



**ENGAGEMENT LETTER**

This letter confirms the terms of our engagement with you and the nature and extent of services we will provide.

We will prepare the federal and state income tax returns you request using information you provide to us. We may ask for clarification of some items, but we will not audit or otherwise verify the data you submit. It is your responsibility to provide information required for preparation of complete and accurate returns. You should keep all documents, canceled checks and other data that support your reported income and deductions, that may be necessary to prove accuracy and completeness of the tax returns. You are responsible for the returns, so you should review them carefully before you sign them. Our work will not include any procedures to discover defalcations or other irregularities. The only accounting or analysis work we will do is that which is necessary for preparation of your income tax returns.

We will use our judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. Unless you instruct us otherwise, we will apply the "realistic possibility of success" standard to resolve such issues in your favor where possible.

The law imposes a penalty when a taxpayer has a "substantial understatement" of tax liability. A substantial understatement exists when the understatement for a year exceeds the greater of 10 percent of the tax required to be shown on the return, or \$5,000. The penalty is 20 percent of the tax underpayment. Taxpayers may avoid all or part of the penalty by showing that (1) they acted in good faith and there was reasonable cause for the understatement, (2) the understatement was based on substantial authority, or (3) the relevant facts affecting the item's tax treatment were adequately disclosed on Form 8275 or 8275-R attached to the return and there was reasonable basis for the position. You agree to advise us if you wish disclosure to be made in your returns or if you desire us to identify or perform further research with respect to any material tax issues for the purpose of ascertaining whether, in our opinion, there is "substantial authority" for the position proposed to be taken on such issue in your returns.

If we are preparing a business tax return for you and that business is taxed as an "S Corporation" that entity is required to pay employee/shareholders a "reasonable salary". If the IRS determines that employee/shareholder salary is unreasonably low the IRS may assess additional payroll taxes. If you have any additional questions regarding salary requirements for employee/officers, please contact our office to review (refer to rev. rul. 59-221).

Your returns may be selected for audit by a taxing authority. Any proposed adjustments are subject to appeal. Our fee for preparation of your tax returns will be based on the amount of time required at standard billing rates plus out-of-pocket expenses. If we perform work for a business entity at your direction, both you and the business entity shall be jointly and severally responsible to pay our bill. All invoices are due and payable upon presentation. You agree to pay an interest charge of 1 ½ % per month on all accounts not paid within thirty (30) days. In the event of any disputes over our billing, you agree to notify us in writing of the dispute within thirty days of your receipt of the bill, and if you do not give us that timely notice, your bill is deemed accepted as an account stated. In the event collection efforts are required, you agree to pay our attorneys fees and costs. Any lawsuits relating to our relationship shall be brought exclusively in the Florida State Court situated in Broward County, Florida, and you agree to both venue and jurisdiction in that state and county.

To indicate that this letter correctly summarizes your understanding of the arrangements for this work, please sign the enclosed copy of this letter in the space indicated and return it to us in the envelope provided.

Accepted By: \_\_\_\_\_

\_\_\_\_\_ Date \_\_\_\_\_  
Print and Sign Names

AvMar Accounting Services LLP \_\_\_\_\_