

BOOKKEEPING SUPPORT SYSTEM, INC.
2010 Form 1040 Income Tax Return - Annual Engagement Letter

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We wish to present our understanding of the arrangements for your 2010 income tax return(s). 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. It is important to both our firm and you that you understand what you can and cannot expect from our work and also know the limitations of the services you have asked us to perform. If you find this letter confusing or believe we have misunderstood what you need, please call to discuss this letter before you sign it.

The Internal Revenue Service imposes penalties on taxpayers, and on us as return preparers, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

We will prepare your 2010 Federal and Resident State individual income tax returns and related Federal and Resident State income tax return schedules from information you furnish us. We will not audit, review, compile or otherwise verify the data you submit although we may ask you to clarify some of the information. To keep our fee to a minimum, we offer tax organizers and questionnaires to help you gather and organize the necessary information for us. *We are responsible for preparing only the returns listed specifically in this letter, if you have taxable activity in a state other than that specifically listed you are responsible for providing our firm with all information necessary to prepare any additional applicable state(s) or local income tax returns as well as informing us of the applicable states.* If you have income tax filing requirements in a given state 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 us to investigate to determine each state where you have an income tax filing requirement, please let us know.

If you have derived income from a foreign country, we 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. *Be sure to advise us if – at any time during the tax year – you had any interest in or signature authority over a foreign bank account, other foreign financial accounts, or a foreign trust.*

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

Our fee does not include responding to inquiries or examination by taxing authorities. However, we are available to represent you and our fees for such services are at our standard rates and would be covered under a separate engagement letter.

We must receive all information to prepare your returns by March 18, 2011, to ensure that your returns will be completed by April 15, 2011. If we have not received all of your information by March 18, 2011 and your returns are not completed by April 15, 2011 - you may be subject to late filing or late payment penalties. Please note that we do not file tax extensions for clients unless specifically requested to do so.

It is your responsibility to maintain, 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 all charitable contributions. If you have any questions as to the type of records required, please ask us 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. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest. We will rely, without further verification, upon information you provide to us from 3rd parties including - but not limited to - K1's, 1099's, 1098's, receipts and similar items.

We will use our professional judgment in preparing your returns. Whenever we are 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), we will explain the possible positions that may be taken on your return. We 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 or your Resident State should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional penalties or assessments.

If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until we have your written permission to do so. You agree to pay any and all reasonable expenses that we incur, including legal fees, that are a result of attempts to protect any communication as privileged. In addition, your confidentiality privilege can be inadvertently 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. We recommend that you contact us before releasing any privileged information to a third party.

It is our policy to keep some records (such as W2s, cost basis statements, etc.) related to this engagement. However, we do not keep any original client records, so we 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. Prior to each tax filing season, we send tax organizers to clients who request them as a convenience to assist them with gathering their tax information. If you move or do not wish to receive an organizer, please notify us.

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

From time to time during our relationship, you may seek our advice with regard to potential investments. We are not investment advisors. Accordingly, we suggest that you seek the advice of qualified investment advisors appropriate to each investment being considered. We will not advise you regarding the economic viability or consequences of an investment or whether you should or should not make a particular investment.

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 our election, we may stop all work at our discretion until your account is brought current, or we will withdraw from this engagement. You acknowledge and agree that we are 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 we 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, we shall not be liable to you for any damages that occur as a result of our ceasing to render services. Our services will conclude upon delivery of the completed income tax returns discussed above or upon our suspension of services or resignation from the engagement.

In recognition of the relative risks and benefits of this agreement to both the client and the accounting firm, the client and the accounting firm have discussed and have agreed on the fair allocation of risk between them. As such, the client agrees, to the fullest extent permitted by law, to limit the liability of the accounting firm to the client for any and all claims, losses, costs, and damages of any nature whatsoever, so that the total aggregate liability of the accounting firm to the client shall not exceed the accounting firm's total fee for services rendered under this agreement. The client and the accounting firm intend and agree that this limitation apply to any and all liability or cause of action against the accounting firm, 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 us for errors and omissions. The one-year period will begin upon the date of the accountant's report discussed above.

We appreciate the opportunity to serve you. Please date, sign and return this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. It is our policy to initiate services after we receive the executed engagement letter. We recommend that you make a copy for your files.

Sincerely,

Diana F. Bigus, CPA

Important: If you are married and filing jointly, both taxpayer and spouse must sign below.

I have read the above terms of the engagement letter and agree with the terms of this engagement.		
Taxpayer _____	Spouse _____	Date _____