

# City of Enderby

Audit planning communication to the Mayor and Council of City of Enderby for the year ended December 31, 2025

START



# To the Mayor and Council of City of Enderby of City of Enderby

We are pleased to provide you with this planning communication to highlight and explain key issues which we believe to be relevant to the audit of City of Enderby (the “City”) financial statements for the year ended December 31, 2025.

The enclosed planning communication includes our approach to your audit, the significant risks we have identified and the terms of our engagement. At the year-end meeting, we will provide you with a copy of our draft audit opinion and discuss the nature, extent and results of our audit work. We will also communicate any significant internal control deficiencies identified during our audit and reconfirm our independence.

Our audit and therefore this communication will not necessarily identify all matters that may be of interest to the Mayor and Council of City of Enderby in fulfilling its responsibilities. This communication has been prepared solely for the use of the Mayor and Council of City of Enderby and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

We look forward to completing our draft audit report opinion and discussing our conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP

February 2, 2026



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## Audit at a glance

- 4  **LEAD PARTNER ON YOUR AUDIT** Angela Spencer  
CPA, CA
- 5
- 6 E: 236-836-0133
- 9 T: [aspencer@bdo.ca](mailto:aspencer@bdo.ca)
- 10
- 11
- 14  **START DATE** February 2026
- 15
- 17
- 20  **END DATE** April 2026

# Your dedicated BDO audit team

**Angela Spencer, CPA**  
Engagement Partner

T: 236-836-0133  
E: [aspencer@bdo.ca](mailto:aspencer@bdo.ca)

**Cole Holowenko, CPA**  
Senior Manager

T: 236-766-4000  
E: [cholowenko@bdo.ca](mailto:cholowenko@bdo.ca)

**Quinn Ho**  
Auditor In Charge

T: 236-766-1615  
E: [qho@bdo.ca](mailto:qho@bdo.ca)

## Our independence



We have complied with relevant ethical requirements and are not aware of any relationships between City of Enderby and our Firm that may reasonably be thought to bear on our independence.



# Audit timeline



For the year ended December 31, 2025



## BDO'S DIGITAL AUDIT SUITE APT Next Gen

We use our APT Next Gen software and documentation tool to save time, streamline processes, and go paperless with your audit.

[LEARN MORE](#)

DISCOVER THE  
DIGITAL DIFFERENCE





# Auditor's responsibilities: financial statements

We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management, with oversight by those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities. The scope of our work, as confirmed in our engagement letter attached as Appendix A to this letter, is set out below:

## Year-End Audit Work

- ▶ Work with management towards the timely issuance of the financial statements and consents for offering documents.
- ▶ Provide timely and constructive management letters. This will include deficiencies in internal control identified during our audit.
- ▶ Present significant findings to the Mayor and Council of City of Enderby including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work.



We are required to obtain an understanding of the system of internal control in place in order to consider the adequacy of these controls as a basis for the preparation of the financial statements, to determine whether adequate accounting records have been maintained and to assess the adequacy of these controls and records as a basis upon which to design and undertake our audit testing.

We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.



# Auditor's responsibilities: fraud

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud, by:

- ▶ Identifying and assessing the risks of material misstatement due to fraud;
- ▶ Obtaining sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- ▶ Responding appropriately to fraud or suspected fraud identified during the audit.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

## Behind the audit report



Learn how we audit your financial statements

[SEE OUR PROCESS](#)



## Auditor's responsibilities: fraud

Throughout our planning process, we performed risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the City's internal control, to obtain information for use in identifying the risks of material misstatement due to fraud and made inquiries of management regarding:

- ▶ Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;
- ▶ Management's process for identifying and responding to the risks of fraud in the City, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
- ▶ Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in City of Enderby; and
- ▶ Management's communication, if any, to employees regarding its view on business practices and ethical behavior.

We are not currently aware of any fraud affecting the City. If you are aware of any instances of actual, suspected, or alleged fraud, please let us know.



# Significant risks and planned responses

We have identified the following significant risks that require special audit consideration. These risks were identified based on our knowledge of the City, our past experience, and input from management and the Mayor and Council of City of Enderby. Please review these significant risks and let us know your thoughts on these or any other areas of concern.

Financial statement areas	Risks noted	Audit approach
Management Override of Controls	Management is in a unique position to directly or indirectly change accounting records without oversight, and prepare financial statements, by overriding controls that otherwise appear to be operating effectively.	<p>Our approach will be to review transactions recorded in the various ledgers for unusual or non-recurring adjustments not addressed by other audit procedures.</p> <p>Test the appropriateness of key estimates, and any adjustments made in the preparation of the financial statements.</p>
Revenue Recognition	Accounting standards relating to grant and government transfer revenue recognition are complex and open to interpretation. There is a risk that grants or revenue derived from other government transfers may be incorrectly deferred into future periods or recognized prior to stipulations being met.	<p>Review of funding agreements, with a focus on key terms related to revenue recognition criteria, including: total funding amounts, eligibility criteria, stipulations and potential repayment.</p> <p>Expenditures incurred for projects which are funded by arrangements that include certain stipulations will also be reviewed to ensure those expenditures meet the requirements of the funding agreement.</p> <p>Review other revenue streams to ensure they are recorded in accordance with the latest revenue recognition standards.</p>

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## Materiality

We determined preliminary materiality to be \$670,000, based on 2% of tangible capital assets.

We also calculate specific materiality based on \$335,000, based on 3% of total revenues. We intend to use specific materiality for all cash, revenue, expense, accounts payable, accounts receivable and deferred revenue accounts.

Misstatements are considered to be material if they could reasonably be expected to influence the decisions of users based on the financial statements.

Our materiality calculation is based on the City's preliminary results. If actual results change significantly, we will communicate those changes to the Mayor and Council of City of Enderby as part of our year-end communication.

We will communicate all corrected and uncorrected misstatements identified during our audit to the Mayor and Council of City of Enderby, other than those which we determine to be "clearly trivial."

We encourage management to correct any misstatements identified throughout the audit process.



