FRANKLIN & FRANKLIN, PA

CERTIFIED PUBLIC ACCOUNTANTS

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www.franklincpas.net

TAX QUESTIONNAIRE

This tax questionnaire can be filled out and submitted to us with the necessary documents attached. Once we receive it, we will review it with you and then prepare your tax return. We will call or email with any questions and set a phone conference date if necessary in order to complete your return. If you need clarification on any question, please contact us or attach a note with the questionnaire.

Section 1: Summary of Items Needed to Complete Your Return:

__1. Most recent tax return (Last two if available), federal and state(s)
__2. Complete and sign the attached engagement letter
__3. Form W-2 Wage statements
__4. Form 1099 Interest and Dividend Income statements
__5. Form 1098 Mortgage Interest and Real Estate Tax statements
__6. Summary of all medical expenses
__7. Summary of all contributions. **(Taxpayer must have receipts and/or cleared checks for ALL amounts claimed and descriptions for non-cash items with condition)**
__8. Summary of all work related expenses **with receipts available as back-up**
__9. Cost basis of any investments you sold during the year
__10. A list of questions and issues you want addressed (optional)
__11. Anything else which might be relevant (Including Economic Stimulus Rebate Correspondence)

Any documents or information that is not available at the time of the meeting or telephone conference can be mailed or faxed later. We will schedule a time to meet with you to clarify any questions that we may have, or we may Email you additional questions.

Section 2: Taxpayer Information, Income and Expenses

	Taxpayer Information	**Spouse Information**
Last Name		
First Name		
Middle Name		
Social Security #		
Occupation		
Date of Birth		
E-Mail		
Work Phone		
Cell Phone		
Home Phone		
Permanent Address		
City, State, Zip		

1. **Filing Status (Circle One)**
   1. Single 2. Married 3. Married Filing Separate

2. **E-Filing**
   By IRS regulations all tax returns filed by us will be electronically filed.

3. **Direct Deposit**
   If you have a refund coming to you, do you want to directly deposit it into your **checking** or **savings** account?
   (Circle One) **Yes No** (If yes, please fill in your Routing Number and Account Number.)
   Routing Number:_____________________ Account Number:______________________________

4. Dependent Information

	Dependent #1	Dependent #2
Name		
Date of Birth		
Social Security #		
Relationship		
Months Lived at Home		
Tuition and/or Childcare Expenses		

	Dependent #3	Dependent #4
Name		
Date of Birth		
Social Security #		
Relationship		
Months Lived at Home		
Tuition and/or Childcare Expenses		

5. Please list your place(s) of employment and attach Form(s) W-2 for you and your spouse, if applicable.

	Gross Wages	Federal Withholding	State Withholding
1. ______________________	________	________	________
2. ______________________	________	________	________
3. ______________________	________	________	________

6. Do you have any savings accounts, mutual funds, or stocks that paid you dividends or interest during the year? If yes, please list the accounts and amounts received or attached the 1099INT and/or 1099DIV forms that your financial institutions have sent to you.

From	Amount
1. ______________	$ ____________
2. ______________	$ ____________
3. ______________	$ ____________

Did you have any tax-exempt interest(i.e. Municipal Bonds)? __________

7. Did you receive or pay any alimony?
Payer (ee) ______________________________
Amount $ ______________________________________
Payer's (ee's) Social Security #__________________________

8. Did you sell any Stocks, Bonds, Mutual Funds or other property? If so, please describe the asset(s) sold and the gain/loss attained from the sale and attach any financial statements from banks or brokerages as well as 1099B and 1099S Forms.

____

9. Do you or your spouse own a business which is not organized as a partnership or corporation?
If yes, please attach financial statements (all income and expense) or fill out Business/Rental Worksheet from www.franklincpas.net/questionnaire/businessworksheet.pdf and ask if interview is necessary.

10. Did you receive any distributions from an IRA, Pension, 401(k) or other annuity during the year OR do you plan on making distributions in the near future? If yes, please describe and attached 1099R Forms:

____

____

11. Do you have any income from rental real estate, royalties, partnerships, S Corporations, or Trusts? If yes, please describe and attach the related K-1's: ____

12. Did you have any Farm Income or Expenses?
    If yes, please attach financial statements for the year and ask for the additional interview.

