



## WILLIAM E. BRYANT

CERTIFIED PUBLIC ACCOUNTANT

2524 ELEVENTH AVENUE SOUTH, MINNEAPOLIS, MINNESOTA 55404 USA

TEL. (612) 872-9684 FAX (612) 879-9954

Web Page: <http://www.bryant-cpa.com>

E-mail: [web@bryant-cpa.com](mailto:web@bryant-cpa.com)



January 1, 20XX

John Smith, Attorney  
Estate of Jane Smith  
1000 Any Street  
Any City, MN 55000

**RE: Valuation of Partnership Interest  
XYZ Investments**

Dear John:

This letter constitutes the agreement between the *Estate of Jane Smith* and *William E. Bryant, CPA, CVA* and outlines our understanding of the terms and objectives of this valuation engagement.

We will perform a valuation of the *Minnesota Partnership, XYZ Investments* as of *July 1, 19XX*, or an alternate valuation date as directed by you. We plan to start the engagement on or about February 1, 20XX and expect to be completed by March 1, 20XX unless unforeseen problems are encountered. Our anticipated start and completion dates are subject to the timely receipt and availability of those items detailed within our document request list.

The objective of our valuation will be to estimate the *fair market value* of the *Partnership Interest* of *Estate of Jane Smith* (Decedent) in *XYZ Investments*. We acknowledge that the estimated value as determined by us will be relied upon in the *Estate of Estate of Jane Smith (and/or related Trusts)*.

The term “fair market value” is often defined as follows:

THE PRICE AT WHICH PROPERTY WOULD CHANGE HANDS BETWEEN A WILLING BUYER AND A WILLING SELLER, NEITHER BEING UNDER A COMPULSION TO BUY OR SELL AND BOTH HAVING REASONABLE KNOWLEDGE OF RELEVANT FACTS.

However, it must be realized that as this is the accepted definition of “fair market value” the true value of a business or entity is determined by actual negotiations between a buyer and seller, culminating in the transfer of the subject property. Our valuation may, after consulting with other legal counsel, consider current jurisprudence limiting the consideration of specific valuation methods or estimates and the exclusion of specific intangible assets.. Although our valuation is intended to estimate fair market value, we assume no responsibility for a seller's or buyer's inability to obtain a purchase contract at that price.

In performing our valuation, we will be relying on the accuracy and reliability of third party prepared historic financial statements, forecasts of future operations, or other financial data of the business.

John Smith, Attorney  
Estate of Jane Smith  
Page Two  
January 1, 20XX

We will not audit, compile, or review those financial statements, forecasts, or other financial data. We will not express an opinion or any other form of assurance on them. A signed representation letter, attesting to the accuracy and reliability of any financial documents prepared or maintained by third parties, may be required. Our engagement cannot be relied on to disclose errors, irregularities, or illegal acts, including fraud or defalcations, that may exist.

During the course of our engagement, we shall request information and explanations from the management of *XYZ Investments* regarding the partnership's operations, future plans, financial statements, and specific transactions. At the conclusion of our engagement, we will require, as a precondition to the issuance of any valuation report or other communication of a value estimate, that management reconfirm this information in a written representation letter. The procedures we perform in our engagement will be heavily influenced by the representations that we receive from the partnership's management, accordingly, any false representations could cause material errors in our valuation. You, therefore, agree to indemnify and hold us harmless for any liability and all reasonable costs (including legal fees) which may be incurred in connection with claims based upon any material valuation errors resulting from known false representations made to us by any representative or agent of management.

We understand that our valuation will be utilized in determining the fair market value of the Partnership interest in the referenced Partnership, in determining value for Estate Tax purposes. The distribution of the report is restricted, solely, for this purpose and will be deemed invalid if used for any other means.

Accordingly, our report can not be distributed to outside parties to obtain credit, published or used in any other manner without the express written consent of this firm. If for any reason we are unable to complete the valuation engagement, we will not issue a report as a result of this engagement. We have no responsibility to update our report for events and circumstances that occur after the date of its issuance.

