

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

Re: Quality of Earnings Due Diligence Engagement - [Target Company Name]

Dear [Contact Name],

This letter confirms our agreement to provide financial due diligence services to [Client Name] ("the Client") in connection with the potential acquisition of [Target Company Name] ("the Target").

1. Scope of Services

We will perform a Quality of Earnings (QofE) analysis for the period [Start Date] to [End Date]. Our procedures will include:

- Analysis of historical revenue and gross margin trends.
- Identification of non-recurring, one-time, or out-of-period income and expenses.
- Review of EBITDA adjustments and pro-forma bridge items.
- Analysis of working capital requirements and seasonality.
- Review of significant balance sheet accounts.

2. Limitations

This engagement is a financial due diligence review and does not constitute an audit or review in accordance with generally accepted auditing standards. We will not express an opinion on the financial statements as a whole. Our report is intended solely for the use of the Client and should not be distributed to third parties without prior written consent.

3. Client Responsibilities

The Client is responsible for coordinating access to the Target's management, books, and records. The accuracy and completeness of the information provided are the responsibility of the Target's management.

4. Fees and Expenses

Our professional fees for this engagement are estimated to be \$[Amount]. This estimate excludes out-of-pocket expenses, which will be billed at cost. A retainer of \$[Amount] is required prior to the commencement of work.

5. Timeline

We anticipate delivering a draft report within [Number] weeks of receiving full access to the required financial data.

6. Governing Law

This agreement shall be governed by the laws of the State of [State].

Please sign below to indicate your acceptance of these terms.

Sincerely,

[Your Name/Firm Name]

[Title]

Accepted and Agreed:

For [Client Name]:

Signature: _____

Name: _____

Date: _____