The audit engagement letter

[Firm letterhead]

[Date]

To the [Board of Directors / Audit Committee] of [Client name]

Dear [Client contact],

THE ENGAGEMENT

You have requested that we audit the financial statements of [Client name], which comprise the balance sheet as at [date] and the related statements of income, changes in equity and cash flows for the year then ended, and the related notes. We are pleased to confirm our acceptance and our understanding of this engagement.

THE OBJECTIVE AND SCOPE OF THE AUDIT

The objective of our audit is to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with [the applicable financial reporting framework].

We will conduct the audit in accordance with CAS 210 and the other standards applicable to audits in Canada. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

THE INHERENT LIMITATIONS OF AN AUDIT

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed. An audit is not a guarantee and is not designed to detect all fraud or error.

MANAGEMENT'S RESPONSIBILITIES

Our audit will be conducted on the basis that management, and where appropriate those charged with governance, acknowledge and understand their responsibility for the preparation and fair presentation of the financial statements in accordance with [the framework]; for such internal control as they determine necessary; and for providing us with access to all information relevant to the preparation of the financial statements, additional information we request, and unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit we will request written confirmation of these responsibilities and of certain representations made to us during the engagement.

REPORTING

We will issue a written report on the financial statements. The form and content of that report may need to change in the light of our findings, and circumstances may arise in which we are unable to issue a report or must modify our opinion.

FEES

Our fees are based on the time required by the individuals assigned to the engagement, at [rate], estimated at [amount] in Canadian dollars for this audit. That estimate assumes the accounting records are complete, the requested schedules are prepared by [date], and no significant difficulties are encountered. We will discuss any significant departure with you before it is incurred.

OTHER TERMS

This letter is effective for future years unless it is terminated, amended or superseded. We keep your information confidential except where the law or our professional body requires disclosure, hold it in accordance with PIPEDA or its provincial equivalent, and retain our audit documentation for the period our standards require.

AGREEMENT

Please sign and return the attached copy to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements.

[Name], [Firm name]

Acknowledged on behalf of [Client name]:

Signature ______________________ Date ____________