

**Letter 10-01**  
**Bookkeeping #1**

<Date>

<Client Representative>

<Client Name>

<Client Address>

Dear <Client Representative>:

This letter is to confirm our understanding of the terms and objectives of our engagement with <Client Name> as well as the nature and limitations of the services we will provide.

Beginning with the month of <month/year>, we will perform the bookkeeping function of <Client Name> by recording or reconciling all cash receipts and cash disbursements in QuickBooks from bank statements and other information you provide. <Client Name> agrees to provide us with the following documents (in paper or electronic format) on a <monthly or quarterly> basis: bank statements, PayPal account statements, credit card statements, payroll and sales tax reports.

Each <month or quarter> we will reconcile <Client Name>'s checking accounts with the bank statements for proper account balance and to identify reconciling items that may require adjustments to your books and records. We will make correcting entries directly into QuickBooks and identify the source of each adjustment. We will also reconcile credit card statements, PayPal accounts and loan balances using information you provide. Upon completion of all reconciliations and posting of adjustments, we will return your QuickBooks file to you via email or other electronic method. It is very important that all new transactions and data be added to the reconciled QuickBooks file you receive from <Firm>. It is your responsibility to verify that you are using the most recent file to avoid corrupting data by inadvertently entering information into an old file. Please call us if you have any questions about identifying the most recent file. Unless you provide us with a new backup file, you must notify us of all changes you make to the most recent QuickBooks file as soon as you make them.

We will record the payroll and taxes as calculated by your payroll service into QuickBooks and reconcile to the <monthly or quarterly> reports. We will not make payroll tax deposits or prepare payroll tax returns. <Client Name> or your payroll service will be responsible for payroll calculations, returns and deposits. <Client Name> is responsible for communicating with their chosen payroll service regarding payroll tax matters. If you have payroll tax questions, you should ask your payroll provider. If you feel that they are not providing you with satisfactory service or have made a mistake, please let us know immediately so that we can assist you with reconciling or identifying any errors. <Firm> assumes no liability for the services provided by third-party payroll companies to the client.

We will classify receipts and disbursements based upon information you provide to us related to the nature of the item. As our services are limited in nature, we do not verify or audit any of the information you provide to us. If we notice that an amount appears unusual or out of the ordinary we

will call it to your attention, but our engagement cannot be relied upon to disclose errors, fraudulent financial reporting, misappropriation of assets, or illegal acts that may have occurred. However, we will inform the appropriate level of management of any material errors and of any evidence or information that comes to our attention during the performance of our engagement that fraud may have occurred. We will also report to the appropriate level of management any evidence or information that comes to our attention regarding illegal acts that may have occurred, unless they are clearly inconsequential. By your signature below, you understand and agree that you are responsible for preventing and detecting fraud. Should you wish us to expand our procedures to include additional work and investigations, we will arrange this with you in a separate engagement letter.

It is our policy to keep records related to this engagement for <number> years. However, <Firm Name> does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the <number>-year period <Firm Name> shall be free to destroy our records related to this engagement.

This engagement does not contemplate the preparation of financial statements. Any additional accounting services requested will be outlined in a separate engagement letter and billed separately. This may include, but is not limited to, business or personal accounting write-up work, financial statement compilation, or any compliance services, including handling license or filing renewals.

Our fees will be based upon the amount of time required at our standard billing rates plus out-of-pocket expenses. Bookkeeping hourly rates vary from \$<amount> to \$<amount> per hour. Tax, financial, and consulting hourly rates vary from \$<amount> to \$<amount> per hour depending on the individual providing the services. All invoices are due and payable upon presentation. We will bill on an interim basis prior to completion of this engagement. Billings become delinquent if not paid within <number> days of the invoice date. If billings are past due in excess of <number> days, at our election, we may stop all work until your account is brought current, or withdraw from this engagement. <Client> acknowledges and agrees that we are not required to continue work in the event of <client>'s failure to pay on a timely basis for services rendered as required by this engagement letter. <Client> further acknowledges and agrees that in the event we stop work or withdraw from this engagement as a result of <client>'s failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable to <client> for any damages that occur as a result of our ceasing to render services.

If a dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration

shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT, IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.

If the foregoing is in accordance with your understanding, please sign the copy of this letter in the space provided and return it to us. Also have all authorized check signers sign in the space provided. Thank you for this opportunity to serve you.

Very truly yours,

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<Accountant Name>

<Firm Name>

APPROVED:

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<Client Name>

<Client Representative>

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Date

Check Signing Authority

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<Check Signer's Name>

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Date

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<Check Signer's Name>

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Date