

Andaloro, Smith & Krueger, LLP  
N19 W24400 Riverwood Dr., Ste. 200  
Waukesha, WI 53188  
Phone: (262)544-2000 Fax: (262)544-2060

**SIGN & RETURN THIS COPY –  
WE CANNOT RELEASE YOUR RETURN WITHOUT A SIGNED COPY OF THIS LETTER**

Client Name: \_\_\_\_\_

Dear Client:

We appreciate the opportunity to work with you in preparing your individual income tax returns. This letter sets forth the terms by which you have engaged this firm to prepare your individual income tax returns and clarifies the nature and extent of the services we will provide. To ensure a common understanding of our respective responsibilities, we ask that you and your spouse, if applicable, confirm our agreement by signing below.

We will prepare your federal, resident state and resident local (if applicable) individual income tax returns and if requested, the tax returns for your minor children, from information you furnish to us for the year ended 2011 and thereafter until this engagement is terminated by either party. It is solely your responsibility to inform us of any work you have performed, business you have conducted or income you have earned outside of your resident state and therefore we will only prepare individual income tax returns for any other states that you specifically request at the end of this letter.

This is an individual income tax return preparation engagement only. This engagement does not include any other accounting or tax services offered by our firm. Please be advised that this engagement does not include any audit procedures, attestation procedures or any procedures designed to discover fraud, thefts, illegal acts, factual errors (inadvertent or otherwise), irregularities, weaknesses in internal controls or weaknesses or problems in your bookkeeping records or accounting systems, should any exist. In addition, this engagement does not cover any other tax filing obligations that may be required including, but not limited to, ad valorem, franchise, sales and use, payroll, property, gross receipts or services, excise taxes, etc. If requested by you, these and other services are available at our firm. If any additional services are requested of our firm, they will be covered under a separate engagement letter.

If, during our work, we discover information that affects prior-year individual income tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You confirm that your personal expenses have been properly segregated from your business expenses for which you are claiming as deductions. You should retain all the related documents, receipts, canceled checks and other data that form the basis of your income and deductions. These may be necessary to prove the accuracy and completeness of your returns to a taxing authority. **You have the final responsibility for your income tax returns; therefore, you should review them carefully before you sign and mail them to the taxing authorities or before authorizing us to transmit the returns electronically to the appropriate government agency. Also, it is critically important that you inform us of any foreign bank or investment accounts in your name that you have signing authority on or that you control directly or indirectly.**

We will furnish you with an organizer and/or questionnaire to help you gather and organize the necessary information for us in order to ensure that your tax return is prepared as accurately as possible and to help keep our fees to a minimum. It is your responsibility to provide all the information required for the preparation of complete and accurate returns, including copies or originals of all Federal, State and local government notices you receive. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that you have disclosed to us all relevant facts affecting the returns. We will not verify the information you give us; however, we may ask for additional clarification of some information. You also agree to timely respond to any and all requests from us for additional information. You acknowledge your understanding that we will rely on the information you provide to us without auditing it or otherwise verifying the accuracy or completeness of it.

We will use our professional judgment to resolve questions in your favor where a tax law is unclear, but only if there is substantial authority for doing so. Whenever we become aware that a possible applicable tax law is unclear or that there are conflicting interpretations of the applicable authorities [e.g., Internal Revenue Code, Treasury Regulations and/or court case], we will explain the possible positions that may be taken on your return. However, in some instances, a return position may not be taken without adequate disclosure of it to the IRS. We will follow whatever position you request so long as it is consistent with the current law and, if necessary, it is adequately disclosed on your tax return. If, however, we cannot agree on the appropriate and necessary steps that must be followed to take such a position (i.e., disclosure on the return), you hereby authorize us to withdraw from this engagement and agree to pay us in full for services rendered to that point. If the IRS, state or local taxing authorities should later contest any position taken on the return, there may be assessments of additional tax, interest and/or penalties. We assume no liability for any such additional tax, interest and/or penalties or other fees and assessments.

It is important for you to know that the law imposes various penalties, some of them severe, if a taxpayer underreports their income, overstates their expenses or understates their tax liability. In addition, you should know that IRS/Department of Revenue audit procedures may include questions on bartering transactions and on deductions that require strict documentation such as charitable contributions, travel and entertainment expenses and business use of autos and computers. In preparing your returns, we rely on your representations that we have been informed of all bartering transactions and that you understand and have complied with the documentation requirements for your expenses and deductions. The IRS/Department of Revenue audit procedures may also consider unreported income, the disallowance of doubtful deductions that are not adequately supported by documentation, the misclassification of employees as independent contractors and numerous other issues and questions. In these cases, we are not responsible for any resulting taxes, penalties and/or interest.

Your returns may be selected for examination by the taxing authorities. In the event of an audit, either by correspondence or in person, you may be requested to produce documents, records or other evidence to substantiate the income, deductions and other positions claimed on your return, as discussed above. Any proposed adjustments by the examining agent are subject to certain rights of appeal. If an examination is conducted, we will be available to represent you depending on the issues and circumstances. However, such representations will require a new, separate engagement letter. Such additional services will be billed separately for the professional time and expenses incurred and are not included in our fees for the initial preparation of the individual income tax returns.

The IRS permits you to authorize us to discuss, on a limited basis, aspects of your return for one year after the return's due date. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we will check that box authorizing the IRS to discuss your return with us.

