

Marshall, Wagner & Associates, P.A.

Certified Public Accountants

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We appreciate the opportunity to work with 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. To minimize the possibility of a misunderstanding between us, please read this letter carefully so you can better understand what you can and cannot expect from our work. If you are confused at all by this letter please call us to discuss the issue before you sign it.

As an authorized officer of my company I have engaged Marshall, Wagner and Associates, P.A. to prepare our Business Entity (either Corporate, Partnership, or Limited Liability Company) Federal and Delaware income tax returns for the year ended December 31, 2008.

We understand that the due date for corporate tax returns is March 15 and the due date for partnership or LLC returns is April 15.

We understand that if we have an S-Corporation, a Partnership, or an LLC – our personal income tax returns cannot be completed until our business returns are finished.

On behalf of our company, we understand that it is our responsibility to provide you with all of the information required to complete the tax return(s). In that regard we agree to, and state that, to the best of our knowledge and belief:

- The information we provide to you is true, correct and complete information regarding income, expenses, assets, liabilities, and changes to principal's equity. We understand that it is our responsibility to maintain in written documentation, including logbooks and receipts, supporting all amounts claimed. We understand that it is our responsibility to provide all the information necessary to complete our returns and that this information includes:
 - A categorized summary of our income and expenses. This details how much money came in, and from where, whether it was revenues from business operations or loan proceeds, and how much went out and what it was spent on – summarized and totaled by category – including expenses, loan payments, or distributions to principals.
 - Details on all equipment purchases over \$500.00, including the date purchased, individual item cost, and item description. We have also reviewed our fixed asset listing provided with our prior year return and will notify you of any assets no longer in service.
 - End-of-year Balance Sheet information. This will include, but may not be limited to, ending bank balances, accounts receivable balances, cost-of-ending inventory, accounts payable balances, and loan balances.
 - Copies of our fourth quarter payroll tax returns which include, but may not be limited to, the W-2s, the W-3, Form 941, Form 940 (or Form 940-EZ), State Unemployment Reports, and the 1099s, and the 1096.
- We know that ALL payments over \$600.00 to an unincorporated business or subcontractor, and to any attorney or law firm whether incorporated or not, require reporting on a Form 1099 and we have correctly and timely reported all such payments.

- We have been careful about classifying our workers. We know that many businesses prefer to use subcontractors because it appears easier and less costly. However, if the worker is really an employee, we know that we could be held responsible for the taxes we should have withheld. We also know that the IRS could assess us penalties for misclassifying workers, including, but not limited to, a penalty equal to 100% of the tax we should have withheld.
- If we have taken distributions of profit (sometimes called draws) from our business we understand that we should also have taken a reasonable salary (or in the case of an LLC or Partnership – Guaranteed Payments). We understand that the IRS is dealing harshly with businesses that attempt to allow their owners to distribute all the profits without paying either payroll taxes or self-employment taxes. We understand that the IRS has won several cases where they successfully reclassified all distributions as salary and assessed payroll taxes on the entire amounts distributed. We accept full responsibility for any noncompliance.
- We will retain for at least six (6) years all the documents, receipts, cancelled checks and other records required to substantiate the items of income and expense claimed on our return(s). We understand that we, and not Marshall, Wagner & Associates, P.A., are solely responsible for maintaining our records and documents. We agree to indemnify and hold harmless Marshall, Wagner & Associates, P.A., its employees and assigns should Marshall, Wagner & Associates, P.A. not have retained copies of our documents for any particular year or years.
- We understand that if a question arises regarding the interpretation of tax law, and a conflict exists between the taxing authorities' interpretation of the law, and other supportable positions, that Marshall, Wagner & Associates, P.A. will use professional judgment in resolving the issues. We understand that whenever possible you will resolve supportable issues in our favor.
- We understand that taxing authorities may examine our returns, that documentation should be retained by us to support the information we have provided to you, especially business travel and entertainment deductions, business use of autos and other assets, barter activities, and that penalties may be imposed on return(s) that are late, underpaid or incorrect.
- We understand the importance of business minutes. We understand that failure to properly document and support business decisions and elections can result in a loss of crucial benefits which may be available to our type of entity. Further, we understand that the lack of adequate minutes may result in our business being disregarded by the taxing authorities, with the risk that we may be held personally responsible and liable for business debts. We understand that if there is no written record of important decisions, principals may forget who agreed to what and under what circumstances. We know that this can lead to controversy and dissension.
- Accordingly, we have kept minutes of the proceedings of our meetings of principals, directors, or stockholders, including, but not necessarily limited to, changes in ownership and responsibilities, the purchase of real property, the approval of leases, the authorization of loans or lines of credit, the adoption of a retirement or benefit plan, the making of important federal or state tax elections, and other key decisions.
- We understand that you are available to assist us in preparing some of these documents, that this is an extra service billable at your standard hourly rates, and that if we need your assistance in this area we will contact you specifically about such.
- We understand that Marshall, Wagner & Associates, P.A. will not audit or otherwise verify any information we supply for use in preparing our tax returns, that you may require clarification or additional information, that you are not responsible for disallowed deductions, or the inclusion of additional unreported income or any resulting taxes, penalties or interest.

