

PERSONAL & CONFIDENTIAL

Client Company: _____
Client Contact: _____
Contact Title: _____
Company Address: _____
City, State Zip _____

RE: Standard Engagement for Appraisal Services

This letter is our agreement for preparation of a valuation analysis and a restricted-use summary appraisal report for the business described below.

Subject Business: _____
Subject Address: _____
Type of Valuation: Business Valuation Report
Agreed Fee: _____
Agreed Terms: Paid in full on signing of this Engagement Letter
Promised Delivery Date: Approximately 4 weeks after receipt of all information. All requested information shall be provided within 120 days of latest signature on this Engagement Letter or Engagement Letter shall be deemed null and void.
Effective Date of Valuation: As of date of latest financial statement
Purpose / Standard of Value: Determination of current fair market value of 100% controlling interest.
Intended User(s): Management

Definitions: Fair Market Value: Revenue Ruling 59-60 defines fair market value as "the price at which the property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts. Court decisions frequently state in addition that the hypothetical buyer and seller are assumed to be able, as well as willing, to trade and to be well informed about the property and concerning the market for such property."

The product of our analysis will be a signed written report that will present the value conclusions for the business. The report will be subject to the limitations described herein and in the attached "LIMITATIONS, CONTINGENCIES, AND DISCLAIMER".

I, the undersigned, hereby engage Rogerson Business Services, to prepare a business valuation report for the above business. I further recognize and confirm that ROGERSON BUSINESS SERVICES will be using and relying on information and data furnished to Rogerson Business Services by me and that Rogerson Business Services does not assume responsibility for the accuracy or completeness of the information and that Rogerson Business Services will not make an appraisal of any of the individual assets of the business. I represent and warrant that all information to be furnished is true and complete in all material respects and contains no material omissions.

Agreed to and understood:

Respectfully submitted,

Accepted:

Rogerson Business Services

Client Company

Print Name & Title

Print Name & Title

Approval Signature

Approval Signature

Date: _____

Date: _____

SCOPE OF WORK

In order to provide a cost effective appraisal report, at the client's request we have eliminated portions of the report that the client would be familiar with. Parts of our research and analysis that will not be documented are: a detailed write-up on the history of the company; a detailed discussion of the subject's financial situation and its comparison with industry; and, a step-by-step display of all formulas and calculations

The Scope of Work was further reduced based on the client's request to forego a certified appraisal of the subject's fixed assets. Values used for subject's fixed assets were based on client's estimates or industry standard depreciation rates.

The scope of work reduction described above does not lessen the status of the appraisal report.

Interview(s) with principals of the subject will be conducted by the appraiser or an associate of the appraiser using the appraiser's questionnaires.

Rogerson Business Services does not purport to be a guarantor of value. The valuation of closely held companies is an imprecise science and reasonable people can differ in their opinion of value. However, the formulas and valuation methodologies used in this report were developed by and are accepted by the business brokerage and business valuation communities. The application of these methods in the analysis reported herein along with years of experience in evaluating such businesses, in our opinion provides a reasonable basis for determining business value.

STATEMENT OF GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This business appraisal report has been made with the following general assumptions and limiting conditions.

1. Information furnished by others, upon which all or portions of this report are based, is believed to be reliable, but have not been verified in all cases. No warranty is given as to the accuracy of such information.
2. This report has been made only for the purpose stated and shall not be used for any other purpose. Neither this report nor any portions thereof (including without limitation any conclusions as to value, the identity of Rogerson Business Services or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated) shall be disseminated to third parties by any means without the prior written consent and approval of Rogerson Business Services.
3. This evaluation report cannot be included, or referred to, in any **Securities and Exchange Commission** filings or other public documents.
4. Neither Rogerson Business Services, nor any individuals signing or associated with this report, shall be required by reason of this report to give testimony or appear in court or other legal proceedings unless specific arrangements therefore have been made.
5. The allocation, if any, in this report of the total valuation between individual assets of the business applies only to the specific purpose stated in this report. The separate values for any asset, or class of asset may not be applicable for any other purpose and must not be used in conjunction with any other evaluation/appraisal.
6. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters, including title or encumbrances. The property is further assumed to be free and clear of any or all liens, easements, or encumbrances unless otherwise stated.
7. The indicated value is predicated on the financial structure prevailing as of the date of this evaluation. The business is valued as though under responsible ownership and competent management.
8. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the date hereof.
9. Full compliance with all applicable federal, state, and local zoning, use, environmental, and similar laws and regulations is assumed, unless otherwise stated.
10. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

11. Rogerson Business Services maximum liability relating to services rendered under this letter (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to Rogerson Business Services for the portion of its services or work products giving rise to liability. In no event shall Rogerson Business Services be liable for consequential, special, incidental or punitive loss, damage or expense (including, without limitations, lost profits, opportunity costs, etc.) even if it has been advised of their possible existence.

12. The client shall indemnify and hold harmless Rogerson Business Services and its personnel from and against any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of Rogerson Business Services personnel involved) brought against, paid or incurred by Rogerson Business Services at any time and in any way arising out of or relating to Rogerson Business Services under this letter, except to the extent finally determined to have resulted from the gross negligence or willful misconduct of Rogerson Business Services personnel. This provision shall survive the termination of this agreement for any reason.

DOCUMENTATION REQUEST FORM BUSINESS APPRAISAL

Here is a preliminary list of information we will need. If you have questions please contact Andrew Rogerson at (916) 570-2674.

I. Required Information*

- 1) Minimum of Three (3) years of Tax Returns and Annual Financial Statements.
 - A. Includes the most recent interim statement if applicable (also include interim for same date from prior year)
 - B. Financial information should adequately cover business cycle / trends

- 2) List of Assets – Provide Tax Return Asset Depreciation Schedules (Tax Asset Detail) corresponding to beginning / ending financial statement / tax return provided per I.1.
 - a. Identify assets, if any, not included on most recent depreciation schedule.
 - b. Identify any asset that is on latest balance sheet / depreciation schedule but no longer exists in the company.
 - c. Identify any non-operating assets. For example, assets no longer used by the company and / or assets not required in the operation of the company (e.g., excess/obsolete equipment, owner's vehicle / boat, excess cash, etc.).
 - d. Estimated Fair Market Value for each Class of Assets on most recent Balance Sheet. Also provide estimated FMV for any non-operating assets in c.
 - e. Accounts Receivable & Accounts Payable Aging Reports

- 3) Provide appraisal, finance and / or lease agreements on real estate as applicable.

- 4) Provide estimate of fair market rent, if real estate is owned by the business, if real estate is owned by the owner(s) / shareholder(s) of the business, or if real estate is owned by family members (i.e., not an "arms length" third party lease).
 - a. If real estate is owned by the business, provide details on mortgages / related notes.

- 5) Complete "Company & Industry Background Information Form" plus specific industry questionnaire if applicable.
- 6) Pictures of Facilities & Major Equipment Items (digital if available).
- 7) Accounts Receivable & Accounts Payable Ageing Reports as date of latest financial statement provided per I.1.

II. Information That Should Be Provided If Available

- 1) Business appraisals / machinery & equipment appraisals performed in prior years and / or transaction data for prior sales of business and / or prior sales of stock.
- 2) Business plans, budgets or financial projections
- 3) Brochures, photographs, price lists, key contracts, purchase or buy / sell agreements.
- 4) Local and regional economic information, as well as, current industry forecast.
- 5) Finance, leases on vehicles, equipment, furniture or fixtures.
- 6) Organizational Chart if available.