

2011 1040 Income Tax Return Annual Engagement Letter & Privacy Notice

Name _____

I am pleased to confirm my understanding of the arrangements for your income tax return(s). This letter confirms the services you have asked me to perform and the terms under which I have agreed to do that work. Please read this letter carefully because it is important to both me and you that you understand what you can and cannot expect from my work. In other words, I want you to know the limitations of the services you have asked me to perform. If you are confused at all by this letter or believe I 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 me as a return preparer, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, I ask all clients for whom I prepare tax returns to confirm the following arrangements.

I will prepare your 2011 Federal Individual Income Tax Form 1040 and related Federal and state income tax return schedules from information you furnish me. I will not audit, review, compile or otherwise verify the data you submit although I may ask you to clarify some of the information. I may furnish you with tax organizers and questionnaires to help you gather and organize the necessary information for me, in order to keep my fee to a minimum. ***I am 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 me with all information necessary to prepare any additional applicable state(s) or local income tax returns as well as informing me of the applicable states.*** Any additional federal or state income, sales, use, property, gift, trust, or estate tax returns will not be prepared by me without a separate engagement letter for those services. If you have tax filing requirements in a given state but do not file that return there could be possible adverse ramifications such as an unlimited statute of limitations, penalties, etc. If you would like me to investigate to determine each state where you have an income tax filing requirement, please inform me.

If you have derived income from a foreign country, I 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 I will assume that you do not have any amounts invested over \$10,000 outside of the United States.**

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

My fee does not include responding to inquires or examination by taxing authorities. However, I am available to represent you and my fees for such services are at my standard rates and would be covered under a separate engagement letter.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on the heirs, successors and assigns of you and me.

It is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns, including but not limited to the auto, travel, entertainment, and related expenses and the required documents to support charitable contributions. If you have any questions as to the type of records required, please ask me for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns before signing and mailing them to the tax authorities. I am not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest. I will rely, without further verification, upon information you provide to me from third parties including, but not limited to, K1's, 1099's, 1098's, and receipts and similar items.

I will use my professional judgment in preparing your returns. Whenever I am aware that a possible applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), I will explain the possible positions that may be taken on your return. I 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 should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. I assume no liability for any such additional penalties or assessments

New privacy laws were established by the IRS effective January 1, 2009 and I am now prohibited from providing confidential information or copies to anyone other than you without your specific, **written authorization**. Please expect to provide that written authorization before I can release any of your confidential information.

If I am asked to disclose any privileged communication, unless I am required to disclose the communication by law, I will not provide such disclosure until you have had an opportunity to argue that the communication is privileged. You agree to pay any and all reasonable expenses that I incur, including legal fees, that are a result of 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, a friend, or a business associate. I recommend that you contact me before releasing information to a third party.

It is my policy to keep records related to this engagement for five years after which they are destroyed. However, I do not keep any original client records, so I 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.

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

From time to time during our relationship, you may seek my advice with regard to potential investments. I am not an investment advisor. Accordingly, I suggest that you seek the advice of qualified investment advisors appropriate to each investment being considered. I will not advise you regarding the economic viability or consequences of an investment or whether you should or should not make a particular investment. If you do not have an investment advisor, I can help you find one that suits your needs and goals.

Invoices are normally included with the completed tax return. Billings become delinquent if not paid within 30 days of the invoice date. If billings are not paid within 60 days of the invoice date, at my election, I may stop all work at my discretion until your account is brought current, or I will withdraw from this engagement. You acknowledge and agree that I am not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event I stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as required by this engagement letter, I shall not be liable to you for any damages that occur as a result of my ceasing to render services. My services will conclude upon delivery of the completed income tax returns discussed above or upon my suspension of services or resignation from the engagement.

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

I appreciate the opportunity to serve you. Please sign and date the enclosed copy of this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. It is my policy to initiate services after I 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.

Sincerely,



_____ (Client Signature) _____ (Date) I have read the above terms of the engagement letter and agree with the terms of this engagement.
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Privacy Policies of **David J. Zack, CPA**

Notice and Choice

I notify individuals about the personal information I collect from them, how I use it, and how to contact me with privacy concerns. I collect personal information from individuals only as permitted by the Principles or with the consent of the individual affected. Consent for personal information to be collected, used, and/or disclosed in certain ways may be required in order for an individual to obtain or use my services.

Disclosures and Transfers

I do not disclose an individual's personal information to third parties, except when one or more of the following conditions is true:

- * I have the individual's permission to make the disclosure;
- * The disclosure is required by law or mandatory professional standards;
- * The disclosure is reasonably related to the sale or other disposition of all or part of my business;
- * The information in question is publicly available;
- * The disclosure is reasonably necessary for the establishment of legal claims;

I do not utilize "outsourcing" to foreign or domestic third parties for professional services.

Permitted transfers of information, either to third parties or within our company, include the transfer of data from one jurisdiction to another, including transfers to and from the United States of America. Because privacy laws vary from one jurisdiction to another, personal information may be transferred to a jurisdiction where the laws provide less or different protection than the jurisdiction in which the information originated.

Data Security, Integrity, and Access

I employ various physical, electronic, and managerial measures, including education and training of our personnel, designed to provide personal information with reasonable protection from accidental loss or destruction, improper use, alteration, or disclosure. Personal information collected or displayed through a Web site is protected in transit by standard encryption processes. However, I cannot guarantee the security of information on or transmitted via the Internet.

I process personal information only in ways compatible with the purpose for which it was collected or authorized by the individual. To the extent necessary for such purposes, I take reasonable steps to make sure that personal information is accurate, complete, current, and otherwise reliable with regard to its intended use.

If an individual becomes aware that information I maintain about that individual is inaccurate, or if an individual would like to update or review his or her information, the individual may contact me using the contact information below. The individual will need to provide sufficient identifying information, such as name, address, birth date, and social security number. I may request additional identifying information as a security precaution. In addition, I may limit or deny access to personal information where providing such access would be unreasonably burdensome or expensive in the circumstances, or as otherwise permitted by the Safe Harbor Agreement. In some circumstances, I may charge a reasonable fee, where warranted, for access to personal information.

For Further Information contact:

David Zack
1805 Middlebridge Drive Silver Spring, MD 20906
Tel (301) 603-1040
Fax (888) 807-8730
david@zackcpa.com

Amendment

I may amend this policy from time to time by posting a revised policy on my Web site, or a similar Web site that replaces this Web site. If I amend the policy, the new policy will apply to personal information previously collected only insofar as the rights of the individual affected are not reduced.