Our fees will be based on our customary hourly rates. It should be anticipated that the services of other valuation or appraisal experts may be required, the cost of these services is excluded from our retainer. We will require a retainer of *One Thousand and no/100's dollars [\$1000.00]* at the execution of this agreement. Statements detailing professional services performed and charged against your retainer will be provided monthly. All fees and charges, exceeding the retainer amount, are due and payable upon receipt of our invoice. Any delay in remitting the required retainer or prompt payment of any invoices or charges will cause the immediate suspension all professional services currently being undertaken on your behalf. Any outstanding fees, expenses or charges will be due and payable upon delivery of our written report, opinion or conclusions.

If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not completed our report. It is our understanding that you are solely responsible for the payment of our professional fees.

John Smith, Attorney  
Estate of Jane Smith  
Page Three  
January 1, 20XX

We anticipate our total fees for this engagement to be around *Three Thousand Dollars (\$3000.00)* . Should we encounter unusual circumstances requiring us to expand the scope of the engagement, we will discuss them with you prior to commencing additional further services. Any revisions, additions or addendum to this agreement shall require a signed and acknowledged written attachment thereto.

Fees for any services that may be required defending our report or opinion in litigation, including conferences, depositions, court appearances, and testimony will be considered a separate engagement and billed at our customary rate of *\$150* per hour. These professional services are **specifically excluded** from this agreement. A retainer equivalent to the total estimated fee will be required in advance, prior to commencing any additional professional services. Our fee is not contingent or otherwise dependant on any opinion, statement or findings, which will be presented in this engagement.

To safeguard against any assertion or allegation that our work may in some way be influenced by or contingent upon the outcome of any litigation, all outstanding invoices for professional services relating to this engagement must be paid in full prior to our furnishing testimony in deposition or at trial.

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement, (including the scope, nature, quality of services to be performed by us, our fees, and other terms) either party may, upon written notice to the other party, request that the matter be mediated. Such mediation will be conducted by a mediator appointed by and pursuant to the Rules of the American Arbitration Association or such other neutral facilitator acceptable to both parties. Both parties will exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute or controversy.

The mediation proceedings will conclude within sixty days from receipt of the written notice unless extended or terminated sooner by mutual consent. Each party will be responsible for their own respective expenses. The fees and expenses of the mediator, if any, will be borne equally by the parties. If any dispute, controversy, or claim arising out of or in connection with the performance or breach of this agreement cannot be resolved by mediation, then the dispute, controversy or claim will be settled by arbitration in accordance with the Rules of the American Arbitration Association (AAA) for the Resolution of Accounting Firm Disputes. No pre-hearing discovery will be permitted unless specifically authorized by the arbitration panel. The arbitration hearing will take place in the city closest to the place where this agreement was performed in which the AAA maintains an office, unless the parties agree to a different local.

The arbitration proceedings will be conducted before a panel of three persons. One of these persons will be chosen by each party, and the third will be selected by the two party-selected arbitrators. The arbitration panel will have no authority to award non-monetary or equitable relief, and any monetary award will not include punitive damages. The confidentiality provisions applicable to mediation will also apply to arbitration.

John Smith, Attorney  
Estate of Jane Smith  
Page Four  
January 1, 20XX

If the arbitration panel issues an award it may be confirmed in a judgement by any federal or state court of competent jurisdiction. All reasonable costs of both parties, as determined by the arbitrators, including (1) the fees and expenses of the AAA and the arbitrators and (2) the costs, including reasonable attorneys' fees, necessary to confirm the award in court, will be borne entirely by the non-prevailing party (to be designated by the arbitration panel in the award) and may not be allocated between the parties by the arbitration panel.

Potential errors can occur in the valuation and can result in damages that may be many times the amount of our fee for this engagement. In order to induce us to accept this engagement, you therefore agree that our liability for any negligent errors or omissions committed by us in the performance of the engagement will be limited solely to our fee for this engagement.

If this agreement meets with your approval, please sign and date both the original and the enclosed copy as indicated. The original should be returned to us in the envelope provided and the copy retained for your files.

Sincerely,

William E. Bryant, CPA, CVA

Date: January 1, 20XX

Accepted by: \_\_\_\_\_  
*Attorney for Estate of Jane Smith*

Date: \_\_\_\_\_

Accepted by: \_\_\_\_\_

Date: \_\_\_\_\_