13. Did you have any unemployment compensation? If yes, please list the amount and attach Form 1099G. ________________________________

14. Did you receive any Social Security benefits during the year? If yes, please list the amount and attach SSA-1099 Forms. _____________________________________

15. If you had any additional income that was not covered in questions 4 through 15, please list it here:
    ____

16. Did you have any IRA or Self-employment retirement plan (i.e. SIMPLE, Keogh, or SEP) contributions during the year OR do you plan on making any before April 15th? If yes, please list the amount.
    ____

17. Did you make payments on Student Loans? If yes, please list the amount and interest if known.
    ____

18. Did you have any moving expenses? If yes, please print out the Moving Expense Worksheet found at http://www.franklincpas.net/Questionnaire/movingexpenses.pdf and list all such expenses.

19. Did you purchase a hybrid vehicle during 2011?

20. Did you have any penalty or early withdrawal of savings? If yes, please list the amount ___________________

21. Are you or your spouse a teacher? If yes, please list unreimbursed expenses or estimated amount.
    ____

22. Did you contribute to a Health Savings Account(HSA)? If so, how much?
    ____

23. Did you Itemize your deductions last year? **Yes** **No**

    If yes, complete the following questions, or if you think the total of your itemized deductions will be close to or above $5,800 for Single or $11,600 for Married, please complete. Please input everything in US Dollars.

    Did you have Medical and/or Dental expenses that were paid with after tax dollars that you were not reimbursed for by your health insurance provider? **Yes** **No**

    If yes, please provide the amounts as well as the amount you paid for insurance premiums below.

    Health Insurance Premiums (including Supplemental and Medicare premiums) ______________________

    Doctors, Dentists, etc. ______________________

    Please list the amount of Taxes you paid in each category for the year.

    State and local income tax
    (This is the amount withheld for state taxes or paid by Estimated payments. Please list each state.)
    State Income Tax Refund or Payment for previous year :
    Real Estate Taxes - US Residence
    Real Estate Taxes - Other property or Foreign residence
    Personal Property Tax
    Other Taxes
    Foreign Country Income Taxes paid on income other than Salary

    Please list the amount of Interest paid on your residences. Attach 1098 Forms or your year-end mortgage statement(s).

    Home Mortgage Interest Paid (1st) ____________________________________
    Home Mortgage Interest Paid (2nd) ____________________________________
    Home Mortgage Interest Paid (3rd) ____________________________________
    PMI (Private Mortgage Insurance) Paid: ____________________________________

If you bought a house during the year, did you pay any points? If so, please attach your closing statement.

Did you have any investment interest? If yes, please describe and attach any documentation.

Did you have any Charitable Contributions during the year? These could include donations of cash or property to churches and/or nonprofit organizations such as United Way, Red Cross, and non-for-profit educational entities. **Must be US Charities Only.**

*** MUST HAVE RECEIPTS TO ORGANIZATIONS FOR GIFTS TOTALING OVER $250 AND EITHER RECEIPT OR CLEARED CHECK FOR CONTRIBUTION OF ALL AMOUNTS REGARDLESS OF AMOUNT (EVEN KETTLE DONATIONS WILL REQUIRE RECEIPTS TO DEDUCT THE CONTRIBUTION).**
IN ADDITION, ALL NON-CASH CONTRIBUTIONS MUST RECEIPTS AND DETAILED DESCRIPTIONS OF ITEMS DONATED, CONDITION, AND VALUE. *Please list detail and attach any receipts or statements from the organization to which you donated. A receipt or statement is required for any donation over $250.*

Contributions by Cash or Check ____________________________
Contributions by Other than Cash ____________________________
Miles Driven for Charitable Purpose ____________________________

IN ADDITION, THE IRS REQUIRES AN APPRAISAL FOR ALL NON-CASH CONTRIBUTIONS MADE WITH A VALUE CLAIMED OVER $500 IF THE ITEM IS IN "FAIR" OR "POOR" CONDITION OR OVER $5,000 IF THE ITEM IS IN "GOOD" OR "EXCELLENT" CONDITION"

You might have additional expenses that could be deductible if you itemize. Please fill out the information below to complete your itemized deductions.

