



friedman kannenberg
and company pc

Certified Public Accountants

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January 4, 2012

Dear Client:

Friedman, Kannenberg & Company, P.C. is pleased to provide you with the professional services described below. This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. We will perform our services in accordance with the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants.

Scope of Engagement

We will prepare your federal and home state income tax returns for you for the 2011 tax year from information and representations you provide to us. We will also prepare any other state income tax returns that you identify and authorize us to prepare. We will prepare your tax returns based on information and representations that you provide to us. We will not audit or otherwise verify the data you submit to us, although we may ask you to clarify some of the information. We will prepare the tax returns solely for filing with the Internal Revenue Service ("IRS") and state and local tax authorities. They are not intended to benefit or influence any third party, either to obtain credit or for any other purpose.

As a result, you agree to indemnify and hold our firm and any of its partners, principals, shareholders officers, directors, members employees, agents or assigns harmless with respect to any and all claims arising from the use of the tax returns for any purpose other than filing with the IRS and state and local tax authorities regardless of the nature of the claim, including the negligence of any party.

Client Responsibilities

We will provide you with an income tax organizer or tax information checklist to help you gather and document the information we will need to prepare your income tax returns. We ask that you complete the tax organizer/checklist and provide us with all supporting tax information (i.e. Forms W-2, 1099's, etc.), including all worldwide income.

You are responsible for determining your state or local tax filing obligations with any state or local tax authority, including, but not limited to, income, franchise, sales, use, or property taxes. You agree that we have no responsibility to research these obligations or to inform you of them. If upon reading the completed tax organizer, it comes to our attention that you may have an obligation to file additional income tax returns, we will notify you of this. If you ask us to prepare these returns, we will confirm this in a letter and detail the additional charges for this service.

The Bank Secrecy Act requires the annual reporting of financial interests in or signature authority over foreign bank accounts (including authority comparable to signature authority). Failure to file the Report of Foreign Bank and Financial Accounts (FBAR) can result in the imposition of both civil and criminal penalties, which can be significant. The FBAR is not a tax return, and preparation of same is not within the scope of this engagement. If you have questions regarding this filing obligation or wish to engage us to prepare such reports, please contact us to discuss this matter.

Business (Schedule C), Rental (Schedule E) and Unreimbursed Employee Business Expenses (Form 2106): You confirm to us that all business income is reported, that your personal expenses are segregated from business expenses and all expenses including, but not limited to, meals, travel, entertainment, vehicle use, gifts, and related expenses for your business are supported by necessary records required by the Internal Revenue Service ("IRS"). At your request, we are available to answer your questions and advise you on the types of records required.

You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your tax returns. You should retain all documents that provide evidence and support for your reported income, credits and deductions on your returns as required under tax law. You are responsible for the adequacy of all such documents. You represent that you have such documentation and can produce it if needed to respond to any audit or inquiry by taxing authorities. You agree to hold us harmless with respect to any additional taxes, penalties, or interest imposed on you by taxing authorities resulting from the disallowance of tax deductions due to inadequate documentation

The original due date for filing your income tax returns is April 17, 2012. It may become necessary to apply for an extension of time to file your tax returns if there are unresolved tax issues or delays in processing, or if we do not receive all of the necessary information from you on a timely basis. If you are unable to complete and return the tax organizer or checklist with all of the required documentation by March 30, 2012 to allow for the timely preparation of your tax returns, you must contact us and request we apply for an extension of the filing deadline on your behalf. Applying for an extension of time to file may extend the time available for a government agency to undertake an audit of your return or may extend the statute of limitations. All taxes owed are due by the original filing due date. Additionally, extensions may affect your liability for penalties and interest or compliance with government or other deadlines. We are available to discuss this matter with you at your request at our regular hourly fee should the need arise.

You have final responsibility for your income tax returns. Check them carefully for accuracy before signing and mailing. For electronic filing, you (and your spouse) must verify, sign and return to us a completed Form 8879, IRS e-file Signature Authorization, and if applicable, a state equivalent authorization form before we can file your returns electronically.

CPA Firm Responsibilities

We will prepare your returns based on your filing status (single, married filing jointly, married filing separately, head of household or qualifying widow[er] with dependent child) as reflected in your income tax returns for last year. If your marital status has changed, or if you want to change your filing status, or you have questions about your filing status, please contact us immediately.

