

TERMS AND CONDITIONS OF SERVICE

All work conducted by us is conducted under these Terms and Conditions. These terms & conditions were last updated on 12 January 2022.

Services

Extent of Services

The services we provide you may include (depending on your level of service agreement) the following professional services:

- **Bookkeeping** services include management and maintenance of your accounting software, support on using your accounting software, entering and maintaining transactions in your accounting software, managing payroll records, preparing and filing payroll and sales tax returns, and producing reports from your accounting software.
- **Annual Reporting** services are the year-end accounts prepared in order to comply with your legal obligations. Please refer to "Compilation Engagement" below.
- **Income Tax Returns and Planning** may include corporate and personal tax returns and associated advice on tax deduction, planning and management.
- **Advice** includes all other work we perform for you including, but not limited to, coaching, preparation of budgets, special filings, support and other business matters.

Compilation Engagement

The Annual Reporting services do not extend to the level of a professional Review or Audit Engagement. We are not able to issue a Review or Audit Report on the basis of this engagement. Should your bank or other stakeholders request a Review Engagement report we are not able to supply financial statements for that purpose. However, we can work with a Licensed Public Accountant to meet your needs. Additional fees apply in this situation.

While we endeavor to complete these services professionally and accurately, our ability to do so is ultimately tied to your ability to provide us with timely and accurate information.

Unless unanticipated difficulties are encountered, my communication will be substantially in the following form:

COMPILATION ENGAGEMENT REPORT

On the basis of information provided by management, we have compiled the balance sheet of [Entity Name] as at [Date], the statement of income and the statement of movements in equity for the year then ended, and Notes to the Accounts, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

As part of our services to [Entity Name] we have provided bookkeeping services as well as taxation and general business advice. Fuel Accountants has no financial interests in the entity and considers itself independent.

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Since we are accepting this engagement as accountant, not as auditor, we request that you do not record this as an auditing engagement in the minutes of your shareholders' meetings or in correspondence with any other party (including shareholder, lenders, bankers, etc.). Our services will not result in the expression of an audit opinion or any other form of assurance on the financial statements nor the fulfilling of any statutory or other audit requirement. You may wish to obtain legal advice concerning statutory (or contractual) audit requirements.

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We do not accept any responsibility for the accuracy and completeness of the accounting records and other information you supply to us or for the reliability, accuracy and completeness of the financial information compiled on the basis of those records and information. We also do not accept any responsibility for the maintenance of adequate accounting records, an adequate internal control structure and the selection and application of appropriate accounting policies within your organisation. In addition you are solely responsible to users of the financial information we compile.

Our engagement does not include the investigation or discovery of internal control weaknesses, errors, illegal acts or other irregularities, including without limitation, fraud, or non-compliance with laws and regulations. However, we will inform you of any such matters which come to our attention during the course of our engagement. If, for any reason, we are unable to complete the compilation of your financial information, or we consider the information to be misleading, we may refer to such matters within our compilation report or we may determine, at our sole discretion, not to issue a report.

It should be noted that our accounting work in the area of GST/HST and other commodity/sales taxes is limited to that appropriate to compile the financial statements. Accordingly, we may not detect situations where you are incorrectly collecting GST/HST or incorrectly claiming input tax credits. Failure to properly account for the GST/HST could result in you or your company becoming liable for tax, interest or penalties. These situations may also arise for provincial sales tax, custom duties, and excise taxes.

Fees

Calculation of Fixed or Monthly Fees

When services are priced in terms of monthly fees or where a fixed fee price has been provided we have prepared this quote assuming a certain level of complexity, activity and responsiveness. If your circumstances change or are not as anticipated we reserve the right to adjust fees to suit the level of work necessary to properly serve you at our then current rates. We endeavor to advise you prior to committing time that requires additional charges, but in some circumstances this is not practical.

