

## 2009 Business Income Tax Return Annual Engagement Letter & Privacy Notification

Date: \_\_\_\_\_ COMPANY Name

We are pleased to confirm our understanding of the arrangements for your 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 because it is important to both our firm and you that you understand what you can and cannot expect from our work. In other words, we want you to know the limitations of the services you have asked us to perform. If you are confused at all by this letter 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 2009 Federal and Minnesota Corporate/Partnership Income Tax Form 1120/1120S/1065 and related Federal and State(s) Corporate/Partnership Form 1120/1120S/1065 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. We may furnish you with tax organizers and questionnaires to help you gather and organize the necessary information for us, in order to keep our fee to a minimum. ***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.*** Any additional state income tax returns will be prepared as a separate engagement. 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 inform us.

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.

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 inquires 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 return by March 1, 2010, to ensure that your return will be completed by March 15, 2010. If we have not received all of your information by March 1, 2010 and your return is not completed by March 15, 2010, you may be subject to late filing or late payment penalties. 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 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 3<sup>rd</sup> 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 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.

INITIALS \_\_\_\_\_

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 you have had an opportunity to argue that the communication is privileged. 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 records related to this engagement for three years after which they are destroyed. 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 can send client organizers to our clients as a convenience to assist them with gathering their tax information. To save resources, we do not automatically send out these client organizers. However, a blank organizer is available for download on our website. If you wish to have a personalized client organizer sent our with your prior year's tax information filled in, please call our office and we will email you one at your request.

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential to your company. 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. Unless otherwise specifically agreed to in a separate engagement letter or in a written addendum or amendment to this engagement letter signed by the parties, 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.

Our tax preparation services are generally on cash terms. However, some of our corporate clients may qualify for credit terms. 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 tax professional's signature on the tax returns covered by this engagement letter.

We appreciate the opportunity to serve you. Please date and sign the enclosed copy of 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.

Sincerely,

**Duane E. Kaczmarek**

INITIALS \_\_\_\_\_

_____(Company Name)
_____(Authorized Signature) _____(Date)
I have read the above terms of the engagement letter and agree with the terms of this engagement.

Privacy Policies of **Accountant**

Notice and Choice

We notify individuals about the personal information we collect from them, how we use it, and how to contact us with privacy concerns. We collect personal information from individuals only as permitted by the Principles or with the consent of the individual affected. Consent for personal information to be collected, used, and/or disclosed in certain ways may be required in order for an individual to obtain or use our services.

Disclosures and Transfers

We do not disclose an individual's personal information to third parties, except when one or more of the following conditions is true:

- \* We have the individual's permission to make the disclosure;
- \* The disclosure is required by law or mandatory professional standards;
- \* The disclosure is reasonably related to the sale or other disposition of all or part of our business;
- \* The information in question is publicly available;
- \* The disclosure is reasonably necessary for the establishment of legal claims;

***We do not utilize "outsourcing" to foreign or domestic third parties for professional services.***

Permitted transfers of information, either to third parties or within our company, include the transfer of data from one jurisdiction to another, including transfers to and from the United States of America. Because privacy laws vary from one jurisdiction to another, personal information may be transferred to a jurisdiction where the laws provide less or different protection than the jurisdiction in which the information originated.

Data Security, Integrity, and Access

We employ various physical, electronic, and managerial measures, including education and training of our personnel, designed to provide personal information with reasonable protection from accidental loss or destruction, improper use, alteration, or disclosure. Personal information collected or displayed through a Web site is protected in transit by standard encryption processes. However, we cannot guarantee the security of information on or transmitted via the Internet.

We process personal information only in ways compatible with the purpose for which it was collected or authorized by the individual. To the extent necessary for such purposes, we take reasonable steps to make sure that personal information is accurate, complete, current, and otherwise reliable with regard to its intended use.

If an individual becomes aware that information we maintain about that individual is inaccurate, or if an individual would like to update or review his or her information, the individual may contact us using the contact information below. The individual will need to provide sufficient identifying information, such as name, address, birth date, and social security number. We may request additional identifying information as a security precaution. In addition, we may limit or deny access to personal information where providing such access would be unreasonably burdensome or expensive in the circumstances, or as otherwise permitted by the Safe Harbor Agreement. In some circumstances, we may charge a reasonable fee, where warranted, for access to personal information.

Accountability and Enforcement

Personnel who violate our privacy policies will be subject to disciplinary process.

For Further Information contact **Duane Kaczmarek 651.322.4535 x3**

Amendment

We may amend this policy from time to time by posting a revised policy on our Web site, or a similar Web site that replaces this Web site. If we amend the policy, the new policy will apply to personal information previously collected only insofar as the rights of the individual affected are not reduced.

**INITIALS** \_\_\_\_\_