We will use our judgment to resolve questions in your favor where a tax law is unclear if there is reasonable justification for doing so. Whenever we are aware that a possible applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., IRS and courts), we will explain the possible positions that may be taken on your return. We will follow the position you request, provided it is consistent with our understanding of the current tax code, regulations, and their interpretation. If the IRS or state tax authorities should later contest the position taken, there may be an assessment of additional tax, interest, and penalties. We assume no liability for and you hereby release us from any such additional tax, interest, and penalties or other fees and assessments.

We may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the income tax returns. We will request your approval before rendering these additional services. Our engagement does not include any procedures designed to discover fraud, theft or other irregularities, should any exist.

Tax planning services are available and, if requested, will be billed to you at our standard hourly rates. During the course of preparing the tax returns identified above, we may bring to your attention certain available tax saving strategies for you to consider as possible means of reducing your income taxes in subsequent tax years. However, we have no responsibility to do so, and will take no action with respect to any such recommendations, as the responsibility for implementation remains with you, the taxpayer.

This engagement does not include responding to inquiries by any governmental agency or tax authority. If your tax return is selected for examination or audit, you may request that we assist you in responding to such inquiry. In that event, we would be pleased to discuss providing assistance to you under the terms of a separate engagement letter for that specific purpose. You agree that you will not and are not entitled to rely on any advice unless it is provided in writing.

Fees and Billings

Our fees are based on the time required by the individuals assigned to the engagement, plus direct expenses as incurred. Hourly rates range from \$125 to \$275 per hour depending on the individual(s) assigned to the engagement. The fee is based upon the complexity of the work to be performed and our professional time to complete the work. Additionally, this fee is dependent on the availability, quality, and completeness of your records. You agree that you will deliver all records requested by our staff to complete this engagement on a timely basis. In the event your records are not submitted in a timely manner or they are incomplete or unusable, we reserve the right to charge additional fees and expenses for services required to correct any problems or to expedite the preparation of your tax returns.

In the event your records are not submitted in a timely manner, or are incomplete or unusable, we reserve the right to charge additional fees and expenses for services required to correct the problem. If this occurs, we will contact you to discuss the matter and the anticipated delay in completing our engagement prior to rendering further services.

Termination and Other Terms

In accordance with the Federal Trade Commission rule, *Privacy of Consumer Financial Information*, we are required to inform you of our policy regarding privacy of client information. Please refer to our website **www.fkco.com** for complete details of our privacy policy. A copy of our privacy policy will be sent to you upon request.

We reserve the right to withdraw from this engagement without completing the returns if you fail to comply with the terms of this engagement letter. In such case, Friedman, Kannenberg & Company, P.C. will not be responsible for any tax, interest or penalties that the taxing authorities may levy against you for failure to file or for failure to file your returns on a timely basis. If any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this engagement letter.

Our records retention policy requires us to return all original records and documents that you have given us back to you at the conclusion of the engagement. Your records are the primary backup and support for your tax returns. Our records and files are our property and are not a substitute for your own records. Our firm destroys our engagement files and workpapers after a period of 7 years. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

All services performed in connection with the preparation of your income tax returns will be performed in our office located in Farmington, Connecticut. You agree that the courts of the State of Connecticut have jurisdiction over the parties and all disputes between us, and we agree to submit all disputes to the Connecticut Superior Court, which is the proper and most convenient venue for resolution. You also agree that the laws of the state of Connecticut shall govern all such disputes.

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send data over the internet. Such communications may include information that is confidential to you and/or your company. Our firm employs measures in the use of facsimile machines and computer technology designed to maintain data security. While we will use reasonable 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 during this engagement.

We appreciate the opportunity to be of service to you. Please sign and date this engagement letter and return it to us in the envelope provided to acknowledge your agreement with its terms. It is our policy to initiate services after we receive the signed copy of this engagement letter from you.

Very truly yours,



Friedman, Kannenberg & Company, P.C.

ACCEPTED BY:

Taxpayer signature

Spouse signature

Print name

Print name

Date



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Business Mileage Worksheet

Rules:

Use the following three scenarios to determine how many miles you can deduct. **Keep in mind the following statement: in general, commuting to work is not deductible and ALL travel must be supported with documents that show an amount, date, place, and reason for travel—such as bills, invoices, or receipts.**

- **If you have an office or regular place of business outside your home**, you may not deduct miles commuting to and from work. You may, however, deduct mileage driven to a *temporary work place* and mileage to and from different work locations; i.e. clients' businesses, onsite work, or other offices; during the day. A temporary work place is a location driven to for less than one year or less than 35 times a year.
- **If you have an office in your home that qualifies for a home office deduction**, all of your business-related mileage is deductible. A qualifying home office must be your primary place of business.
- **If you work out of your home, but do not qualify for the home office deduction**, the distance between your home and your first stop and between your last stop and your home are nondeductible commuting miles.

