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Sample engagement letters for an accounting practice

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Sample Engagement Letters for an Accounting Practice

Sample Engagement Letters

AICPA

AICPA  *Continuing
Professional
Education*

Sample Engagement Letters for an Accounting Practice

Prepared by the Continuing Professional Education Division

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Preface

Engagement letters are essential to successful practice management. They help improve client relations, avoid client misunderstandings, and reduce the risk of legal liability.

This book of *Sample Engagement Letters* is a reference source all CPAs can use to develop letters for their clients. It includes proposal and engagement letters for a complete range of services.

Our thanks for developing and allowing us to use these materials goes to Laventhol Krekstein Horwath & Horwath, to Joseph F. Spilberg, the firm's Executive Partner, and to Charles Chazen, the firm's National Partner, Accounting and Auditing.

Jeffrey S. Gold, MBA, CPA, Project Manager in our Division, reviewed and edited the materials and contributed to their content.

ROBERT E. SCHLOSSER, PhD, CPA, Director
Continuing Professional Education Division

April 1974
New York, N.Y.

Introduction

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Introduction

General

In an engagement letter, the firm and the client indicate their mutual understanding and agree to the nature and terms of the engagement. Engagement letters are not a professional requirement, but a matter of sound business practice. They cover the scope of services rendered and the responsibility the firm assumes. Therefore, they should be prepared with the care exercised in entering into other contracts.

Any limitations the client imposes on the scope of the audit are specifically stated. Every letter covering audit, unaudited or accounting services should point out the limitations in the accountant's responsibility for the discovery of fraud and other irregularities.

The engagement letter should also describe the terms of billing and payment. If unusual or extraordinary services are to be performed, the engagement letter should completely describe them.

If the auditor has reason to believe the client may publish all or a portion of an audit report, he should advise the client (preferably in the engagement letter) that firm policy is to review printer's proofs of the report and any other accompanying material. This precaution will protect both the client and CPA against condensation of financial statements, omission of footnotes, erroneous layout, or other errors such as misstatement of figures used in a president's letter, other narrative or statistics.

An engagement letter should be used for every engagement. A letter need not be requested more often than annually. Thus, interim audits or unaudited financial statement preparation can all be provided for in one annual letter. The letter should be sent to the client in duplicate so he may sign a copy and return it for the CPA's files. Occasionally, on a long-standing, recurring engagement, the partner in charge of the office may agree not to request that the client sign and return a copy of the letter. In that case, the letter should be sent to the client with an additional paragraph stating that, unless he replies to the contrary, the CPA will assume he agrees to the arrangements described in the letter. In those rare instances when the partner decides that even this approach is not suitable, an engagement memorandum should be prepared for the file. This provides all relevant information for the staff on the engagement.

Background of Engagement Letters

Engagement letters, sometimes called arrangement letters, have been used by some CPAs for many years and by other CPAs only in recent years, and probably are not used at all by still other CPAs. The trend is toward increased use of engagement letters because of the increasing scope of services being offered by accountants and because of the increasing public scrutiny of such services. "Write-up" services performed by practitioners may result in unexpected liability if the agreement with the client is not in writing.

Types of Letters

These definitions are offered to help distinguish the various types of letters.

1. Preliminary letter. This letter follows an invitation by a prospective client, usually when more than one accounting firm is being considered. The letter thanks the prospective client, summarizes any previous discussion, and provides additional information to persuade the prospect to invite an actual proposal, either in person or by further correspondence. The letter may describe the firm's background, size, expertise and office locations, and may transmit firm directories and publications.

2. Proposal letter. This letter also follows an invitation by a prospective client. It may arise from an interview or from the preliminary letter. The proposal letter contains essentially the same language as an engagement letter and often may be used as one, either directly or by adding appropriate language.

3. Engagement letter. This letter sets forth the contract or agreement between the client and the firm as to terms and conditions of the engagement.

4. Engagement memorandum. There are two types of engagement memorandums. One is used when an oral understanding is reached with the client and no formal letter will be sent. This memorandum is written for the files to set forth the pertinent engagement details. It is used only in the uncommon situation when an engagement letter is omitted.

The second type of engagement memorandum is

prepared for every new client on an internal form to give the detail needed for administration and control

Reasons for Engagement Letters

1. Avoid misunderstanding with the client. In today's environment, an engagement letter is needed for both old and new clients. To avoid misunderstanding, the engagement letter describes in detail the services to be rendered, the fee, and other terms and conditions of the engagement. Oral agreements may result in differences of recollection or understanding between the CPA and the client. They become completely valueless on the death of either.

2. Avoid misunderstandings with the staff. The members of the staff working on the engagement must have a complete understanding of what is required of them. A copy of the engagement letter in the working papers provides them an authoritative reference to supplement their oral instructions. This will eliminate confusion and misunderstanding as to the type of financial statements to be examined, the date of the examination, and the type of opinion (or disclaimer) contemplated by the engagement. Too often, less experienced public accountants will perform the engagement in a certain fashion and then stand back, look at the results of the examination, and try to decide what type of opinion or disclaimer is required. This is not the way to conduct an examination—to “back into” an opinion or a disclaimer. The auditors assigned to the engagement must know in advance what the scope of the engagement is, so that the proper audit steps and procedures may be planned and performed properly. (Statement on Auditing Standards No. 1, section 310.)

3. Legal liability. The accountant's legal duty to his client is basically his contractual obligation (a) to perform those specific duties he was engaged to do, and (b) to perform them with professional skill and reasonable care. (Statement on Auditing Standards No. 1, section 230.)

The engagement letter should establish the scope and the nature of the accountant's contractual obligation to his client by setting forth, clearly and specifically, the duties the accountant has agreed to perform. Many adverse consequences may result

from failing to obtain a written engagement letter. In one case, an accountant had accepted—by oral agreement with his client—an engagement to prepare unaudited financial statements. A defalcation by the client's bookkeeper was subsequently discovered, and the client sued the accountant to recover the loss. The accountant contended that his report on the client's financial statements clearly set forth the fact that the statements were prepared from information submitted by the client, without independent verification, and that the accountant did not render an opinion thereon. Furthermore, alleged the accountant, the client accepted the statements without objection.

The accountant moved for summary dismissal of the complaint, on the grounds that having been engaged to prepare and having prepared only unaudited statements he could not be held negligent for failure to discover the defalcation. The accountant's motion was denied because, among other things, the lack of a written contract made the scope of his engagement a question of fact to be determined in court. The court ruled that the client understood that the accountant would audit the statements, and disregarded the disclaimer in the report.

Just as the engagement letter contractually binds the client, it equally binds the accountant. Therefore, if the partner in charge of an engagement concludes during the course of the engagement that the firm is unable to fulfill its obligation and must withdraw, he should consult with a senior partner or with counsel before taking further action.

4. Practice management. Ordinarily, an engagement letter should not be mailed to the client until it is approved by the senior partner. He thus has an opportunity to correct or amend the engagement letter, review the proposed fee and method of payment, and set up guidelines to minimize possible collection problems.

5. Contractual obligation. Engagement letters recognize that a contract is created when the accountant agrees to render services and a client agrees to pay for them. As business continues to grow in complexity and accountants continue to become embroiled in law suits which subject the scope and quality of their services to critical public analysis, it seems increasingly clear that such contracts should

be written. One of the ten generally accepted auditing standards contains these words: “. . . the report should contain a clear-cut indication of the character of the auditor’s examination, if any, and the degree of responsibility he is taking” (Statement on Auditing Standards No. 1, section 510.01). The engagement letter should be equally clear-cut in delineating the duties and responsibilities of the client and of the firm.

6. Other. An engagement letter permits the orderly assessment and review by partners and staff, of the services performed and the terms of the engagement. This review facilitates drafting extensions or amendments to current or succeeding years’ engagements.

Types of Engagements

The list that follows is not all-inclusive but is intended to include the usual types of engagements accountants agree to perform.

It is quite common for accounting and auditing services to be combined in one letter with regular tax services, but separate letters generally are advisable for management advisory services, unique tax matters, and special engagements.

1. Auditing and accounting services

- a. Write-up—monthly, quarterly or annually.
- b. Preparation of unaudited financial statements.
- c. Examination for the purpose of rendering an opinion on financial statements.
- d. Review of financial data in connection with the acquisition of a business.
- e. Examination of financial statements in connection with filings with the Securities and Exchange Commission.

2. Management advisory services

- a. Analysis of accounting system.
- b. Analysis of management information requirements.
- c. Analysis of service bureau usefulness.
- d. Analysis of computer feasibility.
- e. Analysis of computer hardware and software programs.
- f. Preparation of computer program.
- g. Analysis of proposed investments.

- h. Analysis of proposed construction (manufacturing or distribution facilities, etc.).
- i. Feasibility studies—hotel, restaurant, shopping center, hospital.

3. Tax services

- a. Preparation of income tax returns—corporation, partnership, individual; Federal and/or state, city or political subdivisions.
- b. Preparation of other returns (payroll, sales, property and excise taxes).
- c. Estates and trusts.
- d. Income tax examinations—agent, conferee or appellate level.
- e. Analysis of income tax consequences of proposed transaction.
- f. Review of tax returns prepared by client’s personnel.
- g. Tax opinions.

4. Special engagements

- a. Arbitration of dispute.
- b. Appearance as expert witness.
- c. Reports to regulating authorities.
- d. Assistance to attorney in legal matters and trials.

Special Considerations

1. Is it possible to give a clean opinion? Examples:
 - a. The accountant is retained after beginning of client’s fiscal year and did not observe inventories or confirm receivables at the beginning of the year.
 - b. The client imposes restrictions on the scope of the accountant’s audit or report.
 - c. Significant litigation or other substantial problems exist which may affect the opinion.
2. Should fee be stated as a range, in hourly rates, as standard per diem charges for the engagement, or (in unusual cases) as a maximum or flat fee?
3. To whom should reports be addressed?
4. How many copies of the report and to whom distributable?
5. Deadlines for reports or analyses.
6. Out-of-pocket costs.
7. Additional work not contemplated in original engagement.

8. Condition of records or circumstances other than those contemplated in engagement letter (e.g., deficient internal control, etc.).
9. Retainer.
10. One-time engagements.
11. Start-up costs when client changes accountants.
12. Underwriters' requirements in connection with public offerings.
13. Long-time clients who have not previously been requested to approve engagement letters.
14. Part of work to be done by other accountants.

Checklists for Engagement Letters

1. Items ordinarily covered in engagement letters

- a. Name of entity and its year end.
- b. Statement(s) to be examined or prepared.
- c. Scope of services, as detailed as necessary—include limitations imposed by client.
- d. Type of opinion, disclaimer or other report to be rendered.
- e. Disclaimer of responsibility for detecting fraud
- f. Obligations of the client's staff to prepare schedules and statements (see checklist 2, below).
- g. Requirement that accountant approve all printed material his report appears in.
- h. Responsibility for preparation or review of tax returns and subsequent tax examinations.
- i. Fee or method of determining fee (see following section with this caption).
- j. Frequency of billing and client's obligations for payment, including retainer if applicable.
- k. Provision for client's acceptance signature and date.
- l. Expression of thanks for being selected as auditors or to perform other services.
- m. In new engagements, the client should take the responsibility for getting the cooperation of the prior accountant.

- ### 2. Preparation work to be performed by client's staff.
- The following is a checklist of instructions to a client's accounting staff. It includes analyses a CPA may expect them to prepare for his examination. Either include this list (or part of it) in the engagement letter, or refer to it and

then submit it as a separate memorandum.

- Balance the general ledger.
- Prepare a reconciliation for each bank account.
- Fill in and sign bank confirmation forms, to be provided by the CPA.
- Prepare a trade accounts receivable aging.
- Fill in and sign accounts receivable confirmation forms, to be provided by the CPA.
- Prepare a schedule of accounts receivable from officers and employees.
- Prepare a schedule of bad debts written off during the year.
- Prepare a schedule of notes receivable. The notes should be available for inspection.
- Prepare a schedule of transactions with affiliated enterprises.
- Price, extend and foot the original inventory sheets, and have them available.
- Analyze all transactions affecting marketable securities.
- Prepare an insurance schedule, showing carrier, policy number, coverage, term, and premiums paid and payable. The policies should be available for inspection.
- Prepare a schedule of all property and equipment additions and retirements, showing dates acquired and/or disposed, cost, and—for items sold—sales price.
- Prepare a depreciation schedule.
- Prepare a schedule of life insurance for officers, showing name of officer, insurance company, policy number, date issued, amount of coverage, annual premium, and beneficiary.
- Prepare a schedule of accounts payable. The creditors' regular monthly statements for (date) should be retained and made available.
- Prepare a schedule of notes payable, showing date, payee, original balance, audit date balance, amount of periodic installment, and rate of interest, and describe security.
- The corporate stock book and minutes should be up to date and available for inspection
- Prepare a schedule of all transactions to partners' capital and drawing accounts.
- A copy of the partnership agreement or corporate charter should be available for inspection.

- Copies of all leases, including equipment rental contracts, should be available for inspection
- Copies of employment contracts with salesmen or executives should be available for inspection
- Copies of pension, profit-sharing, deferred compensation, and stock option agreements, and letters of acceptance from the Treasury Department should be available for inspection.
- Prepare a schedule of repairs in excess of \$_____.
- Prepare a schedule of each officer's salary and expense account payments.
- Prepare a schedule of contributions.
- Prepare a schedule of tax expense
- Prepare a schedule of professional fees

3. Optional inclusions in engagement letter

- a Description of particular audit procedure, if requested by client or deemed necessary for protection of the accountant (the detailed audit program never should be made available to client personnel, orally or otherwise).
- b Extent and timing of interim auditing.
- c Name of client's personnel to be contacted during engagement
- d Review of internal control and report thereon (this would be a special engagement, not a part of the normal audit routine)
- e Interim contact and cooperation with internal auditor
- f List of services specifically excluded

4. Common engagement letter deficiencies

- a Reference in the letter to examination of the books and records rather than the examination of financial statements
- b. Adverse comments about other firms.
- c Failure to specify *in detail* the services to be rendered when a maximum fee is quoted.
- d Inclusion of a review of internal control as one of the services when all that is really intended is its study and evaluation as required by auditing standards
- e. Failure to identify accounting or other problems which may have an effect on the opinion
- f Failure to change, in writing, the terms of the

engagement when conditions are found to be different (such as the inability to express an opinion without extensive additional auditing because internal control was found to be deficient)

- g Failure to include fee basis and payment terms

Reference to Fee or Method of Determining Fee

There is a growing tendency by practitioners to omit from engagement letters reference to per diem rates or other bases for determining the accounting or audit fee. The theory behind this is to de-emphasize time as a factor in the fee determination and to consider the more important factors—the responsibility assumed by the auditor, his competence, his specialized experience (such as audit, SEC and tax), the expeditious manner in which the engagement is fulfilled, and his continued awareness of the client's affairs—all of which help him fulfill the client's needs. All these professional reasons play an important role in justifying a fee to a client.

In circumstances deemed appropriate by the senior partner, reference to per diem rates may be omitted (see Tax Services, Sample Letter No. 9). However, it is important to remember that *even in those cases where the basis for computing the fee is omitted, the terms of billing and of payment must be covered in the engagement letter.*

Client Approval

It is strongly recommended that the client's written approval be secured by the accountant before proceeding with the engagement (especially in new engagements), for reasons which have been extensively covered. The addressee of the letter is usually the one asked to approve the engagement. In some situations, the practice partner and senior partner may not feel it advisable to send a long-standing client an engagement letter which requests his signature. As indicated earlier in this section, an alternative approach might be to send the client a letter confirming the terms of the engagement, without asking him to sign it, but asking him to reply if he does *not* agree with the terms. In any event, if the nature of the engagement or the scope of the

examination changes from preceding years, that opportunity should be taken to initiate the use of an engagement letter to be approved by the client. Although some clients may be reluctant to accept engagement letters, the majority will be less of a problem than the accountant fears, and every effort should be made to obtain a signed engagement letter from each client.

Addressee of Letter

Ordinarily, you would address the letter to whoever retained the firm. If it is a corporate client's board of directors, the letter should be addressed to the board, its chairman, or the chief executive, depending on the arrangement. If you are appointed by an audit committee, it is appropriate to address the letter to the committee chairman. If the engagement was arranged with a corporate official, the letter may be addressed to him, personally, indicating his title, followed by the name of the corporation.

For a corporate client, review the bylaws to see whether the appointment of auditors must be ratified or voted on by the directors and shareholders; if so, the minutes should reflect the appointment.

For a noncorporate client, address the letter to the person(s) in management (usually the owner or a partner) who retained the firm.

Investigatory Procedures for Individuals

When credit information is requested about individuals who are new clients, the investigative procedures are subject to the Fair Credit Reporting Act of 1971.

An individual must be informed in writing that an investigative consumer report, including information as to his character, general reputation, personal characteristics and mode of living, is being made. The individual must also be advised, within three days of the time the report is requested, that he may within a reasonable period of time, by written request, be furnished disclosure of the nature and the scope of the investigation (see Tax Services, Sample Letter No. 2).*

*For a more complete discussion, see Carlos Martinez, "A Guide to the Fair Credit Reporting Act," *The Practical Lawyer*, December 1972.

Filing of Engagement Letters

The signed engagement letter (or original of the confirming letter) is a contract and should be filed in the client's permanent file. A copy may also be filed with the current working papers, if desired, because of the possible overlapping of billing and collecting as compared to the term of the actual engagement. This also permits easy access when reference to the previous year's letter is needed to prepare the letter for the following year's engagement.

**Sample Engagement Memorandum
(When No Formal Engagement Letter Is Sent)**

ENGAGEMENT MEMORANDUM

(Date)

Client	ABC, Inc.
Address	711 Easy Street, Los Angeles, Calif 90020
Phone	QUincy 7-1234
Final arrangements made with	Oscar Brown, President
Date final arrangements made	February 15, 197A at a meeting in the ABC offices
Client's personnel responsible for accounting matters	Tom Smith, Treasurer Joe Green, Controller
Responsibilities of client's personnel in preparation for engagement	Trial balance of G/L and completion of schedules, a list of which we will submit two weeks before beginning of engagement
Reports to be addressed to	Board of Directors (12 copies)
Financial statements to be examined	Balance sheet at March 31, 197A and statements of income, retained earnings, shareholders' equity and changes in financial position for year ended March 31, 197A
Nature of engagement	Opinion audit and Federal and state income tax returns for year ended March 31, 197A
Date audit to commence	Approximately April 24, 197A (check with controller about April 10)
Estimated time required	About three weeks
Staff requirements	Manager, supervisor, an in-charge senior, and two staff assistants
Billing arrangements	Every two weeks, at standard plus out-of-pocket costs, invoices to attention of Tom Smith, payable on presentation
Special accounting problems	Client was involved in a substantial sale and leaseback transaction during the year Imputed interest may be required on long-term liabilities resulting from purchase of business
Other comments	Client is presently negotiating with machinists union

Preliminary and Proposal Letters

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Preliminary and Proposal Letter Guidelines

The following samples are not meant to be the final form of preliminary or proposal letters, but to suggest what might be included in them. Each letter must be tailored to the prospective client's needs.

