

Gould, Stinson & Gray, P.C.

-- Engagement Letter--

We appreciate the opportunity of working with you and advising you regarding your income tax return. This letter is designed to confirm the services you have asked our firm to perform and the terms under which we have agreed to do that work. Please read this letter carefully because it is important to both our firm and you that you understand what you can and cannot expect from our work. In other words, we want you to know the limitations of the services you have asked us to perform. If you are confused at all by this letter or believe we have misunderstood what you need, please call to discuss this letter before you sign it.

The Internal Revenue service imposes penalties on taxpayers, and on us as return preparers, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

We will prepare your 2012 Federal and Michigan individual income tax Form 1040 and related schedules from information provided by you. We will not audit, review, compile or otherwise verify the data you submit although we may ask you to clarify some of the information. We may furnish you with tax organizers and questionnaires to help you gather and organize the necessary information for us, in order to keep our fee to a minimum. We are responsible for preparing only the returns listed specifically in this letter. If you have taxable activity in a state other than that specifically listed you are responsible for providing our firm with all information necessary to prepare any additional applicable states or local income tax returns as well as informing us of the applicable states.

If you have derived income from a foreign country, we will use the foreign country income information which you provide to calculate any applicable federal or state foreign tax credit or other affected federal or state income tax items. However, you are responsible for meeting any foreign country income tax or other foreign country reporting requirements. If you have amounts in excess of \$10,000 invested in a foreign country, the IRS requires that you disclose this on Form 1040. Without your notification of such foreign investments, we will assume that you do not have any amounts invested over \$10,000 outside the United States.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs we will communicate with you regarding the scope and estimated cost of these additional services. Engagements for additional services may necessitate that we amend this letter and issue a separate engagement letter to reflect the obligations of both parties. In the absence of written communications from us documenting such services, our services will be limited to and governed by the terms of this engagement letter.

Your returns are of course subject to review by the taxing authorities. Any items which may be resolved against you by the examining agent are subject to certain rights or appeal. In the event of such examination, we will be available, upon request, to represent you and will render additional invoices for the time and expense involved.

We must receive all information to prepare your return by April 1, 2013 to ensure that your return will be completed by April 15, 2013. If we have not received all of your information by April 1, 2013 and your return is not completed by April 15, 2013, you may be subject to late filing and/or late payment penalties. We do not file tax extensions for clients unless specifically requested to do so.

It is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns. If you have any questions as to the type of records required, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation (i.e., business mileage, charitable donations, etc.), nor for resulting taxes, penalties and interest. We will rely, without further verification, upon information you provide to us from third parties.

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. We will adopt whatever position you request on your return so long as it is consistent with the codes, regulations, and interpretations that have been promulgated. If the Internal Revenue Service later contests 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. Our work in connection with the preparation of your income tax returns does not include any procedures designed to disclose misused funds or other irregularities, should any exist.

New privacy laws were established by the IRS effective January 1, 2009 and we are now prohibited from providing confidential information or copies to anyone other than you without your specific, written authorization.

If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue that the communications are

privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, that result from attempts to protect any communication as privileged. In addition, your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication with a third party, such as a lending institution, friend or a business associate. We recommend that you contact us before releasing any privileged information to a third party.

It is our policy to keep records related to this engagement for four years, after which time they will be destroyed. However, we do 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. Prior to each tax filing season we send client organizers to most of our clients as a convenience to assist them with gathering their tax information. If you move or do not wish to receive an organizer, please notify us or we will send the organizer to the address we used on your prior year's tax return.

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the internet. Such communications may include information that is confidential to you. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these electronic devices during this engagement.

From time to time during our relationship, you may seek our advice with regard to potential investments. We are not investment advisors unless specifically and in writing by separate agreement hired for that purpose. Accordingly, we suggest that you seek the advice of qualified investment advisors appropriate to each investment being considered.

Fees: We generally base our prices on the time required at our regular rates for the services and personnel assigned plus relevant technology charges. Other factors may be taken into consideration, including degree of difficulty or risk, time limitations placed on us by others, our past experience and professional expertise required, and the priority and importance of the work to the client. All returns will be electronically filed as mandated by the State of Michigan. **Payment will be due upon delivery of the return, and always before transmitting e-filed returns, with no exceptions.** If fees are not received upon delivery of the return, at our election, we may not e-file the return until payment is received, or we may withdraw from this engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay and we shall not be liable to you for any damages that occur as a result of our ceasing to render services. Our services will conclude upon delivery of the completed income tax returns discussed above or upon our suspension of services or resignation from the engagement. Fees not received at delivery of the 1040 will accrue interest charges of 1.5% per month (18% per year), starting at the date of delivery.