In the event that we receive a summons or subpoena requesting that we produce documents from this engagement or testify about this engagement, we will notify you prior to responding to it if we are legally permitted to do so. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

Certain communications involving tax advice between you and our firm may be privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone or by turning over information about those communications to the government, you may be waiving this privilege. To protect this right to privileged communication, please consult with your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communications, you agree to provide us with written, advance authority to make that disclosure.

Our fees for tax services will generally, but not exclusively, be based on the time spent at our standard hourly rates, on the type of work and issues involved and on the complexity of the work performed. You will also be billed for, and you agree to pay, any and all out-of-pocket expenses and computer technology charges required to complete your returns.

Our bills are due and payable upon receipt. We reserve the right to suspend or terminate work on any account that is past due. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet any government or any other filing deadlines, for any penalties or interest that may be assessed against you resulting from your failure to meet the deadlines or for any other damages (including consequential damages) incurred as a result of the suspension or termination of our work.

Andaloro, Smith & Krueger, LLP's maximum liability arising for any reason relating to services rendered under this engagement shall be limited to the fees paid for these services. However, Andaloro, Smith & Krueger, LLP is not liable if all or a part of the intended tax consequences from matters addressed in our written or verbal advice are not sustained. In the event of a claim by a third party relating to services under this engagement, you agree to indemnify Andaloro, Smith & Krueger, LLP and its personnel from all such claims, liabilities, costs and expenses, except to the extent determined to have resulted from the intentional or deliberate misconduct of Andaloro, Smith & Krueger, LLP personnel.

You should consult with and/or engage legal counsel for the purpose of advising on non-tax legal aspects of matters on which Andaloro, Smith & Krueger, LLP provides tax advice and drafting any legal documents and/or agreements that may be required in connection therewith. Andaloro, Smith & Krueger, LLP will provide your legal counsel with tax-related advice that is deemed necessary by your legal counsel to draft such documents and/or agreements. To the extent services of legal counsel or other professional service providers are required, you are responsible for engaging and paying such service providers.

It is our firm's policy to keep records related to your individual income tax return for seven years. However, we do not keep any original client records so we will return those originals to you at the completion of the tax return. Because of possible examination, you are responsible to retain these records to support your returns. By signing this engagement letter, you acknowledge and agree that upon the expiration of the seven year period Andaloro, Smith & Krueger, LLP shall be free to destroy our records related to your individual income tax return.

If we have not received your information in a timely manner in order to complete your individual income tax returns by their due date, we will contact you regarding filing extension(s) on your behalf. This may require tax payments for the estimated unpaid tax liability. These payments will be based upon estimates provided by you and will be due by the original due date of the returns. The final amounts may be different when your actual returns are completed. You assume responsibility for any underpayment of tax, including interest and/or penalties, on the completed returns.

Upon completion and receipt of the income tax returns, you will be responsible for the timely filing of your returns. In the event that a dispute arises concerning whether, or when, your return was filed, you will bear the burden of proving that the return was timely filed. All returns, therefore, should be filed by Certified Mail, with proof of mailing kept with your records. If your returns are to be filed electronically, you and your spouse, if applicable, will be responsible for the timely completion and return of certain federal and state forms to our office, authorizing our firm to electronically file your returns. In providing such authorization, you and your spouse, if applicable, hereby represent that you have received, reviewed and approved the returns as being correct and that you are authorizing us, on your behalf, to electronically file your individual income tax returns.

These terms and the engagement letter to which these terms are appended, including any exhibits, constitute the entire agreement between Andaloro, Smith & Krueger, LLP and yourself with respect to the subject engagement and supersede all other oral and written representations, understandings or agreements relating to the subject engagement.

These terms and the engagement letter to which these terms are appended shall be governed by and construed in accordance with the laws of the State of Wisconsin. If any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this engagement letter.

Finally, please understand that we are preparing your individual income tax returns solely for the purpose of helping you to comply with your tax filing obligations. Under federal law we are prohibited from disclosing any of your tax return information to any third party without your signed written consent. You also agree that the tax returns prepared by us shall not be disseminated by you to any third party (other than you, the IRS and state taxing authorities) for any purpose. If you elect to provide any tax return we have prepared to any third party, you agree to assume all risks and liabilities stemming from any third party relying on your tax return; and agree to fully indemnify and hold Andaloro, Smith & Krueger, LLP and all of its employees, agents and representatives harmless from the same, which indemnification shall include all of our time, at our then standard hourly rates, costs and reasonable attorneys fees incurred by us in defending any third party action against us.

The services we will currently provide are limited to those laid out in this letter. If the above sets forth your complete understanding of the services to be provided by our firm under this engagement, please sign this letter in the space indicated below and return it to our office as soon as possible. We have enclosed a copy for your files. We would be happy to discuss the terms of this engagement letter; however, **we are unable to complete and release your return until a signed copy of this letter has been returned to our firm.**

We want to thank you for this opportunity to work with you and look forward to a long and mutually satisfying relationship.

Sincerely,

**Andaloro, Smith & Krueger, LLP**

I am requesting that Andaloro, Smith & Krueger, LLP also prepare the following state individual income tax returns in addition to my resident state: \_\_\_\_\_  
\_\_\_\_\_

.....

The foregoing is in accordance with my understanding of the engagement. The terms described in this letter are fully understood, are acceptable and are hereby agreed to.

AGREED TO AND ACCEPTED

By: \_\_\_\_\_  
Signature (Taxpayer)

By: \_\_\_\_\_  
Signature (Spouse – if applicable)

\_\_\_\_\_  
Print

\_\_\_\_\_  
Print

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date