State due date may be different, but not before this date) It may be necessary to apply for an extension of the filing deadline if there are unresolved tax issues or delays in processing, or if I do not receive all of the necessary information on a timely basis. If you are unable to provide the requested information by March 19, 2012 to allow for timely preparation of your tax returns, you must contact me and request that we may apply for an extension of the filing deadline on your behalf. Applying for an extension of time to file may extend the time available for a government agency to undertake an audit of your return or may extend the statute of limitations. Additionally, extensions may affect your liability for penalties and interest or compliance with government or other deadlines.

I will use my professional judgment in preparing your returns. Whenever I am aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), I will explain the possible positions that may be taken on your return. I will adopt whatever position you request on your return so long as it is consistent with the codes, regulations, and interpretations that have been promulgated. If the Internal Revenue Service should later contest the position, there may be an assessment of additional tax plus interest and penalties. I assume no liability for any such additional penalties or assessments.

You may request that I perform additional services not contemplated by this engagement letter. If this occurs I will communicate with you regarding the scope and estimated cost of these additional services. Engagements for additional services may necessitate that I amend this letter or issue a separate engagement letter to reflect the obligations of both parties. In the absence of written communication from me documenting any other services, my services will be limited and governed by the terms of this engagement letter.

In the unlikely event that circumstances occur which I in my sole discretion believe could create a conflict with either my ethical standards or the ethical standards of my profession in continuing my engagement, I may suspend my services until a satisfactory resolution can be achieved, or I may resign from the engagement without preparing the tax return. I will notify you of such conflicts as soon as practicable, and will discuss any possible means of resolving them prior to suspending my services.

It is my policy to keep records related to this engagement for 7 years after which they are destroyed. However, I do not keep any original client records, so I 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.

In the interest of facilitating my services to your company, I may communicate by facsimile transmission or send electronic mail over the internet. Such communications may include information that is confidential to your company. While I will use my best efforts to keep such communication secure in accordance with obligations under applicable laws and professional standards, you recognize and accept that I have no control over the unauthorized interception of these communications once they have been sent and consent to my use of these electronic devices during this engagement.

My fee for these services will be based on my standard rates and the time required, plus out of pocket expenses. Billings become delinquent if not paid within 30 days of the invoice date. If billings are not paid within 60 days of the invoice date, at my election, I will stop work until your account is brought current, or I will withdraw from this engagement. You acknowledge and agree that I am not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event I stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as required by this engagement letter, I shall not be liable to you for any damages that occur as a result of my ceasing to render services. My services will conclude upon delivery of the completed tax returns discussed above or upon my suspension of services or resignation from the engagement.

I shall not voluntarily disclose or divulge information obtained pursuant to my performance of the services contemplated under this engagement letter unless such information is disclosed in accordance with the peer review process. However, I reserve the right to disclose such information if required to do so by the standards of my profession in reporting on the examination of tax returns, or in making disclosures in a court of law or in disciplinary investigations or proceedings when my professional services as a certified public accountant are at issue in an action, investigation or proceeding in which I am a party. Further, while I will not voluntarily disclose any information or documentation obtained pursuant to this engagement, if I receive a summons or subpoena seeking discovery of such documents or information, you must acknowledge and agree that I may produce such materials if required by law to do so. If such situation arises, I shall notify you of such request as soon as reasonably possible so long as I am legally permitted to do so. In the event of such a situation, you should consult an attorney regarding your rights as to the discoverability of any information or documentation so requested.

I shall not disclose any privileged communication made pursuant to the terms of this engagement letter unless required to do so by law. However, you agree as a condition of our engagement to pay any and all reasonable expense I incur, including legal fees that result from any efforts I make to prevent disclosure of such communications. In addition, you should be aware that under certain circumstances, privilege can be 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. I recommend that you contact me before releasing any such information to a third party.

In recognition of the relative risks and benefits of this agreement to both you and me, we have discussed and have agreed on the fair allocation of risk between us. As such you agree, to the fullest extent permitted by law, to limit my liability to you for any and all claims, losses, costs, and damages of any nature whatsoever, so that my total aggregate liability to you shall not exceed my total fee for services rendered under this agreement. You and I intend and agree that this limitation apply to any and all liability or cause of action against me, however alleged or arising, unless otherwise prohibited by law. Both parties agree that there is a one-year limitation period to bring a claim against me for errors and omissions. The one-year period will begin upon the date of my signature as preparer of your tax return.

It is further agreed that this engagement between you and me is intended solely for the benefit of you, and I shall under no circumstances accept any liability to any third parties, whether known or unknown, pursuant to any services provided under this engagement letter.

Finally, in the event that any portion of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

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I appreciate the opportunity to serve you. Please sign and date the enclosed copy of this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. It is my policy to initiate services after I have received the executed engagement letter.

Sincerely,

Kathleen M. Manickas

I have read the above terms and agree with the terms of this engagement.

(Client signature)

& _____
(Spouse, as applicable)

(Date)