

LEVIN & HU, LLP
PROFESSIONAL TAX SERVICES ENGAGEMENT AGREEMENT
For both Individuals and Businesses

We are pleased you have engaged us to assist you with your tax compliance. This might include preparation of you or your company's United States federal income tax return, Hawaii state income tax return, and/or other state income tax returns; research and the expression of an opinion on interpretation of tax law; representing you before federal or state taxing authorities; and other matters as may be required. This letter will serve to document the scope of the engagement and contains the entire understanding of the parties of the work to be performed.

Levin & Hu LLP is structured on a team basis for the best possible service to our clients.

The leader and most important member of your team is your **Account Representative** who is typically a manager or senior manager with our firm. Your Representative will be your primary point of contact for services, and is responsible for handling your day to day tax matters including information gathering, assigning your return for initial preparation, reviewing your returns for accuracy and completeness, and billing matters. They are also the first person you should reach out to if you have any tax questions. You may also have contact with members of the **staff** who may provide bookkeeping or other services prior to commencing preparation of your returns as well as prepare the initial drafts of your returns. Staff personnel may also contact you to obtain additional information.

Your assigned **Partner** is ultimately responsible for the quality of our work product. Their role is threefold: they act as technical consultants to your Account Representative or staff members on complex tax issues, they perform a final review of your returns to identify tax planning opportunities that may exist, and perhaps most importantly, they act as a consultative resource directly to you on a variety of tax and business matters.

Customer satisfaction is an important aspect of our service. If, during the course of the engagement, you would like to discuss our service with us or wish to change or expand the services we have agreed to perform, you agree to contact your Account Representative. Should you have an issue with your Account Representative, please contact Mimi Hu or Douglas Levin, who are the firm principals in charge of your engagement.

Business Entities

If we are preparing returns for a business, your company authorizes us to accept instructions from you and we may rely upon the instructions we receive as being the instructions of your company. Management decisions on tax or accounting issues or on other matters with a significant and continuing effect on your firm may be required during the engagement. Additionally, information about your company will be needed by us to render the services described in this letter. Your signature indicates you are the representative for the purpose of conveying your company's decisions or information to us. You authorize us to rely upon you for answers to all of our inquiries, and you understand that your responses will be binding upon your company.

Due Dates and Commencement of Services

We expect to begin preparation of your returns upon complete receipt of your final 2009 tax information. For individuals this will include but is not limited to all "Important Tax Documentation" sent to you by third parties as well as a tax organizer which we may have provided to you. For companies this will include but is not limited to a copy of your current year financial statements or financial information for compilation, a copy of your company's prior year income tax returns if not already in our files, as well as all tax documents requested in advance by our office. Our services will be concluded upon delivery to you of your federal and state returns for your review and filing with the appropriate taxing authorities. In order to prepare your tax returns in time for you to file by the due date, we will need to receive this information at least 45 days in advance of the due date. The initial federal filing due date for individual, trust, partnership, Limited Liability Company, or Limited Liability Partnership returns is April 15th. The initial due date for corporate returns is March 15th, and the initial due date for non-profit return and certain other returns is May 15th. Due dates that fall on a weekend or holiday will differ slightly, and entities with a year end other than December 31 will also have different due dates.

Expression of Tax Opinions

While serving you we may be asked to provide opinions on interpretations of tax laws. This may take the form of positions on tax returns, verbal expressions of opinion, electronically delivered expressions of opinion or finally written expressions of opinion on our letterhead with a signature of a firm partner. By engaging us you agree those first three expressions of opinion (tax return, verbal, electronic) are *Limited Scope Opinions* (as defined in Internal Revenue Publication Circular 230). As such, you are advised that they are: (i) limited to the one or more Federal tax issues addressed in the opinion; (ii) additional issues may exist that could affect the Federal tax treatment of the transaction or matter that is the subject of the opinion and the opinion does not consider or provide a conclusion with respect to any additional issues; and (iii) with respect to any significant Federal tax issues outside the limited scope of the opinion, the opinion was not written, and cannot be used by the taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer.