Unreimbursed Employee Business Expenses:
These could include job travel, union or professional dues, job education, professional journals, safety equipment required for your job, expenses incurred for looking for a new job within your current occupation, and certain business use for part of your home. These have to be expenses that you paid out of pocket.

- Professional Dues ___________________
- Continuing Education ___________________
- Cell Phone or Pager ___________________
- Uniforms/Scrubs ___________________
- Meals while on assignment, or number of days on assignment and locale of assignment ___________________
- Unreimbursed travel expenses/mileage ___________________
- Unreimbursed lodging expenses ___________________
- Internet Subscriptions ___________________
- Small Tools (i.e., stethoscopes) ___________________
- Computers (used in your job) ___________________

Investment Expenses incurred last year: ____
These could include legal or accounting fees incurred in helping to produce or collect taxable income or to manage or protect property held for investment purposes. Additionally, subscriptions to investment periodicals, investment planning and internet provider charges may be deductible. Please ask if you think you may be eligible for these deductions.
Tax Return Preparation Fees paid ___________________
Safe Deposit Box Rental paid last year ___________________

24. Did you pay childcare expenses? If so, list the amount, Name, Place **and employer ID number OR SS#** of the provider.
____

25. Did you pay any tuition to a higher education institution for you or your dependents? If so, list the amount and the institution.
____

Section 3: Additional Questions:

Y	**N**	1	Were there any births, adoptions, marriages, divorces, or deaths in your immediate family during the year?
Y	**N**	2	Are any of your unmarried children who might be claimed as dependents 19 years of age or older or do you have any other "non-children" dependents, like parents?
Y	**N**	3	Do you have any children under age 18 with interest, dividend, and/or capital gain income in excess of $950? **(In 2011 were you or your children under 18 or a full time student and under 23 with investment income of over $950?)**
Y	**N**	4	Can you be claimed as a dependent on another person's tax return?
Y	**N**	5	Did you or your spouse "rollover" a retirement plan distribution into another plan? If yes, enter the $ amount and attach Form 1099R.
Y	**N**	6	Did you or your spouse receive any disability income during the year? If yes, enter amount.
Y	**N**	7	Did you open a Roth IRA account or convert an IRA into a Roth IRA?
Y	**N**	8	Did you purchase, sell, or refinance your principal home or your second home, or make a home equity loan during the year? If yes, please bring the closing statement.
Y	**N**	9	Did you sell any stocks, bonds, or other investment property during the year? If yes, please send the descriptions, date acquired, date sold, sales price, cost or basis and expenses of sale.
Y	**N**	10	Did you make any gifts in nearing $13,000 (the annual gift exclusion) during the year? If so, was it cash or property? Also, is your total estimated net worth near or exceeding $5 million?
Y	**N**	11	Did you pay any one household employee cash wages of $1,700 or more during the year and/or withhold federal income tax at the request of any household employee?
Y	**N**	12	Did you use your car on the job (other than to and from work)? If so, what is the total mileage incurred?
Y	**N**	13	Does anyone owe you money which has become uncollectible? OR Did anyone forgive debt you owed during the year?
Y	**N**	14	Did you or your spouse work out of town for part of the year?
Y	**N**	15	Did you incur a loss because of damaged or stolen property (That is approximately 10% or more of your Annual income)?
Y	**N**	16	Did you make payments for post-secondary education?
Y	**N**	17	Do you or your spouse want to allocate $3 to the Presidential Election Campaign Fund?
Y	**N**	18	Did you have an interest in or signature authority over a bank or brokerage account in a foreign country, or were you a grantor of or transferor to a foreign trust?
Y	**N**	19	Did either the Internal Revenue Service or the State-taxing agency audit you during the year?
Y	**N**	20	Did you receive any K-1's from partnerships, estates, trusts, or LLC's? If so, please attach.
Y	**N**	21	Do you have an up-to-date will?
Y	**N**	22	Did you have any NC State 529 Education plan contributions?
Y	**N**	23	Did you have any gambling winnings or losses?
Y	**N**	24	Did you purchase any "Personal Energy Credit" property (Heat pump, Windows, Hybrid Vehicle, etc)?
Y	**N**	25	Do you have "Qualified Historical Property", and if so have you made any qualified rehabilitation expenses?
Y	**N**	26	Do you have any highly appreciated property that might benefit from either low capital gain rates (0% for 10-15% marginal tax bracket filers in 2008), gifting, principle residence capital gain exclusion or a like-kind exchange?
Y	**N**	27	Are you pursuant of an adoption or have you completed an adoption during the year?
Y	**N**	28	Do you pay PMI (mortgage insurance) on you residence?
Y	**N**	29	What were your estimated out of state purchases (internet, catalog, etc) in which no state sales tax was paid?
Y	**N**	29	Where you paid any severance pay during 2011?
Y	**N**	30	Did you convert any IRAs into a ROTH IRA during 2010 or 2011?
Y	**N**	31	Do you have any specific questions? If so, please list them on a separate sheet.

