

FL FULLER LANDAU LLP
Standard Terms and Conditions for Advisory and Tax Services

I. Services; Client Responsibilities

- (a) It is understood and agreed that FL Fuller Landau LLP's services may include advice and recommendations; but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, Client. FL Fuller Landau LLP will not perform management functions or make management decisions for Client beyond what has been documented above. References herein to Client shall refer to the addressee of the Proposal or Engagement Letter to which these Standard Terms and Conditions are attached (the "Engagement Letter"), and all related entities;
- (b) In connection with FL Fuller Landau LLP's provision of services under the Engagement Letter, Client agrees that Client, and not FL Fuller Landau LLP, shall perform the following functions: (i) make all management decisions and perform all management functions; (ii) designate an individual who possesses suitable skill, knowledge and experience, preferably within senior management, to oversee such services, and to evaluate the adequacy and results of such services; (iii) accept responsibility for the results of such services; and (iv) establish and maintain internal controls over the processes with which such services are concerned, including monitoring ongoing activities;
- (c) Subsequent to the completion of this engagement, FL Fuller Landau LLP will not update its advice, recommendations or work product for changes or modification to the law and regulations, or to the judicial and administrative interpretations thereof, or for subsequent events or transactions, unless Client separately engages FL Fuller Landau LLP to do so in writing after such changes or modifications, interpretations, events or transactions.

2. Tax on Services – All fees, charges and other amounts payable to FL Fuller Landau LLP under the Engagement Letter do not include any sales, use, excise, value added or other applicable taxes, tariffs or duties, payment of which shall be Client's sole responsibility, excluding any applicable taxes based on FL Fuller Landau LLP's net income or taxes arising from the employment or independent contractor relationship between FL Fuller Landau LLP and its personnel.

3. Termination (advisory services) – Either party may terminate the Engagement Letter at any time by giving written notice to the other party not less than 30 calendar days before the effective date of termination.

4. Non-solicitation – No one consciously attracts staff away from a supplier or one of their professionals, but it does happen, based on relationships formed over time. If you hire one of our firm team members to work in your company, you will be charged a one-time, immediately due recruitment fee of 25% (plus applicable sales taxes) of the first-year salary package payable to your new employee.

5. Ownership and Use of Deliverables

- (a) Except for FL Fuller Landau LLP Property, and upon full and final payment to FL Fuller Landau LLP under the Engagement Letter, the tangible items specified as deliverables or work product in the Engagement Letter including any intellectual property rights appurtenant thereto (the "Deliverables") will become the property of Client. If any FL Fuller Landau LLP Property is contained in any of the Deliverables, FL Fuller Landau LLP hereby grants Client a royalty-free paid-up, non-exclusive, perpetual license to use such FL Fuller Landau LLP Property in connection with Client's use of the Deliverables;



(b) Client acknowledges and agrees that any advice, recommendations, information or work product provided to Client by FL Fuller Landau LLP in connection with this engagement is for the sole use of Client and may not be relied upon by any third party. Client agrees that if it makes such advice, recommendations, information or work product available to any third party other than as expressly permitted by the Engagement Letter, the provisions of Paragraph 8(b) shall apply. Notwithstanding the foregoing, (i) in the event of a disclosure made by Client that is required by law, that is made to a regulatory authority having jurisdiction over Client or that is made pursuant to Paragraph 11 below, no acknowledgement of the Notice shall be required and (ii) no Notice or acknowledgement shall be required with respect to disclosures expressly authorized by the Engagement Letter.

6. Warranties – FL Fuller Landau LLP’s services under the Engagement Letter are subject to and will be performed in accordance with CPA Canada and other professional standards applicable to the services provided by FL Fuller Landau LLP under the Engagement Letter and in accordance with the terms thereof. FL Fuller Landau LLP disclaims all other warranties, either express or implied.

7. Limitation on Damages – Except for each party’s indemnification obligations herein above, neither Client nor FL Fuller Landau LLP shall be liable to the other for any actions, damages, claims, liabilities, costs, expenses or losses in any way arising out of or relating to the services performed under the Engagement Letter for an aggregate amount in excess of the fees paid or owing to FL Fuller Landau LLP under the Engagement Letter. In no event, shall either party be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses or losses (including, without limitation, lost profits and opportunity costs).

8. Assignment; Use of Member Firms – Neither party may assign, transfer or delegate any of its rights or obligations without the prior written consent of the other party, such consent not to be unreasonably withheld. Notwithstanding the foregoing, to the extent any of the services under the Engagement Letter will be performed in or relate to a jurisdiction outside of Canada. Client acknowledges and agrees that such services, including any applicable tax advice, may be performed by the member firms of **LEA Global** practicing in such jurisdiction. Accordingly, Client consents to FL Fuller Landau LLP’s disclosures to a member firm and such member firm’s use of data and information, including tax return information, received from or at the request or direction of Client for the purpose of completing the services under the Engagement Letter.

