

[Date]

[Client/Attorney]

[Client/Attorney]

[Street Address]

[City, State Zip]

**[Attorney Work Product]**  
**[Privileged and Confidential]**

**RE: Calculation of [Business/Business Ownership Interest/Security/Intangible Asset]**

Dear [Client/Attorney]:

Thank you for retaining [valuation analyst or firm] to assist you in this matter. This agreement for valuation services between you and [valuation analyst or firm] outlines our understanding of the terms and objectives of the calculation 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 calculation engagement.<sup>1</sup> The estimate of value that results from a calculation engagement is expressed as a calculated value.

A calculation engagement as described in SSVS No. 1 is more limited than a valuation engagement, which is also described in SSVS No. 1, and does not include all of the procedures required for a valuation engagement. Accordingly, the results of a calculation engagement may differ from those of a valuation engagement. Had a valuation engagement been performed, the results might be different, and the difference might be material.

### **Nature, Purpose, and Objective**

This letter agreement confirms that you have retained [valuation analyst or firm] to provide an independent<sup>2</sup> estimate of value of a [interest description<sup>3</sup>] in [target company or intangible asset] (the Subject Interest) as of [valuation date].

We understand that our services are being performed for use in [valuation purpose<sup>4</sup>] and that the intended users of this calculation 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. Use of the calculation report for any purpose except that set forth above shall constitute a material breach of this agreement.

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.<sup>5</sup>

OPTIONAL: SEE ENDNOTES: <a href="#">6</a> , <a href="#">7</a> , <a href="#">8</a>
---

[This calculation will be subject to the following hypothetical condition(s).]

## Scope of the Calculation Engagement

It is agreed that you will define the scope of our work, including the valuation approaches and methods we will use, and the extent of the procedures we will perform.

The calculation engagement will use only the following valuation approaches and methods:

- [Income-based approach (specify method[s])]
- [Asset-based (or cost-based) approach (specify method[s])]
- [Market-based approach (specify method[s])]

In addition to applying the valuation approaches and methods described above, we will apply only the following procedures in our analysis:

- [list procedures]

## Standard of Value<sup>9</sup>

OPTIONAL: SEE ENDNOTES: <a href="#">10</a> , <a href="#">11</a> , <a href="#">12</a> , <a href="#">13</a> , <a href="#">14</a> , <a href="#">15</a> , <a href="#">16</a>
--

## Premise of Value

Our analysis will be based on the premise that [target company] (the Company) [*will continue to operate as an ongoing enterprise*] **OR** [*is orderly/forced liquidation*].

## Type of Report to Be Issued<sup>17</sup>

OPTIONAL: SEE ENDNOTES: <a href="#">18</a> , <a href="#">19</a>
---

## 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 calculations in, or the use of, this engagement.

[Valuation analyst or firm], its employees, and agents will take whatever actions are necessary or appropriate for us to conduct the calculation 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 calculation 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 calculated value will represent our professional, unbiased estimate based on the data we are able to obtain within a reasonable time, using our best efforts. We will not audit, review, or compile<sup>20</sup> any financial statements, forecasts, or financial data as part of this calculation engagement. We will not express an opinion or any form of assurance on the financial data provided as part of this calculation 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 estimate 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 [*valuation analyst or firm*] 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 calculation of value nor the scope of our work provides U.S. federal tax advice. Our calculation 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 calculation 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 calculations for events and circumstances occurring after the date of our report.