

**KEYSTONE FINANCIAL SOLUTIONS**  
**47 Marchwood Road, Suite 2-G**  
**Exton, PA 19341**  
**(610) 594-2601 (610) 594-2055 fax**  
[info@keysolutions.us](mailto:info@keysolutions.us)

**Engagement Letter for Preparing Single Member LLC Pennsylvania Corporate Form RCT-101**

This letter is to confirm Keystone Financial Solutions, P.C.'s ("KFS") understanding of the terms and objectives of our preparation of your (referred to in this letter as "you", "your" and "Client") single member limited liability company's ("LLC") PA corporate income tax return, PA Form RCT-101 and the nature and limitations of the services KFS will provide to Client.

We have explained to you that although a single member LLC is considered a disregarded entity for federal income tax purposes (i.e., a separate *federal* business tax return is not required by the LLC), *PA requires the LLC to file a corporate tax return* to compute any capital stock/franchise tax or corporate loans taxes due PA.

We will prepare your company's PA business income tax return, Form RCT-101, and supporting schedules for the year ended December 31, 2010 and perform a limited amount of bookkeeping and analysis necessary for the preparation of this income tax return. This PA return is due April 18, 2011, unless an extension to file is requested. If your business is subject to any local income or gross receipts taxes, you must provide us with that jurisdiction's original tax form if you want us to prepare that return. If your company is operating or conducting business in a state other than PA, you must notify us in writing of this fact. If you are unsure if your company is operating in a state other than PA, you may engage us to consult with you on this matter.

**SCOPE OF ENGAGEMENT**

The scope of this engagement is to prepare only the PA RCT-101 corporate tax return. The services described herein will conclude with the delivery of this tax return or upon our suspension of services or resignation from the engagement.

KFS will use its best efforts to prepare this return as soon as possible, and Client agrees to devote his or her full resources to timely provide KFS with all the information it needs to prepare these returns.

If this executed engagement letter or the requested tax and supporting documents are not received by March 15, 2011, KFS, at its sole discretion, will determine if it has sufficient time and information to file this return by the due date or to request an extension of time to file. Client acknowledges that an additional fee will be charged for filing an extension request and that KFS does not guarantee PA's acceptance of any extension request that may be filed on your behalf. You further 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 KFS is not responsible for any interest or penalty assessments resulting from late filing or late payment of taxes.

**DOES NOT COVER REVIEW BY TAX AUTHORITIES**

KFS will use its professional judgment in preparing this return. It is understood that all tax returns are subject to review by taxing authorities. The agreed fee for this engagement does not provide for assistance you might need in connection with inquiries, audit examinations, or assessments by authorities.

**NO INDEPENDENT VERIFICATION**

The above return will be prepared on the basis of information and documents supplied by you and by others designated by you. It is understood that no independent verification will be made of such records by KFS. Client understands that KFS is not responsible for PA or Internal Revenue Service disallowance of deductions not supported by adequate documentation or for resulting taxes, penalties, and interest. Our work in

connection with the preparation of your income tax return does not include any procedures designed to discover fraud, defalcations, or other irregularities, should any exist. Management is responsible for proper recording of transactions in the accounts, safeguarding of assets, and substantial accuracy of the financial records. Because you have final responsibility for this return, you need to review them carefully before you sign and file them.

### **IMPOSITION OF PENALTIES**

We will use our professional judgment in preparing your return. 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 follow whatever position you request on your return so long as it is consistent with the codes and regulations and interpretations that have been promulgated. If any tax jurisdiction should later contest the position taken, or find that you lack sufficient support or other evidentiary matter for any revenue, expense or balance sheet item shown on your return, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional interest, penalties or tax assessments.

Pursuant to Internal Revenue Service Circular 230, KFS is required to advise you that any advice included as part of this engagement, 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.

### **INFORMATION TO BE PROVIDED BY YOU**

You agree to provide us with accounting records that show your company's revenues and expenses for the tax year, a balance sheet as of the end of the taxable year showing all assets and liabilities of your company, copies of your bank statement(s) and bank reconciliation(s), credit card statement(s), bank loan statement(s), and timely responses to any additional requests for information. All third-party documents requested must reflect your company's December 31 year end balance. If you are a monthly client of KFS, we acknowledge receipt of this information providing that you have sent us all twelve (12) months of information as requested by us.

### **FEES FOR THIS ENGAGEMENT**

More than one person may be assigned to service your account. The person assigned to any task is determined by the skills, qualifications and experience required to complete the task. Our fees will be based upon our standard rates, not to exceed \$200 per hour, plus any out-of-pocket expenses (e.g., overnight delivery charge). If KFS prepared your return last year, the fee for this engagement should not increase significantly from what you paid last year providing that the returns are comparable. For new clients, we estimate your fee to be in the \$300 to \$400 range. If you have prepaid your tax return preparation fee over the past tax year as a monthly client, there should not be any additional charge. If you have been a monthly client for less than a full twelve-month period, your monthly fees paid will be credited against the total amount invoiced to prepare these returns. Any unforeseen conditions or time requirements that could cause the fee to exceed the estimate will not be assessed without your prior authorization.

### **PAYMENT AND INTEREST**

Payment for this engagement will be due immediately upon completion of your returns or when invoiced. Amounts not paid when due will bear a \$25 per month handling fee.

**MAINTENANCE OF TAX RECORDS**

KFS will return to Client all original tax and financial records used to prepare this return. It is Client's responsibility to retain a copy of (1) this return permanently and (2) the company's supporting tax and financial records until the IRS and PA are barred by the statute of limitations from making adjustments to the returns filed. KFS recommends that you retain these supporting documents for a minimum of seven years. Our working papers, including any photocopies of your records, are our property and will be retained by KFS in accordance with our records retention policy. This policy currently states that we will retain these working papers for three years.

**CONFIDENTIALITY**

All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis. Unlike many CPA firms that outsource its tax preparation off-shore, KFS does not outsource its tax preparation services to any third-party. In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. 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. **If you have not already done so, you need to register on our website to access an encrypted Cybercabinet so that confidential documents can be securely transferred between us. Select the "File Transfer" button on our menu and follow the instructions to set up your Cybercabinet.**

**ARBITRATION**

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

We will be pleased to discuss this letter with you. You received this letter because we understand you are the person responsible for the tax matters of your company. If that is not correct, please tell us who that person is so that we can coordinate return preparation work with the correct party.

This three-page letter confirms my understanding of the services to be performed and the limitations of those services.

\_\_\_\_\_  
Signature of Officer, Owner or Member

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name of Officer, Owner or Member

\_\_\_\_\_  
Title

\_\_\_\_\_  
Printed Name of Company