



**KIRKLAND & COMPANY**  
CPA's, P.C.

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Today's Date \_\_\_\_\_

Name(s) \_\_\_\_\_

Address \_\_\_\_\_

City State Zip \_\_\_\_\_

This letter will confirm our understanding of and specify the terms of our engagement for your income tax services. Please understand that we must obtain a signed engagement letter prior to performing any work.

We will prepare your 2010 federal and state individual income tax returns from information you provide. Our work in connection with the preparation of your tax returns does not include any procedures designed to detect defalcations or irregularities in the data you provide. We will not audit or verify the data you submit, although we may ask for clarification or for additional supporting information.

We will use our professional judgment in preparing your returns. Whenever we are aware of conflicts between the applicable tax laws and other supportable interpretations of those laws, we will explain the possible positions that may be taken on your returns. When possible, we will resolve questions involving application of tax rules in your favor, if there is reasonable justification for doing so.

It is your responsibility to provide us with all of the information needed to prepare complete and accurate returns. You should retain all documents, cancelled checks, and other records that support the income and deductions reflected on the returns. Those records may be necessary to prove the accuracy and completeness of your returns to a taxing authority. It is also your responsibility to carefully examine and approve your completed tax returns before signing and filing them with the tax authorities.

Some provisions of the Internal Revenue Code and Regulations require that we make certain inquiries of you to determine facts, circumstances, and the existence of records and receipts in order to claim a tax deduction on your income tax return. Accordingly, by your signature below, you are confirming to us that unless we are otherwise advised, any business expenses for travel, entertainment, gifts, etc., claimed on your tax returns are supported by the necessary records required under the Code. Further, by your signature below, you are confirming to us that you have receipts for all single charitable donations that exceed \$250.

We are only responsible for providing the services outlined in this letter in connection with preparing the income tax returns. Our fee for this engagement does not include responding to inquiries or examination of the returns by taxing authorities. Further, we are not responsible for additional taxes, penalties, and interest assessed by the tax authorities due to an understatement of income or a disallowance of deductions or credits. Please contact us if you would like us to provide you with information concerning the various penalties that may be imposed when taxpayers understate their tax liability, fail to timely file a return, or fail to pay tax when due.

Name(s) \_\_\_\_\_

Our fees for this engagement are based upon the time incurred in performing the services. Rates vary based on the specific service(s) provided and the experience level of the CPA or accounting professional involved. The rate schedule is available upon request. We will add direct costs, such as computer processing, to your bill. We will submit our bills to you upon completion of our services. In some instances, we will provide progress billings for services rendered to date. Our invoices are due upon receipt and we reserve the right to require your full payment before releasing completed returns to you or electronically filing them with the taxing agencies. It is our firm policy to assess a late fee of 1.5% per month for invoices outstanding beyond 30 days. If we have not received payment within 45 days of our invoice, we may suspend work until your account is paid in full. Further, we will not be liable for any financial hardship or damages caused by our suspension of work or our withdrawal from this engagement due to non-timely payment of your account.

Kirkland & Company does not retain any original client records, so we will return those documents to you at the completion of this engagement. It is our policy to keep a copy of the completed tax returns and our supporting documents related to this engagement for a period of seven years. By your signature below, you acknowledge and agree that upon the expiration of the seven year period, we shall not be prohibited from destroying our records related to this engagement.

The filing deadline for individual income tax returns is April 18, 2011. In order to meet this deadline, the information needed to complete your return should be received by our office no later than March 11, 2011. If you are unable to gather the information by that date, please understand that it may be necessary for us to file an extension. In that case, we will need to prepare an estimate of your 2010 income tax in order to determine if any additional payment is required with the extension. If your returns are extended, then we will make every effort to complete them as soon as practical after April 18.

Beginning in 2011, the IRS requires that CPA firms that expect to prepare 100 or more individual income tax returns must electronically file the returns on behalf of the taxpayers. Accordingly, Kirkland & Company is mandated to e-file your 2010 Federal income tax return unless you specify, in writing, that you choose to file a paper return.

If the foregoing is in accordance with your understanding, **please sign this letter and return both pages to us**. Please call if you have any questions concerning the terms of our engagement. We are pleased to have you as a client and welcome the opportunity to be of service to you!

Yours very truly,

Kirkland & Company, CPA's, P.C.

*Lorraine H. Kirkland*

Lorraine H. Kirkland  
Firm Administrator

Accepted by \_\_\_\_\_ Date \_\_\_\_\_