

## **2011 Client Engagement Letter**

January 2012

We hope that 2011 was a peaceful and prosperous year for you. As the New Year begins, it is time to consider filing your personal income tax returns. This letter is to confirm our understanding of the terms and objectives of our tax services engagement. In addition this letter will clarify the nature and limitations of the tax services to be provided.

We will prepare your 2011 individual income tax returns. We will provide questionnaires and worksheets to guide you in organizing the information we need to prepare your tax returns (see enclosed Client Tax Organizer). It is your responsibility to provide us with all the information necessary for the preparation of complete and accurate income tax returns. We will not verify the information you give us.

Our fees for tax services will reflect our standard hourly rates for the time spent, plus out-of-pocket expenses, if any. Payment for our tax preparation services is expected at the time your returns are complete. In certain circumstances, we may bill you on an interim basis prior to completion of this engagement. Finance charges will be assessed at a rate of 1% per month on all invoices outstanding after 15 days from the date of invoice.

Your returns are subject to examination by the taxing authorities. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on a tax return. If an examination occurs, we will represent you if you so desire however, these additional services are not included in our fee for preparation of your returns (see enclosed Audit Protection Agreement for more information).

It is important for you to know that the law imposes a penalty if a taxpayer makes a substantial understatement of tax liability. In the event of preparer error, you will be responsible for additional tax and interest that may be due, and our responsibility will be limited to pay for any penalty that may be assessed to you up to the total fee you are charged by our firm for preparation of that tax return.

You should also know that IRS audit procedures will almost always include questions on bartering transactions and on deductions that require strict documentation such as travel and entertainment expenses and expenses for business usage of autos, cell phones and computers. In preparing your returns, we rely on your representations that we have been informed of all bartering transactions and that you understand and have complied with the documentation requirements for your expenses and deductions. If you have questions about these issues, please contact us.

### **RECORD RETENTION POLICY**

In accordance with our firm's current document retention policy, we will retain our work papers and your tax returns for your engagement for a period of *four years*. Upon completion of your individual income tax returns, we will provide you a copy of the tax returns, depreciation schedules and other pertinent work papers that should be a part of your books and records. If you should subsequently need replacements, we will provide additional copies at your request, standard copying rates will apply. All of your original records will be returned to you. After four years, our work papers and files will no longer be available. Physical deterioration or catastrophic events may shorten the term during which our records will be available. The work papers and files of our firm are not a substitute for your original records.

### **PRIVACY POLICY**

We collect nonpublic personal information from the following sources: information we receive from you on applications, tax preparation worksheets, other documents we use in preparing your tax return, or other forms, information about your transactions with us or others, and information we receive from a taxing authority or agency. We do not disclose any nonpublic personal information about you to anyone, except as permitted by law. If you become an inactive client, we will adhere to the privacy policies and practices as described in this notice. We restrict access to your personal information to those employees who need to know that information to provide services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information. Your confidence in us is important and we want you to know that your personal information is safe.

You can drop off your completed information without an appointment, Monday through Friday from 8:00am to 5:30pm. You can also send your information to us by mail at any time. Please call our office at (616) 301-8850 if you would like to schedule an appointment. Tax returns are prepared on a first come first serve basis and we will begin preparing your income tax returns as soon as we have all of the required information.

**As a reminder, if we receive your completed information after April 1st, we may have to extend your tax returns.** We will of course work diligently to complete your tax returns as soon as possible but cannot promise that your returns will be completed prior to the April 15<sup>th</sup> filing deadline. We recommend that you make every effort to schedule an appointment or drop off your completed information as soon as reasonably possible. As in years past, we would like to avoid scheduling appointments during the week of April 15<sup>th</sup>. If you know you will need to file an extension this year, please call our office prior to April 15<sup>th</sup> so we can plan accordingly.

Thanks to clients like you, our "small" firm is growing more and more every year and we are confident that we will once again cheerfully meet the demands of another busy tax season. Please keep us in mind as you meet and talk with friends, acquaintances or family members who may benefit from our services. We are always looking for more "great" clients.

We look forward to hearing from you in the coming weeks and months. If you have any questions about the enclosed information, or any other issue, please do not hesitate to call us.

Sincerely,

*Klein & Associates, PLLC*

Klein & Associates, PLLC