

Eunis & Associates CPA, Inc.
300 Centerville Road, Suite 330W
Warwick, Rhode Island 02886
Telephone: 401-732-2700
Fax: 401-732-5400
www.mytaxsource.com

Date:

Client(s):
Company:
Address:

Dear:

We are pleased to confirm and specify the terms of our engagement with _____ (hereinafter "the company") and to clarify the nature and extent of the services we will provide regarding the preparation of the tax return(s).

We will prepare the company's 2011 federal tax return, and tax returns for the applicable state authorities in which the company has incorporated in and/or is doing business in (collectively, the "returns") in 2011. This engagement pertains only to the 2011 tax year, and our responsibilities do not include preparation of any other tax return years that may be due to any taxing authority. We are responsible for preparing only the returns referenced above. The company is responsible for providing us with all information necessary to identify all states and localities in which it conducts business or derives income. If the company has tax filing requirements in a given state or local municipality but does not file that return, there could be possible adverse ramifications such as an unlimited statute of limitations, penalties, etc.

Our engagement will be satisfied upon delivery of the completed returns to the company. Therefore, the company will be solely responsible for filing the returns with the appropriate taxing authorities.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. The company acknowledges that any such understated tax, and any imposed interest and penalty thereon, are its responsibility, and that we have no responsibility in that regard. If you would like information on the amount or the circumstances of these interest and penalties, please contact us. The company's returns may be selected for review by the taxing authorities or may receive a notice requesting a response to certain issues on the tax return. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination or inquiry, we will be available upon request to represent the company or respond to such inquiry. . Our hourly rates for such representation is \$225 per hour (\$65 for a Staff Accountant), plus out-of-pocket costs. At that time, we will provide a subsequent engagement letter to clarify the nature and extent of services we will provide regarding the tax

examination or inquiry response and will render additional invoices for these services and expenses incurred.

We will prepare the returns from information the company provides us. It is the company's responsibility to provide all the information required for the preparation of complete and accurate returns. We will not audit or otherwise verify the information the company submits. To the extent we render any services, it will be limited to those tasks we deem necessary for the preparation of the returns only.

Unless you otherwise advise us, your signature below also confirms that you have the necessary documentation under Code §274 for the business gift, travel, entertainment, and related expenses claimed.

Unless otherwise noted by the company, this same assistance will be provided during the current year engagement and is subject to the same terms and conditions set forth in this letter. Please note that we will not determine the completeness or accuracy of the information supplied by the company and the assistance we do provide is not to be construed as an oversight function, in any respect, of the company's accounting system; therefore, there should be no reliance, stated or implied, by the company on the accuracy of the assistance we are to provide. As a result of our assistance, we may propose standard, adjusting, or correcting journal entries to your financial statements. The company, however, has final responsibility for reviewing the proposed entries and understanding the nature and impact of the proposed entries on the returns. Furthermore, it is the company's responsibility, once these entries have been agreed to, to post the entries to its accounting system in a timely manner.

Any additional services not referenced above will be considered "out of scope" of this engagement letter. Prior to the commencement of "out of scope" services, we will discuss the nature and extent of the work and provide a subsequent engagement letter that clarifies these services.

The timeliness of the company's cooperation is essential to our ability to complete this engagement. Specifically, we must receive sufficient information from which to prepare the returns within a reasonable period of time prior to the applicable filing deadline. Accordingly, if we do not receive this information from the company, as noted above, by March 1, 2012, it may be necessary for us to pursue extensions of the due date of the returns, and we reserve the right to suspend our services or withdraw from this engagement. Various penalties and interest are imposed when taxpayers fail to pay the full amount of taxes owed by the filing due date. Furthermore, additional penalties and interest are imposed when taxpayers fail to remit the proper amount of subsequent year tax estimates. Based on information the company has provided to us, we can assist in determining the correct amount of taxes owed for the current year and subsequent year tax estimates. The company acknowledge that any such penalties and interest that arise due to the underestimation of current year taxes owed or subsequent year tax estimates remitted is its own responsibility, and that we have no responsibility in that regard. If you would like information on the amounts or the circumstances of these penalties and interest, please contact us.

We will not audit or otherwise verify the data the company submits. Accordingly, our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist. However, it may be necessary to ask the company for clarification of some of the information provided, and we will inform the company of any material errors, fraud, or other illegal acts that come to our attention.

The company is responsible for maintaining an adequate and efficient accounting system, for safeguarding assets, for authorizing transactions, and for retaining supporting documentation for those transactions, all of which will, among other things, help assure the preparation of proper returns. Furthermore, the company is responsible to review all of the information presented on the tax return for correctness.

We may encounter instances where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. In those instances, we will outline in a written communication each of the reasonable alternative courses of action, including the risks and consequences of each such alternative. In the end, we will adopt, on the company's behalf, the alternative that you select after having considered the information provided by us. Pursuant to standards prescribed in IRS Circular 230 and IRC §6694, we are forbidden from signing a tax return unless we have a reasonable belief that there is substantial authority for a tax position taken on the return unless we disclose this tax position on a separate attachment to the tax return. Substantial authority is generally viewed by tax professionals as requiring at least a 40% probability that the tax position taken will be sustained on its merits. However, under no circumstances may we sign a tax return with a tax position that has no reasonable basis.