Tools:

The following tools might be of help if you need to reconstruct your mileage: Day planner, calendar, appointment book, Quickbooks printouts, Mapquest or Google Maps.

Sampling:

You cannot deduct amounts that you approximate or estimate; however, if you make routine trips, you may record the exact mileage once and use that mileage for multiple trips. Routine trips must be properly documented.

List:

Besides when routine trips can be supported, the IRS requires a complete daily travel log to support a business mileage deduction. Use the list below and the tools listed above to try to reconstruct your miles. Documentary support needs to be made available for all miles driven.

Total miles driven for the entire year _____. Commuting to a regular place of business _____.

Work-Related Trips	Miles	Number of times	Total
Misc. errands			
Temporary work location			
Advertising / promo trips			
Business / professional meetings			
Business meals			
Education			
Pickup / delivery			
Supply purchase trips			
Bank trips			
Client visits			
Post office			
Other local trips			
Out of town trips (list city):			

Signature_____

Date_____

Total Business Miles _____

**F
R
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M**

2011 TAX ORGANIZER

**T
O**

This tax organizer has been prepared for your use in gathering the information needed for your 2011 tax return.

To save you time, selected information from your 2010 tax return has been entered in this organizer. Please line through any information that does not apply to your 2011 tax return.

In some cases, 2010 amounts have been included in a separate column. These amounts are for comparison purposes only. You do not need to change these prior year amounts.

If we may be of further assistance, please contact us at your convenience.

REMOVE THIS SHEET PRIOR TO RETURNING THE COMPLETED ORGANIZER

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2011 TAX ORGANIZER

**T
O**

I (We) have submitted this information for the sole purpose of preparing my (our) tax return(s). Each item can be substantiated by receipts, canceled checks or other documents. This information is true, correct and complete to the best of my (our) knowledge.

Taxpayer Signature	Date
Spouse Signature	Date

	<u>Form</u>
Alimony Paid or Received	13
Annuity Payments Received	9, 13
Application of Refund	20
Business Income and Expenses	6, 6A
Business Use of Home:	
Business	6D
Employee Business Expenses	17A
Farm	12D
Itemized Deductions	16A
Passthrough	11B
Rental	10D
Calendar	33
Casualty or Theft Losses	16
Child and Dependent Care Expenses	18
Consolidated Brokerage Statements:	
Interest Income & Foreign Information	5E
Dividend Income & Foreign Information	5F
Sales of Stocks, Securities, Capital Assets & Misc. Income	5G
Contributions	15
Dependent Information	3A
Depreciable Property and Equipment:	
Business	6A
Employee Business Expenses	17
Farm	12A
Rental and Royalty	10A
Direct Deposit Information	4A
Dividend Income	5B
Education Expenses	18
Educator (Teacher) Expenses	13A
Electronic Filing	4
Employee Business Expenses	17
Estate Income	11
Farm Income and Expenses	12, 12A
Federal, State and City Estimated Taxes	20, 20A
Foreign Assets	5C, 5D
Foreign Employment Information	30, 30A, 30B
Foreign Housing Expenses	30C
Foreign Taxes	32
Foreign Travel and Workdays	30D
Foreign Wages and Other Income	31, 31A, 31B

Tax Organizer Legend:

Throughout the tax organizer, you will find columns with the heading "TSJ".
 TSJ Codes - Enter "T" for taxpayer, "S" for spouse or "J" for joint.

	<u>Form</u>
Gambling Winnings	21
Gifts	34, 35
Health Savings Accounts	13A
Household Employment Taxes	19
Installment Sale Receipts	7
Interest Income	5A
Interest Paid	14A
Investment Interest Expense	14A
IRA Contributions	9
IRA Distributions	9, 13
Keogh Plan Contributions	9
Medical and Dental Expenses	14
Ministerial Income	13B
Miscellaneous Income and Adjustments	13
Miscellaneous Itemized Deductions	16
Mortgage Interest Paid	14A
Moving Expenses	8
Partnership Income	11
Pension Income	9, 13
Personal Information	3
Railroad Retirement Benefits	13
Real Estate Mortgage Investment Conduit Income (REMIC) ...	11
Rental and Royalty Income and Expenses	10
Roth IRA Contributions/Conversions	9
S Corporation Income	11
Sale of Stock, Securities and Other Capital Assets	7
Sale of Your Home	8
Savings Bond Purchases	4B
SEP/SIMPLE Plan Contributions	9
Social Security Benefits	13
State and Local Tax Refunds	13
Student Loan Interest	13
Taxes Paid	14
Trust Income	11
Unemployment Compensation	13
Vehicle/Other Listed Property Information:	
Business	6B, 6C
Employee Business Expenses	17
Farm	12B, 12C
Rental and Royalty	10B, 10C
Partnership/S Corporation	11A
Wages and Salaries	3A



For any question answered Yes, please attach supporting detail or documents.