- We understand that it is our responsibility to read and review the completed returns and do check them for accuracy and obvious errors prior to signing and mailing them and/or signing any electronic filing approval form(s). Further, we understand that we are legally responsible for the information reported on our returns and we accept full responsibility for the information reported on the returns. We also understand that you are available to answer any questions we may have about the preparation of our returns, including the application of applicable tax laws. We agree to read the returns and bring any questions or issues to your attention prior to signing and mailing them.
- We understand that potential errors and misunderstandings can occur and be related to our tax returns that could result in damages that may be many times the amount of the fees for this engagement. We understand that, in the event of preparer error, we are responsible for additional tax that may be due, and any related interest and penalty. We agree that the extent of your responsibility is limited only to any penalty that the taxing authorities may assess that is directly related to preparer error and we agree to allow you sufficient opportunity to negotiate the abatement of all penalties with the taxing authorities. Further, in order to induce you to accept this engagement, we therefore agree that your liability for any negligence, error, or omission committed by you in the performance of this engagement will be limited to the amount of your fee from this engagement.
- We understand and agree that once you have finished the preparation of our tax returns your services for the preparation of our tax returns will be concluded and that any work done after the completion of our tax returns will be considered as a separate engagement and not part of the preparation of the returns.
- We understand that we will be charged an additional fee if we ask you to assist or represent us in a tax examination or inquiry or if we ask you to review and/or respond to any correspondence from the taxing authorities. We also understand that if we seek advice or additional services from you which may include, but are not necessarily limited to tax planning, estate planning, financial planning, business advisory services, financial advisory services, or any other type of service that we may request you do, that we will be billed at your normal hourly rate for this work. We understand that your current hourly rate is subject to change without notice. Further, we agree to pay all invoices when presented.
- We understand that your bill will be based upon your standard fee schedule PLUS any additional hourly charges necessary to organize our information into a format suitable for preparing our tax returns.
- We understand that you may file any Federal, state or local tax extensions as you deem necessary and that there will be a fee for each extension filed. We understand that an extension is for time to file ONLY and does NOT extend the time to pay any tax due. Therefore, we agree to be solely responsible for any interest or penalty related to the filing of an extension without an accompanying payment.
- If there are other tax returns that we expect you to prepare, like out-of-state or non-resident state returns, or if we want to engage you for any other services we will note them at the bottom of this letter.
- We understand that you are available to discuss any questions or concerns we may have about any item in this letter and we will contact you if we need your assistance.
- We understand that if we want to engage Marshall, Wagner & Associates, P.A. for any tax planning for the current year we must contact you prior to November 1. Once the year ends so do our tax planning opportunities.

- We understand that it is and always been the policy of Marshall, Wagner & Associates, P.A. to keep all information that you collect from us confidential from all sources. That you restrict access to all non-public personal information about us only to those who need to know to provide services to us.

We have read, understand and accept the conditions of this engagement letter as discussed and outlined above. My signature below binds both the company and myself, severally, jointly and personally for the payment of any and all fees to Marshall, Wagner & Associates, P.A. Further, we understand that you will not be able to prepare our tax returns without this signed engagement letter.

Business Name (please print): _____

Accepted by: _____ Date: _____