Fees for Tax Return preparation, when included in your monthly fee, only include situations that would apply to a standard closely-held active business account. The following tax matters are not provided for in our budget and will incur additional charges: corporate restructures, section 85 rollovers, investment activity, holding companies, related companies, impact from changes in shareholdings, multi-provincial operations, changes in residency, corporate income that is not eligible for the small business deduction, RDTOH, refiling of prior tax periods, disputes, objections, audit or extensive enquiries from tax authorities. Apart from a Sole Proprietor, no Personal T1 Income Tax Return has been included in this price. We charge a nominal fee to complete T1 returns which is invoiced to the taxpayer directly when the return is prepared.

If we are not providing income tax return preparation services then tax planning, dividends, shareholder T4/T5s, return review and related services have not been included in your monthly fees.

Payroll services are not included on our monthly fees unless explicitly listed on our proposal pricing page or invoice. The fee for payroll services may increase if your volume or nature of payroll activity increase.

Fees for services not covered by fixed or monthly fees

Fees for non quoted services will be performed at your request and charged in accordance with our current rates. We will do our best to offer an estimate before commencing work.

In the event we are required to respond to a subpoena, court order, government agency or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us, at our normal hourly rates, for the time we expend in connection with such response and to reimburse me for all of our out-of-pocket costs (including applicable taxes) incurred.

Travel time and expenses and other direct disbursements will be invoiced as incurred.

Changes in Fees

When we have included specific software in your package, even if the price for this software is not explicitly stated or itemized, we may increase our monthly fee in accordance with the change in retail price of the software. Our quoted fees do not include any transaction, usage or optional fees that may be charged by any software provider where we hold the subscription. We will invoice you for any additional usage charges periodically.

At (or after) the end of each of your financial years we may automatically increase your monthly fee by 5% or to the level offered to new clients of a similar nature (whichever is lower) at our discretion. You will be notified of this change before it comes into effect. Our failure to increase your fees in any year does not prevent us from increasing your fee in accordance with this policy in the future.

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Payment of Fees, Late Fees and Default

Monthly fees are invoiced on the 1st of the month and collected on the 5th of the month by pre-authorized debit (where available). A service fee of 3% is added to credit card payments. Other fees are due within 7 days of invoice.

All fees and charges we invoice or quote exclude GST, HST, PST or any other government or regulatory tax. Taxes will be added to your invoice as required. We reserve the right to withhold filing of tax returns if your account is unpaid.

If your account is not paid by the due date we are entitled to add \$20 Administrative Fee for managing your late account. This fee is payable for every month that your account remains unpaid in full starting on the due date. We will suspend all work on your account until your balance is paid in full. In addition, interest of 24% per annum, compounded monthly, will be assessed for unpaid balances.

We will charge you for all costs incurred in maintaining and collecting on your overdue account including, but not limited to, late fees, administrative time (at our usual rates), collection expenses, legal expenses, etc. You agree that the services we provide to you creates a security interest in all present and future assets of your business.

Professional Matters

Independence

Independence is not a requirement for a compilation engagement. If we are aware that we are not independent of you and/or your related parties, this fact will be stated in our report. However, we will not conduct a comprehensive review to determine whether we are, or are not, independent.

Use and distribution of the financial information

We understand that the intended use and distribution of the financial information we will compile is for the sole use of owners and the Canada Revenue Agency or other government authorities. If this should change in any material respect, you will inform us immediately. We will not accept any responsibility to any person, other than you, for the contents of the financial information.

The compilation of the financial statements and the issuance of my Notice to Reader communication are solely for the use of those to whom my report is specifically addressed by me. We make no representations of any kind to any third party in respect of these financial statements and we accept no responsibility for their use by any third party.

Information and Disclosure

The conduct of this engagement is in accordance with the professional standards, rules and ethical requirements of the CPA Ontario. Information we obtain in the course of this engagement is subject to confidentiality requirements, in addition to our obligations under privacy regulations. We will not disclose that information to other parties, without your express consent, except as required by law or professional obligations.

