Date

NAME

ADDRESS

ADDRESS

ADDRESS

***RE: Valuation Services***

Dear \_\_\_\_\_:

Thank you for retaining [CPA Firm], (“CPA”) to assist you in this matter. This agreement for valuation services between you and [CPA] outlines our understanding of the terms and objectives of the valuation engagement and the nature and limitations of the services we will provide.

This engagement will be conducted in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Valuation Services (SSVS) No. 1 for a valuation engagement. The estimate of value that results from a valuation engagement is expressed as a conclusion of value.

**Nature, Purpose, and Objective**

This letter agreement confirms that you have retained [CPA] to provide an independent estimate of value of a [*interest description*] in [*target company or intangible asset*] (the “Company”) as of [*valuation date*] on a controlling / non-controlling, non-marketing basis (the “Subject Interest”)

.

We understand that our services are being performed for use in [*valuation purpose*] and that the intended users of this valuation are [*intended users*]. Accordingly, the resulting estimate of value should not be used for any other purpose or by any other party for any purpose. An engagement for a different purpose or under a different standard of value or for a different valuation date could result in a materially different estimate of value.

The resulting estimate of value should not be considered a guarantee as to the actual amount that would be received (paid) upon sale (purchase) nor the amount that may be accepted or found by a court or other fact finder.

**Standard of Value**

*If the valuation engagement will use fair market value as the standard of value, the following paragraphs should be added (use this in almost all cases):*

This engagement will use “fair market value” as the standard of value. Fair market value is defined in the *International Glossary of Business Valuation Terms* issued by the AICPA, the American Society of Appraisers, the Canadian Institute of Chartered Business Valuators, the National Association of Certified Valuation Analysts, and the Institute of Business Appraisers as follows:

*“The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm’s length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.”*

*If the valuation engagement will be performed for estate tax purposes, the following paragraph should be added (also include this if needed):*

The engagement will use “fair market value” as the standard of value. Fair market value is defined in Section 20.2031-1(b) of the U.S. Treasury regulations as

*“The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.”*

*If the valuation engagement will be performed for gift tax purposes, the following paragraph should be added (also include this if needed):*

The engagement will use “fair market value” as the standard of value. Fair market value is defined in Section 25.2512-1 of the U.S. Treasury regulations as

*“The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.”*

**Premise of Value**

Our analysis will be based on the premise that the Company will continue to operate as an ongoing enterprise.

**Type of Report to Be Issued**

Our estimate of value of the Subject Interest will be expressed in a written detailed report and will meet the reporting requirements of SSVS No.1 for a detailed report. A detailed report is structured to provide sufficient information to permit the intended user to understand the data, reasoning, and analyses underlying our conclusion of value. As required by SSVS No.1, our report will include a Statement of Assumptions and Limiting Conditions. In addition, SSVS No.1 requires us to disclose in the report any other relevant restrictions or limitations in the scope of our analysis or the data available for analysis that may arise during the engagement. It is our understanding that no scope limitations will be imposed on this engagement.

**Our Responsibilities, Representations, and Limitations**

We have no financial interest or contemplated financial interest in the business or property that is the subject of this engagement, and we have no personal interest or bias with respect to the parties involved. Our compensation is not contingent on an action or event resulting from the analyses or conclusions in, or the use of, this engagement.

[CPA], its employees, and agents will take whatever actions are necessary or appropriate for us to conduct the valuation engagement, but we will keep you informed of our actions and progress throughout this engagement. If for any reason we are unable to complete the valuation engagement, we will not issue a report as a result of the engagement. We will resign from the engagement if we determine that continuing or completing the engagement will involve a breach of our ethical or professional standards.

The valuation conclusion will represent our professional, unbiased conclusion of value based on the data we are able to obtain within a reasonable time, using our best efforts. We will not audit, review, or compile any financial statements, forecasts, or financial data as part of this valuation engagement. We will not express an opinion or any form of assurance on the financial data provided as part of this valuation engagement.

Our engagement cannot be relied on to disclose errors, fraud, or other illegal acts that may exist nor will we be responsible for the impact on our services of incomplete, missing, or withheld information or mistaken fraudulent data provided from any source or sources.

