Friedman & Perry
Certified Public Accountants

Diane Mallory Perry, CPA
Rebecca Charlene Perry, CPA

December 30, 2011

Dear Client,

We are writing to confirm the arrangements for our services. Please read this letter carefully, since it is important that there is a mutual understanding for both you and our firm of what you can expect from our work.

We will prepare your individual federal and state income tax returns for 2011 and estimated tax vouchers for 2012 from the information you furnish using our in-house tax preparation software. We will not audit or otherwise verify the data you submit, although we may ask you to clarify some of it. When possible, we will resolve questions involving application of tax rules in your favor if there is reasonable justification for it. We will prepare these returns in the e-file format unless you specifically request otherwise and complete the necessary state form to opt out of this requirement. For either method, you will receive a complete paper copy of all tax returns prepared by us.

If it is necessary to request an extension of time to file your tax returns or to prepare a projection of your taxable income and tax liabilities, we will use estimates for these calculations. Any difference between these estimates and the actual amounts may result in additional tax liabilities and potential interest and penalties. Any necessary extension requests will be submitted to the IRS directly from our computer via e-file.

In order for us to complete your tax returns for filing by April 17, 2012, we must receive your complete preparation information by <u>March 16, 2012</u>. If we do not have all information by March 16, 2012, we will automatically e-file an extension request on your behalf. If you are one of these extension clients, the final filing deadline is October 15, 2012. You will receive a confirmation letter when your extension is accepted. At that time, we will advise you of the deadline date to submit your organizer to us. If we have not received your organizer by the specified date, your tax returns will not be completed by the final deadline of October 15, 2012 and you may be subject to late filing or late payment penalties.

All the information you submit to us must, to the best of your knowledge, be correct and complete, and must include all income, deductions and other data necessary for the preparation of your income tax returns. You are responsible for providing us with all forms 1099 or 1098 for any income or deductions reported to the IRS. You are responsible for keeping the necessary records of your personal and business deductions, and of personal and business use of any property during 2011. This includes maintaining accurate records relating to business meals, travel, entertainment, vehicle use, cell phone use, gifts and charitable donations. If you are unsure as to how to best maintain your records, please let us know and we can review this with you.

39560 Stevenson Place, Suite 112 ~ Fremont, California 94539
Phone (510) 794-7555 ~ Fax (510) 794-4719 ~ www.friedmanperrycpas.com
diane@friedmanperrycpas.com ~ becky@friedmanperrycpas.com

As your CPA, we are required to keep all information about your tax preparation engagement confidential. We will not disclose any of your information unless we have your approval or are required by law. We are committed to protecting your confidential information from outside sources by maintaining physical, electronic and procedural safeguards. Any documents that are requested by banks, lenders or other financial organizations need your written authorization in order for us to comply. Under federal law, the attorney-client privilege has been extended to some but not all communications between a client and the CPA. However, communications solely concerning the preparation of a tax return will not be privileged as far as the IRS or federal government is concerned. Therefore, by law we are required to disclose what may be considered confidential information to the IRS or federal government.

We will also be available to answer your inquiries on specific tax matters and to consult with you on income tax, financial, and estate planning. To make our services more constructive, we will offer suggestions from time to time. If requested, we will provide a "credit worthiness" letter to your lender. However, we are only able to confirm that we prepared your tax returns and included specific forms. Such services provided during the year are not included in your tax preparation fee and will be billed to you as our services are requested.

Although our tax advice and tax preparation services represent our best professional opinion, there is uncertainty inherent in future IRS and court rulings. IRS positions are subject to retroactive change. Slight changes in the facts may alter the result. Opinions of courts often conflict and judicial thought is subject to change. There are areas of tax treatment that are still unsettled and many important areas that the IRS has not issued regulations on. We therefore cannot guarantee the accuracy of your tax return or any extension requests although it represents our best professional judgement.

Whenever we are aware that possible applicable tax law is unclear or that there are conflicting interpretations of the law by authorities, we will explain the possible positions which may be taken on your return. We will follow whatever position you request on your return so long as it is consistent with the code, regulations and interpretations which have been promulgated. If the federal or state governments should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We are not responsible for IRS disallowance of doubtful deductions or inadequately supported documentation. We assume no liability for any such additional penalties, interest or assessments.

Your returns are, of course, subject to review by the taxing authorities. Any items resolved against you by the examining agent are subject to certain rights of appeal. In the event of an examination, we will be available to represent you or instruct you on how to represent yourself, and will render a bill to you for these additional services based on the amount of time required.

Our fee will be based on the amount of time required for tax services at our standard billing rates plus out-of-pocket expenses, including a fee to cover computer processing costs. Our standard billing rates range from $50 to $190 per hour depending on the staff level and experience of the individual. We believe these rates approximate those of other high-quality CPA firms. Our policy is to require a deposit prior to preparing your tax returns. We will bill you for the balance after we complete the returns. This deposit is not intended to be an estimate of the total cost of the engagement. Our invoices are due and payable on presentation. Billing becomes delinquent if not paid within four weeks of the invoice date. A late charge will be accrued on the unpaid amount at the rate of 1% per month. We encourage you to call us if there are any questions on our bills. We want you to understand the services we provide and the benefits derived from using an experienced and qualified Certified Public Accounting firm.

Our procedures for preparing your returns will include the following steps in order to provide you with work of the highest quality.

Steps:	Performed by:
1. Interview & document organization	Diane Perry or Becky Perry
2. Data entry & computer output check	Becky Perry
3. Overall accuracy check	Diane Perry
4. Assemble completed returns	Clerical Staff
5. Final review and signature	Diane Perry

We feel that the above steps are a minimum to ensure a quality product that is carefully considered and as free from errors as possible. It is still important, however, that you carefully examine and approve your completed tax returns before signing the e-file authorization forms or before signing and mailing the tax returns to the government. Any changes or corrections that you subsequently discover will necessitate an amended tax return. Our fee for amended tax returns will be billed to you separately.

If the above fairly sets forth your understanding of our services, please sign this letter and return it to us at the time of your interview or with your tax package. The enclosed copy is for your files.

We are pleased to have you as a client and look forward to a long and mutually satisfying relationship.

Sincerely,

Diane Perry Rebecca Perry

Friedman and Perry
Certified Public Accountants

Approved:

PLEASE SIGN AND RETURN

By ______________________________ Date ____________________

PLEASE SIGN AND RETURN THIS ENTIRE SET