On the other hand, should you engage us to provide a *Covered Opinion* (again, as defined in Circular 230), that opinion will always be presented on firm letterhead with the signature of a partner. These will typically take the form of an expression of the facts, applicable law, and an analysis of that law, and may also reach a conclusion as to treatment of the transaction in question. There are different legal standards that apply to this type of opinion: including our responsibilities as preparers and your ability to rely on those opinions to avoid penalties. If you would like more information about these matters, we will be happy to explain them to you. Regardless of whether or not the opinions we express ultimately avoid penalties, the underlying tax liability is always the responsibility of you, the taxpayer.

Extensions

You agree that in the event your return cannot be completed by the due date, it may become necessary for us to apply to extend the due date. Extensions are required when we do not receive information needed to prepare a return on a timely basis. 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. Extensions may affect your liability for penalties and interest or compliance with government and constituent deadlines. Finally, an extension of time to file in most tax jurisdictions is not an extension of time to pay. If your payment, if any, submitted with your extension is less than required by law, you may be subject to material penalties and interest. We are available to discuss this matter with you at your request should the need arise. Although we make every effort to prepare timely and accurate returns, you are responsible for the content and

the timely filing of your returns. Should you not receive your prepared returns by the filing deadlines, it is your responsibility to contact us to assure your compliance. In some cases unresolved tax issues or delays in processing may require application for extension of the initial or subsequent due dates.

Estimated Taxes

Next year's tax estimates, if applicable, are prepared based upon current data provided by you. You are responsible for notifying us of changes in circumstances that require modification of estimates. Since quarterly payments may be required by law, penalties and interest will be assessed by the taxing authority for noncompliance.

Other Returns

This engagement does not include preparation of Sales Tax, General Excise Tax, Payroll Tax, or other returns and we are not responsible for preparing those returns unless you have specifically requested such services. Should you request those services, then you agree that the terms of this engagement letter would apply.

Accounting, Bookkeeping & Other Services

In addition to tax preparation services, it may be necessary for us to provide accounting and/or bookkeeping services in order to complete trial balances or other summaries of financial information which are necessary before we can commence the actual return preparation. Such services will be invoiced separately and are subject to the terms of this engagement letter (unless they rise to the preparation of a compilation, review or audit report, in which case a separate engagement agreement will be necessary). You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope and estimated cost of these additional services. Engagements for substantial or distinctly different types of additional services may require a separate engagement agreement to reflect the obligations of both parties. In the absence of any other written communication from us documenting such additional services, all services we provide will be governed by the terms of this engagement letter.

Use of Estimates

When a client's records are incomplete, it is acceptable under certain circumstances to use estimates in the preparation of tax returns. When we do so, we will make every effort to report fair and reasonable amounts based on information you provide, and advise you as to the ramifications of their use. However, the use of such estimates may not prevent the imposition of additional tax and/or penalties upon examination of your returns by tax authorities. Please advise us if you do not wish to use estimates in the preparation of your returns.

Audits, Errors & Record Retention

Our fee for the preparation of your income tax returns does not include responding to inquiries by any governmental agency or tax authority. If your return is selected for examination or audit, you may request that we assist you in responding to such inquiry. This engagement does not include any procedures guaranteed or designed to discover errors, misrepresentations, fraud, illegal acts, or theft and you agree that we have no responsibility to do so. At the conclusion of this engagement, we will return all original records you supplied to us. Your records comprise the backup and support for your tax returns and we strongly recommend that you retain these records for a minimum of seven years. Our records and files are our property and are not a substitute for your own records. Our firm destroys our client files and all pertinent work papers after a minimum retention period of three years, after which time these items may no longer be available. Catastrophic events, physical deterioration, or clerical errors may also result in our firm's records being unavailable during the retention period. In the event you request records you have submitted to us which are required to complete our engagement, we are authorized to provide copies of same in exchange for our standard copying fees.

Subpoena & Summons

We may receive requests for information in our possession arising out of this engagement. The requests may come from governmental agencies, courts, or other tribunals. If permitted, we will notify you of any request for information prior to responding. In certain proceedings an accountant-client privilege may exist. You agree that we are not under any obligation to assert any privilege to protect the release of information. You may, prior to our response to any request, initiate legal action to prevent or limit our response. Unless you promptly initiate such action after we notify you at your last known address as reflected in our files, we will release the information requested.