However, as members of CPA Ontario, we are subject to and bound by the disciplinary procedures and rules of the Institute, and our work and files are subject to the practice review rules of the Institute under which compliance with professional standards by members is monitored. These procedures and rules require us to disclose to the Institute, its reviewers and/or its disciplinary bodies our files and work papers including client information. By allowing us to undertake this engagement (whether or not you sign this letter), you acknowledge that, if requested, our files relating to this engagement will be made available to the Institute, its reviewers and/or its disciplinary bodies. We assure you that the same ethical standards regarding confidentiality that we adhere to apply equally to the Institute's reviewers.

Conflict of Interest

Unless you are operating as a Sole Proprietorship, our engagement under this agreement is with the entity itself, not the individual officers, Directors or Owners. As a result of our association with your entity we may also be appointed as accountant to these related individuals. In the event that we consider that there is a conflict of interest between the needs of the entity and the needs of other individuals, we will resign from serving the related individuals so that we may fully serve the needs of the entity in accordance with our Code of Ethics and professional obligations. If any situation arises that you feel may result in such a conflict of interest please advise us immediately.

Ownership of work papers

Material that you provide to us remains yours and will be returned to you when the engagement is completed. Work papers that we create remain our property. However, if another CPA handles your affairs at some time in the future we will make available, as required by the *Code of Ethics*, such information regarding your affairs that is essential to enable your new CPA to perform the services we previously provided. We will charge for our time and expenses in transferring records.

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Our work may involve the collection of personal information relevant or incidental to the engagement. Any such information will be held in our files and will be retained for as long as may be relevant to the engagement, and, except where otherwise noted in this letter, will only be used or disclosed for purposes related to the engagement. Individuals concerned will be able to contact us to access information held concerning them and, if necessary, seek correction to that information. By signing this engagement letter, you confirm we have authority to communicate with and obtain information from any third party (including the Canada Revenue Agency or other government authorities) if the information sought is relevant to our engagement.

You should be aware that, like all other providers of services, we are entitled to retain possession of your records that have been used in relation to this engagement until outstanding fees are settled.

Personal Information, Privacy & Confidentiality

It is acknowledged that we will have access to personal information about you, your business and your customers. We will hold all personal information in compliance with our Firm's Privacy Statement. All information provided by you to us is treated as confidential and will not be shared with third parties without your instruction or consent unless we are required to do so by professional regulation or law.

In accordance with professional regulations (and by Firm policy), our client files must periodically be reviewed by practice inspectors and by other Firm personnel to ensure that we are adhering to professional and Firm standards. File reviewers are required to maintain confidentiality of client information.

Retention and maintenance of records

We will store tax records that we hold on your behalf for a period of seven years after the applicable balance date. At the end of that period, unless you ask us to send that information to you, the records will be destroyed.

You are responsible for maintaining and storing your accounting records. While our records form an important part of your accounting system we do not retain the entirety of your records. You should continue to maintain your own records to support your tax returns and business transactions including, but not limited to, invoices and expenses paid, invoices issued, payroll and employment records.

Our Relationship

Your Participation and Responsibilities

You will be required to review and approve the final reports and tax returns (as necessary) for reasonableness and correctness, and you will need to understand the importance and risks of signing income tax returns or other statutory compliance documents as being true and correct statutory records.

The information you are to supply and any other information that we consider necessary to complete the engagement must be provided on a timely basis in order that the engagement can be completed on a timely basis.

It is understood and agreed that:

- (a) you will provide us with accurate and complete information necessary to compile such statements;
- (b) the responsibility for the accuracy and completeness of the representations in the financial statements remains with you;
- (c) each page of the financial statements will be conspicuously marked as "Unaudited — See Notice to Reader";
- (d) you will attach my Notice to Reader when distributing the financial statements to third parties;
- (e) the financial statements may either lack disclosure required by, or otherwise not be in accordance with, generally accepted accounting principles, and may not be appropriate for general purpose use; and
- (f) uninformed readers could be misled unless they are aware of the possible limitations of the statements and our very limited involvement.
- (g) you represent that you have obtained any required consents for collection, use and disclosure to us of personal information required under applicable privacy legislation.

Dispute Resolution

You agree that:

- a) any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation; and
- b) you will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement.

