

PARTNERSHIP  
ENGAGEMENT LETTER

January, 2013

Dear Client:

<u>FOR OFFICE USE ONLY:</u>	
Contact: _____	Client # _____
Email: _____	Phone # _____
Date Notified: _____	Date Out: _____
Notified By: _____	Initials: _____

We will prepare the federal and state partnership tax returns for the year ended December 31, 2012, and we will advise you on income tax matters as to which you specifically request our advice. This firm is responsible for preparing only the returns listed above. We will not audit or verify the data you submit, although we may ask you to clarify it or furnish us with additional data.

By your signature below you are confirming to us that, unless we are otherwise advised, the travel, entertainment, gifts, and related expenses are supported by the necessary records required under Section 274 of the Internal Revenue Code. If you have any questions as to the type of records required, please ask us for advice in that regard.

You are also confirming that you will furnish us with all the information required for preparing the returns. All individual partners are responsible for submitting their individual K-1s to their own tax preparers for inclusion with their individual tax returns.

***Please note that any person or entity subject to the jurisdiction of the United States (including individuals, corporations, partnerships, trusts, and estates) having a financial interest in, or signature or other authority over, bank accounts, securities, or other financial accounts having a value exceeding \$10,000 in a foreign country, shall report such a relationship. Failure to disclose the required information to the U.S. Department of the Treasury may result in substantial civil and/or criminal penalties. Please notify us if you hold a foreign account so we may determine your filing requirement.***

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. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated. If the Internal Revenue Service should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional penalties or assessments. In the event, however, that you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable to you for any damages that occur as a result of ceasing to render services.

The law provides for a penalty to be imposed when a taxpayer makes a substantial understatement of his or her tax liability. For partnerships and individual taxpayers, a substantial understatement exists when the understatement for the year exceeds the greater of 10 percent of the tax required to be shown on the return or \$5,000. The penalty is 20 percent of tax underpayment. Taxpayers other than "tax shelters" may seek to avoid all or part of the penalty by showing (1) that they acted in good faith and there was reasonable cause for the understatement, (2) that the understatement was based on substantial authority, or (3) that the relevant facts affecting the item's tax treatment were adequately disclosed on the return. A taxpayer is considered a "tax shelter"

if its principal purpose is to avoid federal income tax. Because a partnership is an entity whose tax attributes flow through to its partners, the penalty for substantial understatement of tax relating to partnership items may be imposed on the partners. You agree to advise us if you wish disclosure to be made in your returns or if you desire us to identify or perform further research with respect to any material tax issues for the purpose of ascertaining whether, in our opinion, there is “substantial authority” for the position proposed to be taken on such issues in your returns.

Our work in connection with the preparation of your partnership income tax returns does not include any procedures designed to discover fraud, defalcations, or other irregularities, should any exist. We will render such accounting and bookkeeping assistance as we find necessary for preparing the partnership income tax returns.

By your signature below, you acknowledge that you are responsible for management decisions and functions. That responsibility includes designating qualified individuals with the necessary expertise to be responsible and accountable for overseeing all the specific services we perform as part of this engagement, as well as evaluating the adequacy and results of the services performed. You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

Our fees for these services will be computed at our standard rates and will be billed as the work progresses. Invoices will be mailed monthly and are due when received. If we have not received payment within 30 days of our invoice, all work will be suspended until your account is brought current.

The fee does not include responding to Internal Revenue Service inquiries, and the client understands that the tax preparer is not responsible for Internal Revenue Service disallowance of doubtful deductions or deductions unsupported by adequate documentation nor for resulting taxes, penalties, and interest.

Blackburn, Childers & Steagall, PLC does 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.

We will be pleased to discuss this letter with you at your convenience. If the foregoing is acceptable to you, please sign the original copy of this letter in the space provided and return it to us in the enclosed envelope.

Very truly yours,

*Blackburn, Childers & Steagall, PLC*

Accepted:

\_\_\_\_\_  
Partnership Name (please print)

\_\_\_\_\_  
Partnership Representative Signature

\_\_\_\_\_  
Date