

Keystone Financial Solutions, P.C.
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FORM 1040 LETTER OF UNDERSTANDING

This letter confirms the scope of services Keystone Financial Solutions, P.C. (KFS) is to provide to you and your responsibilities. We will prepare your 2013 federal Form 1040, PA-40, (insert other states requested (if any): ____, ____, ____), and local returns based on information you provide. Any additional returns that you may be required to prepare and file for any tax authority are not part of this engagement. The due date for these returns is April 15, 2014. Although our work will not include independent verification of your tax information or procedures to discover irregularities or inaccuracies in the tax data you provide, we may ask for clarification of certain information, or additional information, so that we can prepare complete and accurate returns for you. Our services only include the preparation of your returns as noted above and will conclude with the delivery of these tax returns.

It is your responsibility:

1. To complete the KFS Tax Organizer.
2. To provide KFS with all W-2s, 1099s, K-1s, tax notices, etc. that you received so that a complete and accurate tax return can be prepared for you. KFS will return to you all original paper documents that you provide us to prepare your tax returns.
3. To provide KFS with your original local earned income tax (EIT) return if you are requesting that KFS prepare this return. If the original local EIT is not sent to us, you hereby acknowledge that you will prepare that return.
4. To fully cooperate in providing us in a timely and complete manner with all information requested by us. You need to check your email address daily once you send us your tax information.

We may encounter instances where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the laws and other supportable positions. In those cases, we will outline for you each of the reasonable alternative courses of action, including the risks and consequences of each such alternative. We will adopt, on your behalf, the alternative which you select after having considered the information provided by us.

The law and IRS regulations impose noncompliance penalties on both the preparer of a tax return and the taxpayer. The standards differ for the preparer and the taxpayer. If we determine that we would be subject to a preparer penalty for a position on a return requested by you, you agree to either adequately disclose that position on the return or change the position to one that would not subject us to a penalty. If you do not choose to change your position or adequately disclose so as to eliminate our exposure to the preparer penalty, we, in our sole discretion and at any time, may withdraw from the engagement without completing or delivering tax returns to you. Such withdrawal will complete our engagement, and you will be obligated to compensate us for all time expended and to reimburse us for out-of-pocket expenses through date of withdrawal.

It is understood that all returns are subject to review by taxing authorities. If your returns are selected for review or audit by any taxing authority, we will be available upon request to represent you for an additional fee as that service is beyond the scope of this engagement.

If we have not received all of your tax return data by March 31, an extension of time to file your federal and PA tax return is recommended. ***The IRS precludes us from automatically filing the request for an extension of time to file unless you specifically request us to do so.*** Your signature below acknowledges that you are giving us permission to file an extension to file on your behalf and that an additional fee of \$25 will be charged for each extension. You acknowledge that any extension request does not grant you an extension of time to remit payment for any tax liability that you may owe and that you are solely responsible for any interest or penalty assessments resulting from late filing or late payment of taxes.

Our fees to prepare your returns will be based upon our standard rates plus any out-of-pocket expenses (e.g., overnight delivery charges). If you are a new client of KFS, the agreed fee will be that quoted to you. If KFS prepared your returns last year, the fee for this engagement will approximate what you paid last year unless your return has changed significantly requiring additional time to prepare or additional IRS schedules to complete. Payment for this engagement will be due immediately when you receive the e-file authorization forms or when invoiced. Amounts not paid when due will bear a \$25.00 per month handling fee.

Our working papers (which include copies of documents that you send us) will be retained in accordance with our records retention policy. This policy currently states that we will retain our working papers for three years.

All information you provide to KFS in connection to prepare your returns will be maintained by us on a strictly confidential basis. We do not outsource your returns or share your tax information with any other party other than the software vendor we use to prepare your tax returns and the Internal Revenue Service.

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. While KFS will use its best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that KFS has no control over the unauthorized interception of these communications once they have been sent and consent to KFS's use of these electronic devices.

Pursuant to Internal Revenue Service Circular 230, KFS is required to inform you that **any** advice included in **any** communication from KFS or its employees, including attachments and enclosures, is not intended or written to be used, and it cannot be used by you or any other person or entity, for the purpose of avoiding any penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.

If any dispute arises between the parties to this agreement, the parties agree to submit this matter to binding arbitration under the rules of the American Arbitration Association. In agreeing to arbitration, we both acknowledge that in the event of any dispute between the parties hereto, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution. Both parties agree that the non-prevailing party in such arbitration proceeding, if any, shall pay the attorneys' fees, expert witness fees and out-of-pocket costs incurred by the prevailing party in connection with such proceedings.

Should you have any questions about any of the provisions set forth above in this letter, please call us at 610-594-2601.

If this two-page letter accurately summarizes your understanding of the services to be performed and the limitations of those services, please sign and date below. For those **married taxpayers** who choose to file a joint tax return, by signing below you acknowledge that you understand that both spouses are jointly and individually responsible for the tax and any interest or penalty due on a joint return.

Taxpayer signature

Spouse's signature, if applicable

Taxpayer Printed Name

Spouse's Printed Name, if applicable

Date

Date