



P.O. Box 3361
Gainesville, GA 30503
Tel: (770) 965-2008
Cell: (770) 519-5800
Fax: (770) 965-5175
E-mail: bob@rpwarnercpa.com

S-CORP/PARTNERSHIP ENGAGEMENT LETTER

Dear Client,

This letter is to confirm and specify the terms of Warner Financial Services engagement with your S-Corp or Partnership company and to clarify the nature and extent of the services we will provide. In order to ensure an understanding of our mutual responsibilities, we are asking all clients for whom returns are prepared to confirm the following arrangements.

INCOME TAX RETURNS

We will prepare your 2011 federal and requested state income tax returns from information that you will furnish us. We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information.

The law provides for various penalties that may be imposed when taxpayers understate their tax liability. Because this is an entity whose tax attributes generally flow through to its partners or members, the penalty for substantial understatement of tax relating to this entity may be imposed on the partners or members.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all of the documents, canceled checks and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. Management is responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of the financial records. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist.

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

The 2007 Small Business and Work Opportunity Tax Act requires tax return preparers to conform to a higher standard than the taxpayer when an undisclosed tax position is being taken on your tax return. This higher standard requires the preparer to have a reasonable belief that the undisclosed tax position would more likely than not be sustained on its merits if challenged by the IRS and that there be a reasonable basis for the tax treatment. Moreover, we may have to spend additional time preparing your return because of the extra research and analysis necessary to meet this standard. Accordingly, by signing this letter you acknowledge that you are aware of this

difference in standards, and consent to our preparation of your federal income tax return in accordance with the standards applicable to our firm as tax preparers.

If we conclude as a result of our research that you are required to disclose a transaction on your tax return, you consent to attach a completed Form 8275 or 8275R to your tax return after we discuss the situation with you and agree to hold our firm harmless with respect to any and all actual and consequential damages (including but not limited to taxes, penalties, interest, and attorney fees and costs) that you incur as a result of including such disclosures with your filed tax returns.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available to represent you and will render additional invoices for the time and expenses incurred.

Our fees for these services will be based upon the amount of time required at standard billing rates plus out-of-pocket expenses. All invoices are due and payable upon presentation.

In the event of an error or omission on your return resulting from our mistake, our liability is limited to a refund of the tax return preparation fee, plus \$500. In addition, we will work with you and the taxing authority at no charge to resolve the matter.

OTHER RETURNS

The deadline for distributing W-2's and 1099's to your employees and subcontractors is January 31, 2012. If we have been processing your payroll throughout the year, we will automatically prepare these forms for you. The fee is \$50 and includes three forms. Each additional W-2 or 1099 after that will be \$5.

In the event a person paid as an independent contractor is later determined to be an employee, any and all fines, penalties and interest shall be your sole responsibility.

The deadline for county ad valorem returns is April 1, 2012. Again, unless you tell us otherwise, we will automatically prepare this return for \$75.

If all of the foregoing fairly sets forth your understanding, please sign cover letter in the spaces indicated. Your signature also acknowledges receipt of our privacy policy included with this letter.

We want to express our appreciation for this opportunity to work with you.

Sincerely,

Robert P. Warner,
Certified Public Accountant