

HERRICK, LTD. Certified Public Accountants

Dear Client:

This letter will confirm the arrangements for our services. We will prepare your **2005 Gift Tax** Returns from information you furnish us. We will not audit or otherwise verify the data you submit, although we may ask you to clarify some of it for us. If other work is required, it will be covered by 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 documents* and other data that form the basis of calculating the total gifts and appropriate 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 gift tax returns and, therefore, you should review them carefully before you sign them. In addition, regulations require gifts to be "adequately disclosed" on a gift tax return (or on an attachment to the return) to start the running of the statute of limitations.

Our work in connection with the preparation of the gift tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. Likewise, we do not warrant the accuracy of any valuations or the appropriateness of the values used in the preparation of the tax returns.

We will use professional judgment in resolving questions where the tax law is unclear, or where there may be conflicts between taxing authorities' interpretations of the law and other supportable positions. Unless otherwise instructed by you, we will resolve such questions in your favor whenever possible. The law provides various penalties that may be imposed when taxpayers understate their gift tax liability. If you would like information on the amount or circumstances of these penalties, please contact us.

We generally base our charges on the time required at our regular rates for the services and personnel assigned, plus out-of-pocket costs. However, our charges also might include other appropriate factors, including the difficulty of the assignment, how much risk and responsibility the work entails, time limitations imposed on you and us by others, the experience and professional expertise of the personnel required, and the priority of the work to the client.

In many instances, we will require a retainer. If credit is extended, we respectfully expect payment within 30 days. We also accept payment by **Visa, MasterCard, or American Express** (please contact our office to provide credit card payment details). PLEASE NOTE: balances not paid within 30 days will have a finance charge assessed on the unpaid amount, computed at a periodic rate of 1% per month, which is an annual percentage rate of 12%. If any balance is more than 30 days past due, we reserve the right to cease working on your returns or providing any other services until the balance has been paid in full, and a further retainer has been received. In the unlikely event that any dispute arising from this engagement cannot be resolved amicably, both parties agree to submit same to binding arbitration.

Your returns are, of course, subject to review and possible challenge by the taxing authorities. You should retain the tax records related to the current year's tax return for at least seven years after it was filed, since additional assessments, if any, are usually made during this period. If you should receive any notice from any taxing authority, please let us know. If you would like us to assist you, our fee for such services will be billed to you as our efforts are incurred.

We shall be pleased to discuss this letter with you at any time. We are happy to have you as a client, and will do our best to render quality service to you.

Sincerely,

Herrick, Ltd. CPAs

If the foregoing is in accordance with your understanding, please sign below and return this letter to us.

Accepted:(signature)_____Date:_____

Please print name:_____