

[Date]

[Recipient Name]

[Recipient Title]

[Company Name]

[Address]

Subject: Agreed-Upon Procedures Engagement Regarding Royalty Agreement Verification

Dear [Name],

This letter confirms our engagement to perform agreed-upon procedures regarding the royalty payments and reporting of [Licensee Name] (the "Licensee") in connection with the Royalty Agreement dated [Date] between [Licensor Name] and [Licensee Name] (the "Agreement").

Purpose

The purpose of this engagement is to assist [Licensor Name] in evaluating the Licensee's compliance with the financial terms of the Agreement for the period [Start Date] to [End Date].

Procedures to be Performed

We will perform the following procedures as agreed upon:

- Verify the mathematical accuracy of the royalty reports submitted by the Licensee.
- Compare the sales volumes reported in the royalty statements to the Licensee's general ledger and sales journals.
- Confirm that the royalty rates applied are consistent with the rates specified in Section [Number] of the Agreement.
- Inspect a sample of invoices to ensure that allowable deductions or offsets are in accordance with the Agreement definitions.
- Recalculate the total royalty due and compare it to the actual payments received by [Licensor Name].

Reporting

At the conclusion of our engagement, we will issue a report of factual findings. This report is intended solely for the information and use of [Licensor Name] and [Licensee Name] and is not intended to be used by anyone other than these specified parties.

Limitations

The sufficiency of these procedures is solely the responsibility of the parties specified in this letter. Consequently, we make no representation regarding the sufficiency of the procedures described above. This engagement does not constitute an audit or a review, and accordingly, we will not express an opinion or a conclusion.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for this engagement.

Sincerely,

[Your Name/Signature]

[Firm Name]

Acknowledged and Agreed:

For [Licensor Name]: _____ Date: _____

For [Licensee Name]: _____ Date: _____