Conflicts of Interest

We are required by our professions ethical standards to withdraw from most situations involving a conflict of interest. If during the course of this engagement a conflict of interest or a potential breach of professional standards presents itself, we will inform you of the problem and attempt to resolve it to allow us to complete the engagement. If in our opinion we cannot properly resolve such problems, we may be compelled to withdraw from the engagement, and will not provide you with a completed work product. Additionally, we reserve the right to withdraw from the engagement should we encounter circumstances which conflict with the ethical standards of our firm. If this occurs, we will not provide you with a completed work product and we may invoice you for work to date.

Privacy

CPAs, like all providers of personal financial services, are required by law to inform their clients of their policies regarding privacy of client information. We consider your privacy extremely important. We collect nonpublic information about you that is provided to us by you or obtained by us from third parties with your authorization. It is our policy not to disclose any nonpublic personal or privileged financial information to any third parties without your permission as required or permitted by law, except as noted below. Legally permitted disclosures include, for instance, providing information to our employees, and in limited situations, to unrelated third parties who need to know that information to assist us in providing services to you. In all such situations, we stress the confidential nature of information being shared.

Exceptions to Conflicts of Interest and Privacy Policy

Based on our experience as accountants, we have established policy exceptions to the privacy and conflict of interest standards noted above that we believe are necessary to best serve our clients needs.

1. **We may reveal to third parties that we provide (or no longer provide) services to you or your company.** This is not always allowable by law but is necessary at times to expeditiously reach initial resolution of matters.
2. **Your private information may be forwarded to our software provider and our e-filing servicer.** Occasionally tax data files become corrupted and need to be repaired.
3. **We may release privacy protected information when, in our sole judgment, the information released is not material, is relevant to other parties, and its release is not detrimental to your affairs.** Sometimes issues regarding conflict of interest and privacy arise but are relatively minor, most commonly from the divorce of clients or transactions involving business partners. When such a minor conflict of interest or privacy issue arises, in most circumstances our professional standards *would require resignation* from one or both accounts. To avoid such a result over minor matters, we ask our clients to allow us to release limited but relevant information to other parties when in our professional judgment the release of such information would not be harmful to either party. For example, it may be to a client's advantage to release information regarding the dependency exemption deductions taken for one or more children so that both parties subsequent to a divorce do not claim the same children as dependents.
4. **We may release personal information to third parties in order to collect a debt from you.** This is necessary to protect ourselves from delinquent clients.

We believe these are important and necessary exclusions to the privacy law which we request in order to serve you better and would be happy to discuss them with you if you have any questions or concerns. **By signing below, you agree to these exceptions.**

Security of Records

While no system is perfect, we consider the protection of your private information extremely important and have taken steps to safeguard your nonpublic personal and financial information. We maintain physical and electronic safeguards with locks and alarm systems on our physical location as well as firewalls, password protection, and other controls over our computer network. All possibly revealing paperwork is shredded before disposal, and we have established other controls that make an effort to exceed the standards for such matters established by our profession.

Fees for Professional Services

Our fees are invoiced according to the time our professionals spent performing the requested services. These can vary based on the complexity of the work to be performed, the rate and experience level of our staff, and the extent to which your records are submitted to us in a timely, organized and complete manner. We may provide a verbal or written estimate of the costs involved prior to beginning work. If we encounter situations that require us to devote substantially more time to the engagement than anticipated, or if staff with different qualifications are required, we will contact you in advance and provide to you a revised estimate of our professional fees. We may require a retainer prior to beginning our work. This retainer will be applied to the final billing for this engagement. Any excess retainer at the completion of the engagement will be returned to you. Our professional fees do not include our out-of-pocket costs or expenses incurred in servicing your engagement, including such items as postage, telephone, facsimile transmissions, photocopying, on-line research services, tax return processing fees, and travel. Any costs incurred in servicing your engagement may be billed to you separately from our professional fee and included on your invoice.

Invoicing & Progress Billing

For all services except return preparation we invoice after the close of the previous month. For smaller return preparation engagements we will typically bill you for our professional fees, expenses and out-of-pocket costs as of the date we deliver our work product to you. For larger engagements we will progress bill when appropriate for the project. These include projects that extend over significant periods of time, large engagements that require material firm resources, and smaller projects that are excessively delayed by clients or third parties. Such invoicing is also done after the close of the prior month.

Rates

Our professional rates vary depending on the staff and experience level of our employees, as follows:

Administrative Staff/Bookkeepers	\$60 - 100
Staff Accountants	\$85 - 125
Senior Accountants	\$125 - 150
Managers	\$150 - 200
Senior Managers/Associate Partners	\$175 - 275
Partners/Principals	\$300 - 350 per hour.

Courtesy Discounts

We may *at our sole discretion* provide a courtesy discount on your invoice for reasons including but not limited to adjusting for inefficiencies on our part, maintaining consistent fees for clients, and assisting clients in financial difficulty. Additionally, we reserve the right to reverse these discounts should a client fail to pay for our services in a timely manner.

Payment for Services

Payment for our services is always due upon presentation. **We do not release tax returns until we have received payment in full.** In the event payment is not received when due, you will be assessed interest charges of 1.0% per month on the unpaid balance. We reserve the right to suspend or terminate our work due to

nonpayment. In the event that our work is suspended or terminated as a result of non-payment, you agree that we will not be responsible for your failure to meet government and other filing deadlines, or for penalties or interest that may be assessed against you resulting from your failure to meet said deadlines.

Collection Fees

We may refer accounts for collection anytime after 120 days for non-payment of services. Please be advised that the collection agency will add an additional 40% to the balance due at that time and that you are responsible for that fee. Once your account is referred to the collection agency, our office is no longer in a position to negotiate with you on your delinquencies. You agree that your obligation to pay Levin & Hu LLP terminates once your account is in collection and you are responsible to pay the collection agency directly.

Recruiting our Employees

Our employees are the most valuable assets of our firm. We spend considerable time and resources on their recruitment, continuing education, professional development, and retention. It is not acceptable under any circumstances to attempt to recruit our employees for either full time or part-time employment or independent contractor services. If you attempt to do so, we may cease services or rearrange client service teams at our discretion. Should an employee of ours join your company within 90 days after working for Levin & Hu LLP, you agree to pay us 35% of their annual salary as a fee for assisting you with their recruitment. Should an employee of ours perform services for you while employed by us (aka "moonlight"), you agree to pay us for the difference between the rate you are paying them and their professional rate with this firm.

Mediation and Ethical Standards

Parties to this engagement agree that all disputes except those regarding professional fees that may arise regarding the meaning, performance, or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation upon the written request of any party to the engagement. The results of this mediation shall be binding only upon agreement of each party to be bound. Costs of any mediation shall be shared equally by both parties. Each party shall designate an executive officer or principal empowered to resolve the dispute. Should the designated representatives be unable to agree upon a resolution, a mediation service acceptable to both parties shall select a mediator to mediate the dispute. No suit or arbitration proceedings shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties. In the event that the dispute is required to be litigated, the court shall be authorized to assess litigation costs against any party found not to have participated in the mediation process in good faith. In the unlikely event that circumstances occur which we in our sole discretion believe could create a conflict with either the ethical standards of our firm or the ethical standards of our profession in continuing our engagement, we may suspend our services until a satisfactory resolution can be achieved, or we may resign from the engagement. We will notify you of such conflicts as soon as practicable, and will discuss with you any possible means of resolving them prior to suspending our services.

Exportation of Services Exemption

Pursuant to Hawaii Revised Statutes sections 231-6, 237-29.5, 237-29.53, or 244D-4.3 the signors hereby certify that the name and address information provided are true and correct; and that we as the providers of these services will remit the tax due on the sale of the services, as imposed by Chapters 237 and 244D, HRS, to the department of taxation if: (1) the place of delivery of the services for which an export exemption is claimed is not outside the state of Hawaii, and (2) the services will not be shipped to the purchaser at a place of delivery outside of the state. (Note that this statement is required for state tax exemption for our out of state clients).

Personal Guarantee

By signing below you agree to personally guarantee payment of the professional services your company, if applicable, has engaged us to perform.

We sincerely appreciate this opportunity to be of service to you. Please date and sign this agreement to acknowledge your acceptance of the terms of this engagement.

Authorized Signature

Date: _____

Print Company Name (when applicable)

Print Name (Title, if applicable)

Authorized Signature

Date: _____

Print Name (Title, if applicable)