Preliminary and proposal letters are submitted at the prospective client's request. This must be indicated in the opening paragraph of the letter.

SWIFT, MARCH & COMPANY Certified Public Accountants

April 13, 197A

Arthur R. Boyle, Vice President
Peters Pencil Co., Inc.
1400 Milky Way
Philadelphia, Pennsylvania 19103

Dear Mr. Boyle.

I am pleased to tell you, as you requested during our recent conversation, about our firm's background and philosophy and the services we can give your company.

Swift, March & Company is a young and vigorous organization that traces its origin back to 1915. Our operations are national in scope, with seven offices in the United States.

Our clients represent nearly all facets of the economic spectrum. Through them we have become closely identified with many fields and are recognized to have expertise in these industries. A list of publicly held clients is enclosed (Professional ethics permit us to list only publicly owned companies) A partial list of these clients, which may be of interest to you, includes the following:

<u>Client</u>	<u>Business</u>
Incke Pen Co., Inc.	Writing instruments
Brush Stylus Co., Inc.	Graphic arts materials
Cotton-Weaver Corp.	Wood and paper products; retail stores
Papyrus Products Corp.	Pulp and paper products; chemicals

Regardless of size, each client receives the personalized service associated with our firm.

Service Philosophy

Our philosophy of personalized service means, among other things, that the audit of your firm would be under the personal supervision of Mr. Harvey Herman, partner-in-charge, of our Pennsauken Office. A tax partner and a management advisory services partner would also participate. Other specialists, using the latest techniques, would be assigned to the engagement as required.

[Point out the expertise of the office involved as it relates to the client.] The knowledge and experience of more than sixty partners and specialists in all our offices is also at your service.

Whenever possible, we would utilize your personnel to keep our chargeable time (and billings) to a minimum. This will be accomplished without disruption by having your personnel prepare [name specific materials] in advance.

Accounting and Auditing

Accounting and auditing services are primarily the examination of financial statements and our opinion, as independent CPAs, on the fairness of the presentation of the financial position and operating results. We use a constructive approach in auditing. For example, as a result of acquiring intimate knowledge of clients' financial and administrative problems, we often recommend improvements for more efficient operation, stronger financial structure, and improved accounting and administrative controls. Our philosophy and practice is to blend the technical, the practical and the business approach in each engagement.

SEC Services

Our accounting and auditing services extend to public offerings and other financial matters governed by the Securities and Exchange Commission, the New York and American Stock Exchanges, and regional and local exchanges. Our audit, accounting and SEC research departments fill the specialized needs of publicly held clients and those that are going public. Many of our partners throughout the country are eminently qualified as specialists in this field. Their knowledge and experience, developed over the years in preparing SEC filings, are invaluable in resolving problems and in advising clients about SEC and stock exchange audit and reporting requirements. Brief profiles of these and other Swift, March & Company specialists, which may be of particular interest to you, are enclosed.

Management Advisory Services

Experienced consultants in our management advisory services (MAS) department have the depth of knowledge necessary to serve clients in a wide range of functional areas, such as accounting systems, data processing, financial controls, industrial engineering, hospitality industry studies, organization and personnel, and market and economic feasibility studies. Our MAS bulletins and our research people keep our staff abreast of all the latest developments in this vital area. Much of this information is made available to clients.

Our purpose is to help clients solve their management problems. The scope of a consulting engagement is determined in large measure by the client, and depends partially on the extent of participation by the client's personnel. Our aim is to provide "know-how," not manpower.

Tax Services

One of our principal objectives in tax services is constructive and creative tax planning. The tax planning problems of the closely held corporation's stockholders, and of corporate executives generally, is an area of Swift, March & Company's special expertise. This includes analysis of tax shelters, estate planning, and planning the tax aspects of corporate reorganizations, mergers, acquisitions and public security offerings. Tax ideas and developments of unusual interest, not ordinarily available through commercial reporting channels, are reported to clients through our Monthly Tax Report and through special tax bulletins covering such subjects as year-end tax planning, new tax legislation, and wage- and price-control developments. Treasury Department rulings, Congressional hearings and court opinions are constantly reviewed to maintain current tax intelligence and to get the "pulse" of coming events.

Corporate tax service includes the preparation of Federal and local tax returns or their review if you prepare them. We work closely with each client and its tax counsel to resolve tax controversies, this includes representation before the Internal Revenue Service. Our Washington, D C office is staffed for prompt handling of matters requiring liaison with the national IRS office. This is most helpful in obtaining rulings on planned transactions and in dealing with IRS officials on other tax matters.

Computer Technology

Within the last decade, mathematical analysis techniques have been used to help solve financial and business problems. Our accounting, tax and management advisory services personnel all apply these techniques for the benefit of clients. Through the effective use of computer programs, they are able to show clients the possible results of alternative courses of action, as well as the probability of achieving expected results under varying circumstances. We constantly seek new applications of these techniques to keep pace with rapid technological and economic changes.

Publications

Swift, March & Company issues technical, research and industry studies, as well as general publications. Our annual studies of lodging, restaurants and clubs (copies available on request) are considered the most authoritative publications of their kind. The U.S. Department of Commerce, for example, has used our annual room-occupancy and rate statistics in their publications on U.S. lodging since 1928.

The purpose of our publications is to keep our professional staff, clients and others informed of the trends, events and new concepts that will affect the business community in the decade of the '70s and beyond.

Communication between Swift, March & Company and its clients traditionally has been a one-to-one relation. This stimulates an exchange of ideas and the solution of problems in a personal rather than institutional manner. Our publications provide an additional communications link with our clients.

Seminars

In-house seminars, presented by our partners, specialists or prominent guest speakers, offer clients an opportunity to explore the many facets of the complex, ever-changing world of business. Seminars of special interest are offered to acquaint clients' officers and personnel with the new techniques, interpretations and regulations that affect their operations.

Community Involvement [Optional where applicable]

In the belief that a nation's business health is unalterably tied to its social well-being, our firm encourages civic, community and social involvement by its partners and professional staff. Many hold office in national, regional and local organizations and have given substantially of their time and ability to charities of all kinds.

Responsibility to the Community [Optional where applicable]

For many years, our partners and professional staff have provided their time and skill as well as leadership abilities in many community projects. Our firm has been a leader in meeting the respon-

sibility to recruit disadvantaged students into the accounting profession and to help minority businessmen establish themselves. This is in fulfillment of the firm's philosophy that we must provide an equal opportunity for all.

Summary

Swift, March & Company recognizes that its most important product is prompt and effective service of the highest quality. All our efforts are directed toward achieving that aim. We believe we can serve Peters Pencil Co., Inc., to its complete satisfaction. The highest level of skills available in our firm would be brought to bear on the servicing of your Company's needs.

We appreciate this opportunity to present our firm for your consideration, and would be pleased to furnish additional information or meet with officers or directors of your Company.

Sincerely,

SWIFT, MARCH & COMPANY

Partner

SAMPLE FORM FOR PROFILE

HARVEY H. HERMAN, CPA

Educational Background

BA in Business Administration, University of Hawaii

MA in Accounting, Wharton School, University of Pennsylvania

Career Experience

Swift, March & Co — Partner

Herman & Herman — Partner

ABE Corp — Controller

Shane Hosiery — Consultant

Nutex Corp — Internal Auditor

Expand the material above to show the depth of Mr. Herman's experience, the variety of projects he has worked on, and the knowledge he has acquired in various fields

If he teaches, or is a noted speaker or author, mention those facts along with books he has written (or articles for specific publications) and recent speeches for specific groups

Also mention offices he holds in national or state CPA societies. Any other material that shows the stature of the individual and reflects well on the firm, should also be mentioned (including involvement in civic and community affairs).

All of the above should be brief and factual with no "embroidery "

SWIFT, MARCH & COMPANY Certified Public Accountants

June 27, 197A

Mr Kim Ho Eng
Assistant Director
The Health-Care Hospital
140 Palma Avenue
San Francisco, California 94104

Dear Mr Eng

Thank you for inviting us to the hospital to discuss your data processing and auditing requirements and the related services we can provide. We are pleased to send this letter to serve both as a summary of our discussion with you and as a brief introduction of our firm to your Finance Committee

Swift, March & Company is a national firm of independent certified public accountants with offices in seven cities. Each one offers complete audit, tax and management services to our clients

Our firm's basic philosophy is that service to each client is based on a substantive knowledge of his business and his industry. We believe this understanding of the client and industry is of vital importance to constructive service and in carrying out assignments effectively. Our firm seeks, through a formal program, to achieve this understanding on a firm-wide and local-office level for each significant industry. Our industrial knowledge program includes health care services and its distinctive characteristics

Management Services—Data Processing

As one of the integrated services our firm provides, the Management Services Division helps clients plan, install and maintain management information and control systems required for effective operations.

The Division offers a reservoir of diversified services spanning the following functional areas

- Management accounting and controls
- Data processing and communications
- Quantitative methods
- Inventory and production control

In the data processing area, which is of particular interest to you, we

- Develop information processing plans, both short- and long-range, based on the economic, operational and technical feasibility of alternative information processing approaches
- Design, program and install information processing systems
- Provide technical support to the Audit Division

All management services engagements include a follow-up plan to insure the continued success of the system. This usually involves periodic visits by the manager and partner assigned to the engagement.

As we discussed, Swift, March & Company has varied experience in data processing for hospitals, both nationally and in San Francisco. For example, work by our San Francisco office in which Sam Setenta was heavily involved, under the direction of the Management Services partner, is as follows

- Computer feasibility study
- Long range information processing plan
- Design, programming and installation of a discharge and out-patient accounts receivable audit and collection system
- Installation of a personnel payroll information system
- Design and installation of a management reporting system encompassing operating statements, statistical reports, department budget reports, research project control, and construction work-in-process project control
- Evaluation of a shared-computer system

Sam Setenta is also involved in a home office research project to evaluate the MG Dentimed remote-batch processing system. This project is typical of the research we do as part of our industrial knowledge program.

Accounting and Auditing

We perform regular and special examinations of financial statements and other reports in accordance with generally accepted auditing standards, and report on the fair presentation of financial position and results of operations in accordance with generally accepted accounting principles consistently applied. The scope of our examinations is based on a complete review of accounting procedures followed and internal controls in effect

As part of our approach to auditing, the scope of our work generally provides for sampling and testing of the accounting records where internal controls are adequate to justify sampling techniques, and for the use of computers

In our examinations of financial statements, we do not make a detailed audit designed to disclose defalcations or similar types of irregularities. We are, of course, alert for such matters during the course of the examination and will report if anything irregular comes to our attention.

For all of our examinations, we prepare a "management letter." This is a report which suggests and recommends ways to improve operations, accounting procedures and internal controls. Important weaknesses in internal control or other significant matters are reported as noted during the examination, to permit prompt action to be taken.

In addition, we provide the following related services that apply principally to hospitals, research centers and other health care agencies.

- Report on the fair presentation of third-party cost reimbursement reports in accordance with generally accepted accounting principles and the principles of reimbursement as set forth by the third-party agencies.
- Research questions related to third-party reimbursement and support positions taken at audit conferences with representatives of third-party agencies.
- Work on a routine basis with audit agencies such as the Department of Health, Education and Welfare, National Institutes of Health (research grants), Social Security Administration, Medicare intermediary, Blue Cross and Blue Shield, and local state welfare program representatives.

We are especially qualified to work with third-party agencies because we worked closely with the American Hospital Association in establishing the principles of reimbursement, we have both prepared and rendered opinions on cost reimbursement reports, and we audit several Medicare intermediaries.

As for specific accounting and auditing experience, Morris Kent has worked on six different hospital engagements (from 50 to 350 beds), for from three to six years on each. He has also worked on the California Florence Nightingale, Inc., and California Medical Service audit management services.

engagements for the past six years and is now the audit manager for that client. This is typical of the level of experience we maintain under the concepts of our industrial knowledge program.

Taxes

In addition to an experienced audit partner, manager and staff, a partner and manager specializing in taxes are assigned to all engagements. The scope of our tax services for hospitals ranges from preparing Federal and state information returns to researching specific tax questions, such as the taxability of tuition reimbursements to hospital employees and the applicability of the concept of unrelated business income to specific cases.

We consider our accounting, auditing and tax relationship with our clients a year-round service. For example, most of our hospital clients send us interim financial statements that are carefully reviewed by the partner and manager in charge of the engagement, and they frequently call us for assistance with specific accounting or tax problems.

We would appreciate the opportunity to make a presentation—as you suggested—to your Finance Committee, at your convenience. If we are invited, Peter Galland, the partner in charge of all hospital work in our San Francisco office for many years, will make the presentation. Morris Kent and Sam Setenta would also attend.

To prepare for such a presentation, we would like to return to the hospital to conduct a one-day, high-spot review to collect the basic information necessary to develop a specific proposal.

Again, thank you for inviting us to your hospital. We assure you that if we are selected as auditors, and to assist the hospital in improving its data processing, your work would receive our close attention. We would value highly our association with The Health-Care Hospital.

Very truly yours,

SWIFT, MARCH & COMPANY

By _____
Morris M. Kent

By _____
Samuel Setenta

SWIFT, MARCH & COMPANY Certified Public Accountants

April 20, 197A

Board of Directors
Restaurants, Inc.
108 Boulevard East
San Francisco, California 94104

Gentlemen

As you requested, we present the following information about our firm and our proposed approach to your audit requirements. You have indicated that Restaurants, Inc., and its related entities are considering retaining a national public accounting firm to examine the company's combined financial statements at December 31, 197A.

Our objective would be to examine the combined balance sheet of Restaurants, Inc., and its related entities at December 31, 197A and the related combined statements of income and retained earnings and changes in financial position for the year then ended, and to report to the Board of Directors.

Our examination would be made in accordance with generally accepted auditing standards, and accordingly would include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances to express an opinion on the financial statements.

We understand that the proposed engagement will not require us to prepare Federal and state tax returns, although we are prepared to act in a consulting capacity if the need arises.

Swift, March & Company traces its origin back to 1915 and is a national firm of accountants, auditors and consultants with seven offices. Our West Coast offices are located in Los Angeles and San Francisco.

In addition to traditional accounting and auditing functions, our broad-based and diversified practice also offers tax and management advisory services. Our personnel include experts in

many technical and business fields. We are especially proud of our capabilities in the food and hospitality fields where our publications and pronouncements are quoted by *The Wall Street Journal*, *Business Week* and *Institution* as authoritative material. As you requested, several of these publications are enclosed.

We are represented in many organizations concerned with restaurant operations. Our personnel regularly conduct classes in all aspects of restaurant activities. Many firm members are officers, directors and committeemen in local, state and national professional organizations.

We are the auditors for many publicly owned clients engaged in restaurant and food operations as well as for many in non-food businesses. A representative list of our clients is enclosed, together with a partial list of underwriters of our clients' securities. We are proud that we also are retained by many stock brokerage firms to examine and report on their own financial statements. One of our clients is a regional stock exchange.

Fees for our services are based on the time required to complete our assignment, plus out-of-pocket expenses. Every effort will be made to keep our services to the minimum consistent with the requirements of the engagement. We estimate that our fee for the initial examination for the year ended December 31, 197A will range between \$7,000 and \$9,000.

Thank you for allowing us the opportunity to submit this proposal.

Sincerely,

SWIFT, MARCH & COMPANY

Partner

**Representative Group of Publicly Held Clients in
Restaurant and Food Operations**

American Mobile Food Co (fast food)
Best Hosts, Inc. (restaurants & hotels)
Camelot Foods (restaurants)
Caesar's Bedposts, Inc (hotel)
Food Flight, Inc. (fast food)
Gold Family Restaurants, Inc. (restaurants)
Hamburger Hollow, Inc. (restaurants)
Hare Companies Incorporated (fast food)
International Hostelry (hotel operations)
Knight Inns Corporation (restaurants)
Longbow, Inc. (restaurants)
Ozzie's Famous, Inc. (fast-service restaurants)
Pan World Airways, Inc. (hotel operations)
Steak & Ale, Inc (restaurants)
Stowaway Chalet, Inc. (restaurant)

Representative Sample of Publicly Held Clients, Non-Food

American Camera, Inc.	Baton Rouge Stock Exchange
Axxel, Inc	Suave Suit Corporation
Benjamin Bruce, Inc	Universal Cabinet Corporation
Kaltel, Inc	West Coast Metals Exchange
Lucite Furniture Corporation	

**Partial List of Securities Underwriters for
Swift, March & Company Clients**

Alden & Co	Smith, Barclay & Co.
Bach & Co.	Blair Stearns
Dean Witte & Co.	Smith Brothers
Eastern Dillon	Sullivan, Hammil
Kidder, Pearson & Co., Inc.	United Securities
Frere Jacques & Co	Walton & Co., Inc.
Leeb Rhoades & Co	

SWIFT, MARCH & COMPANY Certified Public Accountants

May 1, 197A

Mr Alex Smith, Executive Vice President
ABC Federal Savings & Loan Association
Roanoke, Virginia

Dear Mr Smith

As you recently requested, we made a cursory review of the mortgage department operations to identify opportunities to improve the present systems and paper work We met with several members of management, interviewed mortgage department personnel and observed the paper-work flow and the system in operation

Findings

We noted several major weaknesses They have been grouped into major categories for this presentation

Processing of Mortgage and Construction Loan Requests

- There is no special procedure for issuing commitment letters on short notice When this occurs, it circumvents normal processing channels and eventually causes an abnormal number of problems
- Several different forms containing basically the same information are prepared for most mortgages This results in a duplication of effort
- There is no system to identify the location of specific security folders Locating is a time-consuming clerical activity A folder can be in one of several places in the mortgage department.

Settlement Operations and Disbursement of Mortgage Funds

- There is sometimes confusion at settlement concerning which forms should be prepared This causes additional follow-up work There is no checklist from which forms can be selected for the exact needs of each situation
- Procedures are not clearly defined for the receipt and recording of funds following a settlement

Servicing

- Data processing does not provide the insurance section with current lists to cross-reference name and account number. Locating mortgagor account numbers takes considerable time.
- Checks for insurance and taxes are prepared manually, and the charge is subsequently entered by data processing on the mortgagor's record. Preparing checks is a time-consuming job.

General

- Important documents that are being processed are not safeguarded when employees leave for the day or week end, or go on vacation.
- Mortgage folders are removed and sometimes stored outside the file room without telling the file clerk. Sign-out cards are provided but are frequently not used.
- The filing system is cumbersome and requires periodic consolidation of large blocks of files. This causes disruption and wasted space
- Security in the file room is poor. There are no fire detection or control devices, and access is not restricted

Scope of Engagement

Based on our review, we propose an in-depth study of mortgage department paper work and systems

We will

- Review the present systems in detail; chart the flow of paper work through the department to determine which forms should be combined, changed or eliminated; and draft suggested new forms for management's review.
- Review the methods used by mortgage department personnel to perform their duties.
- Analyze various alternatives for organizing and administering the mortgage department.
- Determine the staffing necessary to implement our recommendations.

