



ENGAGEMENT LETTER FOR PARTNERSHIPS

Payne Financial Consulting, Inc. is pleased to provide the Client described below with professional services. In order to better understand each party's obligations, the terms "we, us and our" will identify the firm of Payne Financial Consulting, Inc. The terms "you and your" will apply to the Client named below. This Engagement Letter embodies the entire agreement regarding the services to be rendered by Payne Financial Consulting to the Client. The Client understands that Client is retaining the firm and not its employees or officers directly.

These professional services will include preparation of your 2011 federal and 2011 state(s) partnership income tax returns. Our work will be performed in accordance with the Statements on Standards for Tax Services promulgated by the American Institute of Certified Public Accountants. The initial due date for these returns is three and one-half months following the end of your year. In the event of unresolved tax issues or delays in processing, or if we do not receive all of the information necessary from you at least *fifteen days* before the due date, it may become necessary to apply for an extension of the filing deadline. Applying for an extension of time to file may extend the time available for a taxing authority to undertake an audit of your return or may extend the statute of limitations. Additionally, extensions may affect your liability for penalties and interest or compliance with government deadlines for which we are not responsible. We will only file a federal extension (California is automatic; other states differ). The extension to file does not extend the deadline for payment (interest and penalties may apply). We are available to discuss this matter with you at your request at our regular hourly fee should the need arise.

You agree to provide us with requested information, documentation, explanations and supporting data to be included in your tax return on a timely basis including all worldwide income. If you fail to comply with this requirement, or any of the terms of this engagement, as outlined herein, we reserve the right to withdraw from this engagement without completing your tax returns. In such case, we will not be responsible for any tax, interest or penalties that the taxing authority may levy against you for failure to file or failure to file on a timely basis. We will prepare your tax returns based solely on the information you provide. We will not independently verify any of the data you submit regarding your taxes. You agree that the veracity of the prepared returns will be your sole responsibility.

The Client indemnifies Payne Financial Consulting, Inc. against any third-party claims arising from the use of materials prepared by Payne Financial Consulting, Inc. Also, please note that our compilation and other services are *not* designed to detect fraud, theft or other irregularities, should any exist. You are responsible for determining your other state and local filing obligations with any state or local tax authorities including, but

not limited to income, franchise, sales, use and property taxes.

Your basic tax preparation fee for your 2011 returns will be approximately 4% to 6% higher than for 2010. The basic tax fee varies for each client depending upon the complexity of the tax return and is based on a quoted fee versus an hourly rate. For new schedules, elections, attachments and work required in addition to your basic fee, our normal hourly rates will apply. The Client authorizes the use of electronic mail to communicate and is aware that this may not be secure.

Our normal hourly rates also apply for phone calls, e-mails and any additional consulting work provided throughout the year. Any appointments canceled with less than 48 hours notice will result in a half-hour charge. Our fees are billed at the completion of work and are due upon receipt. Our normal hourly rates are \$204 per hour for Consultants and \$102 per hour for Staff.

In the event payment is not received when due, you will be assessed interest charges of 1.5% per month on the unpaid balance. Additionally, you agree to pay all legal and/or collection fees relating to the collection of outstanding balances.

Any controversy or claim arising out of or relating to this Engagement Letter, or the breach, termination or validity thereof, is required to be settled by arbitration administered by the American Arbitration Association in accordance with its *Arbitration Rules for Professional Accounting and Related Services Disputes*, and judgement on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The following disclosures are made regarding such arbitration: (a) arbitration is final and binding on all parties; (b) the parties are waiving their right to a jury trial; (c) pre-arbitration discovery is generally more limited than and different from court proceedings; (d) the arbitrators' award is not required to include factual findings or legal reasoning, and any party's right to appeal or seek modification of rulings by the arbitrators is strictly limited; (e) the panel of arbitrators will consist of one arbitrator who shall be affiliated with the accounting industry and will be convened in San Mateo, CA; (f) each party shall bear its own costs and expenses and an equal share of the arbitrators' and administrative fees of arbitration.

Our liability for all claims, damages and costs of the Client arising from this engagement is limited to the total amount of fees paid by the Client for the services rendered under this agreement. In the event that any portion of this engagement letter is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this engagement letter. This engagement letter shall be governed by the laws of the State of California.

This Engagement Letter has been duly executed by the Client and by Payne Financial Consulting, Inc. as of _____.

Client Name(s): _____

For Payne Financial Consulting, Inc.:

Signature(s): _____