# How we audit financial statements: Our audit process

## IDENTIFY AND ASSESS RISK

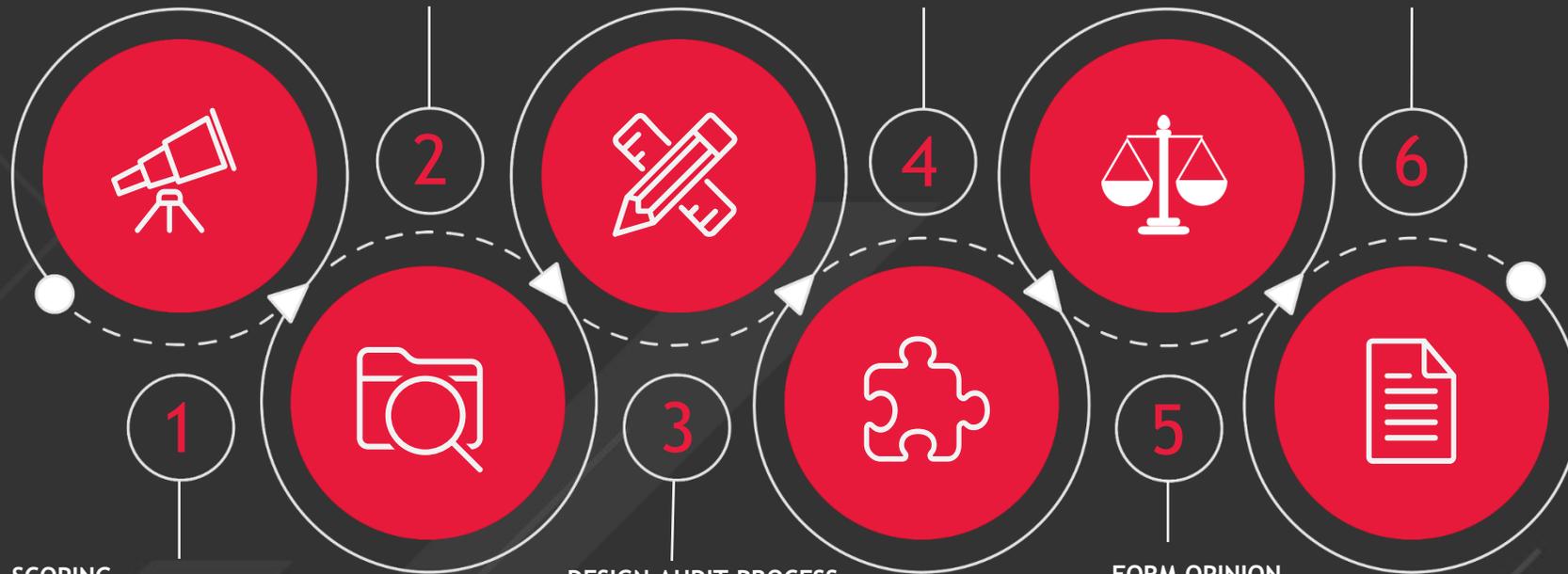
Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

## OBTAIN AUDIT EVIDENCE

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly

## COMMUNICATION

Communicate our opinion and details of matters on which we are required to communicate



## SCOPING

Complete a preliminary review to plan the audit, determine the materiality level, and define the audit scope

## DESIGN AUDIT PROCESS

Design an appropriate audit strategy to obtain sufficient assurance and enable us to report on the financial statements

## FORM OPINION

Evaluate whether we have enough evidence to conclude that the financial statements are free from material misstatement, and consider the effect of any potential misstatements found



# How the firm's system of quality management (SoQM) supports the consistent performance of quality audit engagements

The firm is committed to maintaining high standards of audit quality that meet stakeholders' expectations and serve the public interest. We foster a culture where audit quality is at the center of our strategy and priorities. All partners and staff are accountable for performing quality engagements and upholding professional ethics, values, and attitudes.

The firm invested significant time and resources to establish and operate a SoQM that complies with the requirements set out in Canadian Standard on Quality Management 1 - Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (CSQM 1) as issued by the Auditing and Assurance Standards Board (AASB). The SoQM ensures the firm and its personnel meet professional standards, legal and regulatory requirements, and conduct engagements accordingly, with reports issued appropriately for the circumstances.

Taken together our system of quality management supports consistent performance of audit engagements by focusing on eight components that operate in an iterative and integrated manner. These include:



## Standard for Audit Quality



### CSQM 1

The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.



# Establishing and improving the firm's SoQM

In establishing and continuously improving our firm's SoQM, we carried out the following for each of the SoQM components:

## OBJECTIVES

We established the quality objectives required by CSQM1 in the core components of our SoQM and any additional quality objectives as appropriate.

## QUALITY RISKS

We identified the quality risks that may adversely affect achieving these objectives. These consider the nature and circumstances of the firm and the engagements it performs and the conditions, events or circumstances that may impact its SoQM.

## RESPONSES

We designed and implemented appropriate responses (policies, procedures and controls) to mitigate the assessed quality risks to an acceptable level.

## MONITORING

We monitor the design, implementation and operating effectiveness of the firm's SoQM to identify areas for improvement. Root cause analysis is performed on deficiencies identified and remedial actions are implemented on a timely basis. This robust monitoring and remediation process is important for continuous improvement in quality processes.

On at least an annual basis the firm evaluates whether these deficiencies have a severe and/or pervasive impact on the achievement of the quality objectives in the SoQM.

We identify emerging developments and changes in the circumstances of the firm or its engagements and adapt the SoQM to respond to such changes.

## Evaluating SoQM:

Our annual SoQM evaluation involves reviewing information about the system's design, implementation, and operation through monitoring activities. It includes testing response effectiveness, reviewing findings from inspections, and other relevant SoQM information. Using professional judgment, we assess whether identified findings represent deficiencies in the SoQM, investigating their root causes and evaluating their severity and pervasiveness.



# Our audit approach: Responsiveness in action

Our firm is deliberately structured to allow one partner to every six staff members. This means easy access to senior staff and the lead partner throughout your audit. It also helps our team gain a better understanding of your organization. Our audit process differs from the typical audit in our use of in-field reviews. The benefit of these in-field reviews is that final decision-makers are on site ensuring issues are resolved and files closed quickly. We offer clients the full-service expertise of a national firm. Yet we maintain a local community focus. The comprehensive range of services we deliver is complemented by a deep industry knowledge gained from over 100 years of working within local communities.



Discover how we're accelerating audit quality



## Audit Quality Report

We collected our core beliefs around audit quality, the very practical steps we take to sustain it, and the progress we have made to accelerate its quest.

[Follow our progress](#)



# BDO's digital audit suite

Our digital audit suite of technologies enables our engagement teams to conduct consistent risk-based audits, both domestically and internationally, with maximum efficiency and minimal disruption to our clients' operations and people.