Personal Information:

	Yes	No
Did your marital status change during 2011?	<input type="checkbox"/>	<input type="checkbox"/>
If married, do you and your spouse want to file separate returns?	<input type="checkbox"/>	<input type="checkbox"/>
Did your address change during 2011?	<input type="checkbox"/>	<input type="checkbox"/>
Can you or your spouse be claimed as a dependent by another taxpayer?	<input type="checkbox"/>	<input type="checkbox"/>

Dependents:

Were there any changes in dependents from the prior year?	<input type="checkbox"/>	<input type="checkbox"/>
Note: Include non-child dependents for whom you provided more than half the support		
Did you pay for child care while you worked or looked for work?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have any children under age 18 with unearned income more than \$950?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have any children age 18 or student children, aged 19 to 23, who did not provide more than half of their cost of support with earned income and that have unearned income of more than \$950?	<input type="checkbox"/>	<input type="checkbox"/>
Did you adopt a child or begin adoption proceedings during 2011?	<input type="checkbox"/>	<input type="checkbox"/>

Purchases, Sales and Debt:

Did you have any debts canceled, forgiven or refinanced during 2011?	<input type="checkbox"/>	<input type="checkbox"/>
Did you start a new business, purchase a new rental property, farm or acquire any new interest in any partnership or S corporation during 2011?	<input type="checkbox"/>	<input type="checkbox"/>
Did you sell an existing business, rental property, farm or any existing interest in a partnership or S corporation during 2011?	<input type="checkbox"/>	<input type="checkbox"/>
Did you sell, exchange or purchase any real estate in 2011? If so, please attach closing statements.	<input type="checkbox"/>	<input type="checkbox"/>
Did you withdraw any amounts from your Individual Retirement Account (IRA) or Roth IRA to acquire a principal residence?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive grants of stock options from your employer, exercise any stock options granted to you or dispose of any stock acquired under a qualified employee stock purchase plan?	<input type="checkbox"/>	<input type="checkbox"/>
Did you pay any student loan interest in 2011?	<input type="checkbox"/>	<input type="checkbox"/>
Are your total mortgages on your first and/or second residence greater than \$1,000,000? If so, please provide the principal balance and interest rate at the beginning and the end of the year.	<input type="checkbox"/>	<input type="checkbox"/>
Did you have an outstanding home equity loan at the end of 2011? If so, please provide the principal balance and interest rate at the beginning and end of the year.	<input type="checkbox"/>	<input type="checkbox"/>
Did you take out a home equity loan in 2011?	<input type="checkbox"/>	<input type="checkbox"/>
Are you claiming a deduction for mortgage interest paid to a financial institution and someone else received the Form 1098?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your mortgagee receive any mortgage assistance payments? If Yes, enclose and Forms 1098-MA.	<input type="checkbox"/>	<input type="checkbox"/>

**Purchases, Sales and Debt (continued):**

Did you engage in any put or call transactions? If Yes, please provide details.
Did you close any open short sales during 2011?
Did you sell any securities not reported on your Form 1099-B?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

Itemized Deductions:

Did you contribute property (other than cash) with a fair market value of more than \$5,000 to a charitable organization?
Did you incur any casualty or theft losses during the year?
Did you make any large purchases, such as motor vehicles and boats?
Did you incur any casualty or loss attributable to a federally declared disaster?