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Any mediation initiated as a result of this engagement shall be administered within the Province of Ontario by CPA Ontario (or other party agreed between us), according to its mediation rules, and any ensuing litigation shall be conducted within such province, according to provincial law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties. The parties agree that this agreement is subject to the laws and legal system of Ontario, Canada, and that any action in relation to agreement may not be filed in any other jurisdiction.

Termination of Service

Your appointment of us is considered to be an ongoing appointment and rolls over into each new financial year whether or not it has been reconfirmed in writing. Either party may terminate this agreement without notice or cause. Such termination shall be in writing (email is acceptable). There shall be no refund of monthly fees paid. As long as your fees are paid up to date we will complete any outstanding returns, tasks or accounts that have already been paid for in advance for periods up to and including the termination date.

In the event that you desire to transfer to another accountant we will provide support and assistance to the new accountant as necessary, including transferring any online subscriptions and accounting records. Any work necessary in excess of monthly fees already invoiced (including costs to transfer records or otherwise wrap up affairs) will be charged at our standard rates.

We reserve the right to withhold financial records until accounts are settled in full.

Other Matters

Liability

A compilation engagement requires us to apply compilation procedures, in accordance with Section 9200 *Compilation Engagements*, to compile the financial information and tax returns (as necessary) from information that you provide to us. Those compilation procedures do not include the performance of an audit or review in respect of either of the information you provide or the financial information that is compiled from it. Accordingly, neither we, nor any of our employees, accept any responsibility for the reliability, accuracy or completeness of the information from which the financial information has been compiled.

You are solely responsible for any penalties and interest assessed by government agencies and other parties including, but not limited to, the Canada Revenue Agency or other government authorities.

You agree that our liability in all matters is limited to the fees you have paid to us and you agree to reimburse us for all reasonable and necessary time and expense incurred in relation to defending ourselves or complying with lawful instructions of others in relation to provision of services to you.

These liability agreements survive the termination of our services.

Indemnity

You agree to indemnify, defend (by counsel retained and instructed by us) and hold harmless our firm (and its partners, agents or employees) from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of (or in consequence of):

- (a) The breach by you, your directors/officers/owners, agents or employees, of any of the covenants made by our company herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, our engagement report or the financial statements in reference to which the engagement report is issued, or any other work product made available to you by our firm.
- (b) The services performed by us pursuant to this engagement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the negligence of our firm. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by you/your company.

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Software Subscriptions

Our services to you may bundle access to software (such as Xero) where we pay the subscription fees and include them in our fees to you. We are not in control of the fees that these software providers charge for their services or the delivery of these software services. In cases where we provide you with access to these systems:

- If the underlying retail subscription fee increases you agree to a corresponding increase in our fees to you. If the change in fee is significant we will discuss other options with you.
- You acknowledge that we are not the supplier, agent or primary support channel for these systems and agree that we have no liability for these systems in any way, including (but not limited to) responsibility for uptime, data backup and integrity, change in functionality, suitability of the software to future changes in your business, loss of data, etc.
- You agree that if you do not pay your monthly subscription fees to us we are entitled to suspend access or terminate the account. We will always give you notice before this happens, and treat this as a last resort. You agree that we are not responsible for expenses incurred by you as a result of this action. Please note that in some cases termination of an account will result in irrevocable destruction of data.
- You are entitled to request that the subscription be transferred to yourself or another party at any time. We are entitled to withhold a transfer until your setup and subscription/monthly fees are paid up. If your setup and subscription/monthly fees are paid up we may not refuse to transfer your subscription. If you are continuing other services with us the change in our fees may not match the retail price of the service as we receive discounts that we apply to the costs of providing service to you and by changing subscriber or services you may actually increase our time and costs.

In cases where we do not provide you access to these services they form part of our internal process and documentation. Apart from where the output of these systems forms part of your accounting records you agree that you hold no rights over the data or subscription in any way.

In the event of a dispute over subscriptions or access to third-party software services both parties agree to appoint an impartial third party to act as mediator.