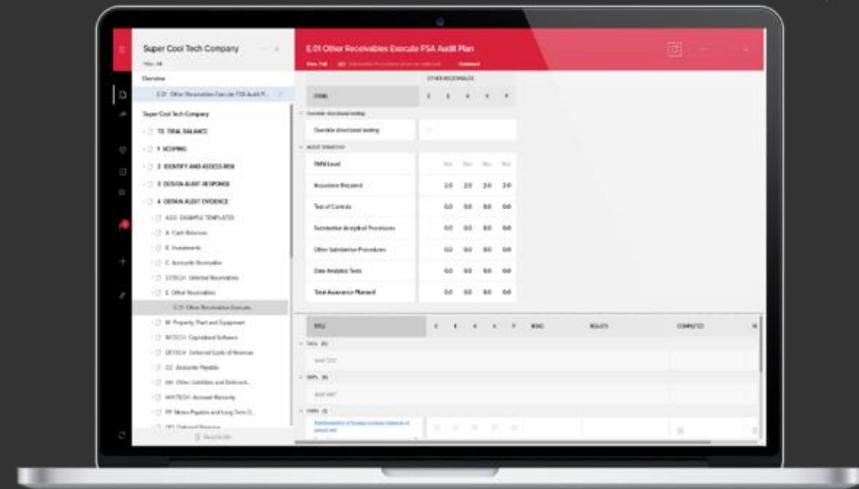
## APT Next Gen

Our audit software and documentation tool, APT, is an integral part of our audit methodology. Our professionals engage APT to devise and perform appropriate, risk-based audit procedures and testing based on applicable Canadian Auditing Standards (CASs), as well as to factor in engagement and industry-specific objectives and circumstances.

APT enables us to deliver an audit that fits your organization—whether large or small; complex or basic.

This sophisticated tool also amplifies two key attributes of our audits: consistency and quality. The quality framework that we developed measures our audit performance with hard quality indicators and reflects our indispensable culture for quality. To see our audit quality and consistency in action, look no further than how our teams share best audit practices for continuous improvement.

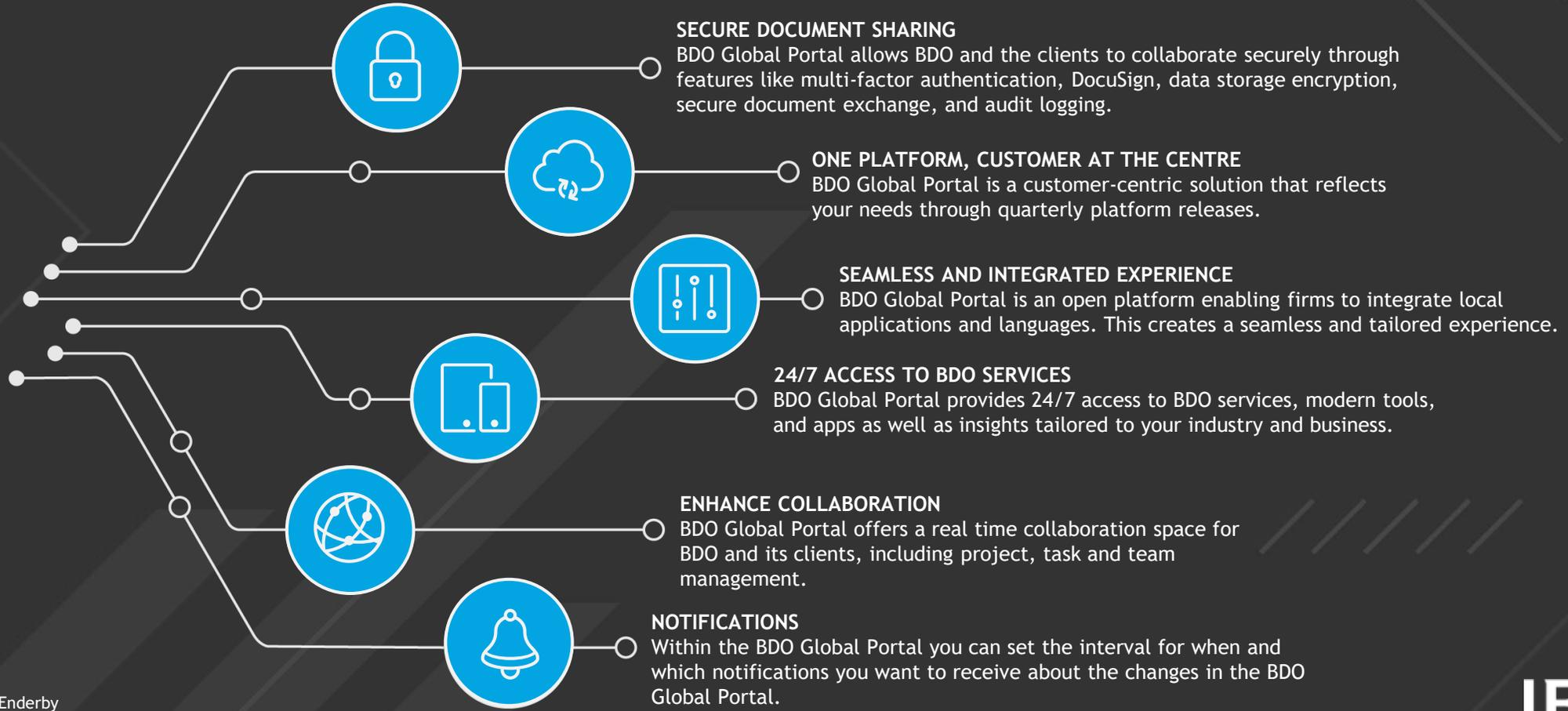
Through a strategic alliance with Microsoft and the introduction of new technology, this global, cloud-based application can now streamline and focus the audit process in even more ways for BDO professionals and their clients.





# BDO Global Portal

BDO Global Portal transforms and enhances your digital experience with your BDO advisors. Available at any time, Portal enables you to access all services, tools, apps, and information and to collaborate with your advisors in a seamless way through a flexible, appealing, and secure environment.





# Recommended Resource

Staying in the know with knowledge and perspective

## Key changes to financial reporting



When the rules of reporting change, you may need to fine-tune how to present financial statements and govern the organization.

[ACCESS OUR KNOWLEDGE CENTRE](#)

## The latest tax pointers



Corporate. Commodity. Transfer pricing. International tax. Government programs. Together they add up to immense differences on the organization's bottom line. Our tax collection keeps you current.

[STAY ON TOP OF TAXES](#)

## Trending topics



As a community of advisors with the best interests of our clients in mind, we keep our ear to the ground to bring insights and perspectives related to key business trends to you.

