

January 22, 2024

Los Angeles, CA 90010

Torrance, CA 90501

**In Re: Company X
Le\$\$ Engagement Calculated Value Letter**

Dear

We have completed the Le\$\$ engagement. This is a calculation engagement, as that term is defined in the Statement on Standards for Valuation Services (SSVS) of the American Institute of Certified Public Accountants.

We performed certain limited calculation procedures on Company X as of December 31, 2022.

The calculation procedures were performed solely to assist in the matter of the settlement or mediation proceedings related to the aforementioned California family law matter, and the resulting calculation of value should not be used for any other purpose or by any other party for any purpose.

This Le\$\$ engagement was conducted in accordance with the American Institute of Certified Public Accountants Statement on Standards for Valuation Services for a calculation engagement. The estimate of value that results from a calculation engagement is expressed herein as a calculated value.

In this Le\$\$ engagement, Company X and the client agreed that we would perform certain limited inquiries and observations of and calculations to the accounting records of the BUSINESS that we deemed necessary for the purpose of providing to the client a calculated value of the BUSINESS, in connection with the above-mentioned marital dissolution.

It should also be noted that our engagement did not contemplate conducting a full and complete business valuation engagement in accordance with standards established by the National Association of Certified Valuation Analysts or a full valuation engagement, as that term is defined in the American Institute of Certified Public Accountants Statement on Standards for Valuation Services.

We did not perform independent verifications of the financial data provided. We utilized certain assumptions and data provided to us by you or your clients. These assumptions and data may have included, but are not necessarily limited to, such matters as income, assets, liabilities, and perquisites.

The resulting calculated value from this Le\$\$ engagement may be materially different from the results of a full and complete valuation. Such differing results may have a significant effect on the community property estate's overall value and the subsequent division thereof.

Please note that value is, in fact, a range. Our calculation of value is as follows:

Calculated Value

- The value of **Company X** is calculated to be between \$33,000 and \$287,000 as of December 31, 2022.
- We believe that the value that best represents 100% ownership interest in the business at that time is \$101,000 (rounded), which is made up of \$32,847 in tangible assets and \$68,000 goodwill.

The calculated value stated above represents 100% ownership interest. The calculated value also assumes that all income has been reported on the financial statements and/or tax returns provided.

Goodwill represents intangible value of income streams. The calculated value does not attempt to divide the goodwill value between various practices or recurring fees from specific clients.

The analyses and resulting calculation of value is subject to the following specified assumptions and limiting conditions:

1. The procedures **Company X** performed are sufficient to meet the requirements of a calculation engagement in accordance with the American Institute of Certified Public Accountants Statement on Standards for Valuation Services.
2. **Company X** did not audit, review, or compile the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.
3. Financial statements and other related information provided by the BUSINESS or its representatives, in the course of this engagement, have been accepted without any verification as fully and correctly reflecting the enterprise's business conditions and operating results for the respective periods, except as specifically noted herein.
4. Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy

or completeness of such information and did not perform any procedures to corroborate the information.

5. The resulting calculated value is based on the assumption that the current level of management expertise and effectiveness will continue to be maintained, and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed.
6. The resulting calculated value is for the exclusive use of our client(s) for settlement and discussion purposes related to the above-mentioned marital dissolution only. They may not be used for any other purpose or by any other party for any purpose.
7. The resulting calculated value is not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The stated valuation represents the calculated value by **Company X** based on information furnished to us by representatives of the BUSINESS and other sources.
8. Neither all nor any part of our work or work product (especially the calculated value, the identity of any valuation specialist(s), the firm with which such valuation specialists are connected, or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without the prior written consent and approval of **Company X**.
9. Future services regarding the subject matter of this engagement including but not limited to testimony or attendance in court, shall not be required of **Company X** unless separate arrangements are made in writing.
10. **Company X** is not an environmental consultant or auditor, and it takes no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on the resulting calculated value, wishing to know whether such liabilities exist, or the scope and their effect on the value of the property, is encouraged to obtain a professional environmental assessment. **Company X** does not conduct or provide environmental assessments and will not perform one for the subject property.
11. **Company X** did not determine independently whether the BUSINESS is subject to any present or future liability relating to environmental matters (including, but not limited to CERCLA/Superfund liability) nor the scope of any such liabilities. **Company X** calculated value takes no such liabilities into account, except as they are reported to **Company X** by the BUSINESS or by an environmental consultant working for the BUSINESS, and then only to the extent that the liability was reported to us in an actual or estimated dollar amount. Such matters, if any, are noted in the valuation letter. To the extent such information is reported to us, **Company X** relied on it without verification and does not offer any warranty or representation as to its accuracy or completeness.
12. **Company X** did not make a specific compliance survey or analysis of the subject property to determine whether it is subject to, or in compliance with, the

American Disabilities Act of 1990, and the calculated value does not consider the effect, if any, of noncompliance.

13. No change of any item to this letter or calculated value shall be made by anyone other than **Company X** and we shall have no responsibility for any such unauthorized change.
14. Unless otherwise stated, no effort has been made to determine the possible effect, if any, on the subject business due to future Federal, state, or local legislation, including any environmental or ecological matters or interpretations thereof.
15. If prospective financial information approved by management was provided to was used in our work, we did not examine or compile the prospective financial information and therefore, do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions. Events and circumstances frequently do not occur as expected and there will usually be differences between prospective financial information and actual results, and those differences may be material.
16. We may have conducted interviews with the current management of the BUSINESS concerning the past, present, and prospective operating results of the company. Except as otherwise noted, we relied on the representations of the owners, management, and other third parties concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this letter. We did not attempt to confirm whether or not all assets of the business are free and clear of liens and encumbrances or that the entity has good title to all assets.
17. Our compensation is fee-based and is not contingent on the outcome of the calculated value.
18. We have no obligation to update the valuation letter or the calculated value for information that comes to our attention after the date of the letter.

The results of this LE\$\$ engagement are for settlement discussion purposes only and are not intended for use by the courts and are not to be used for any other purpose.

Thank you for the opportunity to be of service to you in connection with this matter.

Very truly yours,

Company X