

March 8, 2019

Dear Client,

**SUBJECT: 2018 TAX RETURN LETTER OF ENGAGEMENT**

We appreciate the opportunity to work with you and advise you on income tax matters. Canada Revenue Agency (CRA) imposes penalties upon taxpayers, and upon us as tax return preparers, for failure to observe due care in reporting on your income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

We will prepare your 2018 personal income tax return 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. Your personal income tax return will include the following statement *"Prepared without review or audit from information supplied by the taxpayer."* It is our responsibility to prepare your tax return correctly according to the law and 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, cancelled cheques 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 CRA. You have the final responsibility for the income tax return and, therefore, you should review it carefully before you sign it.

The failure to report income for a second time within a four year span may result in a penalty of 20% of the gross income not reported regardless of whether you owe any taxes due to the failure of the omission. We rely on the information you provide to us and your review of the tax return to ensure completeness of information.

***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.***

The law imposes various penalties, which are not deductible and can be significant, when taxpayers understate their tax liability 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.

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.

We want you to know that we will not rent, sell, or otherwise make your personal information, including contact information, available to any third-party without your permission. We use your information to complete your service requests, to inform you of changes in our business or service offerings, and to maintain our professional correspondence with you.

We follow rigorous privacy practices and we have a privacy policy that governs our use and handling of the information you provide to us. We invite you to contact our office if you would like additional information about these practices.

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.

CRA may select your return for review. Often they request copies of your receipts and other times they may require a full audit. Any adjustments proposed by CRA are subject to certain rights of appeal. In the event of such tax examinations, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

Our fees will be determined on the basis of 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 1.25% per month (effective rate of 15% per annum).

The total liability of Morgan & Company 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 Morgan & Company LLP or by any of its partners or employees for the client, in respect of this engagement, shall be limited to the lesser of ten times the professional fees invoiced for the services in question and \$10,000.

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

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.

Yours truly,

**MORGAN & COMPANY LLP, CHARTERED PROFESSIONAL ACCOUNTANTS**

The services and terms set out above are as agreed.

Accepted by: \_\_\_\_\_  
(please print your name and sign here)