[EXPLORE NOW](#)

## Specific to you



We think the resource below may be of interest to the Mayor and Council of City of Enderby

[READ ARTICLE](#)

# Spotlight on ESG



Transformative world events—an international health crisis, social movements, shareholder and investor values, global supply chains, energy transition, smart cities, and sustainable finance—are transforming Canadian business.

Standards and regulations are rapidly changing to reflect the goals of all of your stakeholders. Organizations, investors, and customers are embracing environmental, social, and governance (ESG) considerations as important measures of success. Non-financial and financial information is becoming more interconnected.

## ESG Insights



Sector insights at your convenience

[EXPLORE NOW](#)



# Spotlight on public sector



## Industry insights to shape your business

At BDO, we help governments create efficient ways of working to achieve better outcomes for their citizens and public servants. From technology-based solutions to program development, advisory and audit, our team can guide you through critical strategic decisions to ensure you deliver on your vision, goals, and accountability expectations.

### Public sector Insights



Resources to support your business

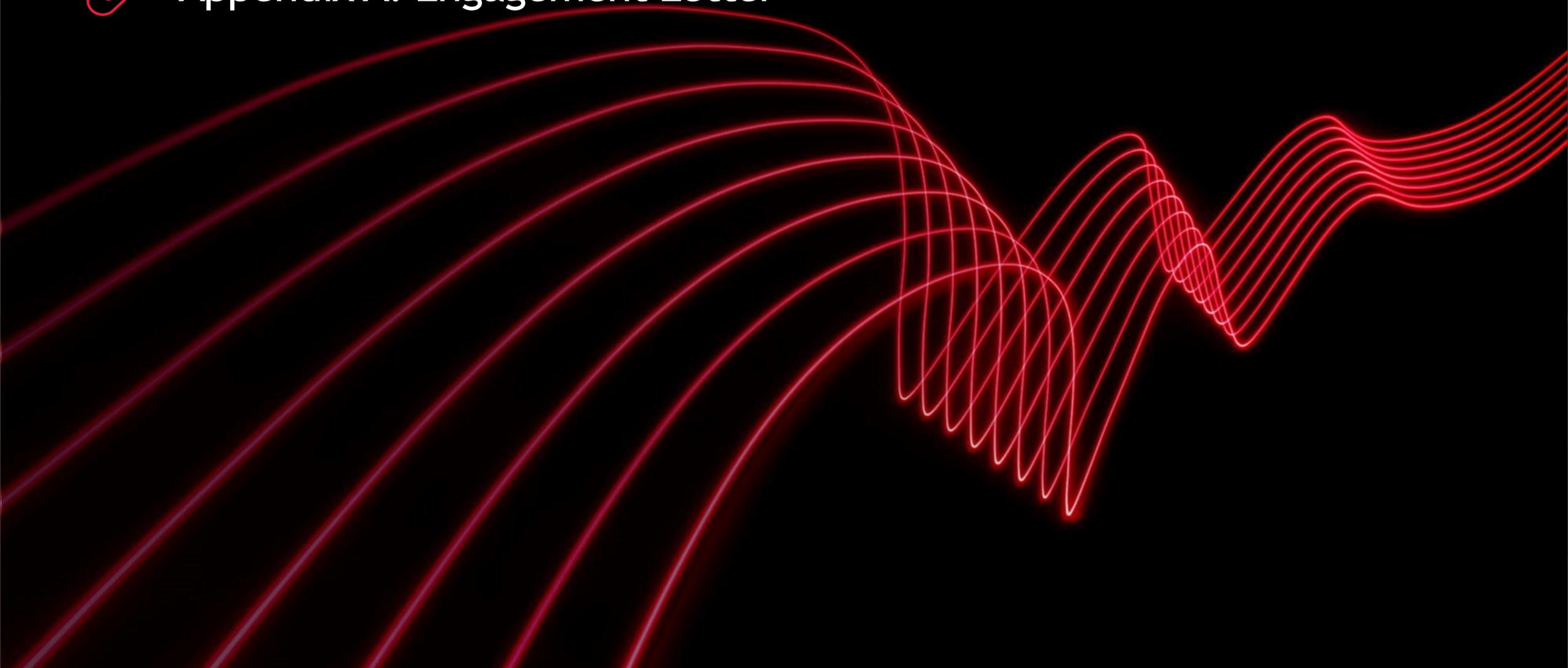
[EXPLORE NOW](#)

# Appendices

- ▶ Appendix A: Engagement Letter



# Appendix A: Engagement Letter





Tel: (250) 832-7171  
Fax: (250) 832-2429  
www.bdo.ca

BDO Canada LLP  
571 - 6th Street NE  
Suite 201  
Salmon Arm, British Columbia  
V1E 1R6

September 26, 2025

City of Enderby  
619 Cliff Avenue  
P.O. Box 400  
Enderby, BC  
V0E 1V0

Dear Jennifer Bellamy,

We understand that you wish to engage us as the auditors of City of Enderby for its fiscal year ended December 31, 2025 and subsequent years.

We are pleased to perform the engagement subject to the terms and conditions of this Agreement, to which the attached Standard Terms and Conditions form an integral part. The definitions set out in the Standard Terms and Conditions are applicable throughout this Agreement. This Agreement will remain in place and fully effective for future years until varied or replaced by another relevant written agreement.

Angela Spencer, CPA, CA will be the Engagement Partner for the audit work we perform for you. The Engagement Partner will call upon other individuals with specialized knowledge to assist in the performance of services.

## **Our Role as Auditors**

We will conduct our audit(s) in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements prepared in accordance with Canadian Public Sector Accounting Standards are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by you, as well as evaluating the overall financial statement presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, whether by fraud or error, may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making our risk assessments, we consider internal control relevant to your preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of your internal controls. However, we will communicate to you concerning any significant deficiencies in internal controls relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate matters required by professional standards, to the extent that such matters come to our attention, to you, those charged with governance and/or the board of directors.



## Reporting

Our audit will be conducted on the basis that the financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

Our independent auditor's report will be substantially in the form set out in Canadian Auditing Standard (CAS) 700. The form and content of our report may need to be amended in the light of our audit findings. If we are unable to issue or decline to issue an audit report, we will discuss the reasons with you and seek to resolve any differences of view that may exist.

