

DeSain Financial Services
900 Jefferson Rd., Ste. 201
Rochester, NY 14623
(585) 272-9229

ENGAGEMENT LETTER FOR BUSINESS BOOKKEEPING

Client Name _____

We are pleased to confirm our understanding of the terms and objectives of our engagement as well as the nature and limitations of the services we will provide.

Our Responsibility

As we discussed, beginning on _____, we will provide you with the following bookkeeping services:

- Setup, Install accounting system/ program and basic training (if applicable).
- Record all income and expenses in QuickBooks.
- Reconcile all bank accounts and check registers to the bank statements each month for proper account balance and to identify any errors. We will make correcting entries directly to QuickBooks and identify the source of each adjustment. We will tell you of these adjustments and make you aware of any corrections.
- Reconcile credit card accounts to statements each month for proper account balance and reflection of interest expense.
- Review and reconcile Payroll records and corresponding Tax Returns.
- Review, analyze and reconcile general ledger accounts for accuracy and confer with you regarding any items not fully understood.
- Prepare and record all necessary journal entries to reflect correct accounting records.
- Prepare and present Financial Statements monthly or quarterly based on your preference.
- Review Sales Journal and prepare Sales Tax Returns (if applicable).
- Quarterly, prepare NYS Waste Tire Return or NYS Highway and Use Tax Return (if applicable).
- Annually prepare Federal Form 2290 (if applicable).
- Annually, prepare forms 1099. I will also prepare any 1096 forms or I will e-file the equivalent data on your behalf.

Scope and limitation of our services

1. Our engagement is limited to the period and the accounting services indicated above.
2. This engagement does not include business management. We will not review the payment of any invoices or bills. If an amount appears unusual or out of the ordinary, we will call it to your attention, but we do not take any responsibility in the discovery of any errors, irregularities, or fraud.
3. This engagement will not audit or review your financial statements, or any other accounting documents and information you provide, in accordance with generally accepted auditing standards. Accordingly, we ask that you not in any manner refer to this as an audit or review.
4. We will not verify the data you submit for accuracy or completeness. Rather, we will rely on the accuracy and completeness of the documents and information you provide to us. Accordingly, our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist. However, it may be necessary to ask you for clarification of some of the information you provide, and we will inform you of any material errors, fraud or other illegal acts that come to our attention, unless they are clearly inconsequential.
5. We have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal controls as part of this engagement, and our engagement cannot, therefore be relied upon to make disclosure of such matters.

Company Responsibility

_____, as well as _____, (Owner, etc. of company) are:

1. Responsible for adopting sound accounting policies, for maintaining an adequate and efficient accounting system, for safeguarding assets, for authorizing transactions, for retaining supporting documentation for those transactions, and for devising a system of internal controls that will, among other things, help assure the preparation of proper financial statements. Furthermore, you are responsible for management decisions and functions, for designating a competent employee to oversee any of the services we provide, and for evaluating the adequacy and results of those services.
2. Responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Company involving (a) management (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements.
3. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Company received in communications from employees, former employees, regulators, or others.
4. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.
5. Responsible to provide us the following documents:

- a) Cash receipt reports and deposit slips.
 - b) Cash disbursements, bank statements.
 - c) Check register.
 - d) Prior year's tax return.
 - e) Credit card statements.
 - f) Payroll records and quarterly payroll reports.
 - g) Articles of incorporation, partnership agreements, formation records.
 - h) Copies of purchase/lease contracts and loan agreements.
 - i) Detailed list of company assets (description, date of acquisition, original cost, and current value).
 - j) Other documents necessary for correct account reporting.
6. In order for us to complete this engagement, and to do so efficiently, we require unrestricted access to the following documents and information concerning your company:
- a) Copies of basic documents reflecting your financial transactions, including check stubs, summaries of cash receipts and sales (cash and credit), bank statements and canceled checks, listings of accounts receivable and accounts payable, and documentary support of property and equipment transactions-purchases, trades, sales, and other dispositions;
 - b) Information concerning any mortgage or pledge of business assets on business debts, any personal guarantees or debt, leases, or other information that effects or may effect the results of operations of the business;
 - c) Any other financial information necessary for purpose of reflection on your accounting records, trial balance and tax returns;
 - d) Identification of all cash receipts as to source (i.e., loans, sales, etc.), and information concerning all transactions that are consummated with cash.

Any failure to provide such documents and information, and to do so on a timely basis, will impede our services, and may require us to suspend our services or withdraw from the engagement. You agree to accept responsibility for any effect on your accounting records and financial statements of basic financial information or transaction documents not submitted to us for processing and entry, or losses that may result from their absence.

For purposes of entry of the financial information from your basic transaction documents, classification according to the agreed-upon chart of accounts will be performed by you or your employees. As business conditions change, we may mutually agree to change/modify this arrangement.

Client agrees that these documents should be forwarded to our office on a periodic basis, such as monthly, as this will enable us to provide you with a current, meaningful and useful financial statement.

Retention Policy:

In conformity with the IRS requirements, we suggest that you adopt a seven (7) year policy to keep all the accounting records and work papers related to the engagement. When records are returned, it is your responsibility to retain and protect them for future use, potential examination by any government or regulatory agency, prospective buyers of your business, acquiring business loans, etc.

Our Fee Policy:

Our fees for this bookkeeping service will be \$75.00 per hour or a flat rate fee of _____ per month plus out of pocket and travel expenses if applicable. Income Tax Returns will be billed separately. A minimum deposit of _____ is due at the time of engagement. Ongoing bookkeeping services will be billed on a monthly basis.

Any additional accounting services requested will be billed separately. This may include, but is not limited to, any compliance services including handling licenses, cost reporting for state agencies, audit representation or filing renewals.

All invoices are due and payable upon presentation. Billings become delinquent if not paid within 30 days of the invoice date. If billings are past due in excess of 45 days, we will stop all work until your account is brought current, or you withdraw from the engagement.

The client acknowledges and agrees that we are not required to continue work in the event of failure to pay on a timely basis for services rendered as required by this engagement letter. The client further acknowledges and agrees that in the event we stop work or withdraw from this engagement as a result of the client's failure to pay on a timely basis for services rendered as required by this engagement letter, we, DeSain Financial Services, shall not be liable for any damages that occur as a result of ceasing to render services.

If a dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by an appropriate body.

If the foregoing is in accordance with your understanding, please sign the Engagement Letter in the space provided and return it to our office.

Thank You for this opportunity to serve you.

Sincerely,

Mary E DeSain, EA

APPROVED:

Signature/Title

Date

Print Name