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

Miscellaneous:

Did you or your spouse have any transactions pertaining to a medical savings account (MSA) during 2011?
If you received a distribution from an MSA, please include Form 1099-SA.
Did you or your spouse have any transactions pertaining to a health savings account (HSA) during 2011?
If you received a distribution from an HSA, please include Form 1099-SA.
Did you or your spouse contribute to a Roth IRA or convert an existing IRA into a Roth IRA?
Did you or your spouse roll into a Roth IRA any distributions from a retirement plan, an annuity plan, tax shelter annuity or deferred compensation plan?
In 2010 did you or your spouse convert an IRA into a Roth IRA and not elect to include the taxable amount in your 2010 taxable income?
Did you rollover any amounts from a qualified retirement plan to a Roth IRA or Designated Roth Account and not elect to include the taxable distribution in your 2010 taxable income?
Did you withdraw any amounts from your IRA to pay for higher education expenses incurred by you, your spouse, your children or grandchildren?
Did you withdraw amounts from a Coverdell Education Savings Account or Qualified Education Program (Section 529 plan)? If Yes, include Form 1099-Q.
Did you or your dependents incur any post-secondary education expenses, such as tuition?
If you or your spouse are self-employed, are you or your spouse eligible to be covered under an employer's health plan at another job? If Yes, how many months were you covered?
Did you move to a different home because of a change in the location of your job?
Did you pay in excess of \$1,000 in any quarter, or \$1,700 during the year for domestic services performed in or around your home to individuals who could be considered household employees?
Did you receive unreported tip income of \$20 or more in any month of 2011?
Did you or your spouse receive distributions from long-term care insurance contracts? If Yes, please include Form 1099-LTC.
Were you or your spouse a grantor or transferor for a foreign trust, have an interest in or a signature or other authority over a bank account, securities account or other financial account in a foreign country?
Did you or your spouse own any foreign financial assets?
Did you create or transfer money or property to a foreign trust?
Did you purchase a new alternative technology vehicle, including a qualified plug-in electric drive motor vehicle in 2011?

Months
<input type="text"/>

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
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<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>



Miscellaneous: (continued)

	Yes	No
Did you use gasoline or special fuels for business or farm purposes (other than for a highway vehicle) during the year?	<input type="checkbox"/>	<input type="checkbox"/>
Have you received a punitive damage award or an award for damages other than for physical injuries or illness?	<input type="checkbox"/>	<input type="checkbox"/>
Were you notified by the IRS or other taxing authority of any changes in prior year returns?	<input type="checkbox"/>	<input type="checkbox"/>
Did you lose your job during 2011 because of foreign competition and pay for your own health insurance?	<input type="checkbox"/>	<input type="checkbox"/>
Did you install any alternative energy equipment in your residence such as solar water heaters, solar electricity equipment (photovoltaic) or fuel cells?	<input type="checkbox"/>	<input type="checkbox"/>
Did you install any energy efficiency improvements, or energy property in your residence such as exterior doors or windows, insulation, heat pumps, furnaces, central air conditioners or water heaters?	<input type="checkbox"/>	<input type="checkbox"/>
Have you been an identity theft victim and have you contacted the IRS?	<input type="checkbox"/>	<input type="checkbox"/>
If Yes, please furnish the 6-digit identity protection PIN issued to you by the IRS		
Did you engage in any bartering transactions?	<input type="checkbox"/>	<input type="checkbox"/>
Did you make gifts of more than \$13,000 to any individual?	<input type="checkbox"/>	<input type="checkbox"/>
Did you have any foreign income or pay any foreign taxes during 2011?	<input type="checkbox"/>	<input type="checkbox"/>

Severance/Retirement:

Did you retire or change jobs in 2011?	<input type="checkbox"/>	<input type="checkbox"/>		
Did you receive deferred, retirement or severance compensation?	<input type="checkbox"/>	<input type="checkbox"/>		
If Yes, enter the date received (Mo/Da/Yr).	<table border="1"><tr><td>Date</td></tr><tr><td> </td></tr></table>		Date	
Date				
Did you or your spouse turn 70 1/2 during the year and have money in an IRA or other retirement account while not taking a distribution?	<input type="checkbox"/>	<input type="checkbox"/>		



Sale of Your Home:

Did you sell your home in 2011? ☐ ☐

If Yes, did you own and occupy the home as your principal residence for
at least two years of the five-year period prior to the sale? ☐ ☐

Did you ever rent out this property? ☐ ☐

Did you ever use any portion of the home for business purposes? ☐ ☐

Have you or your spouse sold a principal residence within the last two years? ☐ ☐

At the time of the sale, the residence was owned by the: ☐ Taxpayer ☐ Spouse ☐ Both

Additional Information:

For any trust you created or that you are trustee, have any beneficiaries died during 2011? ☐ ☐

Did you or your spouse make any contributions to Qualified State Tuition Plans (Section 529 plans) during 2011? ☐ ☐

If Yes, enter the following:

Name of Designated Beneficiary	Social Security Number	State Sponsoring Plan	Account Number	2011 Amount Contributed