Consumer Use Tax

North Carolina has a use tax on purchases made outside the State for use inside the State called a Consumer Use Tax. You should pay the use tax on your individual income tax return. If you owe use tax on consumer items but are not required to file an individual income tax return, you should report and pay the use tax on Form E-554, Consumer Use Tax Return.

An individual owes consumer use tax on an out-of-state purchase when the item purchased is subject to North Carolina sales tax and the retailer making the sale does not collect sales tax on the sale or the state sales tax rate imposed by the other state is less than the state sales tax rate imposed by North Carolina. Examples of items that are subject to the consumer use tax include computer and other electronic equipment, software, books, audio and video tapes, compact discs, records, clothing, appliances, furniture, sporting goods and jewelry. Out-of-state retailers include mail-order companies, television shopping networks and firms selling over the internet. When an out-of-state retailer does not collect sales tax or the tax collected is less than the state tax imposed by North Carolina, the responsibility of paying the tax falls on the purchaser. This includes items purchased in other states during "tax-free holidays". Other states share information with North Carolina on sales to North Carolina residents and the U.S. Customs Service provides information on overseas purchases.

The use tax is calculated at the same rate as the sales tax. If you paid another state's sales or use tax on out-of-state purchases, that amount can be credited against the North Carolina use tax due. If you file the Form D-400, the use tax will be shown on line 17.

Please fill out A, B or C

□A: If you have record of all out-of-state purchases and no sales tax was charged, please provide:
Total purchases from 1/1/11-12/31/11 $________________

□B: I had less than $1,000 in out-of-state purchases. Please use the Use Tax Table.

□C: I had no out-of-state purchases.

ENGAGEMENT LETTER

Date:
Client Name:

We appreciate the opportunity to work with you. To minimize the possibility of a misunderstanding between us, we are setting forth pertinent information about the services we will perform for you.

We will prepare your ___________ federal and applicable state _________ income tax returns from information you furnish us and we may process them using any of our staff. In addition we will ____. We will not audit or otherwise verify the data you submit, although we may ask you to clarify some of the information. We will furnish you with questionnaires to help you gather and organize the necessary information for us, in order to keep our fee to a minimum.

This is the second year that the IRS mandates that all individual and trust tax returns that we filed be done electronically. It is imperative that you review your tax return and return the efile authorization form with all required signatures to our office within 10 days of receipt, or by April 1, 2012, whichever comes first. Without this signed authorization, your taxes will not be filed and you may be subject to late filing or late payment penalties. Please advise us if you object to electronic filing as you may opt to file a paper return along with a signed written statement stating your objection to electronic filing.

We must receive all information to prepare your return by April 1, 2012, to ensure that your return will be completed and e-filed by April 13th, 2012. If we have not received all of your information by April 1st and your return is not completed and e-filed by April 14, 2012, you may be subject to late filing or late payment penalties.

It is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns, including but not limited to the auto, travel, entertainment, and related expenses and the required documents to support charitable contributions **of all amounts**. If you have any questions as to the type of records required, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns before signing and mailing them to the tax authorities. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest. The IRS has imposed more stringent preparer penalties which require that positions taken on tax returns must be “more likely than not” sustained on its merits. It is your responsibility to fully communicate these facts. We will file using the filing status from the previous year unless you expressly indicate a desire for a different filing status.