At the conclusion of the engagement, we may ask you to sign a representation letter on the accuracy and reliability of the financial information used in the engagement. Accordingly, unless otherwise specified, our conclusion of value will be subject to the validity of the underlying data submitted.

All information and materials of any form or description collected by us in the course of our engagement shall constitute our work files and will at all times, during and after completion of our engagement, remain in our exclusive possession. Our files will be retained in accordance with our records retention policy, which is available upon your request.

In accordance with the final rules published by the Federal Trade Commission (commonly referred to as the Gramm-Leach-Bliley Act), the following disclosures are made: (1) In the process of preparing a valuation or other tasks included in the assignment, we may collect from the Company, or with the Company’s authorization, certain essential information that is nonpublic, such as information concerning income, expenses, assets, liabilities, and other similar information. (2) We will follow professional standards for protecting the confidentiality and security of the nonpublic information collected. (3) We will not discuss any nonpublic information about the Company to any third party, except as permitted by the Company or required by law.

If we receive a summons, subpoena, or court order to disclose such confidential information, we will provide you prompt notice of the summons, subpoena, or court order and shall seek to protect such confidential information from disclosure to the full extent provided under the law. We will cooperate with you in response to any summons, subpoena, or court order, but it is agreed that [CPA] will be reimbursed for any time and expenses associated with the defense of the confidentiality of your information and/or our work product. We will nevertheless have no liability to you, the Company, or any third party for information disclosed in, or pursuant to, any ruling, order, or proceeding of any court or other judicial or nonjudicial forum or of any regulatory agency or similar instrumentality.

Per the terms of this agreement, neither our conclusion of value nor the scope of our work provides U.S. federal tax advice. Our conclusion of value and/or report cannot be used for the purpose of avoiding federal tax penalties or promoting, marketing, or recommending to another party any transaction or matter based on our conclusion of value and/or report.

**Client Responsibilities and Representations**

You agree to provide promptly, upon request, all financial and nonfinancial information and documentation reasonably deemed necessary or desirable by us in connection with the engagement. You agree that we may rely upon such information and documentation without independent investigation or verification.

You agree that we are not required to update our analyses and conclusion for events and circumstances occurring after the date of our report.

You agree that the scope of the valuation engagement will be unrestricted. Access to senior management will be required so that all relevant aspects of the business can be fully considered.

You agree that all data (including electronic formats) of [CPA] is work product and contains information that may be protected by legal privileges. You understand and agree it is your duty to protect this data by objecting to its production in discovery and obtaining appropriate protective orders.

It is understood that any reports, emails or other documents (including, but not limited to, electronic documents) produced by [CPA] will not be provided to any parties. It is further understood that our work product is solely for the use of you and the Company, and may not be reproduced, distributed, or extracted in whole or in part without [CPA]’s express written permission.

You agree that possession of the work papers or other written documentation regarding the engagement does not carry with it the right of publication of all or part of it nor may it be used or relied upon without previous written consent for any purpose other than that set forth above. No third parties are intended to be benefited. Schedules, information, and other work papers developed during the engagement by [CPA] or supplied by you are the sole property of [CPA].

If the IRS were to audit the return associated with the conclusion of value associated with the appraisal stemming from this engagement letter, you shall inform [CPA] within 10 business days of being informed of any questions, concerns or of an audit by the IRS.

**Conflicts**

We have undertaken a reasonable review of our records to determine our professional relationships with the persons or entities you identified. We are not aware of any conflicts of interest or relationships that would, in our sole discretion, preclude us from performing the above work for you.

**Price**

[CHANGE AS NEEDED] Our price for this engagement will be billed at our standard hourly rates, ranging from $XX to $XXX. We expect the total price to range from $\_\_\_\_ to $\_\_\_\_, plus any out-of-pocket expenses. This price assumes that no unforeseen difficulties and/or information discrepancies and that sufficient, relevant information is available to complete our valuation procedures. If we encounter any such difficulties, the scope and, therefore, the price for our valuation work may change, and we will notify you immediately.

We invoice for services rendered, as well as any out-of-pocket expenses, on a monthly basis. Such bills are payable within thirty (30) days of the billing date. Interest at the rate of one percent (1%) per month will accrue on any balance not paid within thirty (30) days of the invoice date. We reserve the right to discontinue services if billings are not paid when due.