9. Miscellaneous

(a) Except as otherwise set forth in the Engagement Letter, in accepting the engagement, Client acknowledges that completion of this engagement or acceptance of Deliverables resulting from this engagement will not constitute a basis for Client’s assessment or evaluation of internal control over financial reporting for income tax purposes.

(b) FL Fuller Landau LLP may communicate with Client by electronic mail or otherwise transmit documents in electronic form during the course of this engagement. Client accepts the inherent risks of these forms of communication (including the security risks of interception of or unauthorized access to such communications, the risk of corruption of such communications and the risks of viruses or other harmful devices) and agrees that it may rely only upon a final hardcopy version of a document or other communication that FL Fuller Landau LLP transmits to Client unless no such hard copy is transmitted by FL Fuller Landau LLP to Client.



10. When a member or firm identifies a threat to independence that is not clearly insignificant (204.29), and the member or firm decides to apply appropriate safeguards and accepts or continues the assurance engagement, the decision should be documented in accordance with Rule 204.5. The documentation should include the following information:

- a. a description of the nature of the engagement;
- b. the threat identified;
- c. the safeguard or safeguards identified and applied to eliminate the threat or reduce it to an acceptable level; and
- d. an explanation of how, in the member or firm's professional judgment, the safeguards eliminate the threat or reduce it to an acceptable level.

11. Threats to independence:

- a. (204.30) Independence is potentially affected by self-interest, self-review, advocacy, familiarity and intimidation threats. The mere existence of such threats does not per se mean that the performance of a prospective engagement is precluded. The undertaking or continuation of an engagement is only precluded where safeguards are not available to eliminate or reduce the threats to an acceptable level or where Rule 204.4 provides a specific prohibition.
- b. Self-Interest Threats (204.31). A self-interest threat occurs when a firm or a person on the engagement team could benefit from a financial interest in, or other self-interest conflict with, an assurance client. Examples of circumstances that may create a self-interest threat include, but are not limited to:
 - i. a direct financial interest or material indirect financial interest in an assurance client;
 - ii. a loan or guarantee to or from an assurance client or any of its directors or officers;
 - iii. dependence by a firm, office or member on total fees from an assurance client;
 - iv. undue concern about the possibility of losing the engagement;
 - v. evaluating performance or providing compensation for selling non-audit services to an assurance client;
 - vi. having a close business relationship with an assurance client; and
 - vii. potential employment with an assurance client.
- c. Self-Review Threats (204.32). A self-review threat occurs when any product or judgment from a previous engagement needs to be evaluated in reaching a conclusion on the particular assurance engagement, or when a person on the engagement team was previously an officer or director of the client, or was in a position to exert significant influence over the subject matter of the assurance engagement. Examples of circumstances that may create a self-review threat include, but are not limited to:
 - i. a person on the engagement team being, or having recently been, an officer or director of the client;
 - ii. a person on the engagement team being, or having recently been, an employee of the assurance client in a position to exert significant influence over the subject matter of the assurance engagement, or another person having the duties or responsibilities normally associated with such an employee;
 - iii. a member or firm performing services for an assurance client that directly affect the subject matter of the engagement; and
 - iv. a member or firm preparing original data used to generate financial statements or preparing other records that are the subject matter of the engagement.

12. Advocacy Threats (204.33) – An advocacy threat occurs when a firm, or a person on the engagement team, promotes, or may be perceived to promote, an assurance client’s position or opinion to the point that objectivity may be, or may be perceived to be, impaired. Such would be the case if a person on the engagement team were to subordinate his or her judgment to that of the client, or the firm were to do so. Examples of circumstances that may create an advocacy threat include, but are not limited to:

- i. dealing in, or being a promoter of, shares or other securities of an assurance client;
- ii. acting as an advocate for or on behalf of an assurance client in litigation or in resolving disputes with third parties; and
- iii. completing SR&ED related engagements and then assisting in obtaining financing for same, while the firm is engaged in assurance work.

13. Familiarity Threats (204.34) – A familiarity threat occurs when, by virtue of a close relationship with an assurance client, its directors, officers or employees, a firm or a person on the engagement team becomes too sympathetic to the client’s interests. Examples of circumstances that may create a familiarity threat include, but are not limited to:

- i. a person on the engagement team having an immediate or close family member who is an officer or director of the assurance client;
- ii. a person on the engagement team having an immediate or close family member who is in a position to exert significant influence over the subject matter of the assurance engagement;
- iii. a former partner of the firm being an officer or director of the assurance client or in a position to exert significant influence over the subject matter of the assurance engagement;
- iv. the long association of a senior person on the engagement team with the assurance client; and
- v. the acceptance of gifts or hospitality from the assurance client, its directors, officers or employees, unless the value thereof is clearly insignificant.

14. Intimidation Threats (204.35) – An intimidation threat occurs when a person on the engagement team may be deterred from acting objectively and exercising professional skepticism by threats, actual or perceived, from the directors, officers or employees of an assurance client. Examples of circumstances that may create an intimidation threat include, but are not limited to:

- i. The threat of being replaced due to a disagreement with the application of an accounting principle; and the application of pressure to inappropriately reduce the extent of work performed in order to reduce or limit fees.