

**MCLR FINANCIAL CENTER**  
**TAX PREPARATION & FILING ENGAGEMENT LETTER**  
**2011 FORM 1040**

Dear Client:

This letter confirms the services you have asked our firm to perform and the terms under which we have agreed to do that work. The Internal Revenue Service imposes penalties on taxpayers, and on us as return preparers, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements. **If you are confused at all by this letter** or believe we have misunderstood what you need, please discuss this letter with us before you sign it.

**We will prepare your 2011 Federal and Michigan** individual income tax form 1040 series returns and related schedules from information you furnish us. We will not audit, review, compile, or otherwise verify the data you submit to us, although we may ask you to clarify some of the information. We may furnish you with tax organizers and questionnaires to help you gather and organize the necessary information for us, in order to keep our fee to a minimum. If you have taxable activity in a state or locality other than that specifically listed, you are responsible for providing our firm with all information necessary to prepare any additional applicable state(s) or local income tax returns as well as informing us of the applicable states and localities.

**We are responsible for preparing only the specific individual income tax forms for the specified reporting agencies listed in this letter.** You may request that we perform additional services not contemplated by this engagement letter. If this occurs we will communicate with you regarding the scope and estimated cost of these additional services. Engagements for additional services may necessitate that we amend this letter or issue a separate engagement letter to reflect the obligations of both parties. In the absence of written communications from us documenting such services, our services will be limited to and governed by the terms of this engagement letter.

If you have derived income from a foreign country, we will use the foreign country income information which you provide to calculate any applicable federal or state foreign tax credit or other affected federal or state income tax items. However, you are responsible for meeting any foreign country income tax or other foreign country reporting requirements. If you had amounts in excess of \$10,000 invested in a foreign country at any time during the year, the IRS requires that you disclose this on Form 1040. Without your notification of such foreign investments we will assume that you have not had any amounts invested over \$10,000 outside of the United States.

**Our fee does not include responding to inquiries or examination** by taxing authorities. However, we are available to represent you and encourage you to **promptly forward to us copies of any notices** you receive to protect your rights. Our fees for such services are at our standard rates and would be covered under a separate engagement letter.

**We must receive all information to prepare your return by March 31, 2012**, to ensure that your return will be completed by April 16, 2012. If we have not received all of your information by March 31, 2012 and your return is not completed by April 16, 2012, you may be subject to late filing or late payment penalties.

We will provide you with a copy of your tax returns when completed, either on paper or in an electronic format. We are prohibited from providing confidential information or copies to anyone other than you without your specific, **written authorization**. There will be an extra fee for additional copies; this fee will also apply to any copy provided to a third party. At our option, we may provide copies of your returns in a secure web portal. Your use of this portal is limited to lawful income tax related documents in compliance with our portal usage policy and will be maintained and accessible solely in accordance with our policy.

**It is your responsibility to keep copies of your tax returns, and to maintain in your records the documentation necessary to support the data used in preparing your tax returns**, including but not limited to bartering transactions, the auto, travel, entertainment, and related expenses and the required documents to support **all** charitable contributions. In preparing your returns, we rely on your representation that we have been informed of taxable and non-taxable transactions that may affect your tax return, and that you understand and have complied with the documentation requirements for your expenses and deductions. If you have any questions as to the type of records required, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed returns before filing them. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for the resulting taxes, penalties and interest. We will rely, without further verification, upon information you provide to us from 3<sup>rd</sup> parties including, but not limited to, K-1s, 1099s, 1098s, receipts and similar items.

**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 adopt whatever position you request, so long as it is consistent with the codes, regulations and interpretations that have been promulgated. If the position is later contested, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional penalties or assessments. You further agree that, due to the complexity of the issues that may be involved and the research that may be required, we will not be responsible for any advice given unless we provide it directly to you in a signed written form. *When a self-employed taxpayer reduces taxable income there is also a reduction in earned income reported to the Social Security Administration, which could reduce current and future benefits. You acknowledge and agree to the current tax reduction and the potential negative effects on future social security benefits for you, your spouse and any dependents.*

If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue that the communication is privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, that are a result of attempts to protect any communication as privileged. In addition, your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing information to a third party.

We do not keep any original client records, so 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. Prior to each tax filing season, we send reminders, data sheets, and/or organizers to many of our clients as a convenience to assist them with gathering their tax information. If you move or do not wish these communications, please notify us or we will send them to the address we used on your prior year's tax return.

In the interest of facilitating our services to you, we may communicate by facsimile transmission, send electronic mail over the internet, or utilize a secure web portal. Such communications may include information that is confidential to you. Your use of this portal must comply with our standards of use, and as owners of the portal we retain the right to limit and deny use of the portal for inappropriate purposes. Your access to files maintained on the portal will be terminated no later than 30 days after the earlier of your or our termination of services under this agreement. All confidential information sent to you or third parties (at your direction) as well as the portal will be password protected. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these devices during this engagement.

Our records and files, including archival copies of tax returns and supporting documentation, both paper and electronic, including those maintained on a web portal, are our property and are not a substitute for your own records. We destroy our own engagement records in accordance with our records retention policy. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the intended retention period.

From time to time during our relationship, you may seek our advice with regard to potential investments. We are not investment advisors unless **specifically and in writing by separate agreement hired for that purpose**. Accordingly, we suggest that you seek the advice of qualified investment advisors appropriate to each investment being considered. Unless otherwise specifically agreed to in a separate engagement letter signed by both parties, we will not advise you regarding the economic viability or consequences of an investment or whether you should or should not make a particular investment.

**Our bill will be due and payable upon completion of these returns**, unless alternate payment terms have been approved in advance. In certain situations, we may require a retainer prior to commencing work. If you fail to pay for services rendered as required by this engagement or any other engagement, at our election we may stop all work at our discretion on this and any other engagement of which you are a party until your accounts are brought current, or we may withdraw from this and/or any other engagements. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this or any other engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this or any other engagement as a result of your failure to pay on a timely basis for services rendered as required by this or any other engagement letter or for any other reason outside of our control (including but not limited to conflicts of interest), we shall not be liable for any damages that occur as a result of our ceasing to render services. **Our services will conclude upon delivery of the completed income tax returns** discussed above or upon our suspension of services or resignation from the engagement.

In recognition of the relative risks and benefits of this agreement to both the client and the accounting firm, the client and accounting firm have discussed and have agreed on the fair allocation of risk between them. As such, the client agrees, to the fullest extent permitted by law, to limit the liability of the accounting firm to the client for any and all claims, losses, costs, and damages of any nature whatsoever, so that the total aggregate liability of the accounting firm to the client shall not exceed the accounting firm's total fee for services rendered under this agreement. The client and the accounting firm intend and agree that this limitation apply to any and all liability or cause of action against the accounting firm, however alleged or arising, unless otherwise prohibited by law. Both parties agree that there is a one-year limitation period to bring a claim against the accounting firm for errors and omissions. The one-year period will begin upon the date of the tax professional's manual or electronic signature on the tax returns covered by this engagement letter.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be governed and construed according to the laws of Michigan, and shall be binding on the heirs, successors and assigns of you and us. If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

We appreciate the opportunity to serve you. Please date and sign this letter below to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. It is our policy to initiate services after we receive the executed engagement letter.

**MCLR Financial Center**

\_\_\_\_\_ (Signature) \_\_\_\_\_ (Date)

I have read the above terms of the engagement letter and agree with the terms of this engagement.

#### PRIVACY STATEMENT

We have a long tradition at **MCLR Financial Center** of integrity and service. Our clients trust us as professionals to respect and protect the confidentiality of the information we receive from them. This privacy statement describes our policy, which applies both to current and former clients, and is designed to comply with the privacy provisions in Title V of the Gramm-Leach-Bliley Act.

We collect and maintain significant amounts of non-public personal information about our clients in connection with the preparation of tax returns, financial statements, and other services we offer. This information may be collected from a variety of sources including:

- Information we receive from you on applications, tax preparation organizers, worksheets, Federal and State tax reporting forms, and from other documents we use in tax preparation or other financial and related services.
- Information about your transactions with us, our affiliates, and others, and
- Information we may receive from outside agencies such as banks and brokerage houses.

We take appropriate steps to safeguard your confidential information.

- Access to all nonpublic personal information about you is limited to members of our firm who need to know that information to provide services to you.
- We maintain physical, electronic, and procedural safeguards to protect your nonpublic personal information.

We may share information with nonaffiliated third parties who are acting on our behalf, as required by law, or as authorized by you. These third parties may include:

- Service providers who provide support services to help us perform services you request, such as transmittal of electronically-filed tax returns. Please be assured that these companies are legally obligated to maintain the confidentiality of the information we provide to them, and are restricted from using this information for any reason beyond the performance of specified services on our behalf.
- Other parties as permitted or required by law, such as government agencies in response to subpoenas, consumer reporting agencies, or those with whom you have authorized us to share information.

If you have any questions or concerns regarding this policy statement, please do not hesitate to contact our office.