**Indemnification and Hold Harmless**

The obligations of [CPA] are solely obligations of [CPA], and no officer, owner, director, employee, agent, contractor, shareholder, or controlling person shall be subject to any personal liability whatsoever to any person nor will any such claim be asserted by, or on behalf of, any other party to this agreement or any person relying on this report.

**Disputes/Legally Binding Contract**

This letter agreement is a legally binding contract between you and us and will be binding upon, and inure to the benefit of, respective heirs, assigns, successors-in-interest, and legal representatives (as applicable). It may not be amended without the prior written consent of both parties.

Parties to this engagement agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation upon the written request of any party to the engagement subject to the selection of a mutually agreed upon mediator. All mediations initiated as a result of this engagement shall be administered pursuant to the mediation rules of the American Arbitration Association (AAA). The results of this mediation shall be binding only upon agreement of each party to be bound. Costs of any mediation proceeding shall be shared equally by both parties. The mediation shall be confidential in all respects, as allowed or required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identity for purposes of the award of attorney's fees. If any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this engagement letter. This section shall survive completion or termination of this Agreement, but under no circumstances shall either party call for mediation of any claim or dispute arising out of this Agreement after such period of time as would normally bar the initiation of legal proceedings to litigate such claim or dispute under the laws of the Commonwealth of [State]

If mediation fails to resolve the dispute or claim, the parties hereby agree to submit any action, claim or counterclaim whether based in contract, tort, statutory rights or otherwise to arbitration. Either [CPA] or you may serve upon the other by certified mail a written demand that the dispute, explaining in detail its nature, be submitted to arbitration. Within 30 days after service of such demand, each of us shall appoint a neutral arbitrator from the approved list of mediators and arbitrators appointed by the [County] Court of Common Pleas.

If either of us fails within the specified time to appoint an arbitrator, the single arbitrator appointed will have the right to decide alone, and his or her decision will be binding on both of us. The two arbitrators appointed shall select and appoint an independent third arbitrator. The decision of two arbitrators in writing under oath shall be final and binding upon us. The arbitrators shall decide the total of the expenses, including reasonable attorney’s fees, and award them to the prevailing party. If the two arbitrators appointed by us fail to agree upon a third arbitrator within 30 days after their appointment, then either of us may apply, upon notice to the other, to any court of competent jurisdiction in [County] for the appointment of a third arbitrator, and any such appointment shall be binding upon us.

Judgment on the arbitrators’ decision, including the decision on who is to pay expenses, may be entered by any court of competent jurisdiction in [County]. [CPA]’s maximum liability to you, or the Company, for any reason relating to services rendered under this letter shall be limited to the amount of fees paid for these services. In no event shall we be liable for consequential damages.

The limitation on liability provisions of this engagement letter will apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise. The parties' agreements and undertakings contained in this engagement letter, such as those pertaining to the limitation on liability, will survive the completion or termination of this engagement. The parties agree that their rights and obligations hereunder will be construed and governed under the law of the Commonwealth of [State].

**Delivery and Timing**

Our ability to deliver a report is dependent upon our timely receipt of the required information. We will use our best efforts to meet any reasonable deadlines.

**Termination**

If the valuation engagement is terminated prior to completion of the report, [CPA] will bill for services rendered to the date of termination, which will be due upon presentation. Failure to make the payments required by this agreement or failure by you to comply with the terms of this agreement will give us the sole option to terminate the agreement.

**Acceptance**

You acknowledge having read this agreement in its entirety, having had full opportunity to consider its terms, having had full and satisfactory explanation of same, and fully understanding and agreeing to be bound by the terms of this agreement.

Please indicate your understanding and acceptance by executing this agreement in the space provided below and return it to our offices, indicating your authorization for us to proceed on the above terms and conditions.

Sincerely,

[CPA Firm].

ACCEPTED AND AGREED:

This engagement letter correctly sets forth the entire understanding of \_\_\_\_\_\_, on behalf of \_\_\_\_\_\_ with respect to the services to be provided by [CPA Firm]:

Signature:

Print Name:

Title:

Date: