

Dear Client,

We at Shoemake CPA appreciate the opportunity to serve and advise you regarding your income tax returns. To ensure a more complete understanding between us, we ask all clients to read and confirm the following arrangements.

Services Provided

This engagement is for the preparation of your 2007 Federal and State individual and/or business income tax returns only and is based upon the information that you furnish us. We will provide you with a tax organizer booklet and worksheets to help you gather and organize the necessary information to prepare your return.

Where the tax law is unclear or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions, Shoemake CPA will use their judgment in resolving questions. Unless otherwise instructed by you in writing, we will resolve such questions in your favor whenever possible.

Services Not Provided

We will not audit or otherwise verify the data you submit to us, although we may ask you to clarify some of it. Therefore, before signing your return, you should review the information such as income, deductions, and credits to determine that there are no omissions or misstatements.

While we are available to provide you with quick tax advice, it is our policy to put all official tax guidance and or business planning services in which a client may rely in the form of a formal tax planning letter. We believe this is necessary to avoid any confusion and to make clear the specific nature of our advice. In other words, you should not have total confidence in any advice that has not been put into such a form. An example would be oral discussions, telephone calls, email messages or voicemail messages regarding such quick tax advice.

Our engagement ends upon delivery of the 2007 tax returns. Should any other services be requested, such as formal tax or financial planning strategies or IRS audit representation, it will require a new and separate engagement. In the event of an audit, we will be available upon request to represent you, but will request a retainer fee before performing such services. The terms and conditions of any new engagement will be governed by a new engagement letter for those specific services.

Information Needed from You

It is your responsibility to provide the completed organizer, worksheets, a list of any questions or concerns you have and any other documents at the time of your appointment that are necessary in the preparation of complete and accurate returns. If we find that additional information is needed, we will contact you.

If you get the requested information to us before April 1st, the likelihood of filing an extension will be reduced. If we file an extension please advise us if you believe you will owe. Additionally, we will need all of the information to compute a reasonably accurate tax liability for 2007 and to advise if you should make an extension payment prior to April 15, 2008 whether you file on that date or not.

You agree that you have all original receipts, income statements, canceled checks, bank statements, mileage logs and all supporting documentation and that you will retain all the original documents and any other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for your income tax returns and therefore you should review them carefully before signing them.

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2007 Tax Engagement Letter *continued*

Limitations of Liability

You agree that our maximum liability for any negligent errors or omissions committed by Shoemake CPA in the performance of this engagement will be limited to the amount of our fees for the engagement, except to the extent determined to result from Shoemake CPA gross negligence or willful misconduct.

Because there are inherent difficulties in recalling or preserving information as the period after an engagement decreases, you agree that, notwithstanding the stature of limitations of the State of Minnesota, any claim based on this or any other engagement must be filed within 36 months after the performance of our service, unless you have previously provided us with a written notice of a specific defect in our services that forms the basis of the claim, and it is agreed that all disputes that arise in connection with our engagement that cannot be mutually resolved by us shall be submitted to binding arbitration under the rules and procedures of the American Arbitration Association.

Estimated Fees

Our fees are based upon several factors. Usually, the most important of these factors include time and labor involved, skill required to perform the accounting services properly and any special circumstances imposed. Any estimate we may give is based upon the information initially provided to us. Actual fees may vary as circumstances change or as new information is made available. We will make every reasonable effort to provide the services set forth at a reasonable fee.

All fees and costs incurred to prepare your income tax returns are due and payable when the returns are released from our office. You are personally responsible for your payment of your business returns should the business not pay for these. We reserve the right to hold the completed returns until your account is paid in full. Should your returns be released without full payment, a finance charge of 1.5% per month will be assessed on any amount not paid by the 15th of the month following the billing date. On accounts with balances more than 30 days past due, a rebilling fee of \$15 will be added each month until the account is brought current. Returned checks or Non-Sufficient Funds will be charged a \$30 NSF and rebilling fee.

Either party may terminate this agreement upon 10 days written notice. Should this agreement be terminated prior to completion of your return, we will prepare a final billing showing the total fees incurred for services rendered. This amount will be due and payable upon presentation.

Having read and fully understood the engagement letter and have been made aware of the Shoemake privacy policy, I/we agree to engage Nancy L. Shoemake, C.P.A., P.A. in accordance with the terms indicated above and understand that the tax preparation fee does not include auditing, review, or any other verification. If a business return was also prepared I/we declare that I/we have the authority to sign this engagement letter for my/our business. I/we understand the returns are to be prepared from information that I/we provide and that the final responsibility for a complete and accurate tax return rests with me/us. I/we understand that if non-reimbursed employee expenses were claimed, my/our employer will be willing to provide a written statement regarding these expenses. I/we declare that the forms and the information I have provided to Nancy L. Shoemake CPA, P.A. are to the best of my/our knowledge true, correct and complete. It is also my/our responsibility to review and understand the information shown on the returns prior to signing and filing them.

Taxpayer Signature

Spouse Signature

Date

Print Name

Print Name

Date