Our fees for this engagement are not contingent on the results of our service. Rather, our fees for this engagement will be based on a number of factors, including but not limited to, the time spent as well as the complexity of the services we will perform. In addition, the company agrees to reimburse us for any out-of-pocket costs incurred in connection with the performance of our services.

Our fees and costs will be billed monthly, and are payable upon receipt. Invoices unpaid 30 days past the billing date may be deemed delinquent, and are subject to an interest charge of 1% per month. We reserve the right to suspend our services or to withdraw from this engagement in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due us, the company agrees to reimburse us for the costs of collection, including attorneys' fees.

If we elect to terminate our services, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed the return. The company will be obligated, through the date of termination, to compensate us for all outstanding invoices as well as our final invoice, and to reimburse us for our entire out-of-pocket costs. For these purposes, any nonpayment, inability to sign the tax return, or non-response by the company of information requested (among other things) will constitute a basis for our election to terminate our services.

The company should retain all the documents, canceled checks, and other data that form the basis of income, deductions, and credits. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. The company has the final responsibility for the tax returns and, therefore, it should be reviewed carefully before being signed.

It is our policy to retain engagement documentation for a period of four years, after which time we will commence the process of destroying the contents of our engagement files. To the extent we accumulate any of original records during the engagement; those documents will be returned to the company promptly upon completion of the engagement.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, the company agrees to compensate us, as set forth above, for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

In the event that we become obligated to pay any judgment or similar award, the company agrees to pay any amount in settlement, and any costs incurred as a result of any inaccurate or incomplete information that the company provided to us during the course of this engagement. The company agrees to indemnify us, defend us, and hold us harmless against such obligations, agreements, and/or costs.

The company agrees that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation, and that it will engage in the mediation process in good faith once a written request to mediate has been given by either party to the engagement. Any mediation initiated as a result of this engagement shall be administered by a law firm specializing in the mediation process, not associated with either party, and selected by us, according to its mediation rules. Any ensuing litigation shall be conducted within Kent County, State of Rhode Island, according to Rhode Island law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

Any litigation arising out of this engagement, except actions by us to enforce payment of our professional invoices, must be filed within one year from the completion of the engagement, notwithstanding any statutory provision to the contrary. In the event of litigation brought against us, any judgment the company obtains shall be limited in amount, and shall not exceed the amount of the fee charged by us, and paid by the company, for the services set forth in this engagement letter.

This engagement letter is contractual in nature, and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

If, after full consideration and consultation with counsel if so desired, the company agrees to authorize us to prepare the tax returns pursuant to the terms set forth above, please execute this letter on the line below designated for signature by an officer, and return this executed letter to this office along with all supporting documentation requested therein. The company should keep a copy of this fully executed letter for its records. If this firm does not receive from the company this letter, in fully executed form, but receives supporting documentation requested therein, then such receipt by this office shall be deemed to evidence the company's acceptance of all of the terms set forth above and we will commence with the tax return preparation process. **HOWEVER, UNDER NO CIRCUMSTANCES SHALL WE SIGN A COMPLETED TAX RETURN OR PREPARE AN EXTENSION UNTIL WE RECEIVE FROM THE COMPANY THIS SIGNED ENGAGEMENT LETTER.** If this office receives no response to this letter, then this office will not proceed to provide any professional services, and will not prepare your income tax returns.

Also, please be advised that per the Internal Revenue Service, there is a penalty for failure to timely file a Corporate or Partnership income tax return. The penalty is \$195 per partner/shareholder for each month (or fraction of a month) that the failure continues, for a maximum of 12 months.

We look forward to providing our services to you in accordance with the terms of the engagement as outlined in this letter. If you have any questions concerning the terms of this engagement, please feel free to ask us. If you agree with the terms of our engagement, please sign below and return it to us. These engagement terms will apply until either you or we cancel them.

Sincerely,

Rabecca L. Eunis, CPA
President

ACCEPTED AND AGREED:

Officer

Date

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**TAXPAYER CONSENT TO DISCLOSURE OF TAX RETURN
INFORMATION in accordance with Treasury Regulation
Sec. 301.7216-3 and Revenue Procedure 2008-35**

Federal law requires this consent form be provided to you. Unless authorized by law, we cannot use, without your consent, your tax return information for purposes other than the preparation and filing of your tax return.

You are **not required** to complete this form. If we obtain your signature on this form by conditioning our services on your consent, your consent will not be valid. Your consent is valid for the amount of time that you specify. If you do not specify the duration of your consent, your consent is valid for one year.

I/We, authorize Eunis & Associates CPA, Inc. to disclose my/our year 2010 income tax return and/or any schedules or forms related thereto to our mortgage lender or other banking institution.

OFFICER (RESPONSIBLE PARTY)

DATE

If you believe your tax return information has been disclosed or used improperly in a manner unauthorized by law or without your permission, you may contact the Treasury Inspector General for Tax Administration (TIGTA) by telephone at 1-800-366-4484, or by email at complaints@tigta.treas.gov.

We trust this policy is informative, and you may contact us with any questions that you may have.

Sincerely,

Rabecca L. Eunis, CPA
President