## Role of Management and Those Charged with Governance

You acknowledge and understand that you have responsibility for:

- (a) the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards. The audit of the financial statements does not relieve you of your responsibilities;
- (b) such internal controls as you determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- (c) providing us with:
  - access, in a timely manner, to all information of which you are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - additional information that we may request for the purpose of the audit;
  - unrestricted access to persons within the entity from whom we determine it is necessary to obtain audit evidence;
  - financial and non-financial information (other information) that will be included in document(s) containing financial statements and our audit report thereon prior to the date of our auditor's report. If it is not possible to provide all the other information prior to the date of our auditor's report, you are responsible for provision of such other information as soon as practicable; and
  - written confirmation concerning representations made to us in connection with the audit. If appropriate and adequate written representations are not provided to us, professional standards require that we disclaim an audit opinion.

## Financial Statement Services

We will obtain your approval, if during the course of our engagement we:

- (a) prepare or change a journal entry; or
- (b) prepare or change an account code or a classification for a transaction.

## Tax Services

Our audit is conducted primarily to enable us to express an opinion on the financial statements. The audit process is not designed to provide us with a full understanding of your tax situation and



in particular, to allow us to determine whether the entity has specific tax compliance issues. We understand that you are not looking to BDO to provide you with any guidance or advice in regard to tax planning or compliance.

### **Additional Services**

We are available to provide a wide range of services beyond those outlined in this Agreement. To the extent that any additional services that we provide to you that are not provided under a separate written engagement agreement, the provisions of this Agreement will apply to the services.

### **Fee Estimation**

The estimated fee for this engagement is as follows:

- Audit services: \$24,700

For each future year we will issue a Summary of Services providing details of our Services and fees.

Our estimated fee is based on an assumed level of quality of your accounting records, the agreed upon level of preparation and assistance from your personnel and adherence to the agreed-upon timetable. Our estimated fee also assumes that your financial statements are in accordance with Canadian Public Sector Accounting Standards and that there are no significant new or changed accounting policies or issues or internal control or other reporting issues. We will inform you on a timely basis if these factors are not in place. Should our assumptions with respect to the quality of your accounting records be incorrect or should the conditions of the records, degree of cooperation, results of audit procedures, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates.

Our professional fees will be based on our billing rates which depend on the means by which and by whom our Services are provided. Our billing rates may be subject to change from time to time at our discretion with or without notice to you.

Delays in providing the complete list of agreed upon working papers/schedules to BDO will result in additional fees as follows:

- 1 week delay - additional 10% of estimated fees
- 1 month delay - additional 20% of estimated fees

Should a delay occur, we cannot guarantee completion of our work by your deadline.

We will also bill you for our out-of-pocket expenses, our administrative and technology charge, and applicable Goods and Services Sales Tax, Harmonized Sales Tax, Quebec Sales Tax and Provincial Sales Tax. Our administrative and technology charge is calculated as 7% of our professional fee and represents an allocation of estimated costs associated with our technology infrastructure and support staff time costs.

Our fees will be invoiced and payable as follows:

- \$6,200 prior to commencing annual assurance engagement;
- \$9,900 interim payment;
- \$7,400 prior to issuance of assurance report; and



- \$1,300 within 10 days after issuance of our final invoice along with any additional required final payments.

Our accounts are due when rendered and invoiced amounts are deemed to be earned when paid. BDO may suspend the performance of Services in the event that you fail to pay an invoice when it is due. Fees that are not paid within 30 days of an invoice or by a specified payment deadline will be considered delinquent. Interest may be charged at the rate of 12% per annum on all accounts outstanding for more than 30 days.

**Standard Terms and Conditions**

A copy of our Standard Terms and Conditions is attached as Appendix 1. You should ensure that you read and understand them. The Standard Terms and Conditions include clauses that limit our professional liability.

In the event BDO utilizes Data Processing and Extraction, as defined in Appendix 2, you hereby agree to be bound to the Data Extraction Terms and Conditions attached as Appendix 2 in addition to Appendix 1 Standard Terms and Conditions. You should ensure that you read and understand them.

Please sign and return the attached copy of this Agreement to indicate your agreement with it. If you have any questions concerning this Agreement, please contact us before signing it.

It is a pleasure for us to be of service and we look forward to many future years of association with you.

Yours truly,

*BDO Canada LLP*

Chartered Professional Accountants

Agreement of all the terms and conditions in this Agreement is hereby acknowledged by:

<p>Signed by:    <small>FA788A2EDFCD4BE...</small>          Signature</p>	<p>2025-10-20   15:56:18 PDT          Date</p>
--	--

<p>Jennifer Bellamy          Name (please print)</p>	<p>Chief Financial Officer          Position</p>
--	--

Please carefully review this Agreement, which includes the attached Standard Terms and Conditions, prior to signing it. A complete copy of the signed engagement letter should be returned to us.



## ***Appendix 1 - Standard Terms and Conditions***

### **1 Overview and Interpretation**

1.1 This Agreement sets forth the entire agreement between the parties in relation to Services and it supersedes all prior agreements, negotiations or understandings, whether oral or written, with respect to Services, including without limitation any non-disclosure agreements entered into in advance of this Agreement. This Agreement applies to Services whenever performed (including before the date of this Agreement). To the extent that any of the provisions of the accompanying letter conflict with these Standard Terms and Conditions, these Standard Terms and Conditions shall prevail. This Agreement may not be changed, modified or waived in whole or part except by an instrument in writing signed by both parties.

1.2 In this Agreement, the following words and expressions have the meanings set out below:

**This Agreement** - these Standard Terms and Conditions, the letter to which they are attached, supporting schedules or other appendices to the letter, and any Summary of Services letters issued in future years

**Services** - the services provided or to be provided under this Agreement, and any other services which we agree to provide to you subsequent to the date of this Agreement that are not covered by a separate engagement letter

**We, us, our, BDO** - refer to BDO Canada LLP, a Canadian limited liability partnership organized under the laws of the Province of Ontario

**You, your** - the party or parties contracting with BDO under this Agreement. You and your does not include BDO, its affiliates or BDO Member Firms

**BDO Member Firm or Firms** - any firm or firms that form part of the international network of independent firms that are members of BDO International Limited

**Confidential Information** - all non-public proprietary or confidential information and Personal Information, including Client Documents

**Personal Information** - personal information that is or could be attributed to identifiable individuals

**Client Documents** - information (including internal financial information and internal records and reports) provided to us by you or on your behalf in connection with the performance of the Services

### **2 BDO Network and Sole Recourse**

2.1 BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international network of independent member firms (i.e. BDO Member Firms), each of which is a separate legal entity.

2.2 We may use other BDO Member Firms or subcontractors to provide Services; however, we remain solely responsible for Services. You agree not to bring any claim or action against another BDO Member Firm (or their partners, members, directors, employees or subcontractors) or our subcontractors in respect of any liability relating to the provision of Services.



- 2.3 You agree that any of our affiliates, subcontractors, and other BDO Member Firms and any subcontractors thereof whom we directly or indirectly involve in providing Services have the right to rely on and enforce Section 2.2 above, as well as all liability protections contained herein, as if they were a party to this Agreement. For greater certainty, you agree that other BDO Member Firms that are subcontractors may enforce any limitations or exclusions of liability available to us under this Agreement.

### **3 Respective Responsibilities**

- 3.1 We will use reasonable efforts to complete, within any agreed-upon time frame, the performance of Services.
- 3.2 You shall be responsible for your personnel's compliance with your obligations under this Agreement. We will not be responsible for any delays or other consequences arising from you not fulfilling your obligations.

### **4 Working Papers and Deliverables**

- 4.1 **Ownership** - All reports (including assurance reports where applicable), written advice, working papers, and internal materials created or developed by us pursuant to this Agreement are owned by us, and we retain all property rights therein. All Client Documents continue to be your property, provided that we retain copies of such documents as necessary for our internal record keeping (including as required to comply with our professional obligations).
- 4.2 **Oral advice and draft deliverables** - You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.
- 4.3 **Translated documents** - If you engage us to translate any documents, advice, opinions, reports or other work product of BDO from one language to another, you are responsible for the accuracy of the translation work.
- 4.4 **Reliance by Third Parties** - Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any party other than you, and are intended for the benefit of only you. Items of possible interest to a third party will not be addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction. The receipt by any third parties of any advice, opinions, reports or other work product is not intended to create any duty of care, professional relationship or any present or future liability between such third parties and us. For greater certainty, we expressly disclaim any liability of any nature or kind resulting from the disclosure to or unauthorized reliance by any third party on our advice, opinions, reports or other work product.
- 4.5 **Consent to use the Report** - Nothing in this Agreement shall be construed as consent to the use of our report in connection with a continuous disclosure document, a public or private offering document, an annual report or any other document and we expressly do not provide such consent. If you request consent for the use of our report, we will consider, at the relevant time, providing consent and any conditions that we may attach to such consent. Our consent must be in writing.
- 4.6 **Consent requests** - In order to provide consent, professional standards require that we read the other information in the related document and consider whether such information



is materially inconsistent with the related financial statements. Any consent request must be made on a sufficiently timely basis to allow us to consider your identification and resolution of events occurring in the period since the date of our report, and to obtain updated written representation letters. Such procedures will be performed at your cost and will be documented in a separate engagement letter.

## **5 Confidentiality**

- 5.1 We will use Confidential Information provided by you only in relation to the Services or for internal and administrative purposes. You agree, however, that we may use such Confidential Information for predictive analytics to provide you with key performance indicators and other analysis and insights. We will not disclose any Confidential Information, except where required by law, regulation or professional obligation. You agree, however, that we may disclose Confidential Information to other BDO Member Firms or other subcontractors assisting us in providing Services, provided that such parties are bound by reasonable confidentiality obligations no less stringent than in this Agreement.

## **6 Analytics**

- 6.1 You agree that we may use anonymized and aggregated usage metrics, metadata or other tag identifiers, and Confidential Information that will not include any personally identifiable information, related to your use of BDO products and/or services to develop, modify and improve tools, services and offerings and for data analytics and other insight generation. Information developed in connection with these purposes may be used or disclosed to current or prospective clients as part of service offerings, however we will not use or disclose your name or any Confidential Information in a way that would permit you to be identified.

## **7 Privacy and Consent for Use of Personal Information**

- 7.1 In order to provide our Services, we may be required to access and collect Personal Information of individuals that is in your custody. You agree that we may collect, use, store, transfer, disclose and otherwise process Personal Information as required for the purpose of providing the Services. Personal Information may be processed in various jurisdictions in which we or applicable BDO Member Firms and subcontractors providing Services operate and as such Personal Information may be subject to the laws of such jurisdictions. Personal Information will at all times be collected, used, stored, transferred, disclosed or processed in accordance with applicable laws and professional regulations and we will require any service providers and BDO Members that process Personal Information on our behalf to adhere to such requirements. Any collection, use, storage, transfer or disclosure of Personal Information is subject to BDO's Privacy Statement available at <https://www.bdo.ca/en-ca/legal-privacy/legal/privacy-policy/>.
- 7.2 You represent and warrant that:
- (a) you have the authority to provide the Personal Information to us in connection with the performance of our Services, and
  - (b) the Personal Information provided to us has been provided in accordance with applicable law, and you have obtained all required consents of the individuals to whom such Personal Information relates in order to permit BDO to collect, use and disclose the Personal Information in the course of providing the Services.



## **8 Independence**

- 8.1 Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to our clients in the performance of our Services. We will communicate to you any relationships between BDO (including its related entities) and you that, in our professional judgment, may reasonably be thought to bear on our independence.

## **9 Offers of Employment**

- 9.1 Any discussions that you, or any party acting on your behalf, have with professional personnel of our Firm regarding employment could pose a threat to our independence. Your recruitment of an engagement team member from the current or prior year's engagement may compromise our independence and our ability to render agreed Services to you. Engagement team members may include current and former partners and staff of BDO, other BDO Member Firms and other firms who work under our direction. Therefore, you agree to inform us prior to any such discussions so that you and we can implement appropriate safeguards to maintain our independence.

## **10 Professional and Regulatory Oversight and Legal Processes**

- 10.1 As required by legal, regulatory, or professional authorities (both in Canada and abroad) and by BDO policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and BDO standards. It is understood that by entering into this Agreement, you provide your consent to us providing our files relating to your engagement to the practice inspectors for the sole purpose of their inspection.
- 10.2 Certain law enforcement, regulatory and other governmental bodies may also have the right under law or regulation to conduct investigations of you, including the Services provided by us. To the extent practicable and permitted by law or regulation, we will advise you of any such document request or production order we receive in connection with any such investigation prior to providing any documents in response to such request or order.
- 10.3 We are sometimes required by law, regulation, subpoena or other legal process, or upon your request, to produce documents or personnel as witnesses in connection with legal or regulatory proceedings. Where BDO is not a party to such proceedings, you shall reimburse us at our current standard billing rates for professional time and expenses, including without limitation, reasonable legal fees, expenses and taxes incurred in responding to such compelled assistance or request by you.

## **11 Electronic Communications**

- 11.1 Both parties recognize and accept the security risks associated with email communications, including but not limited to the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by internet email, you assume all responsibility and liability in respect of risk associated with its use.

## **12 Limitation of Liability**

- 12.1 In any dispute, action, claim, demand for losses or damages arising out of the Services performed by BDO pursuant to this Agreement, BDO's liability will be several, and not joint and several, and BDO shall only be liable for its proportionate share of the total liability



based on degree of fault as determined by a court of competent jurisdiction or by an independent arbitrator, notwithstanding the provisions of any statute or rule of common law which create, or purport to create, joint and several liability.

- 12.2 In no event shall BDO be liable for indirect, consequential, special, incidental, aggravated, punitive or exemplary damages, losses or expenses, or for any loss of revenues or profits, loss of opportunity, loss of data, or other commercial or economic loss or failure to realize expected savings, including without limitation expected tax savings, whether or not the likelihood of such loss or damage was contemplated.
- 12.3 BDO shall in no event be liable under this Agreement or otherwise in connection with the Services for any actions, damages, claims, fines, penalties, complaints, demands, suits, proceedings, liabilities, costs, expenses, or losses (collectively, "Liabilities") in any way arising out of or relating to the Services performed hereunder for an aggregate amount of more than the higher of:
  - (a) three times the fees paid to BDO by you, in a twelve consecutive month period, for the Services provided pursuant to this Agreement giving rise to the claim; and
  - (b) \$25,000.
- 12.4 The limitations of liability in this section apply whether or not the Liabilities asserted by you against BDO are incurred by you directly or as a result of a claim or demand against you by a third party.
- 12.5 No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.
- 12.6 You agree claims or actions relating to the delivery of Services shall be brought against us alone, and not against any individual. Where our individuals are described as partners, they are acting as one of our members.
- 12.7 For purposes of this Section, the term "BDO" shall include BDO Canada LLP and its subsidiaries, associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives. The provisions of this Section shall apply to the fullest extent of the law, regardless of the form of the claim, whether in contract, statute, tort (including without limitation, negligence) or otherwise.

### **13 Indemnity**

- 13.1 To the fullest extent permitted by applicable laws, in the event of a claim or demand by a third party against BDO that arises out of or relates to the Services, you agree to indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, or expenses resulting from such third party claim or demand, except to the extent that the same is finally determined to have resulted from BDO's negligence or intentional misconduct.

### **14 Alternative Dispute Resolution**

- 14.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this Agreement, including any question regarding its existence, interpretation,



validity, breach or termination, or the Services provided hereunder, through good faith negotiations.

- 14.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, such dispute shall be subject to mediation using a mediator chosen by mutual agreement of the parties.
- 14.3 All disputes remaining unsettled for more than 60 days following the parties first mediation session with a mediator, or such longer period as the parties mutually agree upon, shall be exclusively and finally resolved by arbitration. The parties agree that one arbitrator shall be appointed within twenty (20) days of receipt of the request for arbitration. If the parties cannot agree on the appointment of an arbitrator in such period then either party may immediately apply for the appointment of an arbitrator to a court of competent jurisdiction in the Province of the governing law as contained herein pursuant to such Province's applicable *Arbitration Act*. The place of arbitration shall be in the capital of the Province of the governing law as contained herein. Unless the arbitrator otherwise determines, the fees of the arbitrator and the costs and expenses of the arbitration will be borne and paid equally by the parties. Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision whatsoever. The parties hereby waive any such right of appeal or judicial review which may otherwise be provided for in any provincial arbitration statute. Judgement upon the award, including any interim award, rendered by the arbitrator may be entered in any court having jurisdiction. The arbitration shall be kept confidential and the existence of the arbitration proceeding and any element thereof (including but not limited to any pleadings, briefs or other documents submitted and exchanged and testimony and other oral submissions and any awards made) shall not be disclosed beyond the arbitrator(s), the parties, their counsel and any person to whom disclosure is necessary to the conduct of the proceeding except as may be lawfully required in judicial proceedings relating to the arbitration or otherwise.

## 15 Limitation Period

- 15.1 You shall make any claim relating to Services or otherwise under this Agreement no later than one year after you became aware or ought reasonably to have become aware of the facts giving rise to any such claim.
- 15.2 You shall in no event make any claim relating to the Services or otherwise under this Agreement later than four years after the completion of the Services under this Agreement.
- 15.3 To the extent permitted by law, the parties to this Agreement agree that the limitation periods established in this Agreement replace any limitation periods under any limitations act and/or any other applicable legislation and any limitation periods under any limitations act and/or any other applicable legislation shall not alter the limitation periods specified in this Agreement.

## 16 Québec Personnel

- 16.1 We may sometimes have individual partners and employees performing Services within the Province of Québec who are members of the Ordre des comptables professionnels agréés du Québec. Any such members performing professional services hereunder assumes full personal civil liability arising from the practice of their profession, regardless of their status within our partnership. They may not invoke the liability of our partnership as



grounds for excluding or limiting their own liability. Any limitation of liability clauses in this Agreement shall therefore not apply to limit the personal civil liability of partners and employees who are members of the Ordre des comptables professionnels agréés du Québec.

## **17 Termination**

- 17.1 This Agreement applies to Services whenever performed (including before the date of this Agreement).
- 17.2 You or we may terminate this Agreement at any time upon written notice of such termination to the other party. We will not be liable for any loss, cost or expense arising from such termination. You agree to pay us for all Services performed up to the date of termination, including Services performed, work-in-progress and expenses incurred by us up to and including the effective date of the termination of this Agreement.

## **18 Governing Laws**

- 18.1 The terms of our engagement shall remain operative until amended, terminated, or superseded in writing. They shall be interpreted according to the laws of British Columbia in which BDO's principal Canadian office performing the engagement is located, without regard to such province/territory's rules on conflicts of law.

## **19 Survival**

- 19.1 The provisions of this Agreement that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement. Any clause that is meant to continue to apply after termination of this Agreement will do so.

## **20 Force Majeure**

- 20.1 We will not be liable for any delays or failures in performance or breach of contract due to events or circumstances beyond our reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.

## **21 Assignment**

- 21.1 No party may assign, transfer or delegate any of the rights or obligations hereunder without the written consent of the other party or parties. BDO may engage independent contractors and BDO Member Firms to assist us in performing the Services in this Agreement without your consent.