Report on Studies

At the conclusion of our studies, our detailed report will:

- Recommend changes in the paper-work flow and systems in the mortgage department and include flowcharts to guide the Association when implementing the recommended changes.
- Recommend forms design where forms changes are proposed.
- Recommend organization structure of the mortgage department

- Recommend improvements in the filing-systems and file-locating procedures.

Estimated Fee and Timetable

Our Management Advisory Services fees are based on the time devoted to an engagement. We estimate the fee required to complete this study at \$6,500 to \$8,000, depending on the forms-design work required. To keep you better advised of the engagement fees, our policy is to render invoices every two weeks for services and costs incurred during that period. We would appreciate payment of these invoices as they are received. We will require a retainer of \$5,000, to be applied against the final billing.

Staff personnel assigned will be experienced in mortgage processing, paper-work simplification, forms design and data processing. We will supplement our MAS personnel with those partners and auditors of the firm who are familiar with ABC Federal's operations.

Our fee estimate does not include any implementation services. This would be a separate engagement that, if appropriate, we will be in a position to discuss with you after our study is completed.

We will be able to start within three weeks after you accept this proposal. We estimate that the study should take approximately eight to ten weeks.

If you would like us to proceed, please acknowledge your acceptance by signing the copy of this letter and returning it to us, together with a check for \$5,000. If you have any questions about this proposal, we will be pleased to discuss them with you.

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

February 22, 197A

Mr Gregory Allen, President
Steel Supply Company
Minneapolis, Minn 55400

Dear Mr Allen

On February 20, I spent the day at your office to make a general review of the Company's job costing and estimating procedures, purchasing and inventory control systems, production scheduling, control and follow-up activities, office and accounting systems and procedures, and management reporting systems. The objective of the visit was to permit us to identify problem areas and formulate a work program for correcting them.

In brief, we found many elements of successful estimating, cost accumulation, and control and reporting systems, but they are fragmented and do not provide the required control or information. These elements must be modified, refined and coordinated with new procedures to establish a well-defined, interrelated system to serve management.

We propose to make a detailed study of the office and accounting systems and procedures for the above problem areas, and recommend improvements. In the proposed engagement, we will work with Company personnel to

- Review in depth the present cost accumulation and accounting procedures
- Define the elements of cost and the methods of determining and measuring usage.
- Analyze the Company's costs to determine which can be assigned directly to a job and which must be considered overhead.
- Examine the nature of the costs and their relationships to other Company activities. For instance, does a particular cost vary with the level of production or sales activity, is it related to the movement of another cost, is it fixed, etc.?
- Review the estimating procedures
- Analyze the procedures for purchasing, inventory control and the release of inventory to the jobs.
- Review the procedures for production scheduling and follow-up.

- Determine the job status and financial information that management requires
- Review projections of sales and costs for the coming year
- Recommend procedures to accumulate costs and record them on job sheets or cards
Design a job-cost form and determine whether the present bookkeeping machine should be used with it
- Calculate overhead rates and determine the bases and frequency of applying them to the jobs
- Recommend procedures for estimating jobs, compatible with the cost-recording format, and design a functional estimating form
- Recommend procedures for administering the purchasing activities and for inventory control and material release
- Recommend procedures for scheduling follow-up on jobs in production
- Develop procedures to compare the estimated job costs to those actually incurred, to evaluate job status, and to report periodically to management while the jobs are in progress
- Recommend methods for reconciling information on the cost records to the Company's accounting records

We will then review the recommended procedures with management and with designated personnel and will submit a report on our findings and recommendations

We believe that the study we have described and the resulting procedures and other recommendations will provide you with the coordinated, current information you need to better control and evaluate your operation. You should be able to isolate problems on particular jobs in time to correct them. You should also be able to determine whether excessive job costs, compared to the estimates, are the fault of the operations or of the estimates. Thus, you could refine your estimating techniques.

Our Management Advisory Services fees are based on the time we devote to an engagement. We will attempt to keep our time to a minimum by working closely with Company personnel. We estimate that our fee for this study will be from \$7,500 to \$9,000, plus out-of-pocket expenses. This fee depends on the availability of your personnel to work with us and provide needed information, much of which they should accumulate before the start of the engagement. We will discuss any unforeseen problems with you as they arise. Billings will be rendered monthly. Our

Mr Gregory Allen, President / 3

invoices are payable on presentation. Our firm policy requires a retainer of \$6,000, to be applied against the final billing.

The quoted fee does not include the implementation of any recommended systems and procedures. As stated above, we will submit a report and review the procedures with your personnel. Any future work to help your personnel convert to and operate the new systems would be a separate engagement.

We should be able to start this engagement three weeks after receiving your acceptance. We anticipate completing the study within three weeks after we start.

If you would like us to proceed with this engagement, please acknowledge your acceptance by signing the copy of this letter and returning it to us, together with your check for \$6,000. If you have any questions about this proposal, we will be pleased to discuss them with you.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

April 19, 197A

Ms Deborah West, President
The ABC Realty Company
1066 Norman Road
Saxony, Pennsylvania

Dear Ms West

We have completed a preliminary survey of your office and accounting systems and procedures, primarily for the building management operation. The objective of this general survey was to permit us to formulate a work program for a detailed study of those systems and procedures.

The need for a single accounting system and the number of buildings now being managed by the Company make it appropriate that the Company's data processing requirements be evaluated at this time. We propose, therefore, a feasibility study for a more sophisticated data processing system. In this study we will.

- Examine in detail the present office and accounting systems and procedures for building management. These include the receipt of rent from the tenants, the control and follow-up of late payments and delinquencies, the cash disbursements and the statements submitted to the owners.
- Review the number of transactions for each of these procedures and their frequency.
- Determine with you, and others you designate, the frequency, timing and content of statements and other reports which the Company wishes to provide the owners.
- Meet with designated members of management to hear their views of the above reports as well as their requirements for information on the building management operations.
- In these discussions, we will also consider other information requirements, such as cash flow forecasts and project evaluation—the "what if" analyses in which different sets of variables can be applied within defined parameters.
- Develop the general data processing concept to meet the accounting and information requirements of the Company.
- Meet with representatives of specific equipment manufacturers (and of data processing systems if use of a service bureau is considered), discuss our systems concepts with them.

and provide them with specifications so that they may prepare comprehensive proposals.

- Review and evaluate the above proposals
- Provide you with a report in which we will recommend the type of system and equipment required for the Company, review the benefits of the proposed system, and specify the cost to install and operate. If your present bookkeeping machines are inadequate, we will adapt the system to them.

Our Management Advisory Services fees are based on the time we must devote to an engagement and will be calculated at an average hourly rate of \$35. We will attempt to keep our time to a minimum by working closely with Company personnel and with representatives of equipment manufacturers. We estimate that the fee for the above services will be from \$3,000 to \$3,800. Of course, if our time expended is less than our estimate, you will be billed less. This estimate does not include our participation in the installation of any equipment we recommend. That would be a separate engagement, the scope of which would depend on the type of system recommended. Billings will be rendered every two weeks; our invoices are payable upon presentation. We will require a \$2,500 retainer to be applied against the final billing.

We will be available to start this engagement within two weeks after receiving your approval. We expect the study will take from four to six weeks, depending on the delays we encounter from the equipment manufacturers.

If you wish us to proceed, please sign and return the enclosed copy of this proposal as our authorization, together with a check for \$2,500. I will be pleased to answer any questions you may have.

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

December 13, 197A

Ms Irene Wiener
204 Sawyer Avenue
Holtsville, New York 11777

Dear Ms Wiener

Thank you for your letter of December 8, inviting us to propose an economic feasibility study for a fast-food restaurant you plan to establish in downtown Holtsville

Our study would include, but not necessarily be limited to, the following procedures We would

1. Meet with you before starting field work to discuss the project in depth
2. Conduct a market study in downtown Holtsville to determine markets for a fast-food restaurant Our study would be sufficient in scope to enable us to recommend the size and type facilities that could be established and to analyze competition for such a project
3. Conduct a brief site survey in those areas of downtown Holtsville that our market study indicates offer maximum potential for development of a fast-food restaurant We would attempt to identify a number of available sites and would investigate the suitability of each in terms of public access and visibility
4. Prepare projections of operating income and expenses for various sales levels Based on these projections, we would estimate a reasonable maximum investment and the economic feasibility of the project
5. Submit a written report of our findings, conclusions and recommendations concerning the project

Our report and financial projections will be based on estimates, assumptions and other information available to us during our study, whose sources and bases will be stated in the appropriate sections of the report

Since our report and financial projections will be based on estimates, assumptions and forecasts whose reliability depends on future events, and whose validity we cannot vouch for, we will be precluded from expressing an opinion on them. Our report will be subject to revision after one

year or in the event of any material changes in the economic or market factors in the metropolitan area

Our report and financial projections will be intended solely for the information of the developers, except that a complete copy of the report may be submitted to a lending institution along with other documents to support a mortgage financing application. Otherwise, neither the report nor its contents could be referred to or quoted in any registration statement, prospectus, loan or other agreement or document without our prior written consent.

We expect the fee for these services to be \$3,500 to \$4,000 based on actual hours worked. In accordance with our firm's policy, an advance of \$2,500 is payable before we can begin our study. The balance is payable upon presentation of our report.

If our study of the first three points leads us to a negative conclusion, we would so advise you and meet with you to discuss our findings. If the decision is then made to discontinue our study, our fee would be based on actual hours worked, and would not exceed \$2,500.

Present commitments would allow us to begin the study within four weeks after receipt of your acceptance of this proposal. We anticipate that we could complete our report approximately five to six weeks thereafter.

We appreciate the opportunity to submit this proposal. Please contact us if you have any questions about our study. If this proposal is satisfactory, please sign the enclosed copy and return it to us, together with a check for \$2,500, as authorization to proceed with the engagement.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

May 3, 197A

Mr Ezra Black
2 Mason Avenue
Baltimore, Maryland

Dear Mr Black

As a result of a preliminary meeting on April 30 between you and John Stone of our Management Advisory Services staff, we are pleased to propose services to help you develop condominium apartments on your site at the corner of Pacific and Green Avenues in Baltimore. The purpose of this proposal is to acquaint you with the range of services we would provide in a two-part engagement.

Part I would be a market study for the proposed condominium apartments to enable us to recommend optimal use of the site. Our study would include but not necessarily be limited to the following procedures. We would

1. Discuss the project in depth with you before we begin field work and review plot plans and other relevant material.
2. Inspect the site and surrounding area to analyze its suitability for the intended development. We would study ease of access to the site, traffic patterns in the area, and the availability of such facilities as shopping centers, schools, hospitals, places of worship, and entertainment.
3. Conduct a detailed study of the Baltimore area to determine the markets available to a residential development at the proposed site, and analyze competition for the project in terms of prevailing rents, selling prices, size of apartments, the mix of various types of apartments, occupancy levels, types of construction, and amenities provided.
4. Investigate local zoning, land coverage and setback requirements.
5. Develop recommendations for
 - a. The total number of units that could be built at the proposed site and the general use of the site.
 - b. The size and type of basic facilities, such as the number of bedrooms per unit and type of amenities, which would best be offered in light of competition and demand for the development.

- c A range of selling prices for each type of residence.
- d A mix of ground-floor commercial facilities to fit the residents' needs
- 6 Set forth our findings, conclusions and recommendations in a written report

Part II of this engagement would not start until the completion of Part I, and would be based on the recommendations in Part I. Part II is outlined below, but mutually agreed-upon modifications to our recommendations might require a revision.

Part II would be an economic feasibility study of the proposed condominium apartment project. Our examination would include but not necessarily be limited to the following procedures

- 1 Consider prevailing construction costs and your requirements for return on investment.
- 2 Calculate a maximum permissible investment in the project, based on our recommended selling prices
- 3 Evaluate the information developed in steps one and two above to determine whether the project is economically feasible.
- 4 Investigate alternative methods of financing the project and recommend the most suitable one, based on the results of this study.
- 5 Recommend the form of organization to control and supervise the entire project from its initial phases through construction, sale of condominium units, and leasing and maintenance of public and commercial space
- 6 Review our findings and conclusions with you before submitting a final written report.

If it becomes evident to us during Part I of this study that an alternative site use would be preferable to condominiums, we would cease our field work and discuss our findings with you immediately. The second phase of this engagement would have to be modified accordingly.

Our reports and the market and economic projections they contain would be based on estimates, assumptions and forecasts available to us during the studies, the sources and bases of which would be stated in the appropriate sections of the reports. Since the reliability of many of these assumptions and forecasts depends on future events, whose validity we cannot vouch for, we would be precluded from expressing an opinion on them. Our reports would be subject to revision after one year, or in the event of any material change in local economic or market factors.

Our reports and the market and economic projections would be intended solely for the information of the developers, except that complete copies of the reports could be submitted to a

lending institution along with other documents to support an application for mortgage financing
Otherwise, neither the reports nor their contents could be referred to or quoted in any registration
statement, prospectus, loan or other agreement or document without our prior written consent

Our Management Advisory Services fees are based on actual hours worked on a project We
estimate that our fee for Part I as outlined above would range from \$3,500 to \$4,000, plus out-of-
pocket expenses not to exceed \$400 Our estimated fee for Part II as outlined above would range
from \$2,500 to \$3,000, plus out-of-pocket expenses not to exceed \$200.

Under our firm's policy, a \$2,500 retainer would be required before we could start Part I If
items one through three of Part I indicate this project is not feasible, we would render a brief
report and would not complete item four Our fee for the first three items would be \$2,500

After submitting our written report at the completion of Part I, we would require your written
authorization to proceed with Part II as outlined in this proposal

To keep you better advised of the engagement fees, our policy is to render statements every two
weeks for services and costs incurred during that period We would appreciate payment of these
invoices as they are presented

Present commitments would allow us to begin Part I of our study within two weeks of receipt of
your acceptance of this proposal We would anticipate completing our Part I report five to six
weeks thereafter

We appreciate the opportunity to submit this proposal; please contact us if you have any
questions about it If this proposal is satisfactory, please sign the enclosed copy and return
it to us, together with a \$2,500 retainer as authorization to proceed with the engagement

Sincerely,

SWIFT, MARCH & COMPANY

APPROVED

By _____

Partner

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

April 13, 197A

Mr Abner Smith, General Manager
Centaur Inn
San Jose, Nebraska

Dear Mr Smith

As you requested, we submit this proposal to act as consultants to the Centaur Inn and study certain phases of the Food and Beverage Department

We understand that you are dissatisfied with the controls over cash and supplies for food and beverages. You want to know how effective the controls are and how any weaknesses can be corrected. You also want to know the estimated costs per sales dollar by defined profit centers.

We propose a four-part study which would include but not necessarily be limited to the following items:

- 1 The control and security over food and beverage supplies in
 - a Purchasing
 - b Receiving
 - c Storing
 - d Issuing and inventory
- 2 A review of the system of internal control, including
 - a Sales accountability
 - b Reconciliation of the recorded sales with cash turned in
 - c Control of cash register readings
 - d Method of cash settlement
 - e The daily deposit
 - f The daily audit of income
 - g The adequacy and control over guest checks

- 3 Sufficient tests to form an opinion on what the beverage cost should be in the following profit centers
 - a Cocktail lounge
 - b Supper club
 - c Service bar
- 4 Sufficient tests to form an opinion on what the food cost should be in the following profit centers
 - a Main dining room
 - (1) lunch
 - (2) dinner
 - b Coffee shop
 - c Banquet rooms

We would summarize our suggestions, recommendations and conclusions in a written report. Our consultants would meet with you and your food and beverage department head to discuss our recommendations.

As a possible additional service to you, we would be available to supervise implementation of our recommendations and/or make periodic visits to appraise post-implementation operating results. Our fee for this service, if desired, would be submitted in a separate proposal.

Based on the scope of work outlined above, and our experience in similar projects, we estimate that the study could be completed and delivered at a cost of \$10,000 to \$11,000. To this we would add out-of-pocket expenses for travel and maintenance connected with the assignment. We would require a \$7,000 retainer before starting the engagement.

To keep you better advised of the engagement fee, our policy is to render invoices every two weeks for services and costs incurred during that period. These invoices are due and payable on presentation.

Present commitments would allow us to begin the study during the week of August 9. We would expect to complete our report approximately four to five weeks thereafter.

Mr Abner Smith, General Manager / 3

We appreciate the opportunity to submit this proposal, please contact us if there are any questions about our study. If this proposal is satisfactory, please sign the enclosed copy and return it to us together with your check for \$7,000 as authorization to proceed with the engagement.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

November 9, 197A

Mr Emerson A Jenkins, Executive Director
The Housing Authority of the City of Pittston
Apollo Apartments, South Main Street
Pittston, Pennsylvania 18640

Dear Mr Jenkins

We are happy to have had the opportunity to meet with you and discuss the engagement of our services as independent certified public accountants in accordance with HM 7476 1 dated July 26, 197B. As I mentioned at the time, our firm performed approximately forty percent of the audits under the HUD pilot project for audits of local housing authorities by independent public accountants. The scope of our services included audits in accordance with the HUD Audit Guide for the Low-Rent Housing Program and the Low-Rent Housing Accounting Handbook. In addition, we participated with HUD personnel in exit conferences and the review of our work. We have also developed our own manual for audits of the Low-Rent Housing Program from our participation in the pilot project.

As a result of our discussion, we are pleased to submit this outline of proposed accounting services for the Housing Authority of the City of Pittston.

We will audit your financial statements for the three calendar years ended December 31, 197C, 197B and 197A in accordance with generally accepted auditing standards and with the auditing and reporting provisions of the Low-Rent Housing Program for use by independent public accountants. Our examination will be for the purpose of expressing an opinion on your financial statements for calendar years 197C, 197B and 197A. If we ascertain that your books and records are not in a sufficiently satisfactory condition for an audit, or if in the course of our examination we discover any factors which would prevent us from issuing an unqualified opinion on your statements, we will discuss the alternatives with you and attempt to arrive at a solution acceptable to both of us. Our services will also include a review of the various HUD reports prepared by the Authority.

Mr Emerson A. Jenkins, Executive Director / 2

We do not contemplate a detailed examination of all transactions, nor would we necessarily discover fraud, should any exist. We will, however, inform you and your Board of Directors promptly of any findings that appear unusual or abnormal.

Our charges for the services and report discussed above will be a lump-sum fee of \$5,830, inclusive of all costs and expenses, based on the following:

a Partner—\$50 per hour, estimated man-days, 1 ½	\$ 525 00
b Supervisor—\$30 per hour, estimated man-days, 1 ½	315 00
c In-charge accountant—\$25 per hour; estimated man-days, 16	2,800 00
d Staff assistant—\$20 per hour, estimated man-days, 14	1,960 00
e Other, out-of-pocket expenses for travel, postage, etc	230 00
Total	<u>\$5,830 00</u>

We estimate that thirty-three man-days will be required for the audit. The fee includes the examination of both development costs and management operations, depending on the stage of completion of the projects, and will be prorated between development and management on an equitable basis. Our participation in the pilot program indicates that auditing fees are lower when all projects are exclusively in the management stage.