*** Additional consulting or tax planning work during the rest of the year will be invoiced separately from the tax preparation fees.**

In recognition of the relative risks and benefits of this agreement to both the client and the accounting firm, the client and the accounting firm have agreed on the fair allocation of risk between them. As such, the client agrees, to the fullest extent permitted by law, to limit the liability of the accounting firm to the client for any and all claims, losses, costs, and damages of any nature whatsoever, so that the total aggregate liability of the accounting firm to the client shall not exceed the accounting firm's total fee for services rendered under this agreement. The client and the accounting firm intend and agree that this limitation apply to any and all liability or cause of action against the accounting firm, however alleged or arising, unless otherwise prohibited by law. Both parties agree that there is a one-year limitation period to bring a claim against us for errors and omissions. The one-year period will begin upon the date of the tax professional's signature on the tax returns covered by this engagement letter.

If the foregoing correctly sets forth your understanding, please sign this letter below. It is our policy to initiate services after we receive the executed engagement letter. If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

Please let us know if you have questions concerning this letter. Thank you for your business.

Sincerely,
Gould, Stinson & Gray, P.C.
269-372-0001

Sign here: _____
Date: _____
I have read the above terms of this engagement letter
and agree with the terms of this engagement.

Gould, Stinson & Gray, P.C.

269-372-0001

Organizer: The Organizer is one of our main tax tools. Your help in filling it out will minimize the potential for missed items and may help you find other deductions and minimize your fee. If the organizer overwhelms you, or you have received a shortened version, **at a minimum please fill in the questionnaire, review the personal info sheet, sign the Engagement Letter, and return it all to us with your tax information.**

Questionnaire: The Questionnaire identifies issues we may otherwise not find out about your tax situation- **an answer could be a big tax-saver!** As you may or may not know, *the final question on the questionnaire is always light hearted*. We pick our favorite answer at the end of tax season and award a \$50 gift certificate to the winner!

We will also need the following information:

- W-2 forms, all 1099's (int, div, cap gains, etc.), K-1's (ptrshps, S-Corps, trusts)
- Brokerage statements showing investment transactions for stocks, bonds, etc., and related cost of shares sold.
- Supporting documents for mortgage interest, taxes, donations, etc.
- Copies of closing statements regarding the sale or purchase of real property.
- Legal papers for adoption, divorce, separation and custody issues
- Any tax notices sent to you by the IRS or other taxing authority.
- A copy of your income tax return from last year, if not prepared by this office.
- Quarterly estimate filers: enclose your IRS/MI qtrly estimate vouchers.

Engagement Letter: This agreement is meant to solidify your understanding of what services our office will provide, what returns will be filed, how we determine fees, and so on. This agreement minimizes misunderstandings and lets you know what to expect from our office. **It must be reviewed, signed, dated and returned to our office with your tax information; please leave attached to the organizer and return both together.** Copies of the Engagement Letter are available upon request with your completed return.

Security: In your client organizer, all social security numbers and bank account numbers have been replaced with asterisks (**-**-****) and (****1234) to protect your privacy and personal information. **If there are any changes to these confidential numbers, please note them on the organizer.** When you receive your completed tax returns, please review all social security numbers and bank account information for accuracy, in addition to your overall return. Report any discrepancies to our office immediately.

Drop-offs and Mail-ins: You may wish to drop off or mail in your return materials; we appreciate this approach. If you haven't received a prescheduled appointment but feel your current situation warrants one, please call our office in January to schedule one.

Pick up of completed returns: Mon-Thurs, 8:00 to 6:00; Fri 8:00 to 5:00; Sat. 9:00 to 1:00PM.

IRS Circular 230 Disclosure Requirement:

IRS Circular 230 requires us to notify you that any tax advice contained in the enclosed communications (and attachments) is not intended or written to be used, and cannot be used by any person for the purpose of avoiding tax penalties that may be imposed by law.

Thank you for the opportunity to serve you.
Gould, Stinson & Gray, P.C.

Question naire

Important: Please check the appropriate box and include all necessary details.

	Yes	No
<u>Personal and Dependent Information</u>		
Did your marital status change during the year? If yes, explain _____	p	p
Did your address change from last year?	p	p
Can you be claimed as a dependent by another taxpayer?	p	p
Did you change any bank accounts that will be used to direct deposit your tax refund?	p	p
Were there any changes in dependents from the prior year? If yes, explain _____	p	p
Do you have any children under age 19 OR a full-time student under age 24, with unearned income (int, div, cap gains) in excess of \$950?	p	p

Purchases, Sales and Debt Information

Did you start a new business or purchase rental property during the year?	p	p
Did you acquire a new or additional interest in a partnership or S corporation?	p	p
Did you sell, exchange, or purchase any real estate during the year?	p	p
Did you sell an existing business, rental, or other property this year?	p	p
Did you acquire or dispose of any stock during the year? PLEASE have dates acquired/cost.	p	p
Did you take out a home equity loan this year?	p	p
Did you refinance a mortgage in 2010? If yes, please provide a closing statement.	p	p

Income Information

Do you have any foreign bank or investment accounts?	p	p
Did you have any foreign income or pay any foreign taxes during the year?	p	p
Did you receive any income from property sold prior to this year?	p	p
Did you receive any lump-sum payments from a pension, profit sharing or 401(k) plan?	p	p
Did you make any withdrawals from retirement plan?	p	p
Did you receive any disability income during the year?	p	p
Did you have any debts canceled or forgiven during the year?	p	p
Did any of your life insurance policies mature, or did you surrender any policies?	p	p
Did you cash any Series EE or I U.S. Savings bonds issued after 1989?	p	p

Itemized Deduction Information

Did you incur a casualty or theft loss during the year?	p	p
Do you have evidence to substantiate charitable contributions?	p	p
Did you make any noncash charitable contributions (clothing, furniture, etc.)?	p	p
Did you have an expense or allowance account with your employer during the year?	p	p
Did you use your car on the job, for other than commuting to/from work?	p	p
Did you pay long-term care/nursing home premiums for yourself or your family?	p	p
Did you pay any COBRA health care coverage continuation premiums?	p	p
Did you work out of town for part of the year?	p	p
Did you have any expenses related to seeking a new job during the year?	p	p
Did you make any major purchases during the year (cars, boats, etc.)?	p	p

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Miscellaneous Information

	Yes	No
Did you make contribution to or receive a distribution from a Health Savings Account (HSA) or an Archer MSA?	p	p
Did you make gifts of more than \$13,000 to any individual?	p	p
Did you engage in any bartering transactions?	p	p
If you are employed, are you covered by a pension or retirement plan?	p	p
Did you incur moving costs because of a job change?	p	p
Were you a grantor or transferor for a foreign trust?	p	p
Did you receive correspondence from the State or the IRS? Please provide details.	p	p
Do you want to allocate \$3 to the Presidential Election Campaign Fund?	p	p
Did you purchase a new hybrid or alternative motor vehicle this year?	p	p
Did you make any "qualified" energy saving improvements to your residence?	p	p

Educational Expenses

Did you make any contributions/withdrawals from an education savings/529 Plan account?	p	p
Did you pay any student loan interest this year?	p	p
Did you incur any college education expenses in '10 for you or your dependents?	p	p

If you think you may be eligible for education credits or student loan interest deductions, please include: Form 1098-T for tuition and fees, dates paid, semesters covered, interest paid, and who the student was.

State of Michigan Information

You may be eligible for state credits (property, renters, certain donation, etc.).

Reminder: For the Michigan property tax credit, we need taxes **BILLED** (2010 winter and summer, regardless of when paid), and the 2010 **TAXABLE VALUE** of your residence. Special assessments are not deductible for federal purposes (except for related interest) or included in the MI property tax credit.

Did you make any purchases from out-of-state businesses that you might owe Michigan "use tax" (such as an internet/catalog purchase where MI sales tax was not charged)? p p

If yes, please enter the amount of purchases \$ _____

Please list any cash contributions to Michigan public colleges and libraries, community foundations and homeless shelters/food banks separately, since there are special credits available for these.

Annual Question Contest (Prize for the best answer)

Asian carp are closing in on invading the Great Lakes. Assume this happens. What would you do to make the best out of the situation?

After tax season, our staff will vote on their favorite answer (humor will be heavily weighted). The WINNER will get a \$50 gift certificate to a fine eating establishment.

ANSWER BELOW: