



Poulin Financial Services, LLC, PA

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ACCOUNTING AND PAYROLL ■ INCOME TAX PREPARATION ■ FINANCIAL BUSINESS CONSULTING

January 2010

Happy New Year to you and yours! We hope this letter finds you in good health as we enter the New Year. We are already gearing up for a busy tax season and look forward to meeting with you. You may recall that you pre-scheduled an appointment last year. Please watch your mail for our green reminder postcard. If you need to reschedule or don't receive the postcard by January 15th, please contact us immediately. Finalizing your appointment soon is vitally important.

Along with this letter please find our tax checklist. Keep in mind this list is general and not all items will apply to your return. There have been some changes, so please read through it carefully. If you requested the Tax Return Organizer, you should receive it by January 15th, if you don't receive it, please let us know.

We have recently launched an update of our website (www.PoulinFinancial.com) with more information for our clients. We've added helpful links to the IRS.gov, Maine.gov and others for you to use along with details of several new services. In our Info/Links section, you will find our past Tax News & Tips plus many articles. If there are resources you'd like to find on our site, please let us know.

All of the government stimulus programs have certainly created confusion around tax credits and tax law changes (Have you been reading the Tax News & Tips and periodic email Newsletters? If you haven't been receiving them, let us know. If you have been reading them, please tell us what you think). Additionally, the State of Maine is trying to revise Sales and Income Tax rates effective 2010 (currently on hold until a June 2010 referendum vote – look for future updates on this as we learn more). Rest assured, every member of the PFS team has received up to date training on rule changes and tax code updates as well as the latest in tax software upgrades and reference materials. Each of us is available to answer your questions regarding your 2009 tax return or planning for future financial situations.

As is the case with every business, costs keep increasing. Reflecting our need to keep current with technology, to keep trained and informed with all the accounting and tax law changes and continually increasing utility and operating expenses, we post the following rates for 2010:

Consulting or tax services provided by PFS professional associates will be billed at \$125/hour.

Consulting or tax services provided by Lori and Betsy will be billed at \$135/hour.

Consulting or tax services provided by Marc will be billed at \$160/hour.

There is a minimum 1-hour charge (at the preparer's hourly rate) plus a processing charge of \$120 for any tax return prepared.

Weekly or monthly bookkeeping services and payroll preparation will be quoted on a project-by-project basis for the specific requirements of the business client. The current billing rate will continue unchanged for those clients being billed on an hourly basis.

Travel time – as has been our practice, when the need arises to travel to you, we must charge for travel time at our regular rates. Therefore, we encourage you to meet in our office whenever possible.

Payment for services – Payment is required before your tax return is E-filed or delivered to you. We now accept Mastercard, Visa or Discover in addition to cash or check. Other services are billed on a semi-monthly basis with payment due upon receipt of the invoice.

20% referral discount applied to your individual tax return. Your referral of a friend, family member or associate is a compliment we will always welcome.

Thank you once again for your continued trust and confidence. We look forward to working with you again this year. Please don't hesitate to call with any questions or concerns.

Sincerely,

Marc M. Poulin, CPA
Marc@PoulinFinancial.com

Please turn over for: Engagement of Services and our Privacy Policy regarding Client Financial Information

ENGAGEMENT OF SERVICES & PRIVACY POLICY

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide. In order to ensure an understanding of our mutual responsibilities, we ask all clients to confirm the following arrangement.

We will prepare your 2009 federal and state(s) income tax returns from information you will furnish. We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information. We will furnish you with questionnaires and/or worksheets to guide you in gathering the necessary information. Your use of such forms will assist us in keeping pertinent information from being overlooked.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all documents that form a basis of income and deductions as they may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

We will use professional judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the 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 tax filing deadline for Individual returns is Thursday, 4/15/10 (Corporate returns - 3/15/10; Partnership returns – 4/15/10). If an extension of time is required, any potential tax due must be paid by the due date. Any amounts not paid by the deadline are subject to interest and late payment penalties.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such review, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

Our fee for these services will be based upon the work performed at the billing rates stipulated in the attached letter plus out-of-pocket expenses.

If the foregoing fairly sets forth your understanding, please submit your information to Poulin Financial Services, LLC, PA. Submission of your tax information indicates your agreement to the terms of this engagement letter. If there are other tax returns you expect us to prepare, such as gift and/or property tax returns, please discuss with us.

Policy on Privacy of Client's Financial Information

We collect nonpublic personal information from the following sources:

- Information we receive from you on applications or other forms;
- Information we receive from you during interviews; and
- Information about your transactions with our affiliates, others, or us.

We **do not** disclose any nonpublic personal information about our clients or former clients to anyone, *except as permitted or required by law*. We restrict access to nonpublic personal information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

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THE FOLLOWING CHECKLIST IS TO HELP YOU ASSEMBLE YOUR TAX INFORMATION SO THAT WE CAN COMPLETE AN ACCURATE TAX RETURN. SOME ITEMS MAY NOT BE APPLICABLE TO YOU; NOR IS THIS INTENDED TO BE A COMPLETE LIST. YOU MAY NEED TO PROVIDE ADDITIONAL INFORMATION.

