



**CHREST CPA TAX & FINANCIAL, PC**  
Certified Public Accountant

**Engagement Letter**

Name of Client \_\_\_\_\_

Signature of Client \_\_\_\_\_

Date Signed \_\_\_\_\_

**We will perform the following services for the 2009 Tax Year:**

- \_\_\_\_\_ Federal Income Tax Return
- \_\_\_\_\_ Maryland Income Tax Return
- \_\_\_\_\_ Maryland Personal Property Tax Return
- \_\_\_\_\_ Other \_\_\_\_\_

We will **not audit** or verify the data you submit. In regard to your business, our procedures are not designed to disclose defalcations or other irregularities, should they exist. You represent that you will provide us information which is complete and true, disclosing all relevant facts. We restrict services to those listed above with no continuing obligation to update or provide other services. We don't file extensions unless asked to do so.

Regarding **certain business expenses**, the law requires that any deduction for business meals and entertainment must be substantiated by records indicating the amount, time, place and business purpose of the expenses. Contemporaneous substantiation of business use of "listed" property, which includes vehicles, personal computers and cellular phones, is required. If you claim a deduction for those types of expenses, you represent, by submitting those expense items to us, that you have the required records and receipts.

If your return reports **non-cash contributions**, then those donations of clothing and household items must be in good used condition or better to allow a charitable contribution deduction. This rule does not apply for donated single items appraised at more than \$500 if a qualified appraisal and Form 8283 are filed with your return. If you donated property during the year, you should keep a receipt or written record from the organization to which the donation was made, or a similar written statement that shows the organization's name and address, the date and location of the gift, and a description of the donated property. If your return reports **cash contributions**, then all charitable contributions claimed as a deduction on your tax return must be substantiated by keeping a written record of each contribution. Written substantiation from the charitable organization must be obtained by the earlier of the date you file your return or the due date of the tax return. Acceptable written records used to substantiate each contribution include a cancelled check or bank record that supports the donation, or a written receipt or similar statement that includes (1) the name of the donee organization, (2) the date and amount of the contribution and (3) if any goods or services were received in exchange for the contribution. Contributions of \$250 or more require a statement from the charitable organization. If the resulting returns are examined by the IRS, requests may be made for the written record of the contribution.

We will not prepare **personal or business financial statements**. As of September 2006, our Firm instituted a policy of not preparing financial statements for any third parties.

You have **the final responsibility** for your tax returns and, therefore, you should review them carefully before you sign and file them.

Penalties on underpayment, late filing or failure to pay on time and interest on unpaid tax are your responsibility.

In the event that **an audit results in additional taxes**, interest or penalties, for an error of omission or commission by you, our company shall not be responsible for payment of such. Payment, if any, is your responsibility. In the

event that additional tax, interest or penalty results from an error made by our company, we will be responsible for the reimbursement to you of the penalties; however, you are responsible for the payment of any taxes due, as well as the interest, since you had the use of the money in the interim.

**THIRD PARTY DISCLOSURES:** At times, requests, by you (the Client), will be made to provide financial data, i.e. payroll reports, payroll forms, tax returns, letters to banks and mortgage companies, insurance company audit reports, and letters to insurance companies and agents and/or employees of all of the above, and more..... This list is in no way a complete list, it is made to just show a sample of possibilities. These requests referred in the previous sentence will be honored and performed by us if we are given ample time to perform such task and billed at our hourly rate for a FEE for SERVICE, meaning that we charge for such service and it is not included in any pre-determined flat fee. Any and all requests, as mentioned in the previous two (2) sentences will be mailed to you (the CLIENT). It is your responsibility (The Client) to make certain that the correct intended third party receives the requested financial data and that it was the correct and expected financial data. When we send you (The Client) the copy of the requested financial data it will include a cover sheet reminding you (The Client) of your responsibility. You (The Client) hereby agree to hold this firm harmless from any claims related to our furnishing reports or other financial data to third parties, via the Client, as described above.

**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 7 years. We will provide you a copy of the tax returns. All of your original records will be returned to you. After 7 years, our work papers and files will no longer be available. The work papers and files of our firm are not a substitute for your original records. It is agreed that the work papers prepared by us shall remain the property of Chrest CPA Tax & Financial, PC.

Our fixed fee does not include responding to **inquiries or examination** by taxing authorities.

**Our liability**, if any, for the performance of the above services shall not, in any event, exceed the amount that you have paid us for fees for our services under this agreement.

**Any unpaid fee** shall constitute a lien against your tax return, tax records, and your file.

**(c) ARBITRATION:** In the event of a dispute related, in any way, to our services, our firm and you (The Client) agree to submit for resolution through an arbitrator ("Arbitrator") any such dispute. We will meet and negotiate in good faith to select a judge who has retired from the position of sitting judge on a Maryland Circuit Court to serve as the Arbitrator. If we cannot agree on a judge, each of us will submit a list of not more than three (3) acceptable judges, listed in the order of preference. The Arbitrator will be selected from the combined highest order of preference of a judge appearing on both lists or, if there is no judge appearing on both lists, the judge will be selected by a random drawing of a name from the names of all judges listed. The Arbitrator shall have the authority to set rules for the conduct of arbitration and all such procedures shall be deemed binding on the both of us. We will share equally in the cost of arbitration, other than attorney's fees and expenses incurred by each of us in the prosecution or defense of our respective claims. The Arbitrator may award any remedy of the nature of a legal or equitable remedy, other than exemplary or punitive damages, that could be awarded by a court having general jurisdiction over the matters at issue. In addition, the parties agree that the award may include, and the parties agree to pay, an amount equal to the reasonable attorney's fees and expenses incurred by the prevailing party in the prosecution or defense of the arbitration proceedings and, if applicable, court proceedings initiated to enforce an arbitration award. The arbitration shall be confidential in all respects, as allowed or required by law.

In the case of work product covering more than one party, the undersigned enters into agreement on behalf of all affected parties. (i.e. husband signing for both spouses.)

If any provision herein is inoperative, the remainder of this agreement shall remain in force and effect. This agreement is intended as the complete agreement and can only be modified in writing signed by both of us.

Thank you! Brian F. Chrest CPA & Randy C. Chrest