

SADOVNICK MORGAN LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

IMPORTANT: THIS MUST BE SIGNED BY THE TAXPAYER BEFORE WE PREPARE THE RETURN

NAME: _____

ADDRESS: _____

2019 CDN TAX RETURN LETTER OF ENGAGEMENT

We will prepare your 2019 personal income tax return (and any others that you may request) based on information that you provide to us. We will not audit or otherwise verify the data you submit, although we may ask you for clarification of some of the information.

It is our responsibility to prepare your tax return correctly, in compliance with the Income Tax Act and based on the information that you have provided. It is your responsibility to provide us with all the information required to prepare complete and accurate returns. You should retain all the documents, proof of payments and other data that form the basis of your income and deductions. These may be necessary to prove the accuracy and completeness of the return to the CRA. You have the final responsibility for the income tax return(s) and therefore, you should review it carefully before you sign it.

Specific assurances that you provide to us include:

- All business (including commission, farming, and professional incomes) and rental schedules present the results of operations and include all material transactions.
- All income and benefits from employment have been reported, whether or not they are on the T4 slips.
- All incomes from investment (whether received or not) have been reported, whether or not they are on the T3 and T5 slips.
- All dispositions of a capital nature (including principal residences), and their costs, have been reported.
- You have made us aware of any dividends that are subject to the TOSI (income sprinkling) rules.
- All estimates for personal use of automobile, business portion of residence, and other such estimates you have provided are reasonable and supported by usage logs and other evidence.

By signing this letter, you represent that you will provide us with accurate and complete information necessary to prepare your tax return. This includes informing us of all interests you held in foreign properties with an aggregate cost in excess of \$100,000 at any time in the year, as well as all income from any foreign properties regardless of their aggregate value and all income and transactions relating to non-resident trusts.

We will use our judgment to resolve questions in your favor where a tax law is unclear if there is a reasonable justification for doing so. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the laws, regulations, and interpretations that have been promulgated. If the CRA should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. Currently, the CRA and provincial taxing agencies are aggressive in assessing penalties.

We assume no liability for any such additional penalties or assessments. In the event, however, that you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable to you for any damages that occur as a result of ceasing to render services.

Changes to applicable law or regulations or the issuance of new case or ruling authority after your tax return is prepared could adversely affect a position reported on a tax return. We have no obligation to advise you of any changes in law after we prepare your tax return.

The law imposes various penalties, which are not deductible and can be significant, when taxpayers understate their tax liability, fail to report income or fail to file, on a timely basis, required forms. If you would like information on the amount or circumstances of these penalties, please contact us. You confirm that you are not aware of any illegal or possibly illegal acts for which you have not disclosed to us all facts related thereto.

The CRA may select your return for review. CRA representatives will often request copies of your receipts, and sometimes they may even require a full audit. Any adjustments proposed by the CRA are subject to certain rights of appeal with the Tax Court of Canada. In the event of such tax examinations, we will be available upon request to represent you.

Our business respects the privacy of personal information, that is, information that identifies you as an individual, or that is associated with such identifying information. By engaging our services, you agree to provide personal information necessary for us to meet your service requests. Before you provide us with any personal information on behalf of others, you agree that you will have obtained consent for collecting, using and disclosing this information, according to privacy legislation.

To change your contact information or to let us know if there are any types of correspondence that you do not wish to receive from our office, please contact us. By signing this letter, you agree that we may retain personal information and any records containing personal information pending satisfaction of any outstanding accounts, even if a request is made under Personal Information Protection Act (PIPA) for access to that information.

By signing this letter, you consent (adult and minor children alike) to our use and disclosure of personal information as is necessary for the purpose of preparing your (and your family members') personal income tax return(s), including: transferring personal financial information from one family member's return onto another family member's return, in order to maximize eligible tax credits, minimize taxes payable, or take advantage of deductions; filing your (and your family members') tax return(s) with CRA; and delivering your (and your family members') completed Tax Return(s) to you or any family member.

We reserve the right to share required information with our external IT support, program developers and/or contractors whom are supporting us in the completion of your tax return(s). We may also disclose information to certain companies for which we have an outsourced relationship with or program IT support. At the extent possible, we ensure only minimal information is transferred and that they have confidentiality and internal control procedures in place to protect your information.

In connection with this engagement, we may communicate with you or others via telephone, facsimile, post, courier and email transmission. As all communications can be intercepted or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that communications from us will be properly delivered only to the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of communications transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the communications, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

Our fees will be determined based on a combination of prior year billings, value provided and the time spent at our standard billing rates. Amounts relating to any agreed special assignments would be billed as separate items. Payment in full will be made to us within 30 days of the date each billing rendered. Interest is to be charged on overdue accounts at the rate of 1.5% per month (effective rate of 19.56% per annum). If there are unpaid fees related to any non-arms length party of yours, we reserve the right to delay work on your file until this is settled. We accept no liability for repercussions of this delay.

The total liability of Sadovnick Morgan LLP and any of its partners and employees for any errors, omissions or negligent acts, whether they are in contract, or in tort, or in breach of fiduciary duty or otherwise, arising from any professional services performed or not performed by Sadovnick Morgan LLP or by any of its partners or employees for the client, in respect of this engagement, shall be limited to the sum available in respect of the liability of Sadovnick Morgan LLP, under the policy or policies of professional liability insurance to indemnify Sadovnick Morgan LLP, at the time the claim is made. No claim shall be brought against the accounting firm in contract, negligent misrepresentation or tort more than two years (from date of Notice of Assessment) after the services were completed or terminated under this engagement.

Sadovnick Morgan LLP can only file your returns and information returns once we receive the signed documents and review them to ensure they were properly completed. If any documents are received late, we will not assume any responsibility for penalties or interest. This also applies to files dropped off at the firm with an unreasonable time frame until the filing deadlines. The firm cannot be relied upon to follow up with you to ensure you provide the signed documents on time, this is your responsibility. In addition, the liability of the firm for disallowed tax deductions/credits will be limited to the interest/penalty component of the amount owing, for which the firm made an error, but this will not include items where the filing positions were discussed with you, nor due to adjustments related to your representations to the firm.

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

The terms of this engagement letter shall remain in effect unless superseded by another agreement. The agreement shall apply to tax filings for prior years and subsequent years, including, but not limited to, correspondences and advisory services related to your personal tax compliance requirements.

If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign the enclosed copy of this letter and return it to us. We appreciate this opportunity to be of service.

This engagement letter is effective as of February 1, 2020.

Yours truly,

SADOVNIK MORGAN LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

I have read all pages of this entire agreement and the services and terms as set out above are as agreed. As well, I acknowledge and accept my responsibilities as the taxpayer as outlined above.

ALL FAMILY MEMBERS OVER 18 MUST SIGN AN ENGAGEMENT LETTER.

Signature: _____