PROFIT SHARING AGREEMENT

This Profit Sharing Agreement ("Agreement") is made and entered into on [DATE], by and between:

Party A: [FULL LEGAL NAME OF PARTY A], with a mailing address of [ADDRESS], ("Party A")

and

Party B: [FULL LEGAL NAME OF PARTY B], with a mailing address of [ADDRESS], ("Party B")

(each individually a "Party" and collectively the "Parties")

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1. Purpose

The Parties agree to share the profits (and, where specified, losses) generated from the business activity described as: [DESCRIPTION OF BUSINESS ACTIVITY, PROJECT, OR VENTURE] (the "Venture").

2. Term

This Agreement shall begin on [START DATE] and shall continue until [END DATE / "the completion of the Venture" / "terminated in accordance with Section 9"].

3. Contributions of the Parties

Each Party shall contribute the following to the Venture:

- Party A: [DESCRIBE CONTRIBUTION — e.g., capital, labor, equipment, intellectual property], valued at approximately [AMOUNT]
- Party B: [DESCRIBE CONTRIBUTION], valued at approximately [AMOUNT]

Any additional contributions made after the Effective Date must be documented in writing and signed by both Parties.

4. Profit Sharing Ratio

Profits generated by the Venture shall be distributed as follows:

- Party A: [PERCENTAGE]% of net profits
- Party B: [PERCENTAGE]% of net profits

"Net profits" means total revenue from the Venture less all documented business expenses, including but not limited to [LIST EXPENSE CATEGORIES, e.g., materials, marketing, taxes, fees].

5. Loss Sharing

In the event the Venture incurs losses, such losses shall be allocated as follows:

- Party A: [PERCENTAGE]% of net losses
- Party B: [PERCENTAGE]% of net losses

6. Distribution Schedule

Profit distributions shall be calculated and paid on a [MONTHLY / QUARTERLY / ANNUAL] basis, no later than [NUMBER] days after the close of each period. Payments shall be made via [PAYMENT METHOD, e.g., bank transfer, check].

7. Accounting and Records

7.1. [PARTY RESPONSIBLE, e.g., Party A] shall maintain accurate financial records related to the Venture, including income, expenses, and distributions.

7.2. Each Party shall have the right to inspect and copy such records upon [NUMBER] days' written notice.

7.3. An annual financial statement shall be prepared and shared with both Parties by [DATE].

8. Management and Decision-Making

8.1. Day-to-day management of the Venture shall be handled by [PARTY NAME OR "both Parties jointly"].

8.2. Major decisions, including [LIST EXAMPLES, e.g., taking on debt, entering new contracts above $[AMOUNT], admitting new partners], require written consent of both Parties.

9. Term and Termination

9.1. This Agreement may be terminated by mutual written consent of both Parties.

9.2. Either Party may terminate this Agreement upon [NUMBER] days' written notice if the other Party materially breaches any term of this Agreement and fails to cure such breach within [NUMBER] days of receiving notice.

9.3. Upon termination, remaining profits and losses shall be calculated and distributed according to Sections 4 and 5, up to the effective date of termination.

10. Confidentiality

Each Party agrees to keep confidential all non-public business, financial, and operational information related to the Venture, both during the term of this Agreement and for [NUMBER] years following its termination.

11. Dispute Resolution

Any disputes arising from this Agreement shall first be addressed through good-faith negotiation between the Parties. If unresolved within [NUMBER] days, the dispute shall be submitted to [MEDIATION / ARBITRATION / COURTS] in [JURISDICTION/CITY, STATE].

12. Assignment

Neither Party may assign or transfer their rights or obligations under this Agreement without the prior written consent of the other Party.

13. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State/Province of [STATE/PROVINCE], without regard to its conflict of law principles.

14. Entire Agreement

This Agreement constitutes the entire understanding between the Parties regarding the subject matter herein and supersedes all prior agreements, discussions, or representations, whether written or oral.

15. Amendments

This Agreement may only be modified or amended by a written document signed by both Parties.

16. Severability

If any provision of this Agreement is found to be invalid or unenforceable, the remaining provisions shall continue in full force and effect.

SIGNATURES

By signing below, the Parties acknowledge that they have read, understood, and agree to be bound by the terms of this Agreement.

Party A

Signature: ______________________________

Printed Name: [FULL NAME]

Title (if applicable): [TITLE]

Date: [DATE]

Party B

Signature: ______________________________

Printed Name: [FULL NAME]

Title (if applicable): [TITLE]

Date: [DATE]

Witness (if required)

Signature: ______________________________

Printed Name: [FULL NAME]

Date: [DATE]