We appreciate your confidence in requesting us to submit this proposal, and we will be happy to meet with you or the Board of Directors to answer any additional questions. Upon your acceptance of these arrangements, we will be pleased to execute the "Model Form of Contract Between a Local Housing Authority and the Independent Public Accountant for Audit Services" for submission to the Regional Inspector General for Audit and to the Area Director for their approval.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

Accounting and Auditing Letters

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SWIFT, MARCH & COMPANY Certified Public Accountants

May 31, 197A

Dr James Johnson
711 Easy Street
Los Angeles, California 90020

Dear Dr Johnson

This letter confirms the arrangements for our accounting services.

We will supervise setting up journals and ledgers for your dental practice and real property investments, and instruct your bookkeeper how to maintain them.

We will instruct your bookkeeper how to prepare, for your own use, a simple periodic income statement for your dental practice and real estate investments. We will test check some of her entries each quarter. This review will be solely an accounting service. It should not be relied on to disclose any defalcations or irregularities that may exist.

We will prepare your individual Federal and California income tax returns and be available to consult on income tax and estate planning, and such other accounting and tax services as you request.

Fees for the services, at our standard rates, will be billed every two weeks. Our invoices are due and payable on presentation

We appreciate that you selected us as your certified public accountants, and we look forward to a long and mutually beneficial association

If this letter correctly expresses your understanding, please sign and return the enclosed copy.

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

December 15, 197B

To the Partners of
Any Investment Partnership
711 Easy Street
San Diego, California 92101

Gentlemen

We wish to confirm the following accounting services for Any Investment Partnership for calendar year 197A. We will

- 1 Write up receipts and disbursements quarterly
- 2 Post to general ledgers quarterly
- 3 Prepare payroll tax returns
- 4 Prepare unaudited balance sheets as of June 30, 197A and December 31, 197A, and the related unaudited statements of income, partners' equity and changes in financial position for the six and twelve months ended, respectively. Since this will be solely an accounting service, we will disclaim an opinion on these unaudited statements.
- 5 Prepare partnership Federal and California income tax returns
- 6 Consult with partners and employees on tax and accounting matters

These services are not designed to disclose defalcations or other irregularities, and should not be relied on to uncover them, should any exist. However, we will notify you of anything that comes to our attention which appears unusual or abnormal.

The retainer for our services will be \$3,000 per year, payable at \$250 per month starting January 1, 197A

This retainer is based on the assumption that you will continue to employ competent bookkeeping personnel. Should a change in your personnel require us to spend extra time to train your people or otherwise perform our services, we will bill you for such extra time.

To the Partners of Any Investment Partnership / 2

Should services other than those covered by this letter be required or requested, their extent and the additional fees will be discussed before we perform the work.

Please signify your approval of the above agreement by signing the copy of this letter and returning it to us.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

June 19, 197A

Tom Jones, President
Jones Freight Corporation
648 Crystal Lane
Seattle, Washington 98101

Dear Mr. Jones.

This letter is to confirm the arrangements for our services to Jones Freight Corporation.

We will prepare an unaudited balance sheet for the company as at June 30, 197A, and the related unaudited statements of income, retained earnings, shareholders' equity, and changes in financial position for the year then ended. This will be solely an accounting service; no auditing procedures will be performed. We will disclaim an opinion on these unaudited financial statements.

We will perform such bookkeeping services as may be required to prepare the unaudited statements, such as assisting in adjusting and closing the general books. These services are not designed to disclose any defalcations or other irregularities that may exist, and should not be relied on to do so. However, we will notify you of anything that comes to our attention which appears to be unusual or abnormal.

We will also prepare the Federal and State [identify states] income tax returns for Jones Freight Corporation for the fiscal year ended June 30, 197A. Your bookkeeper will provide us with a detailed trial balance and any supporting schedules we require.

Fees for these services at our standard rates, together with any out-of-pocket costs, will be billed to you every two weeks as the work progresses. Our invoices are due and payable on presentation.

If this letter correctly expresses your understanding, please sign and return the enclosed copy.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By. _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

April 12, 197A

Mr John Doe, General Partner
Doe & Deer Limited Partnership
432 First Street
New York, New York 10022

Dear Mr Doe

This is to confirm the terms of our engagement for services to Doe & Deer Limited Partnership for the fiscal year ending June 30, 197A.

We will prepare unaudited statements of assets, liabilities and partners' equity as at June 30, 197A, and the related statements of income and expense, partners' equity, and changes in assets, liabilities and partners' equity for the year then ended. This will be solely an accounting service, no auditing procedures will be performed. We will disclaim an opinion on these unaudited financial statements

The partnership maintains its accounts and files its income tax returns on the cash basis, except that the cost of capital assets and certain intangible assets have been capitalized. Accordingly, the unaudited financial statements will be prepared by that method and thus will not purport to set forth the financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles.

We will perform bookkeeping services required to prepare the unaudited financial statements, such as assisting in adjusting and closing the general books.

We will also prepare the 197A Federal and New York partnership income tax returns from the unaudited records.

You have agreed that your bookkeeper will give us a detailed trial balance and supporting schedules according to a list we will send him at a later date.

Mr. John Doe, General Partner / 2

The bookkeeping and accounting services we described are not designed to disclose defalcations or other irregularities, nor should they be relied on for this purpose. However, we will notify you of anything that comes to our attention which appears to be unusual or abnormal.

Our fees for these services will be billed at our standard rates every two weeks as the work progresses. Our invoices are payable on presentation.

Please indicate your approval of these arrangements by signing the enclosed copy of this letter and returning it to us.

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

December 15, 197A

Ms Rebecca Smith
TOR Company, Inc
1800 Keystone Avenue
New York, New York 10001

Dear Ms Smith

This letter is to confirm the arrangements for our services to TOR Company, Inc.

We will prepare an unaudited balance sheet for the Company as at December 31, 197A, and the related unaudited statements of income, retained earnings, and changes in financial position for the year then ended. You have also asked us to perform these additional accounting and bookkeeping services:

Test the account classification of purchases and disbursements during the period.

Prepare analyses of certain expense accounts

Prepare an aged trial balance of accounts receivable, noting collections from December 31 to the date the schedule is prepared.

These additional services are to test bookkeeping accuracy and to abstract information which may help you review the current year's operations or which may be required to prepare income tax returns.

Since we will perform no material auditing procedures, our limited services will not constitute an examination in accordance with generally accepted auditing standards, and we will therefore disclaim an opinion on the unaudited financial statements. Furthermore, because your bookkeeper is the wife of one of our New York office partners, we lack independence in this engagement and our disclaimer of opinion will refer to this.

We will also prepare the Federal and New York income tax returns for TOR Company, Inc., for the year ended December 31, 197A.

Ms Rebecca Smith / 2

The bookkeeping and accounting services we will render are not designed to disclose defalcations or other irregularities that may exist, and should not be relied on to do so. However, we will notify you of anything that may come to our attention which appears to be unusual or abnormal.

Our fees for these services will be computed at our standard rates and, together with any out-of-pocket costs, will be billed to you every two weeks as the work progresses. Our invoices are due and payable on presentation.

If this letter correctly expresses your understanding, please sign and return the enclosed copy to indicate your agreement.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

November 15, 197A

Mr. James Johnson, President
Bronze Works, Inc.
Memorial Highway
Atlanta, Georgia

Dear Mr Johnson

This is to confirm the arrangements for our examination of the financial statements of Bronze Works, Inc , for the year ending December 31, 197A.

At your request, we will make a limited examination of your balance sheet as at December 31, 197A, and the related statements of income, retained earnings, and changes in financial position for the year then ended. In accordance with your instructions, the scope of our examination will be restricted by omission of the generally accepted auditing procedures of confirming accounts receivable from customers and of observing the ending inventory count. This requires us to disclaim an opinion in our report on the examination of your financial statements.

Our examination, even if not restricted, is not primarily or specifically designed to disclose defalcations and other irregularities that may exist, and cannot be relied on for this purpose, although their discovery may result. The omission of generally accepted auditing procedures as referred to above, where accounts receivable and inventory are material in amount, makes the discovery of such irregularities even less likely.

The examination will be conducted throughout the year by quarterly visits. Interim reports, if requested by you, will contain the same disclaimer of opinion. Our services also include the preparation of 197A Federal and Georgia income tax returns for the Company.

Our charges for these services are at standard per diem rates, billed every two weeks as the work progresses. Our invoices are due and payable on presentation.

Mr James Johnson, President / 2

This agreement does not contemplate any other special services, such as the examination of any other company owned or controlled by you, or the subsequent services that may be required in connection with the Federal or State examination of income tax returns for the period under review or for prior years. Should you request these services at a later date, we will discuss the arrangements with you at that time.

We have agreed that for us to proceed with our work promptly, your accounting department will, as soon as practical after December 31, 197A, close the books of the Company and have available for us

- A trial balance of the general ledger
- Supporting schedules of fixed assets and prepaid insurance.
- Accounts receivable schedules containing an aging of the customers' accounts
- A schedule of bad debts charged off during the fiscal year
- Schedule of physical inventories, taken by your personnel and not observed by us, which are to be complete as to pricing, extensions, arithmetic totals, etc

Your office will furnish the necessary and customary clerical assistance to locate for us all pertinent documents such as loan agreements, leases, corporate minutes, pension plan data, deeds to properties, and vouchers required to support such tests of transactions as we may perform as a part of our limited examination.

Thank you for the opportunity to be of continuing service to you.

If this letter correctly expresses your understanding, please sign and return the enclosed copy.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By _____

Date. _____

SWIFT, MARCH & COMPANY Certified Public Accountants

April 15, 197A

Mr James First, President
Crown Products, Inc
711 Prince Street
Chicago, Illinois 60601

Dear Mr First

This letter is to confirm our engagement for services to Crown Products, Inc , for the year ended March 31, 197A, and to tell you how pleased we are to continue our association with you

We will examine your balance sheet as at March 31, 197A, and the related statements of income, retained earnings, shareholders' equity, and changes in financial position for the year then ended. Our examination will be in accordance with generally accepted auditing standards and will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances. Our examination will be for the purpose of expressing an opinion on the balance sheet as at March 31, 197A, and on the statement of income, retained earnings, and changes in financial position for the year then ended.

Since the Company is required by Small Business Administration regulations to include market values for certain assets, we will have to qualify our opinion as to the ultimate realization of those values

Our services will also include a review of Forms N5R (Securities and Exchange Commission) and 468 (Small Business Administration) which will be prepared by your personnel. We will also prepare your Federal and Illinois income tax returns for the year ended March 31, 197A.

We are not considering a detailed examination of all transactions nor do we expect that we would necessarily discover fraud, should any exist. We will, however, inform you of any findings that appear unusual or abnormal.

Whenever possible, we will utilize your personnel to reduce our own time requirements. We will give your controller a list of schedules we would like his staff to prepare for us.

Mr James First, President / 2

Our fee for these services will be computed at our standard per diem rates and, together with any out-of-pocket costs, will be billed to you every two weeks as the work progresses. Our invoices are payable on presentation.

We understand that reproduction and publication of the financial statements are intended. Our policy requires that both the first and subsequent corrected printer's proofs be submitted to us for approval. This requirement also applies to all material which accompanies the financial statements.

Please indicate your approval of these arrangements by signing the enclosed copy of this letter in the space indicated and returning it to us.

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

Sample Letter No. 8
AUDIT ENGAGEMENT LEADING TO OPINION—
TAX SERVICES—UNAUDITED INTERIM STATEMENTS—MAXIMUM FEE

SWIFT, MARCH & COMPANY Certified Public Accountants

June 1, 197A

Ms Carol Johnson, President
Tidy Box Co , Inc
4 Commerce Avenue
Kansas City, Missouri 64105

Dear Ms Johnson.

This will confirm the understanding arrived at by you, Mr. Tom Thorp, your controller, and Mr. Sigmund A. Bond, a partner in our firm, for our services to your company for the year ending November 30, 197A.

We will examine the Company's balance sheet as at November 30, 197A, and the related statements of income, retained earnings, shareholders' equity, and changes in financial position for the year then ended. Our examination will be in accordance with generally accepted auditing standards, and will include such tests of the accounting records and such other audit procedures as we consider necessary to render an opinion on the fairness of your financial statements.

We do not contemplate a detailed examination of all transactions or expect that we will necessarily discover fraud, should any exist. We will, however, inform you of any findings that appear unusual or abnormal.

We will prepare unaudited financial statements as of the end of the first three quarters of the fiscal year. This will be solely an accounting service, and we will disclaim an opinion on these unaudited statements.

We will prepare the Company's Federal and State [identify states] income tax and franchise tax returns for the year ending November 30, 197A.

Our charges for these services will be at standard rates and will be billed every four weeks as the work progresses. Our invoices are due and payable on presentation.

Ms Carol Johnson, President / 2

It is understood that our fee is not to exceed \$10,000 plus out-of-pocket expenses. If any extraordinary matters come to our attention during the engagement, and an extension of our services appears to be required, we will consult with you about extending our services and increasing our maximum fee

If these arrangements meet with your approval, please sign the enclosed copy of this letter in the space provided and return it to us.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

April 15, 197A

Mr Tom Thorp, Secretary
Melville Doll Co., Inc.
Route 32
Melville, New York 11746

Dear Mr Thorp

This will confirm our understanding of the arrangements for our examination of the financial statements of Melville Doll Co , Inc., for the year ending March 31, 197A.

We will examine the Company's balance sheet at March 31, 197A, and the related statements of income, retained earnings, and changes in financial position for the year then ended, for the purpose of expressing an opinion on them. Our examination will be in accordance with generally accepted auditing standards and will include such auditing procedures as we consider necessary to accomplish this purpose.

These procedures will include tests (by statistical sampling, if feasible) of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected customers, creditors, legal counsel, and banks.

Although defalcations and similar irregularities may occasionally be disclosed by this type of examination, it is not designed for this purpose and should not be relied on to disclose fraud, should any exist

We will, of course, report to you anything that appears to us during our examination to be unusual or abnormal.

We will review the Company's Federal and State [identify states] income tax returns for the fiscal year ended March 31, 197A. These returns, we understand, will be personally prepared by you.

Mr Tom Thorp, Secretary / 2

Further, we will be available during the year to consult with you on the tax effects of any proposed transactions or contemplated changes in business policies

Our fee for this examination will be at our regular per diem rates, plus travel and other out-of-pocket costs. Invoices will be rendered every two weeks and are payable on presentation

We are pleased to have this opportunity to serve you.

If this letter correctly expresses your understanding, please sign the enclosed copy where indicated and return it to us.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

Sample Letter No. 10
AUDIT ENGAGEMENT LEADING TO OPINION—NEW CLIENT—
SERVICES INCLUDE REVIEW OF ACCOUNTING SYSTEM AND PRIOR TAX RETURNS—
ACCEPTANCE OF ENGAGEMENT SUBJECT TO FIRM'S INVESTIGATORY AND APPROVAL PROCEDURES

SWIFT, MARCH & COMPANY Certified Public Accountants

December 10, 197A

T R Abbott, Chairman of the Board
Florida Fashions, Inc
1108 Holland Road
Miami, Florida 33131

Dear Mr Abbott

This letter is to confirm the arrangements we discussed for your retaining our firm as the independent certified public accountants for Florida Fashions, Inc. As we informed you, our acceptance of this engagement is subject to the results of our firm's investigatory and approval procedures.

We will examine the consolidated balance sheet of Florida Fashions, Inc, and subsidiaries as at December 31, 197A, and the related statements of income, retained earnings, and changes in financial position for the year then ended. Our examination will be in accordance with generally accepted auditing standards and will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances. Our examination will be for the purpose of expressing an opinion on the consolidated balance sheet as at December 31, 197A, and on the related statements of income, retained earnings, and changes in financial position for the year then ended. Since we were not the Company's auditors for the previous year, we will have to extend our procedures to satisfy ourselves as to the opening balances for the current year, and the consistency of application of accounting principles and methods in the current year with those of the preceding year.

We are not considering a detailed examination of all transactions nor do we expect that we will necessarily discover fraud, should any exist. We will, however, inform you of findings that appear to be unusual or abnormal.

Your accounting department personnel will assist us to the extent practical in completing our engagement. They will provide us with the detailed trial balances and supporting schedules we deem necessary. A list of such schedules will be furnished you shortly after we begin the engagement.

We will also be available to assist you, either in person or by telephone, with accounting, business or tax problems, and with planning. We will prepare the 197A Federal and State [identify states] income tax returns for Florida Fashions, Inc., and its subsidiaries.

Since this is our first examination of Florida Fashions, Inc., you requested that we review the Company's accounting system and procedures in detail and submit a separate report, including our evaluation, comments and recommendations. We will also review copies of the Company's income tax returns for the preceding three years and submit to you any comments we feel appropriate.

Fees for these services are at our standard rates and will be billed to you, plus out-of-pocket costs, every two weeks. These invoices are payable on presentation.

If this letter correctly expresses your understanding, please sign the enclosed copy where indicated and return it to us.

Thank you for the confidence you have placed in us by engaging us as your independent certified public accountants. We hope this proves to be the beginning of a long and mutually beneficial association.

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED:

By _____

Date _____

Note: This sample letter includes a sentence notifying the new client that acceptance of the engagement is subject to approval by the firm. Ordinarily, it would be preferable to secure the necessary approvals before the engagement letter is sent to the client. Compare this with required notification to individuals in Tax Services, Sample Letter No. 2.

SWIFT, MARCH & COMPANY Certified Public Accountants

February 12, 197A

Mr. John Black, President
Cactus Industries, Inc.
208 West Plains Avenue
Las Vegas, Nevada 89101

Dear Mr. Black.

This letter confirms the terms of our engagement for services to Cactus Industries, Inc., and related entities for the year ended December 31, 197B.

We will examine the consolidated balance sheet of Cactus Industries, Inc., and its subsidiary, Cactus Services, Inc., as at December 31, 197B, and the related consolidated statements of income, retained earnings, and changes in financial position for the year then ended. Our examination, which will cover the Dublin, Reno, Brisbane and Yucaipa locations and the home office, will be in accordance with generally accepted auditing standards and will include tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances. The purpose of our examination is to express an opinion as to the fairness of these financial statements. If during our examination we discover factors which would prevent us from expressing an unqualified opinion, we will discuss the alternatives with you to arrive at an acceptable solution.

For statement consolidation purposes, we will—under your direction—determine the entries necessary to properly reflect the value of the Dublin assets at the date of acquisition; as you know, many of these will not have the same basis for statement and tax purposes.

We do not contemplate a detailed examination of all transactions, or expect that we will necessarily discover fraud, should any exist. We will, however, inform you of any findings that appear unusual or abnormal.

