

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

Re: Opinion on Valuation Allowance for Deferred Tax Assets

To the Management of [Company Name]:

At your request, we have reviewed the recoverability of the deferred tax assets (DTAs) of [Company Name] (the "Company") as of [Fiscal Year End Date]. The purpose of this letter is to provide our opinion regarding the necessity of a valuation allowance in accordance with Financial Accounting Standards Board (FASB) ASC Topic 740, Income Taxes.

Analysis of Evidence

In accordance with ASC 740, a valuation allowance must be established if it is "more likely than not" (a likelihood of more than 50 percent) that some portion or all of the DTAs will not be realized. Our assessment included the evaluation of both negative and positive evidence, including:

- Historical operating results and recent cumulative losses/profits;
- Projections of future taxable income, excluding reversing temporary differences;
- Availability of tax-planning strategies;
- Carryback and carryforward periods remaining for specific tax attributes.

Conclusion

Based on our review of the evidence provided, it is our opinion that [Choose one: no valuation allowance is required / a partial valuation allowance of \$X is required / a full valuation allowance is required] as of [Date].

This conclusion is based on [Briefly state primary reason, e.g., the Company's history of strong earnings and projected future taxable income sufficient to utilize the assets].

Limitations

This opinion is based on the facts and circumstances as presented to us and current tax law. Should these facts change or should there be changes in tax legislation, our conclusion may be affected.

Sincerely,

[Signature]

[Name of Partner/Firm]

[Title]