- **Name of each taxpayer and dependent with Social Security numbers and date of birth.**
- **Bring copy of any IRS or State of Maine notices you may have received that we should discuss.**

INCOME

- W-2 wage forms received from your employer(s).
- Interest Income - usually reported on form 1099-INT
- Dividend Income - usually reported on form 1099-DIV
- Did you sell any stocks or investments during the past year? If so, provide information concerning the number of shares transacted, purchase/sale price, purchase/sale date and any transaction fees that were assessed – the sale proceeds are usually reported on form 1099-B. [Your brokerage house may provide a summary of this information]
- State of Maine tax refund for prior year(s) received in 2009 – usually reported on form 1099-G.
- Distribution or withdrawals from retirement savings accounts 401k & IRAs - usually reported on form 1099-R.
- Unemployment benefits received for the year – usually reported on form 1099-G
- Social Security Benefits received - reported by the Social Security Administration on form SSA-1099
- Alimony received (NOT child support).
- Are you are a partner in a Partnership, member of an LLC, stockholder of an S Corporation or beneficiary of a Trust? Please provide Schedule K-1 report from the Partnership, LLC, S Corporation or Trust.
- Payments received from long-term care insurance contracts or accelerated death benefits received from a life insurance policy – usually reported on form 1099-LTC
- Any other income you received during the year (prizes, awards, lottery, gambling winnings or other).

DEDUCTIONS

- Individual Retirement Accounts (IRA) deposits applicable to tax year 2009 must be made on or before April 15, 2010. For SEP/IRA deposits you have until April 15, 2010 unless an extension is filed. Then you have until the extended due date to make SEP/IRA deposits.
- Moving expenses - if moved more than 50 miles and to new employment.
- Alimony paid (NOT child support). Provide ex-spouse's name and Social Security number.
- Health, dental and long-term care insurance premiums you pay out of pocket (not provided by employer), may include COBRA premiums.
- Health Savings Accounts (HSA) – Do you use one? Please provide form 5498-SA from the institution holding the account. How much did you contribute to that account in 2009? Were all disbursements from that account for medical costs?
- Other medical costs incurred, not reimbursed by insurance or employer pre-tax benefit plan (includes: doctors, hospitals, eye care and products & laser surgery, dental, professional counseling, travel/mileage etc.). These are not deductible unless they exceed 7.5% of your income and you itemize your deductions.
- Federal and State estimated taxes paid for 2009 and dates paid. State taxes paid in 2009 for 2008 and/or prior years.
- Real estate taxes paid on any property (list properties and amounts), whether you itemize or not.
- Excise taxes paid (reflected on your registration) on your vehicle, motorcycle, boat, plane or mobile/motor home.
- **Sales taxes paid** – significant sales tax paid on major purchases. Tell us if you have purchased any **vehicle**, boat, plane or mobile/motor home in 2009; sales taxes may be deductible.

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DEDUCTIONS (continued):

- Mortgage interest paid on your residence or second home (may include mobile home, recreation vehicle or boat) - usually reported to you by your mortgage lender on form 1098. Interest paid on a home equity loan or line of credit.
- Private Mortgage Insurance (PMI) paid or accrued in 2009. If not reported on form 1098, may be listed on Escrow Account summary.
- Any other mortgage interest you paid to an individual (provide name, address and Social Security number of the person receiving the payments).
- Did you pay any interest on college student loans? You may be able to deduct up to \$2,500.
- If you purchased, sold or refinanced your home, provide a copy of each closing settlement statement.
- Charitable contributions (cash and non-cash). Please have some form of written record. Any mileage and other costs incurred for charitable work that you paid out-of-pocket are also deductible.
- Non-reimbursed expenses relating to work - provide details. **Teachers – take note**, the provision to deduct up to \$250 of such qualified expenses as an adjustment to income has been extended through 2009.
- Non-reimbursed travel relating to work – provide the year vehicle was placed in service, business miles and total miles driven in 2009. If this relates to you, what is your daily commuting mileage?
- Childcare expenses (even if you get reimbursed through a pre-tax plan). Include the name of the childcare provider, address and Social Security or Tax Identification number of the provider. Provide Maine Quality Child Care #, if applicable.
- Are any person(s) in the household attending college? Provide costs (excluding room & board) paid out-of-pocket for educational expenses. (This also includes amounts paid with student loans). Please provide form 1098-T

FOR RENTAL REAL ESTATE (SCHEDULE E) OR SMALL BUSINESS ACTIVITY (SCHEDULE C)

- Provide a breakdown of all revenue by property or business.
- Provide a breakdown of all expenses incurred to operate the property or business (include: wages, contractors, office expenses, supplies, insurance, professional fees, conferences, subscriptions, interest, rent paid, repairs, snow removal, grounds care, taxes, licenses, meals and entertainment, travel, utilities, etc.)
- Provide a list of any purchases of capital equipment or property improvements, including cost and acquisition date.
- Provide detail of business mileage and total mileage (personal & business) for the year for the vehicle(s) used for business purposes. Provide date vehicle was placed in service.
- Do you have an office in your home? If yes, provide total square footage of the entire home and the amount utilized for business purposes, as well as all costs of operating the home so we may allocate those costs to the home office (for example: insurance, rent, heat, electricity and other related expenses, business related grounds care, snow removal, etc.).
- Have you issued form 1099-MISC to lawyers and all non-corporate vendors/subcontractors to whom you paid more than \$600 in the current year?

SPECIAL INFORMATION

- Have you sold or purchased a home in the past year? Let's discuss the rules on residence capital gains.
- Have you sustained any casualty, theft or other losses not reimbursed by insurance greater than 10% of your income?
- Are you interested in or do you have questions related to Medical/Health Savings Accounts, Educational IRAs and 529 Plans, 401(k), 401(k) rollovers, Roth IRAs or Simple IRAs?
- Have you made purchases via the internet or out-of-state on which you did not pay sales tax? If you did, you may owe Maine Use Tax – Let's discuss!
- Please let us know if you anticipate any changes in 2010 for which tax planning should be done (such as a change in employment, self-employment, change in marital status, change in # of dependents, etc.)

PLEASE PREPARE A LIST OF ANY QUESTIONS YOU WISH TO DISCUSS