We will prepare the Federal corporation income tax returns for calendar year 197B for Cactus Industries, Inc., and for Cactus Services, Inc. Since Cactus Services, Inc., was dissolved as of

Mr John Black, President / 2

December 31, 197B, we will prepare the necessary schedules, computations, and other information required by applicable sections of the Internal Revenue Code.

We will also prepare the 197B Federal and State [identify states] income tax returns for those companies in which entities related to Cactus Industries, Inc , are investors

Our fee for these services will be billed at our usual per diem rates every two weeks as the work progresses These bills are due and payable upon presentation

If you agree with our understanding of the terms of engagement, please sign the copy in the space indicated and return it to our office.

We look forward to a long and mutually beneficial association

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

January 23, 197A

Ms Sharon White, President
Department Stores, Inc
1000 West Main Street
Los Angeles, California 90010

Dear Ms White

In accordance with our understanding, we will examine the balance sheet of Department Stores, Inc, as of December 31, 197A, and the related statements of income, retained earnings, and changes in financial position for the year then ended. Our examination will be in accordance with generally accepted auditing standards and will include such tests of the accounting data and procedures we consider necessary in the circumstances

While the objective of our examination is to express an unqualified opinion on the financial statements referred to above, we may have to qualify or entirely disclaim our opinion, as the facts and circumstances dictate.

The ordinary examination leading to the expression of an opinion on financial statements is not designed to disclose defalcations and other irregularities, nor can it be relied on for this purpose. However, if such irregularities come to our attention during the examination, we will discuss them with you to determine what course of action to take.

Our engagement will also include preparation of the Company's Federal and California income tax returns for the year ended December 31, 197A.

Our fee for this engagement will be at our regular rates, and we expect the total will be approximately \$5,000 to \$6,000. It should be understood that circumstances may arise that will require our services to be extended. If it appears the estimated fee will be exceeded, we will bring this to your attention. This fee is based on our understanding that your people will prepare audit schedules and locate whatever supporting documents we require.

Ms Sharon White, President / 2

This engagement does not include any services not specifically stated in this letter. Additional services which you may request will be subject to separate arrangements

In addition to the estimated charges, our billings will include any out-of-pocket expenses incurred on your behalf. Billings are rendered monthly so that you may readily relate our charges to the work performed. Each invoice is payable on receipt.

To indicate your agreement to these arrangements, please sign and date the enclosed copy of this letter and return it to us.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

June 7, 197A

Mr. James Johnson, President
Cafeteria Services Corporation
70 Skillman Avenue
Los Angeles, California 90020

Dear Mr. Johnson.

This letter is to confirm the terms of the engagement for our services to Cafeteria Services Corporation and related corporations doing business under the "Company Restaurant" trade name.

We will examine the balance sheet of Cafeteria Services Corporation as at June 30, 197A, and the related statements of income and retained earnings, and changes in financial position for the year then ending. Our examination will be in accordance with generally accepted auditing standards and will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances for the purpose of expressing an opinion on these financial statements.

We will prepare the Federal and California corporation income tax returns for Cafeteria Services Corporation and for those related corporations doing business under the "Company Restaurant" trade name for the fiscal year ending June 30, 197A.

We do not contemplate a detailed examination of all transactions or expect that we will necessarily discover fraud, should any exist. We will, however, inform you of any findings that appear to be unusual or abnormal.

You have told us that you ultimately plan a public offering in accordance with applicable State and Federal requirements. To help you reach that goal, we will review your present accounting systems and recommend changes we feel are necessary. We will also help you develop an accounting system for newly acquired restaurants.

Our firm will participate with your counsel in tax planning before Cafeteria Services Corporation becomes a publicly held corporation.

Mr James Johnson, President / 2

Fees for these services will be based on our usual per diem rates and, together with out-of-pocket costs, if any, will be billed every two weeks as the work progresses. Invoices are due and payable on presentation.

Please sign and return to us the enclosed copy of this letter if it correctly expresses your understanding.

Thank you for engaging us. We look forward to many years of association with your companies.

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

June 27, 197A

Mr Fred Mead, President
Thor Tool Co., Inc
473 Canyon Road
Los Angeles, California 90020

Dear Mr. Mead

This letter confirms our arrangements with Thor Tool Co , Inc , for the year ended June 30, 197A.

We will examine the Corporation's balance sheet as of June 30, 197A and the related statements of income, retained earnings, and changes in financial position for the year then ending. Our examination will be in accordance with generally accepted auditing standards and will include tests of the accounting records and other auditing procedures we consider necessary to express an opinion on the financial statements.

Your accounting department personnel will prepare the necessary detailed trial balance and supporting schedules. We will assemble and examine the financial information required for Form 10-K and for the annual report to stockholders. Both must be submitted to us for approval before publication. The Form 10-K will also include the report on our examination of last year's financial statements.

We are not considering a detailed examination of all transactions nor do we expect that we will necessarily discover fraud, should any exist. We will, however, inform you of findings that appear unusual or abnormal.

Fees for these services will be at our standard per diem rates. Invoices, including out-of-pocket expenses, will be submitted every two weeks as the work progresses, and are payable on presen-

Mr Fred Mead, President / 2

tation We estimate that our fee for this engagement will be between \$10,000 and \$12,000 Should any situation arise that would materially increase this estimate, we will of course advise you

Please indicate your agreement to these arrangements by signing the attached copy of this letter and returning it to us

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

April 10, 197A

Mr James Franklin, President
Guaranteed Real Estate Investment Trust
1 Bell Boulevard
Philadelphia, Pennsylvania 19103

Dear Mr Franklin

This letter will confirm the arrangements for our examination of the financial statements of *Guaranteed Real Estate Investment Trust* for the year ended March 31, 197A.

We will examine the Trust's balance sheet as of March 31, 197A, and the related statements of income, shareholders' equity, and changes in financial position for the year then ended, to be included in the annual report to shareholders. We will also examine the financial statements and supporting schedules to be included in the Form 10-K annual report filed with the Securities and Exchange Commission. Our examination will be in accordance with generally accepted auditing standards, and will include such tests of the accounting records and such other auditing procedures as we consider necessary to express an opinion on these financial statements.

Your accounting department personnel will provide us with trial balances, supporting schedules, and documents which we request in a separate letter.

We do not contemplate a detailed examination of all transactions or expect that we will necessarily discover fraud, should any exist. We will, however, inform you of any findings that appear unusual or abnormal.

Since reproduction and publication of your financial statements are intended, it is our policy that all printer's proofs be submitted to us for approval. This requirement also applies to all material accompanying the financial statements.

Our fee for the foregoing services will be at our standard per diem rates for SEC engagements.

Mr James Franklin, President / 2

Invoices, including out-of-pocket costs, will be submitted every two weeks and are due on presentation

Please indicate your approval of the engagement as outlined above by signing the enclosed copy of this letter and returning it to us.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

March 16, 197A

Mr James Johnson, Treasurer
Birdie Country Club
64 Eagle Road
Dallas, Texas 75201

Dear Mr. Johnson

We are pleased to outline our services to Birdie Country Club for the year ending June 30, 197A.

We will examine the Club's balance sheet as of June 30, 197A, and the related statements of income and members' equity for the year then ending. Our examination will be in accordance with generally accepted auditing standards, and will include such tests of the accounting records and such other auditing procedures as we consider necessary, including observation of the physical inventory count and confirmation of accounts receivable with the members

The purpose of our examination is to express an opinion on the June 30, 197A balance sheet. Since we did not confirm accounts receivable for the preceding year, and since the scope of our engagement does not provide for applying alternative procedures, we will disclaim an opinion on the statements of income and members' equity for the year ending June 30, 197A.

Our examination is not designed to disclose defalcations or other irregularities that may exist, nor should it be relied on for this purpose. However, we will notify you of anything that comes to our attention which appears to be unusual or abnormal

Our services also include the preparation of Federal and State [identify state] income tax returns for the year ending June 30, 197A.

You have assured us that your accounting personnel will assist by preparing trial balances, schedules and analyses we request.

Based on our preliminary evaluation of the Club's internal control procedures, and the expected assistance of your accounting personnel, our fee for the June 30, 197A audit will be \$5,000. We

Mr. James Johnson, Treasurer / 2

will bill every two weeks as the work progresses and payment is due on presentation. If, during our examination, we find additional procedures are required, due either to inadequacies in internal control or to unavailability of your accounting personnel to assist us, we will notify you before proceeding.

Our fee for any special services you request will be based on the standard rates of the personnel assigned. Billing and payment are the same as described above.

Our firm publishes an annual country club report which is a valuable aid in comparing your operations with other clubs. This study is available to our clients. With your consent we will include your club's statistics in this annual study.

Please indicate your agreement to the arrangements described by signing the enclosed copy of this letter and returning it to us.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By _____

Date. _____

SWIFT, MARCH & COMPANY Certified Public Accountants

July 26, 197A

Mr. James Johnson, Treasurer
Birdie Country Club
64 Eagle Road
Dallas, Texas 75201

Dear Mr Johnson

As we agreed in our original engagement letter dated March 16, 197A, we are notifying you that our examination of your June 30, 197A financial statements requires additional procedures.

We have found that certain guest checks are held for only three months after they are paid. Thus, a substantial number of guest checks are not available for examination. Fortunately, your system of internal control allows us to use alternative procedures to satisfy ourselves on this part of the examination. However, this will require substantially more time than examining guest checks.

The fee for these additional services will be billed at our standard per diem rates and added to the \$5,000 fee quoted in our March 16 letter.

The problem has been discussed with your controller, who assured us that in the future all guest checks will be kept for two years.

Please indicate your acceptance of these added terms by signing the copy of this letter and returning it to us.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By. _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

May 5, 197A

Ms Helene Brown, President
ZYX, Inc
1234 West Street
New York, New York 10034

Dear Ms Brown

Our March 15, 197A letter described our present engagement as an examination for the purpose of expressing an opinion on the company's March 31, 197A financial statements. This letter is to inform you that because of the circumstances described below, we will be required to qualify our opinion on these statements.

As you know, the Internal Revenue Service has proposed total income tax assessments of approximately \$180,000 for the three fiscal years ended March 31, 197A. Your tax counsel has advised us that although you have a defensible position and will protest the assessments, counsel cannot offer an opinion as to your ultimate liability. No provision for this assessment or any portion of it is included in your March 31, 197A financial statements, nor do you feel any is necessary. You agreed, however, that the proposed assessment and its present status will be disclosed in the notes to the financial statements.

Because of the uncertainty as to your ultimate liability, we will be unable to express an unqualified opinion. Our report will state that our opinion is subject to the outcome of this income tax matter.

You and your tax counsel have advised that you will inform us of any new developments in the

Ms Helene Brown, President / 2

proposed assessment before our report is issued so that we may consider their effect on your financial statements and on our report.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

Note: The client is not asked to sign this letter. Its purpose is to inform him of the altered circumstances and the effect on the opinion. There is no change in the terms of the engagement. However, it might be desirable to have the client acknowledge receipt of this letter by signing a copy and returning it where—for example—it is a problem client, or when there has been a history of misunderstandings.

SWIFT, MARCH & COMPANY Certified Public Accountants

February 14, 197A

Mr. John Silver, President
Devon Company, Inc.
71 Industry Road
Los Angeles, California 90020

Dear Mr. Silver:

This letter is to confirm the terms of our engagement for your proposed acquisition of Hardy Company.

You informed us that Hardy is a maintenance-service company in Los Angeles and has been audited by the same CPA firm the last three years.

You have asked us to review (but not audit) the latest interim financial statements of Hardy Company. These statements, which cover the seven months ended January 31, 197A, were prepared by the Company's accounting department and are unaudited. The purpose of our review will be to comment on any items that appear unusual or questionable, based on the following limited procedures. We do not represent that these procedures will suffice for your purposes:

- 1 We will compare the interim financial statements with the Company's books and other records.
- 2 We will compare the interim financial statements with the Company's audited annual report for the year ended June 30, 197B.
- 3 We will compare appropriate figures with copies of income tax returns, business license applications, sales tax returns, payroll tax returns, and similar available records.
- 4 We will review transactions after January 31, 197A to determine whether they have any significant effect on the January 31, 197A interim statements.
- 5 We will inquire of management and other personnel, and review available corporate minutes, to determine whether there are any current or anticipated future conditions or proposed transactions which may significantly affect the interim financial statements.

Mr. John Silver, President / 2

As you know, these procedures will not constitute an examination in accordance with generally accepted auditing standards. We will not express an opinion on our findings. We will, however, advise you of the results of the procedures listed above, indicating items which appear unusual or questionable on the basis of the limited procedures performed by us.

Our report will be solely for your information and is not to be distributed to any other party.

Our fee for these services will be at our usual per diem rates, and, including out-of-pocket costs, will be billed every two weeks as the work progresses. Invoices are due and payable on presentation.

If the foregoing is your understanding of the terms of our engagement, please sign the second copy of this letter and return it to us.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

Sample Letter No 20
ENGAGEMENT TO AUDIT CLIENT'S PROSPECTIVE MERGEE AT CLIENT'S EXPENSE—
LETTER IS TO CONFIRM ARRANGEMENTS WITH MERGEE AND SOLICIT HIS COOPERATION

SWIFT, MARCH & COMPANY Certified Public Accountants

April 11, 197A

Mr Sam Jones, President
Jones, Inc
789 Tenth Avenue
Minneapolis, Minnesota 55402

Dear Mr Jones

This letter confirms the understanding reached with you last week for our examination of your Company's financial statements

A tentative agreement has been reached between your Company and our client, Omni Company, Inc , to merge as of May 31, 197A. In this connection, the Board of Directors of Omni Company, Inc , has requested that we examine your balance sheet as at December 31, 197B, and the related statements of income, retained earnings, and changes in financial position for the two years then ended. They have also requested that we review (but not examine) your Company's financial statements for the prior two years. With your permission, we will be pleased to undertake this engagement on behalf of our client.

It is understood that no limitations will be placed on the nature and extent of the investigations and inquiries which our personnel consider necessary, and that they will be free to discuss appropriate Company matters and operations with any of your personnel, or with those personnel that you designate before we begin this engagement. It is also understood that your auditors, Strong, Will & Co , Certified Public Accountants, will make available to us their working papers and files of previous examinations and will be available to answer our questions about those examinations and other related matters.

We are aware that the merger agreement is not yet public information, and we will instruct our personnel to keep this subject confidential.

Our examination is for the purpose of expressing an opinion on your Company's balance sheet as at December 31, 197B, and on the statements of income, retained earnings, and changes in

Mr Sam Jones, President / 2

financial position for the two years then ended. Our review of the Company's financial statements for the prior two years is for the purpose of commenting to our client on any items which appear unusual.

At the completion of our examination and review, we will submit a report to our client, Omni Company, Inc., for their sole and private use. However, we will discuss our findings with you, or anyone you designate, before completing our report. Accordingly, we will undertake this engagement, relying on our understanding that we will be responsible only to our client for the conduct of our examination and review, and for our reports, and that we will incur no responsibility to you for any subsequent developments, whether based on such reports or otherwise.

If these arrangements meet with your approval, please sign the enclosed copy of this letter in the space provided, and return it to us.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

cc Mr James Johnson, President
Omni Company, Inc.

APPROVED

By _____

Date _____

Sample Letter No. 21
REPLY TO CLIENT WHEN HE QUESTIONS CONTENTS OF ENGAGEMENT LETTER

The best response at this stage is not a letter, but a personal visit or phone call.

SEC Letters

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SWIFT, MARCH & COMPANY Certified Public Accountants

December 15, 197A

Mr John James, President
Odin Company, Inc
3 Bay Drive
San Francisco, California 94104

Dear Mr James

This letter confirms the arrangements for our services for the registration statement Odin Company will file with the Securities and Exchange Commission

We will examine the consolidated balance sheet of Odin Company, Inc , as at December 31 , 197A, and the related statements of income, retained earnings, and changes in financial position for the three years then ended, which will be included in a Form S-1 registration statement Our examination will be in accordance with generally accepted auditing standards and will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances We will assemble and examine all of the financial information necessary for the S-X schedules in the registration statement

We will perform these services as expeditiously as possible. Your accounting personnel will assist us and cooperate in the timely preparation of trial balances, schedules and account analyses, and provide clerical assistance as needed Mr Richard Rowe of the law firm of Green & Brown will be liaison with counsel

If, during our engagement, we find that we are unable to express an unqualified opinion on the financial statements or that we are otherwise unable to comply with the requirements of Form S-1 , we will notify you of the problems encountered

We will also fulfill the portion of the underwriter's agreement directed to the independent accountants, provided the requirements are within the purview of Statement on Auditing Standards No 1, section 630 (Letters for Underwriters), issued by the American Institute of Certified Public

Mr. John James, President / 2

Accountants, and the material can properly be reported on by accountants, pursuant to that Statement. In this regard, we require that a copy of the tentative underwriting contract be given us as soon as it is available. Should that portion of the underwriting contract that deals with the details of the comfort letter be available before the balance of the underwriting contract is completely drafted, you will arrange for us to receive a copy of it.

We do not contemplate a detailed examination of all transactions, and will not necessarily discover fraud, should any exist. However, we will inform you of any unusual or abnormal findings.

It is our policy that all printer's proofs of reports to be filed with the Securities and Exchange Commission be submitted to us for approval. This requirement extends to the entire registration statement and all other material which accompanies the financial statements.

Our fee for services will be computed at our standard per diem rates for SEC engagements, and will be billed to you, together with out-of-pocket costs, every two weeks. Invoices are due and payable on presentation. Before our services begin, you have agreed to pay us a \$15,000 retainer, which will be applied to the final billing for this engagement.

We appreciate your confidence in our firm by retaining us as independent certified public accountants.

If this letter correctly expresses your understanding, please sign the enclosed copy where indicated and return it to us, together with your check for \$15,000.

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

March 27, 197A

Mr Robert Black, Chairman
Audit Committee
Coral Creations, Inc
807 Pearl Street
Philadelphia, Pennsylvania 19103

Dear Mr Black

This letter is to outline our services to Coral Creations, Inc , in connection with the proposed registration statement, Form S-1, to be filed with the SEC.

We will try to complete our services, as described below, in time for you to meet your planned filing date of July 31, 197A. As you know, a significant portion of the financial information is being submitted by other accountants, and we will have to rely on these firms to furnish us with their information on time.

In each case where our opinion is expressed, we will have examined the statements in accordance with generally accepted auditing standards, including such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances. We do not contemplate a detailed examination of all transactions, and will not necessarily discover fraud, should any exist. However, we will inform you of any findings that appear unusual or abnormal.

The financial statements and schedules listed below will be included in the registration statement:

- 1 Income statements for the five years ended January 31, 197A and for the three months ended April 30, 197A and April 30, 197B. The statements for the last three years will be accompanied by our opinion, while the statements for the two years ended January 31, 197E and 197D, as well as the two three-month periods ended April 30, 197A and 197B, will be unaudited.
- 2 Statements of retained earnings and changes in financial position for the three years ended January 31, 197A, accompanied by our opinion, and similar unaudited statements for the three months ended April 30, 197A.
- 3 A balance sheet as at January 31, 197A, accompanied by our opinion, and an unaudited balance sheet as at April 30, 197A.

4 Information schedules to be included in Part II of the registration statement.

The above financial information will include Pastel Creations, Inc , and Design Services, Inc., as a pooling of interests (assuming these acquisitions are completed), based on information supplied to us by their respective accountants We will obtain the data from the other accountants and will consolidate this information as well as review their audit working papers to satisfy ourselves that we can rely on their audit reports and include them in the registration statement

We will also fulfill the portion of the underwriter's agreement directed to the independent accountants, provided the requirements are within the purview of Statement on Auditing Standards No 1, section 630 (Letters for Underwriters), issued by the American Institute of Certified Public Accountants, and the material can properly be reported on by accountants pursuant to that statement For this, we require that a copy of the tentative underwriting contract be provided us as soon as it is available Should the portion of the underwriting contract with the details of the comfort letter be available before the balance of the underwriting contract is completely drafted, you will arrange for us to receive a copy of it.

Since reproduction and publication of this report are intended, it is our policy that all printer's proofs be submitted to us for our approval. This requirement also applies to all material accompanying the financial statements

Our fee for the foregoing services will be at our standard rates for SEC engagements. Invoices, including out-of-pocket costs, will be submitted biweekly and are due and payable on presentation.

Please indicate your approval of the terms of the engagement as outlined above by signing the enclosed copy of this letter and returning it to us.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

September 9, 197A

Mr. Tom Jones, Chairman
Board of Directors
National General Company, Inc.
616 Clark Road
Los Angeles, California 90020

Dear Mr. Jones.

This letter confirms the arrangements we discussed for our audit of National General Company, Inc., and its subsidiaries for the six months ended June 30, 197A. You advised us that the Company expects to file a registration statement on Form S-1 under the 1933 Securities Act. You have also informed us that the Company will retain qualified SEC counsel in addition to corporate counsel.

We will examine the consolidated balance sheet of National General Company, Inc., and its subsidiaries as at June 30, 197A, and the consolidated statements on income, retained earnings, and changes in financial position for the six months then ended. Our examination will be in accordance with generally accepted auditing standards and will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances. Our examination is for the purpose of expressing an opinion on these financial statements. All additional financial statements required for the registration statement were previously examined by us. We will assemble or develop, as needed, all of the financial information required by the SEC and the underwriters. We will be available for required meetings with counsel and the underwriters.

We will also fulfill the portion of the underwriter's agreement directed to the independent accountants, provided the requirements are within the purview of Statement on Auditing Standards No. 1, section 630 (Letters for Underwriters), issued by the American Institute of Certified Public Accountants, and the material can properly be reported on by accountants, pursuant to that statement. For this, we require that a copy of the tentative underwriting contract be provided us as soon as it is available. Should the portion of the underwriting contract with the details of the comfort letter be available before the balance of the underwriting contract is completely drafted, you will arrange for us to receive a copy of it.

Mr Tom Jones, Chairman / 2

We do not contemplate a detailed examination of all transactions, and will not necessarily discover fraud, should any exist. We will, however, inform you of findings that appear unusual or abnormal.

It is our policy that all printer's proofs of reports to be filed with the Securities and Exchange Commission be submitted to us for approval. This requirement also applies to all material accompanying the financial statements.

Your accounting departments will assist us to the extent practicable in the completion of our engagement. They will provide us with detailed trial balances, supporting schedules, and other financial information and cooperation that we reasonably request.

Fees for these services will be based on our standard rates for SEC engagements. Invoices, including out-of-pocket costs, if any, will be submitted every two weeks and are due and payable on presentation.

If this letter correctly expresses your understanding, please sign the enclosed copy where indicated and return it to us.

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

February 18, 197A

Ms. Mary Johnson, President
Island Products, Inc.
25 Harbor Lane
Melville, New York 11746

Dear Ms. Johnson.

This letter outlines our services to Island Products, Inc., and subsidiaries. You have informed us that the Company is subject to Section 12(g) of the 1934 Securities Exchange Act, which requires it to file a registration statement on Form 10. You have also told us that the Company will retain qualified SEC counsel, in addition to corporate counsel, for this filing.

We will examine the consolidated balance sheet for Island Products, Inc., as at January 31, 197A, and the related statements of income, retained earnings, and changes in financial position for the three years then ended. Our examination will be in accordance with generally accepted auditing standards and will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances to express an opinion on these financial statements. We will also examine the related supporting schedules to be filed with Form 10.

Similar financial statements and schedules for the same period for the Company's Puerto Rican subsidiaries will be audited by other certified public accountants whose selection will be subject to our approval. It will be necessary for them to send us their reports together with their written consents as required by the SEC.

We will perform our services as expeditiously as possible. We expect that your accounting personnel will assist us and cooperate in preparing trial balances, schedules and analyses, and provide clerical assistance as needed. With your approval, we will also arrange for liaison with the firm of Tarp and Canvas, Certified Public Accountants.

Ms Mary Johnson, President / 2

If, during the course of our engagement, we find that we are unable to express an unqualified opinion on the financial statements or otherwise to comply with the SEC requirements, we will notify you

We do not contemplate that we will examine all transactions in detail or that we will necessarily discover fraud, should any exist. We will, however, inform you of any findings that appear unusual or abnormal

It is our policy that all printer's proofs of reports to be filed with the Securities and Exchange Commission be submitted for our approval. This requirement also applies to all material accompanying the financial statements.

Our fee for the above services will be billed every two weeks at our standard per diem rates for SEC work, together with out-of-pocket costs. These invoices are due and payable on presentation. As is our usual policy on this type of engagement, we require a \$10,000 retainer which will be applied against our final billing.

Please indicate your agreement to these arrangements by signing the copy of this letter and returning it to us together with a check for \$10,000.

We appreciate your having selected our firm for these services, and we hope our association will be long and mutually beneficial.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By. _____

Date. _____

SWIFT, MARCH & COMPANY Certified Public Accountants

April 24, 197A

Mr. James Lake, President
Dome Company, Inc.
11 Tyler Circle
Southfield, Michigan 48076

Dear Mr. Lake:

In connection with the proposed underwriting of Dome Company, Inc., which is now in registration, we were informed by Mr. C. Tarp that the SEC requires additional information, not contemplated in the scope of our July 1, 197B engagement letter, for the unaudited results of operations for the six-month periods ended March 31, 197B and March 31, 197A.

In accordance with Mr. Tarp's request, we will make a limited review, but not an examination in accordance with generally accepted auditing standards, of the data for the six-month periods mentioned above, including advising management of adjustments needed to present the financial statements in the form required for the registration statement. We will not express an opinion on the unaudited data for these six-month periods.

In performing these services, we expect that your accounting department will prepare all the data for us to review.

Our fees for the above services will be at our standard per diem rates for SEC work and—together with out-of-pocket expenses—will be billed every two weeks as the work progresses. Our invoices are payable on presentation. It is understood that our fees for these services will be in addition to our fees for the services otherwise stated in our engagement letter dated July 1, 197B.

Mr. James Lake, President / 2

It is also understood that all of the other provisions of that engagement letter continue to apply.

Please indicate your acceptance of these arrangements by signing and returning the enclosed copy of this letter.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

January 23, 197A

Any Member Firm
2468 Exchange Street
Los Angeles, California 90020

Dear Sirs

We enclose two copies of a letter in the form prescribed by the New York Stock Exchange, to cover our engagement as independent public accountants to examine your answers to its financial questionnaire as of a date to be selected by us during 197A. One of these is for your files; the other is for transmittal by you to the Exchange.

Our examination will be in accordance with generally accepted auditing standards and with the New York Stock Exchange audit requirements, and will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances, in relation to the assets, liabilities, and capital at the date selected. This audit requires us, as does the Securities and Exchange Commission, to review and test the accounting system, the internal accounting control, and procedures for safeguarding securities.

Our examination will be for the purpose of expressing an opinion that the answers to the questionnaire present fairly your financial position at the date selected, in conformity with generally accepted accounting principles, and to comply with the NYSE and SEC requirements. It will not include tests and other auditing procedures for cash receipts and disbursements, transactions in securities and commodities, entries in customers' accounts (including closed accounts), and income and expense accounts, for the year or other period ending on the date selected, except as considered appropriate in the review of the accounting system, the internal accounting control, and procedures for safeguarding securities, as indicated above.

Although the examination could disclose certain types of errors or other irregularities or inadequacies, it cannot be relied on to disclose any or all such situations.

Any Member Firm / 2

Fees for these services, at our standard per diem rates, plus out-of-pocket costs, will be billed every two weeks as the work progresses. Our invoices are payable upon presentation

Please indicate your acceptance of these terms by signing the original of this letter and returning it to us.

We thank you for the opportunity to serve you.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By. _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

December 23, 197A

Board of Directors
Any Dealer Stockbrokerage Co., Inc
2486 Exchange Street
San Francisco, California 94104

Gentlemen

This letter confirms our arrangements with Mr. Jeff Johnson to conduct an examination, as of a date to be selected by us, of the "Answers to Financial Questionnaire" of Any Dealer Stockbrokerage Co., Inc., on Form X-17A-5, to be filed with the Securities and Exchange Commission.

Our examination will be in accordance with generally accepted auditing standards and with the audit requirements prescribed by the Securities and Exchange Commission, and will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances in relation to the assets, liabilities, and capital at the date selected. In conformity with such audit requirements, the examination will include a review and tests of the accounting system, the internal accounting control, and procedures for safeguarding securities.

Our examination will be for the purpose of expressing an opinion that the answers to the questionnaire present fairly your financial position at the date selected, in conformity with generally accepted accounting principles, and to comply with SEC requirements. It will not include tests and other auditing procedures in relation to the cash receipts and disbursements, transactions in securities and commodities, entries in customers' accounts (including closed accounts), and income and expense accounts, for the year or other period ending on the date selected, except as considered appropriate in the review of the accounting system, the internal accounting control, and procedures for safeguarding securities, as indicated above.

As required by the Securities and Exchange Commission, we will also state in our report the extent of our review of your assessment payments to the Securities Investor Protection Corporation. [If the client requests that the CPA perform sufficient procedures to express an opinion that the assess-

ments were determined fairly in accordance with applicable instructions and forms, the engagement letter should so state.]

Although the examination could disclose certain types of errors or other irregularities or inadequacies, it cannot be relied on to disclose any or all such situations.

Our fee will be at our usual per diem rates for such services, and you will be billed every two weeks as the work progresses. Our invoices are due and payable on presentation.

If this letter properly describes the terms of our engagement, please have the Chairman of the Board sign the enclosed copy in the space indicated and return it to us.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By _____

Date _____

Note If the engagement includes examination of year-end financial statements, these additional services may be covered in this letter

SWIFT, MARCH & COMPANY Certified Public Accountants

December 27, 197A

Mr. Sam Jones
Tall Building
Seattle, Washington 98104

Dear Mr. Jones:

This letter confirms the arrangements we discussed for retaining our firm as the accountants for the Sam Jones Investment Company, a corporation to be formed.

It is our understanding that you will apply to the Securities and Exchange Commission for registration as a broker-dealer. You have indicated that you will retain qualified SEC counsel in addition to corporate counsel to assist in preparing the application.

We propose to help prepare an unaudited balance sheet, as of a date to be determined by you, to be filed with the application for registration. This will be solely an accounting service; we will not perform auditing procedures. Therefore, we will disclaim an opinion on these financial statements.

We will help develop an accounting system and assemble financial information required for registration. We will be available to counsel you and your staff as to SEC accounting and record-keeping requirements, as well as to those of other regulatory agencies. We will, of course, be available to assist you in other areas of business and tax planning.

We will also examine the balance sheet of Sam Jones Investment Company as of a date within five months of registration, and the related statements of income, retained earnings, and statement of changes in financial position for the period then ending. Our examination will be in accordance with generally accepted auditing standards and with the requirements prescribed by the Securities and Exchange Commission, and will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances.

Mr. Sam Jones / 2

In connection with the SEC requirements, our examination will include a review of the accounting system, the internal accounting control, and procedures for safeguarding securities, including appropriate tests thereof. Our examination will be for the purpose of expressing an opinion that the answers to the financial questionnaire on Form X-17A-5 to be filed with the Securities and Exchange Commission present fairly the financial position of Sam Jones Investment Company at the date selected, in conformity with generally accepted accounting principles, and to comply with the above requirements.

The accounting and auditing services we will render are not designed to disclose defalcations or other irregularities. However, we will notify you of anything that may come to our attention which appears unusual or abnormal.

Wherever possible, we will attempt to utilize your personnel, since their cooperation could reduce the time requirements for completing our engagement.

Our fees will be computed at our standard rates and, together with any out-of-pocket costs, will be billed to you every two weeks as the work progresses. Our invoices are due and payable on presentation.

If this letter correctly expresses your understanding, please sign and return the enclosed copy.

We appreciate your having selected our firm to render these services and hope that our association will be long and mutually beneficial.

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

June 26, 197A

Mr. Robert Price
Stone, Henge & Company
Certified Public Accountants
123 Fourth Avenue
Norfolk, Virginia 23510

Dear Mr. Price

This letter confirms the arrangements we discussed for our SEC consulting services to your firm. You informed us that your firm has been engaged by Lucky Incorporated as their independent certified public accountants for a Registration Statement they propose to file. We represent to you that we are independent with respect to Lucky Incorporated.

We will advise you, in general terms, of the technical requirements and the audit planning for the engagement. We will suggest how your firm should prepare to answer the underwriter's comfort requests. We will discuss with you the financial statements and schedules to be prepared and included in Form S-1.

Generally, we will help you prepare to handle this SEC filing. However, it is understood that we will not assist in carrying out the terms of your engagement with Lucky Incorporated. We will not review any of your work papers or audit files for this engagement, nor will we consult on accounting and auditing matters relating to the engagement.

We will not issue any written report to you as a result of this engagement.

You have agreed to hold us harmless from claims arising out of this engagement. You have also agreed not to give a copy of this letter to anyone else. You acknowledge that under no circumstances is any part of your report to be treated as having been given on the authority of our firm as experts in accounting and auditing. To confirm these provisions, you have agreed to execute the

Mr Robert Price / 2

"Indemnification Agreement" attached to this letter, which indemnifies our firm against any and all actions, proceedings, claims, demands and judgments that may result from this engagement as consultant to your firm in connection with the SEC filing described above. Further, you have agreed to set out in the "Indemnification Agreement" the professional liability insurance coverage applicable to this engagement and to our firm as consultants to you in the engagement.

Our fees for the foregoing services will be computed at our standard rates and, together with any out-of-pocket costs, will be billed to you every two weeks as our services are rendered. Our invoices are due and payable on presentation.

If this letter correctly expresses your understanding, please sign and return the enclosed copy.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

Note Sample form of "Indemnification Agreement" follows.

INDEMNIFICATION AGREEMENT

Stone, Henge & Company (SHC) of Norfolk, Virginia agrees that it shall indemnify Swift, March & Company (SM) and keep SM indemnified from and against any and all actions, proceedings, claims, demands and judgments that may result from this engagement as consultant to SHC, including any legal fees and attorney expense or other costs which SM may incur in defense of any actions, proceedings, claims and demands that may be brought against SM arising out of this engagement.

In this connection, SHC, as indemnitor, represents that it has professional liability coverage of \$_____ with _____ Insurance Company (and the following additional carriers _____), which insurance applies to this engagement and SM's participation in it as consultant to SHC

STONE, HENGE & COMPANY

Partner

Date _____

Witness _____

Note This Indemnification Agreement must be appended to engagement letter covering SEC consulting services to be provided to another accounting firm.

Tax Letters

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SWIFT, MARCH & COMPANY Certified Public Accountants

December 27, 197A

Mr. Harry M. Smith
500 North Locust Street
Beverly Hills, California 90210

Dear Harry

This letter confirms the arrangements for our accounting services

We will prepare your Federal and California income tax returns for 197A from information you furnish us, and will process them with an outside computer service. We will not audit or otherwise verify the data you submit, although we may ask you to clarify some of it

We will resolve questions involving application of tax rules in your favor, if there is reasonable justification for it

We will be available to answer your inquiries on specific tax matters and to consult with you on income and estate tax planning.

Fees for our services will be at our standard rates for tax work. We will bill you, after we complete the returns, for time spent, plus out-of-pocket expense. Our invoices are due and payable on presentation.

Your returns are of course subject to review by taxing authorities. Any items resolved against you by the examining agent are subject to certain rights of appeal. In the event of an examination, we will be available to represent you. Billing for such services is at our standard rates for the nature of service performed.

Mr. Harry M. Smith / 2

If the above fairly sets forth your understanding, please sign the enclosed copy of this letter and return it to us

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

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By _____

Date _____

Note The California State Board of Accountancy (and perhaps other states) requires that when a CPA uses an outside service bureau to process clients' tax returns, the clients must be told. Although notification may be by other means, the engagement letter seems the most practical

Sample Letter No. 2

TAX SERVICES: INDIVIDUAL INCOME TAXES AND TAX PLANNING--INCLUDES PARAGRAPH
REQUIRED UNDER FAIR CREDIT REPORTING ACT WHEN INVESTIGATORY PROCEDURES
ARE USED CONCERNING AN INDIVIDUAL

SWIFT, MARCH & COMPANY Certified Public Accountants

September 21, 197A

Mr. James Johnson
71 Brigg Street
Boston, Massachusetts 02108

Dear Jim.

We appreciate the opportunity to advise you about your income tax and investment planning. To minimize the possibility of misunderstanding between us, I am setting forth pertinent information about our services

We will provide you with investment analysis, tax planning, and other accounting services to help you manage your financial resources. This includes analysis of prior income tax returns and estate plans, and review of your present and proposed investments. We will also be available to answer your inquiries on specific tax and business matters.

We will prepare your Federal and _____ (state) income tax returns for 197A from information you provide. We will not audit or verify this data, although we may ask you to clarify some of it. We will furnish you with questionnaires and/or work sheets to help you gather and organize the necessary information for us; this will help keep our fee to a minimum.

We will use our judgment to resolve questions in your favor where the tax law is unclear, or where there are conflicts between the taxing authorities' interpretation of the law and other supportable positions

Our fee for these services will be based on our standard rates for time spent, and billing will include out-of-pocket expenses. Our invoices are due and payable on presentation.

Your returns are of course subject to review by the taxing authorities. Any items resolved against you by the examining agent are subject to certain rights of appeal. In the event of an examination,

Mr James Johnson / 2

we will be available to represent you and will bill you for the additional services at our standard rates for them.

It is our normal procedure to request an investigative consumer report on each new client. The report will include information as to your character, general reputation, personal characteristics, and mode of living. The nature and scope of any investigation will be furnished to you on your written request, made within a reasonable time.

If the above fairly sets forth your understanding, please sign the copy of this letter in the space indicated, and return it to our office.

Thank you for this opportunity to work with you. We trust this will be the beginning of a long, congenial association.

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

Note Investigations of new clients are subject to The Fair Credit Reporting Act of 1971. See comments under the caption "Investigatory Procedures for Individuals" on page 7 and the notice to a corporate client in Accounting and Auditing Sample Letter No. 10.

SWIFT, MARCH & COMPANY Certified Public Accountants

January 4, 197A

Ms Katherine Johnson
Multi Company, Inc
11 East Street
Washington, D C 20541

Dear Ms. Johnson

This letter confirms the arrangements we discussed with you yesterday for our income tax services. We will prepare the 197B Federal corporation income tax return for Multi Company, Inc., from information you provide. We will not audit or verify the data you submit, although we may ask you to clarify it. We will furnish you with questionnaires and/or work sheets to help you gather the necessary information. This will not only make it easier for you to organize it, but will help keep our fee to a minimum.

We will use our judgment to resolve questions in your favor where the tax law is unclear, or where there are conflicts between the taxing authorities' interpretation of the law and what seem to be other supportable positions.

We will be available to answer your inquiries on specific tax matters and to consult with you on income tax planning.

Fees for our services will be at our standard rates for the time spent. We will bill you every two weeks as the work progresses, including out-of-pocket costs, and all invoices are due and payable on presentation.

Your returns can of course be reviewed by the taxing authorities. Any items resolved against you by the examining agent are subject to certain rights of appeal. In the event of an examination, we will be available to represent you at an additional fee.

Ms. Katherine Johnson / 2

If the above fairly sets forth your understanding, please sign the enclosed copy of this letter where indicated. We are pleased to have you as a client, and look forward to a long and mutually beneficial relationship.

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By. _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

April 21, 197A

Mr. James Morgan, President
Trim, Inc.
Beverly Hills, California 90211

Dear Mr. Morgan.

This letter confirms the arrangements for our services to Trim, Inc., and its wholly owned subsidiary, One Corporation

We will review the transactions for the fiscal year ended August 31, 197B, for the sole purpose of accumulating the data required to prepare a consolidated Federal corporation income tax return and a separate California franchise tax return for each company. This review will not be an audit in accordance with generally accepted auditing standards. We will begin our review in July so that any tax planning we recommend may be implemented before your year end.

We will use our judgment to resolve questions in your favor where the tax law is unclear, or where the taxing authorities' interpretation of the law conflicts with other supportable positions.

Our limited review will not necessarily disclose fraud or any other irregularities that might exist, nor should it be relied on for this purpose. We will, however, inform you of findings that appear unusual or abnormal.

You will provide us with the detailed trial balances and supporting schedules. We will give your bookkeeper a list of the required schedules.

Our fees for the above services will be computed at our standard rates, and will be billed to you together with any out-of-pocket costs every two weeks as the work progresses. Our bills are due and payable on presentation.

Mr. James Morgan, President / 2

If this letter correctly expresses your understanding, we would appreciate your signing the enclosed copy and returning it to us

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

May 14, 197A

Miguel Ramos, M D
450 Center Plaza
Miami, Florida 33133

Dear Dr Ramos

This letter is to confirm our understanding of our services to you and your professional corporation

- 1 *System review* We will meet at your office on May 19 to review your accounting system and procedures We will be particularly concerned with internal accounting control and recording of revenues

We will determine the bookkeeping capabilities of your present staff with an eye toward recommending a part-time bookkeeper who will be charged with the responsibility of posting your general ledger and providing you with timely and current information regarding your office operations.

- 2 *Incorporation and tax planning.* We expect to work closely with your insurance advisor and your attorney to set up your corporate pension plan and redetermine the corporation's fiscal year In addition, we propose to meet at least twice each year (before the corporate fiscal year end and before December 31) to prepare projections for you and the corporation. As we indicated in our conversation, it would be our policy to prepare these tax projections far enough in advance of these dates so you have time to consider and act on them Such meetings and projections will eliminate the "surprises" you mentioned you had experienced at tax filing dates in the past
3. *Income tax returns* We will prepare Federal and state [identify states] corporate and individual income tax returns. These returns will be prepared solely from information developed in your office, without audit These services are not designed to disclose defalcations or other irregularities, should any exist, nor should they be relied on to do so. We will, however, notify you of anything that comes to our attention that appears unusual or abnormal
- 4 *Other management advisory services.* We will meet with you and your other financial advisors regularly to evaluate your financial position and to discuss both long- and short-

range planning You have already defined for us a number of your long-range goals, and we will strive constantly to help you attain them. These meetings will also include a review of various investment opportunities

Our fees for the above services will be computed at our usual per diem rates for this type of work, and will be billed to you or the corporation, as applicable, with out-of-pocket expenses, if any, every four weeks as the work is performed. Our invoices are due and payable on presentation.

If this letter correctly expresses your understanding, please sign and return the enclosed copy If there are areas you wish clarified, please contact me

We appreciate the confidence you have placed in us by selecting us as your independent certified public accountants, and hope that we have begun a long and mutually beneficial association

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

February 9, 197A

Mr James Johnson, Special Administrator
Estate of Marilyn Harlowe
711 Easy Street
Los Angeles, California 90020

Dear Mr. Johnson.

Thank you for engaging us as accountants for the Estate of Marilyn Harlowe. This letter outlines our services.

We will prepare, without audit, the decedent's final Federal and California income tax returns for 197B. The income to be included in these returns will be from January 1, 197B to the date of death. We will also review copies of the income tax returns filed by the decedent for the last several years, to determine whether any amendments are needed.

We will help you inventory the estate assets for probate purposes, and determine the decedent's liabilities for inclusion in Federal and California estate tax returns.

We will consult with you about various tax elections available, such as use of alternate valuation, determining which tax return will be the most appropriate for deducting administration expenses, etc.

We will prepare, without audit, Federal and California fiduciary income tax returns for the estate.

We will prepare, without audit, the U. S. Estate Tax Return and the California Inheritance Tax Affidavit. Our New York office will arrange with the United Trust Company to prepare the necessary New York State estate tax and fiduciary income tax returns.

In preparing the tax returns described in this letter, we will use our judgment in applying pertinent tax rules, and will resolve questions in your favor if there is reasonable justification for doing so.

Mr. James Johnson, Special Administrator / 2

We will be available to assist you in closing the records of the decedent and in the record keeping for the estate. We will also consult with you in planning the cash requirements of the estate and the timing of distributions.

Our fees will be billed at our standard per diem rates. Invoices, including out-of-pocket costs, will be submitted every two weeks as our work progresses, and will be due and payable on presentation.

We appreciate your having selected us as your independent certified public accountants.

We are enclosing two copies of this letter. Please sign one where indicated and return it to us. The additional copy is for you, should you have to secure a court order to authorize our services.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

March 30, 197A

Mr. Frank Smith
Mr. Sidney Jones
Smith-Jones Enterprises
200 South Avenue
Long Beach, New York 11561

Gentlemen

This is to confirm our understanding of our services to the proposed limited partnership, Cann Film Company.

You have said you both intend to be its general partners. Smith-Jones Enterprises, as well as the general partners, will be responsible for paying for our services.

The proposed Cann Film Company partnership will own and distribute a motion picture film. Our report is to be used for interesting a limited group of sophisticated investors in the partnership. Before we release our report, you will have your legal counsel write us that the distribution of the report and accompanying material is not subject to the control of Federal or state regulatory authorities and so need not be approved by them.

The specific services we will render are

1. Tax planning and other accounting services to help the partnership structure the proposed film purchase.
2. Our opinion as to the tax consequences of the proposed film purchase to the partnership and its partners.
3. Preparing projected statements of income and cash flow from theatrical distribution of the motion picture to be purchased by the partnership. The estimates, assumptions and forecasts used in the projections will be based on information you provide. Since the projections

SWIFT, MARCH & COMPANY Certified Public Accountants

June 15, 197A

Mr. James Wheeler, President
Die Casting, Inc
711 Easy Street
Las Vegas, Nevada 89103

Dear Mr. Wheeler

This confirms our discussion of our services to you in connection with the Internal Revenue Service audit of your 197B Federal income tax return, as well as the manner of determining our fee and the time of its payment

We will represent you before the Internal Revenue Service and exert our best efforts to obtain a satisfactory settlement of any issues that may arise in the examination. With your approval, we will also represent you (or any entities you control) for any other years that may be brought into this examination. If these other persons or entities we represent do not in good time pay our invoices under this agreement, you agree that Die Casting, Inc., will be responsible for payment.

Our minimum fee will be at our standard rates for time spent. Billing will cover out-of-pocket expenses which may include the fees of appraisers and/or other expert witnesses. If we are able to reduce deficiencies proposed by the examining agent, we will additionally bill you for one-third of the reduction exceeding 40% of the proposed deficiency. Thus, for example, if a \$100,000 deficiency were proposed, and it is ultimately settled for \$30,000 (a reduction of \$70,000), we will expect payment of an additional \$10,000 [1/3 of (\$70,000—40,000)].

You agree to pay a \$5,000 retainer within five days. It will be applied against our final billing under this engagement. Invoices to you for fees and out-of-pocket expenses will be billed every four weeks and will be due and payable on presentation. In the event you reject a settlement agreement negotiated by us with the IRS, the contingent fee described above will still be due and payable.

Mr. James Wheeler, President / 2

You agree to.

- Cooperate in furnishing and in helping us obtain information;
- Furnish us with such documents and affidavits as we may from time to time request.

If the above correctly sets forth your understanding, please sign the copy of this letter in the space provided, and return it to us in the enclosed envelope.

We appreciate your retaining us, and we assure you that our tax department will make every effort to satisfactorily resolve this tax examination.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By _____

Date _____

Note: The AICPA *Code of Professional Ethics*, Rule 302, governs contingent fee arrangements.

MAS Letters

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Note Many MAS Engagement Letters are written as proposal letters. See Preliminary and Proposal Letters section for additional sample letters.

SWIFT, MARCH & COMPANY Certified Public Accountants

April 12, 197A

Mr. Alex Smith, Executive Director
The Memorial Hospital
Youngstown, Ohio

Dear Mr. Smith

This letter confirms the services we discussed last week with you and your administrative staff, about ways our firm might help Memorial Hospital achieve and maintain one of its major goals progressive leadership in the community and the region in the delivery of quality health-care services at reasonable cost. In particular, we discussed potential operating efficiencies in systems, methods and organization.

Problem Areas

Memorial Hospital's systems operate relatively smoothly and without major disruptions, but substantial improvements can be achieved in a number of areas.

A Communications

Memorial, as most hospitals, faces a continuing problem of maintaining the flow of essential, detailed information among its many departments, shifts and specialties. Also the hospital's responsibilities to the local medical practice, the patients, and the community require an elaborate and complex information network extending far beyond the hospital.

Because of its complexity, this network frequently fails to provide essential, timely information. As a result, extra work loads tend to be created throughout the hospital.

Closing the gaps in this network will eliminate the extra work loads and unnecessary associated risks, and will result in more reliable and efficient internal operation.

B. Paper Work

Again, in common with other hospitals, Memorial faces massive paper-work requirements. From internal accounting records and insurance forms to medical records and charts, the total record keeping is a major portion of Memorial's work load, perhaps equalling direct patient care in man hours and labor costs.

A concentrated effort to streamline this paper work could save much time and money in almost every hospital function.

C. Organization, Staffing and Work Assignments

As the cost of services has increased, the traditional methods of organizing and operating a modern hospital have come under close scrutiny from administrators, insurance departments, legislators and the public.

Hospitals must re-examine their methods, and restructure their activities for higher efficiency and economy than was expected in past years.

Aside from the economics of this problem, Memorial Hospital has grown to a point where this type of re-examination is essential to maintain leadership among the area hospitals.

Operations Improvement Program

Working closely with hospital personnel, we will make a careful and comprehensive review of the full range of your activities—from Nursing Services and ancillary departments, to Administration, Maintenance and Housekeeping—to identify and evaluate

- 1 Formal and informal organization structures
- 2 Paper-work systems and procedures
- 3 Current work assignments
- 4 Staffing and staff utilization
- 5 Supervisory, managerial and administrative requirements
- 6 Communications network and information requirements, including management reports
- 7 Facilities scheduling methods

We will extensively interview administrators, department heads, supervisors and selected staff members, as well as members of key medical-staff committees. You have assured us of their full cooperation. We will also examine in detail all currently used forms and documents, and thoroughly analyze reports and records covering hospital operations. In our review, we will consider Memorial Hospital's near-term growth and expansion plans.

After we review and evaluate each area listed above, we will prepare two types of detailed recommendations for operational improvements:

- Those which can be implemented rapidly (without extensive systems design or conversion efforts)
- Those which require a system design and implementation project to install

Each recommended change will be supported by an analysis of projected benefits—increased efficiency, improved communications, and prospective cost reductions. Each change will also show a proposed implementation schedule.

We consider this integrated program the most economic and effective approach to Memorial Hospital's objectives.

Expected Benefits

A project of this type can be expected to yield the following:

A Recommendations for Rapid Improvements

1. Modify the existing communications network to materially improve communications and response. For the short term, we would expect to close major communications gaps and eliminate major redundancies.
2. Reduce paper-work volume through consolidation of forms, minor form modifications, and elimination of unnecessary paper work.
3. Improve operational efficiency through limited adjustments of work loads and work assignments.

Our experience with similar projects has shown 1% to 2% payroll reduction arising directly from these types of recommendations. From this experience and our preliminary review of your hospital operations, we estimate a potential annual cost reduction of more than \$50,000 without impairing operational efficiency.

B Implementation Projects

Until the detailed review is complete, we are not prepared to identify the prospective benefits of major recommendations, although our experience is that substantial additional improvement will result

In presenting each major recommendation, we will clearly identify the specific benefits, the expected cost to implement, and the proposed plan. Thus, Memorial Hospital will be able to judge the value and priority of each project before proceeding with it.

Project Organization

The project will be under the overall supervision of a partner from our firm's MAS Division, working closely with Mr. Schlag. The staff will consist of a supervisory consultant, a senior consultant, a team of four analysts, and one to two hospital employees assigned full time to our analyst staff.

We also ask that the hospital assign part-time liaison representatives from the nursing and medical staffs to provide technical support in those areas.

Fee Estimate and Timetable

We estimate that our fee for this project will range from \$40,000 to \$44,000. Our policy is to bill every two weeks for services and costs. Payment is due when invoices are rendered.

We will keep you informed of our progress during the engagement. If time actually spent is less than our estimate, you will be billed for the lesser amount. If we encounter extraordinary problems that could increase the quoted fee, we will inform you immediately. You have agreed to pay us a \$27,500 retainer to apply against the final billing.

Mr Alex Smith, Executive Director / 5

We are pleased to have you as a client and hope this will begin a long and pleasant association

If the above agrees with your understanding of the terms of our engagement, please sign the copy of this letter in the space indicated and return it to us, together with a check for \$27,500

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

April 23, 197A

Mr. Alex Espada, President
ABC Steel Company, Inc.
Dover, Delaware

Dear Mr. Espada:

We recently met with Mr. Baker, your controller, to identify problem areas and formulate a work program for a detailed examination of the accounting system and related office procedures.

We subsequently met with you and Mr. Baker to discuss our preliminary findings and review our work program. It was agreed that we would study the accounting and office systems and procedures of ABC Steel Company, Inc., and affiliated companies. This letter will summarize the objectives of our study and the way we intend to conduct it.

Our objectives will be to streamline the office and accounting procedures to provide prompt closings of the books and current management reports. We will attempt to facilitate sales-costing and inventory-pricing procedures. We will also attempt to improve the punctuality and accuracy of the inventory records used by the sales group and by Accounting, and we will be alert to the control features of any system we recommend. We will consider increased mechanization, as well as changes in systems and paper-work flow, to attain these objectives.

We propose to proceed in the following manner:

- Review the present procedures for purchasing, processing suppliers' invoices, accounts payable, general ledger distribution, and cash disbursements.
- Review the order processing, billing, accounts receivable, and cash receipts procedures.
- Study the inventory status, costing, and valuation procedures.
- Meet with management to discuss information needs and operating requirements.
- Evaluate the present system and set the basic design of a new or modified system, meet with representatives of equipment manufacturers to define the system requirements and advise them of the equipment and systems information we expect to find in their proposals.
- Evaluate in detail the proposals submitted by the equipment manufacturers. We will consider the capabilities of the equipment and its economic feasibility related to the needs of ABC Steel Company, Inc.

Mr Alex Espada, President / 2

- Prepare a written report outlining our findings and recommendations
- Meet with management to discuss our report

Our Management Advisory Services fees are based on the time we devote to the engagement. We will attempt to keep our time to a minimum by working closely with your accounting personnel and with representatives of equipment manufacturers. We estimate that the fee for this study, computed at per diem rates, will be from \$3,500 to \$4,200. We will render statements every two weeks for services and costs incurred during that period. We would appreciate payment of these invoices as they are received. We will require a \$2,500 retainer before we begin the engagement.

The engagement does not include installing any equipment we might recommend. However, we will be available to assist in such installation as a separate engagement, and to supervise the design of required forms and the preparation of operating manuals.

We expect to start this engagement within the next three to four weeks and will contact you to set the precise date.

If the above agrees with your understanding of the terms of our engagement, please sign the copy of this letter in the space indicated and return it to us, together with your check for \$2,500.

Thank you for having retained us. We hope this will be the beginning of a long and mutually beneficial association.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

April 5, 197A

Ms. Anne Conroy, President
ABC Furniture Mfg. Co.
Charlotte, North Carolina

Dear Ms. Conroy.

This letter is to document the results of our discussions yesterday. It was decided that we will perform a detailed examination of the office and accounting systems and procedures at ABC Furniture Mfg. Co. Our objectives will be to improve the flow of paper work within the system, eliminate duplication where possible, and either simplify the present manual system or recommend suitable office equipment.

We will concentrate our efforts in the order processing—invoicing—accounts receivable—cash receipts procedures, because these are the major office activities of ABC Furniture Mfg. Co. We will also review the accounts payable, cash disbursements and general ledger procedures. If we consider office mechanization feasible, we will meet with accounting machine equipment manufacturers, explain the system requirements to them, evaluate equipment proposals that they submit, and recommend the equipment we consider best for your company.

Our Management Advisory Services fees are based on the time we devote to an engagement. We will attempt to keep our time to a minimum by working closely with all persons related to the procedures under review. We estimate that the fee for this study, computed at per diem rates, will be from \$1,200 to \$1,600. This does not include the installation of any equipment that we might recommend. We render statements every two weeks for services and costs during that period. We would appreciate payment of these invoices as they are received.

Ms Anne Conroy, President / 2

If this letter correctly expresses your understanding, we would appreciate your signing the enclosed copy where indicated and returning it to us.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

March 2, 197A

Mr. Robert Jones, President
ABC Company
1046 Seventh Avenue
New York, New York 10022

Dear Mr. Jones.

This letter confirms the terms of our engagement to prepare and review projected financial statements for the proposed real estate venture in Grand City, Pennsylvania.

We will prepare projected statements of income and cash flow for the first three years of proposed operations, and a related projected statement of income and losses reportable for tax purposes. The estimates, assumptions and forecasts will be based on information that you provide. Our work will be limited to testing computations, investigating forecasting methods, discussions with company officials, and such other procedures as we consider necessary.

Since the projected statements will be based on estimates, assumptions and forecasts, whose reliability depends on future events and transactions that we cannot vouch for, we will not express an opinion on them.

The report and the financial projections are intended solely for the information of the officers, directors and management of ABC Company. The report, the projections, or their contents may not be referred to or quoted in any registration statement, prospectus, or loan or other agreement or document.

Our fee for these services will be at our standard rates and will be billed to you, plus out-of-pocket costs, every four weeks. These invoices will be due and payable on presentation.

Mr Robert Jones, President / 2

If this letter correctly expresses your understanding, please indicate your agreement by signing and returning the enclosed copy.

Sincerely,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

April 12, 197A

Property Corporation
910 Spring Street
San Diego, California 92101

Gentlemen

This letter confirms the terms of our engagement for your proposed limited partnership, Valley Center.

We will compile a projected statement of source and application of initial capital and financing, and a projected statement of cash flow from operations, for the years ending December 31, 197A through December 31, 197D. Since these projections will be based on your estimates, assumptions and forecasts, whose reliability depends on future events and transactions, and whose validity we cannot vouch for, we will not express an opinion on them.

We understand that you propose to distribute these projected statements to a limited group of sophisticated potential investors, and that you will explain to all of them the limitations on the scope of our engagement and the reason for our disclaimer of opinion as described above. You have agreed that before we release our report your legal counsel will inform us by letter that such distribution is not subject to control by Federal or State regulatory agencies and thus need not have their approval.

As we explained, if these projected statements are to appear in a brochure or similar document, we require that printer's proofs of the entire brochure or document be submitted to us for our approval before final printing.

Our fee for these services will be at our normal per diem rates for this type of engagement, and will be billed to you every four weeks as work progresses. Our invoices are due and payable on presentation

If this letter correctly expresses your understanding of our engagement, please sign and return the enclosed copy

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

January 4, 197A

Mr. Clay Gilbert
18 Pine Drive
Billings, Montana

Dear Mr. Gilbert

This is to confirm our engagement to conduct an economic feasibility study for a medium-rise office building, to be known as the Alpha Building, proposed for a site on King's Row in Portland, Oregon.

Our study will include but will not necessarily be limited to the following procedures. We will:

1. Meet with you before we begin field work to discuss the project in depth and to review plot plans, architectural sketches, and other relevant material.
2. Inspect the site and surrounding area to analyze its suitability for the intended development. We will study ease of access to the site, traffic patterns in the area, and visibility of the site from adjacent main traffic arteries.
3. Conduct a detailed market study of the Portland area to estimate potential demand for the proposed facilities, and to analyze competition for the project in terms of existing lease rates, occupancy levels, types of construction, and amenities provided.
4. Prepare projections of operating income and expenses for five, fifteen, and twenty-five percent vacancy, and, based on these projections, estimate a reasonable maximum investment and the economic feasibility of the project.
5. Render a written report of our findings, conclusions and recommendations.

Our report and financial projections will be based on estimates, assumptions and other information available to us during the conduct of our study, whose sources and bases will be stated in the appropriate sections of the report.

Since the reliability of these estimates, assumptions and forecasts will depend on future events we cannot vouch for, we will not express an opinion on the report and financial projections.

Mr Clay Gilbert / 2

Our report and financial projections will be intended solely for the information of the developers, except that a complete copy of the report may be submitted to ABC Commercial Bank, along with other documents, to support a mortgage-financing application. Otherwise, neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, or loan or other agreement or document without our prior written consent [See note below.]

We estimate the fee for these services will not exceed \$4,000, based on actual hours worked, plus out-of-pocket expenses not to exceed \$500. Our firm's policy requires a \$3,500 retainer before we begin work. The balance is payable when our report is delivered

If our study of the first three points leads us to a negative conclusion, we will so advise you and meet with you to discuss our findings. If you then decide to discontinue the study, the fee based on actual man hours worked would not exceed \$2,500, plus out-of-pocket expenses as above.

Present commitments would allow us to begin within one to two weeks after you accept this proposal. We anticipate completing our report approximately five to seven weeks later.

We appreciate the opportunity to serve you; please contact us if you have any questions. If the terms of this letter are satisfactory, please sign the enclosed copy and return it to us, together with a \$3,500 retainer as authorization to proceed.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By. _____

Date. _____

Note: The first paragraph on page 2 of this letter permits submission of the report to a designated bank. If the client intends to submit the report to a bank or other lending institution, not specified when the engagement letter is signed, the following paragraph may be substituted:

"Our report and financial projections will be intended for the information of the developers, and neither the report nor its contents are to be referred to or quoted in any registration statement, prospectus, or loan or other agreement or document without our prior written authorization. This report may be submitted to a bank or an insurance company to secure financing. If you desire, we will, on request, furnish you with such authorization to review this report with mortgage bankers or commercial lending institutions. If there is reason to believe that the designated party or parties are not sufficiently sophisticated to understand the limitations on the scope of our engagement and the reason for our disclaimer of opinion, you will inform us and we will explain this to them."

Sample Letter No. 7

MAS ENGAGEMENT: PROJECTED FINANCIAL STATEMENTS FOR PROPOSED VENTURE—
PERMITS INCLUSION OF OUR REPORT IN OFFERING CIRCULAR OR
OTHER SELLING DOCUMENT FOR GENERAL DISTRIBUTION

SWIFT, MARCH & COMPANY Certified Public Accountants

March 2, 197A

Mr Bruce Quill, President
XYZ Company
2711 Sixth Avenue
New York, New York 10022

Dear Mr. Quill

This confirms the terms of our engagement to prepare and review projected financial statements for the proposed real estate venture in Glade City, Florida.

We will prepare projected statements of income and cash flow for the first three years of proposed operations, and a related projected statement of income and losses reportable for tax purposes. The estimates, assumptions and forecasts will be based on information you provide. Our work will be limited to tests of computations, investigation of forecasting methods, discussions with company officials, and such other procedures as we consider necessary.

Since the projections will be based on estimates, assumptions and forecasts whose reliability depends on future events and transactions, and whose validity we cannot vouch for, we will not express an opinion on them.

You have informed us that you intend to include our report in an offering to be circulated within New York State to solicit investments in your project. You have further informed us that you will retain legal counsel experienced in such offerings. All proofs of offering material must be submitted to us for approval before reproduction or publication.

Our fee for these services will be at our standard rates and will be billed to you, plus out-of-pocket costs, every four weeks. These invoices will be due and payable on presentation.

Mr Bruce Quill, President / 2

If this letter correctly expresses your understanding, please indicate your agreement by signing and returning the enclosed copy.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By. _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

April 2, 197A

Board of Governors
Valley Country Club
Topeka, Kansas 66177

Gentlemen

As requested by Mr Harry Smith, President, we submit this engagement letter for the review and revision of the existing accounting system and a survey of the food and beverage operations at Valley Country Club.

During a recent visit to the Club, our representatives noted that the accounting system has several basic inefficiencies and is not capable of generating accurate information for management. We noted also that the food and beverage department loss increased substantially in 197B despite increased sales over the previous year.

In answer to your request, we will perform a comprehensive two-part study of

- The existing accounting system and related methods of processing accounting data
- The food and beverage operations—their organization, revenue and cost structure and basic control procedures

The engagement will include but not necessarily be limited to the following basic procedures

Review of the Accounting System

- We will interview office personnel, observe them at their accounting duties, and examine the records and paper work that they produce.
- We will evaluate the financial statements for content and accuracy. The chart of accounts will then be reviewed to determine necessary additions or changes to provide more meaningful financial statements.
- We will review the books of original entry for format, content, and their potential for simplification and/or consolidation.

- We will review the present use of the bookkeeping machine, and consider the manual accounting functions that should be mechanized using either this machine or a computer service bureau.
- In evaluating potential changes and mechanization of accounting functions, we will weigh the cost against the potential benefits.
- Our recommendations for changes in the accounting system will be presented in a written report and discussed with you before the implementation engagement.

Survey of Food and Beverage Operations

- We will conduct interviews to determine the organization of food and beverage personnel and the division of responsibility and authority over operations.
- We will evaluate the menu planning and pricing procedures.
- For a representative sample period, we will perform a comprehensive analysis of food and beverage sales.
 - To determine and evaluate the relative popularity of menu items.
 - To provide the basis for development of cost of sales for both food and beverages
- We will analyze the existing control and security over food and beverages for.
 - Purchasing
 - Receiving
 - Storage
 - Issuing and inventory procedures
- We will review present staffing methods and the related payroll costs.
- We will review established club policies and procedures directly affecting the financial performance of the food and beverage department.
- Our conclusions and recommendations will be summarized and presented in a written report. Our representatives will meet with you to discuss them.

Management advisory services fees are based on the time devoted to an engagement. We estimate that for the work outlined under *Review of the Accounting System* the fee will be from \$1,500 to \$1,800. For the work outlined under *Survey of Food and Beverage Operations*, the fee will be from \$3,800 to \$4,500.

Our policy is to render invoices every two weeks for services and costs incurred during that period. These invoices are payable on presentation.

Once the review of the accounting system is completed, we are ready to help you implement the recommendations. We cannot estimate a fee now, but, if you wish our assistance, we will quote a fee after the review of the accounting system.

Please indicate approval of these arrangements by signing the enclosed copy of this letter. When we receive it, we will begin our studies.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By _____

Date. _____

Special Services Letters

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SWIFT, MARCH & COMPANY Certified Public Accountants

March 15, 197A

James Johnson, Esq
Tarp & Canvas
Attorneys at Law
711 Pace Avenue
Chicago, Illinois 60604

Dear Mr. Johnson.

I am pleased to confirm the results of my meeting with Sidney A. Canvas, Esq., on March 8. One of our partners, who is experienced in residential hotel consultation, will appear as an expert witness in the arbitration proceedings in connection with Two Quinella Place, Inc. We will also perform these services.

1. We will study the Management Agreement and the relevant portion of the Stockholders Agreement, and state our opinion as to whether the terms and rates are equitable to the parties. To support our opinion, we will obtain data on management agreements for other residential hotels in Chicago.

If we consider the terms and rates of the Management Agreement inequitable, we will suggest more equitable ones, in writing.

2. We will help you and your legal counsel prepare data and other material for use in the arbitration proceedings

Our fee for the foregoing services will be one hundred dollars per hour for partners and fifty dollars per hour for staff. Invoices will be rendered, and payment due, every two weeks as the engagement proceeds. We estimate that our total fee will not exceed \$2,500. If extended services that will materially increase this estimate should be required, we will advise you.

Please indicate your approval of these terms by signing this letter in the space provided and returning it as our authority to begin our services. A copy is enclosed for your files

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By: _____

Date. _____

SWIFT, MARCH & COMPANY Certified Public Accountants

January 28, 197A

Mr Samuel Cotton, President
Iron Company, Inc
22 Prairie Street
Los Angeles, California 90020

Re The First Local Bank of Los Angeles

Dear Mr. Cotton

At your request, I met with you, Tom Thorp, Leonard Emke, and Sam Odessa last week. Since I am more involved in tax work than in auditing, I reviewed our completed preliminary bank survey questionnaire with our firm's bank auditing experts who would supervise your engagement should your bank retain us

You request that we participate in the Director's Examination rather than perform an audit with a view to expressing an opinion on the bank's financial statements. Also, you want us to issue a separate management report on the bank's existing internal control and internal audit procedures

We are prepared to complete these services before April 30, 197A.

- 1 We will review internal control and internal audit procedures at a time convenient to bank personnel
- 2 After we complete this review and develop an appropriate program, we will participate in the surprise Director's Examination. Following are some of the procedures for cash that we will apply on a test basis for the main bank and branches
 - a. Count currency and coins
 - b. List cash items and collections and account for their subsequent disposition
 - c. Confirm local clearings.
 - d. Reconcile the amounts due from the Federal Reserve Bank and other correspondent banks

Mr Samuel Cotton, President / 2

We feel that we can best service your bank only through a continuing relationship that will permit us to stress certain audit areas over a period of time. Therefore, while our fees will be billed at our standard per diem rates, plus out-of-pocket costs, we will place a \$2,750 ceiling for the first year. We will bill you every two weeks as services are rendered, and our invoices will be payable on presentation

If the foregoing meets with your approval, please have a responsible bank officer or director sign the enclosed copy of this letter in the space provided, and return it to us so that we may schedule the time and personnel to perform the engagement.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

April 5, 197A

Fargo & Austin
Attorneys at Law
1 Hill Street
San Diego, California 92101

Gentlemen

We appreciate the opportunity to work with you in the matter of *Innocenti v. Innocenti*. To minimize possible misunderstanding between us, we are setting forth the pertinent information for our accounting services to you.

We will assist you in your representation of Mrs. Innocenti to determine her property rights. We will also be available to answer your inquiries on the tax implications of a property settlement and an alimony agreement.

The services will be performed by our staff under the supervision of Mr. Allen Rutabaga, CPA, Manager in our Los Angeles office. Mr. Rutabaga will be available to appear at deposition takings and to testify in Court as you require.

Our fee for these services will be at our standard billing rates, plus out-of-pocket expenses. We will bill you biweekly, and all invoices are due and payable on presentation. You inform us that the Court has authorized a trust fund account of \$3,000 from which you may disburse sums for accounting and certain other expenses.

We will consult with you regularly as to our recommendations for services to be performed and our estimates of the time and costs for performing them. If the Court-authorized fund proves to be inadequate, we would require additional Court authorization or other provision for payment before continuing.

If the foregoing fairly sets forth your understanding, please sign the copy of this letter in the space indicated and return it to our office

We thank you for this opportunity to work with you, and trust that this will be the beginning of a long and congenial association

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

March 6, 197A

Mr James Sawyer, President
Sawyer Company, Inc.
300 Cherokee Avenue
Kansas City, Missouri 64105

Dear Mr Sawyer

In accordance with our firm's usual practice we are confirming the terms of our engagement as discussed in your February 24 letter and in the subsequent meeting between you, Mr Dover, Mr Tarp and me

The purpose of this engagement is to examine all records of the City of Teheran as they pertain to Iran Park, to the extent that such records are made available to us. We will review the City's system of internal control with specific emphasis on disbursements for improvements to the Park.

We will attempt to determine if the various contracts were let by competitive bids, if the contractors' invoices were properly supported and if they were approved by City engineers before payment, if the contracts were approved by City Council, and if the invoices make specific references to Iran Park or the Assessment District created to cover the improvements

We will also review payments by the City, other than on specific contracts charged to this Assessment District. Payments in this context would include those for pre-improvement engineering, payroll and administrative charges, etc We will review the bond indenture and, if possible, the Enabling Act We will also review the transcript of the condemnation proceedings referred to by Mr Tarp, and/or copies of Mr. Canvas' testimony about those proceedings We assume, of course, that all of the above will be open to our inspection

We will review other records made available to us by the counsel's office and by Mr Tarp.

Mr James Sawyer, President / 2

Our examination will be as detailed as seems necessary in the circumstances. We will inform you as quickly as possible should any unforeseen conditions arise that would prevent us from making the detailed examination we agreed is necessary. The results of our examination will be presented to you in a letter report

Our fee for the services will be at our standard per diem rates, and will be billed to you, together with out-of-pocket costs, every four weeks. Our invoices will be due and payable on presentation, and will not be contingent on the results of any present or future court or other proceedings against the City.

We appreciate the confidence you have placed in us by retaining us as independent accountants in this matter.

Please sign the enclosed copy of this letter where indicated and return it to us.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED.

By. _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

April 11, 197A

Mr Paul Farmer, Administrator
The People's Fund
123 Fourth Avenue
Miami, Florida 33131

Dear Mr Farmer

This is to confirm the arrangements for our services to The People's Fund

We understand that you have applied for a \$10,000,000 grant from the Give Away Agency in Washington, D.C. to be used in your 197B Opportunity Program. We will study your internal accounting control and administrative control procedures that we consider relevant to the Give Away Agency criteria set forth in Section V of its 1971 audit guide. Since our study will relate to procedures you propose to follow if the grant is awarded, we will be unable to test compliance. Our study will not constitute an audit of any of your financial statements. It is to determine whether your procedures will be adequate for the Give Away Agency's purposes, assuming satisfactory compliance.

We will issue our reports to Give Away Agency in which we will state we understand that procedures in conformity with the criteria referred to above are considered by Give Away Agency to be adequate for its purposes in accordance with the Give Away Act and related regulations, and that nonconforming procedures will indicate some inadequacy for such purposes. We will further state that based on the above understanding and on our study (assuming its results permit us to arrive at this conclusion), we believe your procedures would be adequate for the Agency's purposes, assuming satisfactory compliance. If our study discloses conditions we believe are material weaknesses, or not in conformity with the criteria referred to above, we will describe them in our report.

Our report is intended for use only in connection with the Agency grant and not for any other purposes.

Mr Paul Farmer, Administrator / 2

This engagement is not designed to disclose defalcations or other irregularities, should any exist, and should not be relied on to do so. However, any matters that appear unusual or abnormal, which come to our attention during our study, will be reported to you.

Fees for our services will be at our standard rates and will be billed to you, plus out-of-pocket costs, every two weeks. These invoices are payable upon presentation.

If this letter correctly expresses your understanding, please sign the copy and return it to us

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED

By _____

Date _____

SWIFT, MARCH & COMPANY Certified Public Accountants

November 8, 197A

North-South Company
1000 West Street
Boston, Massachusetts 02108

Gentlemen

This confirms our engagement to examine the statement of construction cost of North-South Company in conjunction with the FHA cost certification of Peachy Gardens from inception through June 30, 197A.

We will examine FHA Form No. 2330 and supplementary information relating to the certification of construction cost of North-South Company through June 30, 197A. Our examination will be in accordance with generally accepted auditing standards, and will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances for rendering an opinion on the construction cost financial data included in such FHA Form and supplementary information. We are aware that such costs must be presented in conformity with generally accepted accounting principles, giving effect to the instructions issued by the Federal Housing Commission for their recognition.

Our report will also state that we have no financial interest in the mortgagor.

We will perform these services as expeditiously as possible. Your personnel will assist us and cooperate in the preparation and submission of supporting documents.

We do not contemplate a detailed examination of all transactions or expect that we shall necessarily discover fraud, should any exist. We will, however, inform you promptly of findings that appear unusual or abnormal.

Our fees for the above services will be computed at our standard rates and will be billed

to you, plus out-of-pocket costs, every four weeks, as the work progresses. These invoices will be payable on presentation.

Every effort will be made to keep our time to the minimum, consistent with the requirements of the engagement. If, during the engagement, any extraordinary matters come to our attention or special additional services are required, we will of course consult with you before extending the scope of our services.

If this letter correctly expresses your understanding, we would appreciate your signing the enclosed copy where indicated and returning it to us.

Very truly yours,

SWIFT, MARCH & COMPANY

Partner

APPROVED:

By: _____

Date: _____