## **22 Severability**

- 22.1 The provisions of this Agreement shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of these provisions shall be held to be invalid, void or unenforceable, then the remainder of this Agreement shall not be affected, impaired or invalidated, and each such remaining provision shall be valid and enforceable to the fullest extent permitted by law.



## ***Appendix 2 - DATA EXTRACTION TERMS AND CONDITIONS***

By agreeing to data processing and extraction by BDO or a subcontractor (the “Data Extraction”), you accept and agree to be bound by the following terms and conditions (the “Data Extraction Terms and Conditions”). If you disagree with any part of these Data Extraction Terms and Conditions, you shall not be permitted to use the Data Extraction.

BDO may use software it has developed (the “BDO Software”) or third party software (the “Third Party Software”) to extract certain general ledger and subledger information from your financial accounting system, to facilitate performance of the Data Extraction.

### **Liability and Warranty Disclaimer**

THE LAWS OF CERTAIN JURISDICTIONS, INCLUDING QUEBEC, DO NOT ALLOW THE EXCLUSION OR LIMITATION OF LEGAL WARRANTIES OR STATUTORY IMPLIED REPRESENTATIONS. IF THESE LAWS APPLY TO YOU, SOME OR ALL OF THE BELOW EXCLUSIONS OR LIMITATIONS MAY NOT APPLY TO YOU AND YOU MAY HAVE ADDITIONAL RIGHTS.

YOUR USE OF THE DATA EXTRACTION IS AT YOUR OWN RISK. THE BDO SOFTWARE AND THIRD PARTY SOFTWARE IS PROVIDED TO YOU ON AN “AS IS” AND “AS AVAILABLE” BASIS, WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED. BDO DOES NOT REPRESENT OR WARRANT THAT: THE CONTENT IS ACCURATE, RELIABLE OR CORRECT; THAT THE DATA EXTRACTION WILL BE AVAILABLE AT ANY PARTICULAR TIME OR LOCATION; THAT YOUR ACCESS TO THE DATA EXTRACTION WILL BE UNINTERRUPTED; THAT ANY DEFECTS OR ERRORS WILL BE CORRECTED; THAT THE BDO SOFTWARE OR THIRD PARTY SOFTWARE IS FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS; OR THAT THE DATA EXTRACTION OR THE CONTENT IS TIMELY, SECURE OR ERROR-FREE.

BDO SHALL NOT SHARE OR SELL ANY OF THE EXTRACTED INFORMATION TO THIRD PARTIES (OTHER THAN THOSE THIRD PARTIES SUBCONTRACTED TO PROVIDE THE DATA EXTRACTION), AND BDO SHALL USE SUCH INFORMATION SOLELY TO FACILITATE PERFORMANCE OF THE DATA EXTRACTION. BDO DOES NOT WARRANT THE ACCURACY OR COMPLETENESS OF ANY UNDERLYING INFORMATION AND/OR DATA PROVIDED BY YOU (THE “UNDERLYING DATA”). THE INFORMATION DERIVED FROM THE SOFTWARE OR THIRD PARTY SOFTWARE ARE ENTIRELY DEPENDENT UPON THE UNDERLYING DATA AND AS A CONSEQUENCE MAY INCLUDE INACCURACIES OR TYPOGRAPHICAL ERRORS.

TO THE MAXIMUM EXTENT PERMITTED BY LAW, BDO DISCLAIMS ALL REPRESENTATIONS, WARRANTIES AND CONDITIONS, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE.

THE LAWS OF CERTAIN JURISDICTIONS, INCLUDING QUEBEC, DO NOT ALLOW CERTAIN EXCLUSIONS OR LIMITATIONS OF LIABILITY OR OF LIMITATIONS OF CERTAIN DAMAGES. IF THESE LAWS APPLY TO YOU, SOME OR ALL OF THE BELOW EXCLUSIONS OR LIMITATIONS MAY NOT APPLY TO YOU, AND YOU MIGHT HAVE ADDITIONAL RIGHTS.

UNDER NO CIRCUMSTANCES WILL BDO OR ITS LICENSORS BE LIABLE FOR ANY LOSS, INJURY, CLAIM, LIABILITY OR DAMAGE OF ANY KIND RESULTING FROM YOUR USE OF, OR INABILITY TO USE, THE DATA EXTRACTION. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, BDO DISCLAIMS ALL RESPONSIBILITY FOR ANY LOSS, INJURY, CLAIM, LIABILITY OR DAMAGE OF ANY KIND, INCLUDING DIRECT, INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OF ANY KIND (INCLUDING, WITHOUT LIMITATION, LEGAL FEES AND EXPENSES) RESULTING FROM, ARISING OUT OF OR IN ANY WAY RELATED TO THE DATA EXTRACTION.



If you are ordinarily resident of Quebec, you are only entitled to those warranties that are expressly required by law and that cannot be disclaimed and we limit and disclaim our liability to the fullest extent permitted by applicable Quebec law.

### **Third Party Software**

With your approval, BDO may offer the use of Third Party Software such as Validis LLC's ("Validis") DataShare to facilitate the Data Extraction. You agree it shall be subject to any Third Party Software provider's policies and terms of use. You also agree it shall not: (i) copy the Software or any Third Party Software except where such copying is incidental to the normal use of the Software or Third Party Software, or where it is necessary for the purpose of back-up or operational security; (ii) not access the Software or Third Party Software to build a product or service which competes with the Software or Third Party Software; (iii) Use the Software or Third Party Software to provide services to third parties, nor to rent, lease, sub-license, loan, translate, merge, adapt or vary the Software; (iv) not make alterations to, or modifications of the whole or any part of the Software, or the Third Party Software, any part of it to be combined with any other programs; (v) not disassemble, decompile, reverse-engineer, or create derivative works based on the whole or any part of the Software except to the extent that such actions cannot be prohibited by law. You agree Validis may process and store your data through Microsoft Azure for the provision of verification work. You agree that Validis may share your data with Microsoft Azure for the purposes of completing the Data Extraction and all data will be hosted in Canada by Microsoft Azure.

### **Personal Information**

BDO shall not collect and you agree not to provide personal information to BDO in the course of the Data Extraction.

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### **Termination**

BDO may terminate the Data Extraction (in whole or in part) or access of any user to the Data Extraction (in whole or in part) at any time, without notice to the user, in which case these terms and conditions shall continue to apply in respect of your past access. BDO shall not be liable for any losses or inconvenience that result from its termination of the Data Extraction or your access to the Data Extraction.

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