

SITKOFF / O'NEIL

ACCOUNTANCY CORPORATION

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Tax Return Engagement Letter for Individual Clients

Dear Client:

This letter is to confirm and specify the terms of our engagement for 2009 and to clarify the nature and extent of the tax services we will provide.

We will prepare your federal and state individual income tax returns for calendar year 2009.

This engagement letter does not cover the preparation of any financial statements, which, if we are to provide, will be covered under a separate engagement letter.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all the documents, canceled checks, and 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 the income tax returns and, therefore, you should review them carefully before you sign them.

Attached is your tax organizer requesting specific information. Completing these forms will assist us in making sure you are well served for a reasonable fee. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that you have disclosed to us all relevant facts affecting the returns. We will not verify the information you give us; however, we may ask for additional clarification of some information.

Please complete your organizer as early as possible, and then call us to set up an appointment. In some cases, it may be more convenient for you to mail or drop by your information to us and then discuss any questions with us on the telephone or in person.

You should also know that IRS audit procedures will almost always include questions on bartering transactions and on deductions that require strict documentation such as travel and entertainment expenses, expenses for business usage of autos, computers, and cell phones, charitable contributions and medical expenses. In preparing your returns, we rely on your representations that we have been informed of all bartering transactions and that you understand and have complied with the documentation requirements for your expenses and deductions. If you have questions about these issues, please contact us.

If, during our work, we discover information that affects prior-year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue. We will be happy to prepare appropriate amended returns as a separate engagement.

Our work in connection with the preparation of the tax return(s) does not include any procedures designed to discover defalcations or other irregularities, should any exist. The returns will be prepared solely from information provided to us without verification by us.

Tax Return Engagement Letter for Individual Clients (Continued)

In accordance with federal law, in no case will we disclose your tax return information to any location outside the United States, to another tax return preparer outside of our firm for purposes of a second opinion, or to any other third party for any purpose other than to prepare your return, without first receiving your consent.

By executing this engagement letter you consent to Sitkoff/O'Neil using your tax return information to send you, by any medium: firm newsletters, surveys, press releases, information concerning firm seminars and nontax-related services, and any other communication sent to some or all of the firm's clients. This consent shall be valid for five years. The disclosure will include the entire federal income tax return, and you acknowledge, by signing this engagement letter (consent form), that you have the right to consent to a disclosure of less than the entire tax return, but have decided, without coercion, that you consent to the disclosure of the entire tax return. This consent is not conditioned on our providing services to you.

The Internal Revenue Code and regulations impose preparation and disclosure standards with non-compliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures to you and/or in the tax return concerning positions taken on the return that don't meet these standards. Accordingly, we will discuss tax positions that may increase the risk of exposure to penalties and any recommended disclosures with you before completing the preparation of the return. If we concluded that we are obligated to disclose a position and you refuse to permit the disclosure, we reserve the right to withdraw from the engagement and you agree to compensate us for our services to the date of withdrawal. Our engagement with you will terminate upon our withdrawal.

The Internal Revenue Service permits you to authorize us to discuss with them, on a limited basis, aspects of your return for one year after the return's due date. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we will check that box authorizing the IRS to discuss your return with us.

It is our policy to keep records related to this engagement for four years. However, we do not keep any of your original records, so we will return those to you upon the completion of the engagement. When records are returned to you, it is your responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies.

By signing this engagement letter, you acknowledge and agree that upon the expiration of the four year period, we are free to destroy our records related to this engagement.

Certain communications involving tax advice are privileged and not subject to disclosure to the Internal Revenue Service. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communication, you agree to provide us with written, advance authority to make that disclosure.

Should we receive any request for the disclosure of privileged information from any third party, including a subpoena or Internal Revenue Service summons, we will notify you. In the event you direct us not to make the disclosure, you agree to hold us harmless from any expenses incurred in defending the privilege, including, by way of illustration only, our attorney's fees, court costs, outside adviser's costs, or penalties or fines imposed as a result of your asserting the privilege or your direction to us to assert the privilege.

The return(s) may be selected for review by the taxing authorities. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on a tax return. Any proposed adjustments by the examining agent are subject to certain rights of appeal.

In the event of a tax examination, we will be available, upon request, to represent you. However, such additional services are not included in the fees for the preparation of the tax return(s).

Tax Return Engagement Letter for Individual Clients (Continued)

We will make every effort to keep your fees to a minimum, consistent with professional, legal and ethical requirements dictated by the California State Board of Accountancy, California Society of CPA's, American Institute of CPA's, Internal Revenue Service, Franchise Tax Board and other governmental agencies. Our fees for tax services will be based in part upon the amount of time required at our standard billing rates for the personnel working on the engagement, plus out-of-pocket expenses. All invoices are due and payable upon presentation. Amounts not paid within 30 days from the invoice date will be subject to a late payment charge of 1.5% per month (18% per year).

In the event of a dispute related in any way to our services, our firm and you agree to discuss the dispute and if necessary, to promptly mediate in good faith to resolve all issues. We will agree on a mediator, but if we cannot, either of us may apply to a court having personal jurisdiction over the parties for appointment of a mediator. We will share the mediator's fees and expenses equally, but otherwise will bear our own attorneys' fees and mediation cost. Participation in such mediation shall be a condition to either of us initiating litigation. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identity for purposes of the award of attorneys' fees.

We will continue to perform services from year to year under the arrangements discussed in this letter unless you or we find a change necessary and notify the other accordingly. We have the right to withdraw from this engagement, at our discretion, if you don't provide us with any information we request in a timely manner, refuse to cooperate with our reasonable requests or misrepresent any facts. Our withdrawal will release us from any obligation to complete your return and will constitute completion of our engagement. You agree to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

If the foregoing correctly sets forth your understanding of our tax engagement, please sign this letter in the space below and return it to our office. If you disagree with any of these terms, please notify us immediately.

We want to express our appreciation for this opportunity to work with you.

Very truly yours,

Sitkoff/O'Neil Accountancy Corporation

Agreed to and accepted by (Signature): _____ Date: _____

Print Name: _____