Fees for our services will be at our standard rates plus computer charges and out-of-pocket expenses. Payment for service is due when rendered and interim billings may be submitted as work progresses and expenses are incurred. We reserve the right to stop work on any account that is 180 days past due, in accordance with our firm’s stated collection policy. Interest at 8% per year may be computed on invoices not paid within 30 days.

It is our firm’s policy to retain copies of your tax returns for five years, after which the records may be destroyed. By your signature below, you acknowledge and agree that upon the expiration of the 5 year period Franklin & Franklin, PA shall be free to destroy our records related to this engagement.

We are responsible only for the services listed above. Our tax preparation fee does not include responding to inquires or examination by taxing authorities. However, we are available to represent you under a separate engagement for such services at our standard rates.

We will use our judgment to resolve questions in your favor where a tax law is unclear if there is a reasonable justification for doing so. Whenever we are aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that may be taken on your return. We will follow whatever position you request, so long as it is consistent with the codes and regulations and interpretations that have been promulgated. If the IRS should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. Currently, the IRS and State taxing agencies are aggressive in assessing penalties. We assume no liability for any such additional penalties or assessments. In the event, however, that you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable for any damages that occur as a result of ceasing to render services.

As your CPA, we collect:

- ***Information provided by you from your tax organizer, worksheets, documents, and discussions and***
- ***Information that we develop as part of this engagement.***

As your CPA, we are required to keep all information about our engagement confidential, so we will not disclose any information about you unless we have your approval or are required/permitted by law. This applies even if you are no longer a client.

As your CPA, we are committed to the safekeeping of your confidential information and we maintain physical, electronic, and procedural safeguards to protect your information.

For tax years beginning in 2000, the IRS has provided that an individual taxpayer and his or her spouse, if applicable, may authorize the IRS to discuss the taxpayer's tax return with the CPA who signed the taxpayer's return as the return preparer. The authorization is granted by checking the "yes" box in the signature area of the tax return. By checking the "yes" box, you are granting the IRS permission to contact our firm with questions that may arise during the processing of your return. You would also be granting our firm the permission to (1) provide the IRS with any information that may be missing from your return, (2) call the IRS to inquire on the processing of your return or on the status of your refund, and (3) respond to any IRS notices that you have provided to our firm relating to mathematical errors, offsets, and return preparation. Please note that our firm will not receive separate copies of IRS notices; therefore, you must provide our firm with copies of any notices you receive from the IRS. Once elected, the authorization cannot be revoked. The authorization is valid for one year after the due date for filing the tax return.

Federal law has extended the attorney-client privilege to some, but not all, communications between a client and the client's CPA. The privilege applies only to non-criminal tax matters that are before the IRS or brought by or against the U.S. Government in a federal court. The communications must be made in connection with tax advice. Communications solely concerning the preparation of a tax return will not be privileged.

In addition, your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing any privileged information to a third party.

If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue that the communication is privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, that are a result of attempts to protect any communication as privileged.

If any dispute arises among the parties, they agree to try first in good faith to settle the dispute by mediation administered by the American Arbitration Association (AAA) under its Rules for Professional Accounting and Related Services Disputes. All unresolved disputes shall then be decided by final and binding arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the AAA. Fees charged by any mediators, arbitrators, or the AAA shall be shared equally by all parties. 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 above fairly sets forth your understanding, please sign the enclosed copy of this letter and return it to us with your tax information.

Also, please indicate, by circling the appropriate response in the following sentence: I hereby *grant/do not grant* (circle one) limited authorization for your firm to contact the IRS on our/my behalf as discussed in the above letter. If you fail to indicate a response, it is our firm's policy to mark the box that grants authorization.

We are pleased to have you as a client and look forward to a long and mutually satisfying relationship.

Sincerely,

FRANKLIN & FRANKLIN, PA

Approved:

______________________________	______________________________
Taxpayer's Name Printed	Spouse's Name Printed

______________________________	______________	______________________________	__________
Taxpayer's Signature	Date	Spouse's Signature	Date