Dear Client:

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom returns are prepared to confirm the following arrangements.

We will prepare your 2010 federal and state income tax returns from information which you will furnish to us. We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information. We will furnish you with questionnaires and worksheets to guide you in gathering the necessary information. Your use of such forms will assist in keeping the fee to a minimum.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all the documents, cancelled checks and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations and/or irregularities, should any exist. We will render such accounting and bookkeeping assistance as determined to be necessary for preparation of the income tax returns.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or the circumstances of these penalties, please contact us.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

Fees for our services will be at our standard form rates. Additionally, we will be entitled to reimbursement for extra expenses that may include extra copies of returns and rerun fees. Our invoices are due and payable upon presentation.

If the foregoing fairly sets forth your understanding, please sign at the bottom of this letter in the space indicated and return it to our office. However, if there are other tax returns you expect us to prepare, please inform us by noting so at the end of this letter.

We want to express our appreciation for this opportunity to work with you.

Very truly yours,

Higby Tax

Accepted By: _____ _____
Taxpayer Signature Print Name

Date: _____

Additional Returns you would like us to complete:

_____ _____

_____ _____