

Dear tax client,

As I'm sure that you can understand, for both of our sakes, we need to specifically plan and define our arrangement in order that we do exactly what you want us to do—and in a timely matter.

Accordingly, I'm sending you this engagement this letter to identify what materials we will need from you, to confirm our understanding of the terms and objectives of our tax return engagement and the nature and limitations of the services we will provide to you. Assuming you agree, please sign and return the letter. You may also want to make a copy for your records.

Information Needed from You

Let's start by identifying the materials necessary to prepare your tax return(s).

If you will have us prepare a business tax return, here's what we need from you:

- An income statement for the year and a balance sheet as of the year-end prepared in conformity with your tax accounting method (cash versus accrual).
- Last year's tax return if not already in our possession.
- A list of corporate officers or partners, their taxpayer identification numbers, and their salaries or guaranteed payments.
- A copy of your QuickBooks data file or Quicken data file (if available) along with the password necessary to access the file.
- A list of any questions or concerns you have.

Corporate returns are generally due by March 15 and partnership returns are generally due by April 15. If you want to have us prepare your return by the original due date, you should strive to turn in a complete packet of information by the first or second week of February. Business return preparation packets received within two weeks of the due date will almost surely need to be extended. (Extended returns are due six months after the original due date.)

If you will have us prepare an individual return, please review the tax organizer you are receiving with this letter from us. (The organizer is also available as a downloadable pdf from the home page of our web site.) To summarize what the organizer asks for, however, we need last year's return (if not already in our possession) and copies of all the informational returns you've received (W-2s, 1099s, 1098s, K-1s, and so on.)

Services Provided

After we receive your information, we will prepare the federal joint personal and, if applicable, the related business and investment income tax returns for you for the calendar year ended December 31, 2007 from data you furnish. We of course will not go

through and verify each line item. Therefore, before filing, you should review the information relative to income, deductions, and credits to determine that there are no omissions or misstatements.

Where the tax law is unclear or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions, I will use my judgment in resolving questions. Unless otherwise instructed by you in writing, I will resolve such questions in your favor, whenever possible.

Services Not Provided

While we are of course available to provide you with tax or business planning services, it is our policy to put all advice on which a client might rely into writing in the form of a tax planning letter or formal tax planning memo. We believe this is necessary to avoid confusion and to make clear the specific nature of our advice. You should not rely on any advice that has not been put into such a form. In particular, you should not rely on oral discussions, telephone calls, email messages or voicemail messages as tax or business planning advice.

Our engagement ends upon delivery of the tax return. Any follow-up services that might be required (such as representing you in an IRS audit) will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Limitations of Liability

You agree that our maximum liability for any negligent errors or omissions committed by us in the performance of this or any other engagement will be limited to the amount of our fees for the engagement, except to the extent determined to result from my gross negligence or willful misconduct.

Because there are inherent difficulties in recalling or preserving information as the period after an engagement decreases, you agree that, notwithstanding the statute of limitations of the State of Washington, any claim based on this or any other engagement must be filed within 36 months after the performance of our service, unless you have previously provided us with a written notice of a specific defect in my services that forms the basis of the claim.

Estimated Fees and Costs

We will bill you our normal and customary fees for the tax preparation services you require, which are determined largely by the time we spend working on your returns. Accordingly, you save expense if you can provide complete, accurate, and organized accounting records—and you pay more if you are unable to do this. Our web site provides up-to-date fee ranges for most typical tax preparation services.

The fee is payable upon completion of the work, will be billed then, and is due within 30 days. If you find that you are unable to pay the complete invoice by the due date, please know that we are often able to provide more lenient payment terms. However, in order to make such arrangements, we need to discuss this option in advance of me beginning work.

Finally, we will notify you immediately of any circumstances we encounter that could significantly affect our initial estimate of total fees. If this letter expresses your understanding, please sign the copy where indicated and return it to me.

Sincerely yours,

Stephen L. Nelson, CPA

Accepted and agreed to:
