



kopsa otte™

Certified Public Accountants & Advisors

FREQUENTLY ASKED QUESTIONS ABOUT FIXED FEE ARRANGEMENT

Why are you proposing a fixed fee arrangement?

We try to set our charges based on value. We always have costs involved in our project but value is what we look for. We have found that clients use us more if they know they are not going to get charged for every phone call, question, or service that we are providing. By doing this, we are better able to serve you and help you become profitable.

There is quite a distance between you and us. How can an accounting firm service us from such a distance?

This is very easy. We are only as far away as the telephone. I like to ask people when was the last time they actually visited their accountant's office. With the use of computers, faxes, Internet, and telephone, it is very easy for us to communicate closely with you. As a matter of fact, we probably spend more time with our distance clients than we do with local clients.

We are using software called Go To Meeting. If you call and you are at a computer, you simply go to gotomeeting.com and in one minute you can see what is on my screen. This really helps in the communication process, in that, not only can we discuss matters, I can actually show you what I am talking about. This is great software, in that, it even goes further than that. I can turn the cursor over to you or I can turn the presentation over to you and you can show me things on your computer. This software is Citrix software and we have studied it prior to using and are very comfortable with the security. In addition to this, we can use this software in talking to more than one location so that if you have a banker or insurance agent, or you have a business partner in a different location, all three of us can be on at the same time.

What types of questions are covered under “unlimited access?”

All questions and work we do are covered under “unlimited access.” I am always up front that if you do get into something that is not covered by our agreement or is going to take a considerable amount of time, we will issue a Change Order. An example of development of a new compensation package, etc. We are always up front with fees so you will never have any surprises.

You mean I can call you and ask you anything and there will be no extra charges?

That is correct. We feel that we should be there to answer your questions. As your advisors and as your accountant, it is our responsibility to be there for you. By having access to us, you can become more profitable.

What if I am not satisfied with your services?

Our work is guaranteed. If you are not satisfied with our services, we will be glad to negotiate with you as to what value you feel we provided for you or completely refund all payments that have been made. We never want a problem with fees.

Could you explain the pre-tax planning?

Not only are we accountants that analyze financial information and consult you, we also are very good in the area of income taxes. When we look at taxes, we look at two types of services, tax preparation and tax planning. I can guarantee you that we are tax planners. With our service, on a quarterly basis, we estimate what your taxes will be for the year based on several assumptions. We then communicate that to you so you know whether or not you need to put money back because you are more profitable and are going to owe more on April 15th, or if we can cut back in estimates because the amount that is being paid in is higher than needed. This is done after we run the March, June, and September accounting. Finally, in November or December, we actually set up a separate meeting with you over the computer to discuss your tax situation and do detailed planning and analysis.

I have always wanted a budget. How do you do this?

We have systems set up to build your budget based on your last few years history. We put a draft of the budget together using some of our assumptions and then meet with you to walk through the budget line by line. By walking through it with you line by line, it becomes your budget and you have an actual feel for what you are budgeting. Without a budget, you are basically flying blind. With a budget, you should have a feel for what your profit will be for the year. In addition to this, on a monthly or quarterly basis, depending on your level of service, we compare your actual results to the budgeted results. By doing this, you can see if you are on the right track and make the necessary adjustments to become more profitable.

What are personal financial statements?

With this service, we prepare an annual financial statement for you based on the fair market value of your business and other factors that you provide to us. By preparing a personal financial statement on an annual basis, we can determine what is happening with your wealth to see if you personally are headed in the right direction. This is also useful if you are doing financial planning, applying for loans, etc.

Under unlimited access, let me ask you the additional fees we would have for the following items:

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| • <i>Purchase or lease a vehicle</i> | <i>No charge</i> |
| • <i>Consultation on what to do on a walkout</i> | <i>No charge</i> |
| • <i>Questions about the deductibility of certain income tax items</i> | <i>No charge</i> |
| • <i>Assistance in determining whether or not we should expand our operation into a space that became available next door</i> | <i>Fee to be determined</i> |
| • <i>Analysis of why an item is not hitting budget</i> | <i>No charge</i> |
| • <i>Determining break-even point</i> | <i>No charge</i> |
| • <i>Start-up of a second location</i> | <i>Fee to be determined</i> |
| • <i>Addition of a new partner</i> | <i>Fee to be determined</i> |

If you have other questions regarding our fixed fee arrangement, please feel free to contact me directly.

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