

C. A. White Accountancy
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Fair Oaks, California 95628
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fax (916) 965-5325 ~ e-mail: cwcpa@aol.com

Date _____

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To: _____ (client name)

We will prepare the Federal and _____ corporate income tax returns for _____ for the year ended _____ and we will advise you on income tax matters as to which you specifically request our advice. This firm is responsible for preparing only the returns listed above.

We will not audit or verify the data you submit, although we may ask you to clarify it, or furnish us with additional data.

By your signature below, you are confirming to us that unless we are otherwise advised, the travel, entertainment, gifts, and related expenses are supported by the necessary records required under Section 274 of the Internal Revenue Code. If you have any questions as to the type of records required, please ask us for advice in that regard.

The law provides for a penalty to be imposed where taxpayers make a substantial understatement of their tax liability. Taxpayers may seek to avoid all or part of the penalty by showing (1) that they acted in good faith and there was reasonable cause for the understatement, (2) that the understatement was based on substantial authority, or (3) that the relevant facts affecting the item's tax treatment were adequately disclosed on the return. 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 purposes of ascertaining whether, in our opinion, there is "substantial authority" for the position proposed to be taken on such issues in your returns.

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

You are also confirming that you will furnish us with all the information required for preparing the returns.

My fees for this work will be at my corporate hourly rate of \$200.00, plus direct out-of-pocket expenses such as telephone calls, postage, copying, computer charges, etc. Tax returns will not be released without payment. Payments for services are due when rendered, and interim billing may be submitted as work progresses and expenses are incurred. Unforeseen or changed circumstances may affect any original fee estimate. If that is the case, I will notify you. I will require a retainer of \$200.00 which will be applied to current billings as incurred. If your check should be returned to us by your bank, our fee is \$35.00 plus any interest for late payment, if applicable.

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 follow whatever position you request on your return so long as it is consistent with the codes and 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.

The fee does not include responding to Internal Revenue Service inquiries, and the client understands that the tax preparer is not responsible for Internal Revenue Service disallowance of doubtful deductions or deductions unsupported by adequate documentation nor for resulting taxes, penalties, and interest.

It is our policy to keep records related to this engagement for five years. However, C. A. White Accountancy does not keep original client records; 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. With your signature below, you acknowledge and agree that upon expiration of the five-year period we shall be free to destroy our records related to this engagement.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with Rules of Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. **IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.**

We will be pleased to discuss this letter with you at your convenience. If the foregoing is acceptable to you, please sign the original copy of this letter in the space provided and return it to us.

Very truly yours,

Cheryl A. White

Accepted:

Board Officer

Date