

(Must be signed and returned before work can begin)

COMBINED ENGAGEMENT/REPRESENTATION LETTER

This letter confirms your arrangements for income tax preparation services with our firm.

Engagement Section:

We will prepare your federal and state income tax returns for the year 2009 from information furnished to us by you. We will not audit or independently verify the data you submit. However, we may ask for clarification of some of the information. Upon request, we can furnish you with questionnaires, worksheets, or booklets to guide you in gathering the required information for us.

Our fee for these services will be based upon the amount of time spent on your return as well as the complexity of such return. Billing rates in our office range from \$60 to \$240 per hour depending on the professional experience and expertise. All invoices will be due and payable upon receipt. Any invoice which remains unpaid for more than thirty days will bear a finance charge at the rate of 1 and 1/2% per month. We reserve the right to suspend work in the event that invoices for previous services including interim bills for current services are unpaid.

All returns filed are subject to review by taxing authorities. In the event of such government tax examinations, we will be available, upon request, to represent or assist you. Such additional services are not included in our fee for the preparation of your return.

Representation Section:

I (We) [taxpayer(s)] understand that your firm is responsible only for the tax returns that it has prepared. The fee does not include responding to the IRS inquiries, and we understand that you (John M. Hoffman & Associates Certified Public Accountants) are not responsible for IRS (or state) disallowance of doubtful deductions or deductions unsupported by adequate documentation and the resulting taxes, penalties, and interest.

To the best of my knowledge, the information which has been submitted to John M. Hoffman & Associates Certified Public Accountants, whether in written or oral form, clearly reflects all income received, and any deductions claimed are supportable by records in my (our) possession and should be used in the preparation of my (our) tax returns. All records and substantiation needed to support this information are available in conformity with Internal Revenue Service Code and Regulation requirements.

John M. Hoffman CPA

Approved and Represented: I have read and understand this letter including the additional information (reverse side) and agree to abide by the terms set forth therein.

By: _____
(Taxpayer)

(Spouse)

Print Name

Date: _____

Please see reverse side for additional information.

ADDITIONAL INFORMATION

We would also like to take this opportunity to remind you that every taxpayer is required to pay (during the year), by withholding or estimated taxes, at least 90% of his total tax liability unless he can qualify under an available exception. **Failure to satisfy this requirement may subject you to substantial tax penalties.**

The Internal Revenue Code requires specific documentation of charitable contributions, travel and entertainment expenses as well as business use of automobiles. Any such expenses claimed on a return are presumed to be adequately documented. For additional information regarding documentation rules, contact our office or check our website.

While we will assist you in computing your projected tax liability for the coming year and prepare the required estimated tax vouchers, we will only be able to do so based on the information which you supply to us. If you receive unexpected income during the course of the year, it may be necessary to revise your estimated tax payments in order to avoid the assessment of tax penalties. Therefore, you should keep us informed on a current basis of any such unanticipated changes in the level of your income.

In addition to the foregoing, we will also be prepared to advise you generally on tax problems and tax planning. Please keep us advised of any major transactions you propose to carry out so that we may be of assistance to you in minimizing your tax burden. In addition to income tax planning, we are available to assist you in your estate or gift tax planning and financial planning.

We would also like to caution you that the tax rules change constantly. For this reason, any opinion which we may have expressed in connection with a transaction at one time may not apply to the same or similar transaction at a later date. You should, therefore, let us take a fresh look each time a transaction of a material nature is proposed.

As a result of Congressional action during the past several years, the responsibilities of taxpayers and professional return preparers have increased significantly. Penalties for failure to satisfy those responsibilities can be substantial. For example, there are provisions for penalties where there is a substantial understatement of income tax or an understatement of tax due to negligence or carelessness. This Federal penalty would be 20% of the underpayment. **Under no circumstances will we prepare a tax return with a tax position that has no reasonable basis.**

We generally return all original documents to our clients upon completion of their tax preparation. Please do not expect us to have copies of all such documents. In an effort to migrate to a paperless office, we do not maintain paper copies of any client records including tax returns but instead have electronic images of tax returns and select tax documents (such as W-2 forms). We maintain these only through the statute of limitations (generally three years from the filing date). Please be advised that you may wish to keep your records and tax returns for longer periods of time. It is particularly important to maintain records of capital assets that you hold including stocks, bonds, mutual funds, rental real estate, and your personal residence. It is very important to keep a copy of your Form 2119 in your permanent house file if such a form (deferring the gain from house A to house B) was prepared. The 1997 tax legislation was intended to lighten this burden but keeping these permanent records is still necessary.

In the event of married taxpayers who later become separated: We request that you notify us in writing of such separation and your intention for us not to disclose confidential matters to your spouse. Otherwise, we operate on the premise that confidential matters are disclosed to spouses in the ordinary course of business.