

*[Your firm name and logo]*

[Firm name]

[Firm address]

[Date]

[Client legal name]

[Client address]

Re: [Service name] for [period or tax year]

Dear [Client contact name],

### **The service**

This letter sets out our understanding of the [audit / review / compilation / preparation of financial statements / tax return preparation / tax consulting] services that [Firm name] will provide to [Client legal name] for [period or tax year], and the responsibilities each of us accepts.

### **Objective and framework**

The financial statements will be prepared in accordance with [accounting principles generally accepted in the United States of America / the income tax basis / the cash basis]. Our objective is [to express an opinion on them / to obtain limited assurance on them / to apply accounting expertise to help you present them, without providing assurance].

### **Assurance: audit (optional)**

We will obtain reasonable, not absolute, assurance about whether the statements are free from material misstatement, whether due to fraud or error. Because of the inherent limitations of an audit and of internal control, some material misstatements may not be detected.

### **Assurance: review (optional)**

A review consists mainly of inquiries and analytical procedures. It is substantially less in scope than an audit, and we will not express an opinion. We must be independent of you to perform it.

### **Assurance: compilation or preparation (optional)**

We will not audit or review the statements, and we will provide no assurance on them. [Each page will state that no assurance is provided.] Our work is not designed to detect fraud or error, but we will tell you of any we become aware of.

### **What management is responsible for**

You are responsible for: (a) preparing and fairly presenting the financial statements in accordance with [framework], including all informative disclosures; (b) selecting the framework; (c) internal control over the records; (d) preventing and detecting fraud; (e) complying with laws and regulations; and (f) giving us complete and accurate records, documents and explanations, and unrestricted access to the people from whom we need information.

### **Compilation report in other documents (optional)**

Any document that includes the financial statements and says that we compiled them will also include our compilation report.

### **Records and due dates**

You will send the documents on the attached list by [date], including [bank and credit card statements, loan

statements, invoices, signed contracts, prior-year returns]. Work starts when the list is complete. Late or partial records move our delivery date to [number] days after the last item arrives.

#### **Representation letter (optional)**

At the end of the engagement, management will sign a letter confirming the representations it made to us.

#### **Nonattest services and your overseer (optional)**

We will also provide [bookkeeping / payroll / tax preparation]. You designate [name, title] to oversee that work, evaluate it and accept responsibility for the results.

#### **Tax matters and representation (optional)**

For tax returns we prepare, you are responsible for the information on them and for reviewing and signing them before filing. If you ask us to represent you before the IRS for [tax years], you will sign Form 2848 for those years and matters, and that work will be billed separately.

#### **Use of your tax return information (optional)**

We will use your tax return information only to prepare your returns and provide the services in this letter. If we want to use or disclose it for any other purpose, we will first ask for your separate written consent, and our services will not depend on your giving it.

#### **Our report or deliverable**

We expect to deliver [an auditor's report / a review report / a compilation report / the prepared statements / the returns]. Its form may differ if circumstances require, and we may withdraw if we cannot complete the work.

#### **Fees, records and disputes**

Our fee is [amount or basis], invoiced [schedule] and due within [number] days. Our working papers are our property and are kept for [period]. Disputes will first go to mediation in [city, state].

#### **Signatures**

Please sign and return this letter to confirm these terms. They apply until either of us gives written notice of a change.

Sincerely,

[Firm name]

[Partner name], CPA

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Accepted for [Client legal name]: [Name, title]

Signature: \_\_\_\_\_ Date: \_\_\_\_\_