

## **Agenda – Audit Committee Meeting**

**Monday, May 4, 2026 – 5:30 p.m.**

Limestone Education Centre

220 Portsmouth Avenue, Kingston, Ontario

**Public Viewing:** [Join the Live Event](#)

### **Public Meeting – 5:30 p.m.**

**Acknowledgement of Territory:** “The Limestone District School Board is situated on the traditional territories of the Anishinaabek and Haudenosaunee. We acknowledge their enduring presence on this land, as well as the presence of Métis, Inuit, and other First Nations from across Turtle Island. We honour their culture and celebrate their commitment to this land.”

#### **1. CALL TO ORDER**

#### **2. ADOPTION OF THE AGENDA**

#### **3. DECLARATION OF CONFLICT OF INTEREST**

#### **4. REPORTS FOR INFORMATION**

- 4.1. 2025-26 Regional Internal Audit Plan Update, Genevieve Segu, Regional Internal Audit Manager (report appended pages 2-4)
- 4.2. Audit Planning Report, Lori Huber, Audit Partner, KPMG (report appended pages 5-48)

#### **5. NEW BUSINESS**

External Audit Committee Members term, Superintendent Young, verbal report

#### **6. NEXT MEETING DATE**

September 14, 2026

#### **7. PRIVATE DISCUSSION BETWEEN AUDITORS AND THE AUDIT COMMITTEE**

#### **8. ADJOURNMENT**

**Limestone District School Board**

The Limestone District School Board is situated on the traditional territories of the Anishinaabek and Haudenosaunee.

**Subject:** 2025-26 Regional Internal Audit Plan Update

**Presented by:** Geneviève Segu, Sr. Regional Internal Audit Manager  
Gord Champagne, Senior Internal Auditor  
Zhiqiao Rees, Internal Auditor

**Meeting Date:** May 4<sup>th</sup>, 2026

## Purpose

To provide the Audit Committee with an update from the Sr. Regional Internal Audit Manager (Sr. RIAM) on the progress of the 2025-26 RIAT work.

This is in alignment with Ontario Regulation 361/10: Audit Committees (9) Duties of an Audit Committee 3(2&3).






## Recommendation

The Limestone District School Board Audit Committee receives for information the May 4<sup>th</sup>, 2026, Internal Audit Plan update.


## Content

### 2025-26 Regional Internal Audit Plan Update

The Audit Committee approved the 2025-26 Audit Plan at the September 15<sup>th</sup>, 2025, meeting, which contained four (4) projects. Out of those 4 projects, 1 is in planning, fieldwork or complete phase:

	November	May	
• Complete:	0	0	
• Fieldwork/Reporting:	0	1	
• Planning:	1	0	
• Not initiated:	1	1	
• Not Applicable:	2	2	
<b>TOTAL</b>	<b>4</b>	<b>4</b>	

The following presents a more detailed update on the engagements:

Status	Audit & Scope	Schedule
Reporting 	<p><b>2025-26 Staffing Benchmarking</b></p> <p>The Barrie and the Ontario-East Regional Internal Audit Teams are collaborating on this benchmarking exercise to examine central administrative staffing across 17 participating school boards for the following years: 2022-23, 2023-24, 2024-25.</p> <p>This approach provides access to a broader set of information and resources, offering client boards enhanced insights and context regarding comparable boards' practices.</p> <p>The key areas in scope for the review will include all core areas under the School Board Administrative Fund (SBAF): Board-based Staffing Allocation as well as equivalent board staffing funded through the School Facilities Fund (SFF).</p> <p><i>Board Priority: Financial Stability</i></p>	<p><b>April 30<sup>th</sup>, 2026:</b> Debrief with Management</p> <p><b>April 13<sup>th</sup>, 2026:</b> Draft Report sent to Management</p> <p><b>March 18<sup>th</sup>, 2026:</b> Online Power BI tool made available to all Boards for Ratios</p> <p><b>Feb 6<sup>th</sup>, 2026:</b> all ratios for all years imported in Power BI and dashboard complete</p> <p><b>Jan 23<sup>rd</sup>, 2026:</b> confirmed that boards have an A5 Microsoft license to access Power BI dashboard (Dynamic reporting)</p> <p><b>Jan 16<sup>th</sup>, 2026:</b> Survey analysis and presentation finalized</p> <p><b>Jan 9<sup>th</sup>, 2026:</b> deadline to DSBs to submit additional information</p> <p><b>Nov 25<sup>th</sup> - Dec 2<sup>nd</sup>, 2025:</b> Survey open to DSBs (mandatory)</p> <p><b>Oct 31<sup>st</sup>, 2025:</b> RIAT sent Terms of Reference</p> <p><b>Oct 29<sup>th</sup>, 2025:</b> kick-off meeting</p>



Not  
Initiated



**2025-26 EA Development**

Spring 2026

To determine whether, the EA allocation process is efficient, effective, fair and transparent; and to set criteria used for EA deployment.

This directly aligns with the risk assessment findings, which identified Instruction and Schools as high-risk areas. This alignment underscores the importance of ensuring that EA resources are strategically and equitably distributed to mitigate instructional risks and support school-level needs.

Not  
Applicable



**2025-26 Follow-up Procedures**

Currently none o/s

Not  
Applicable



**Management Request Engagement**

Currently not requested.



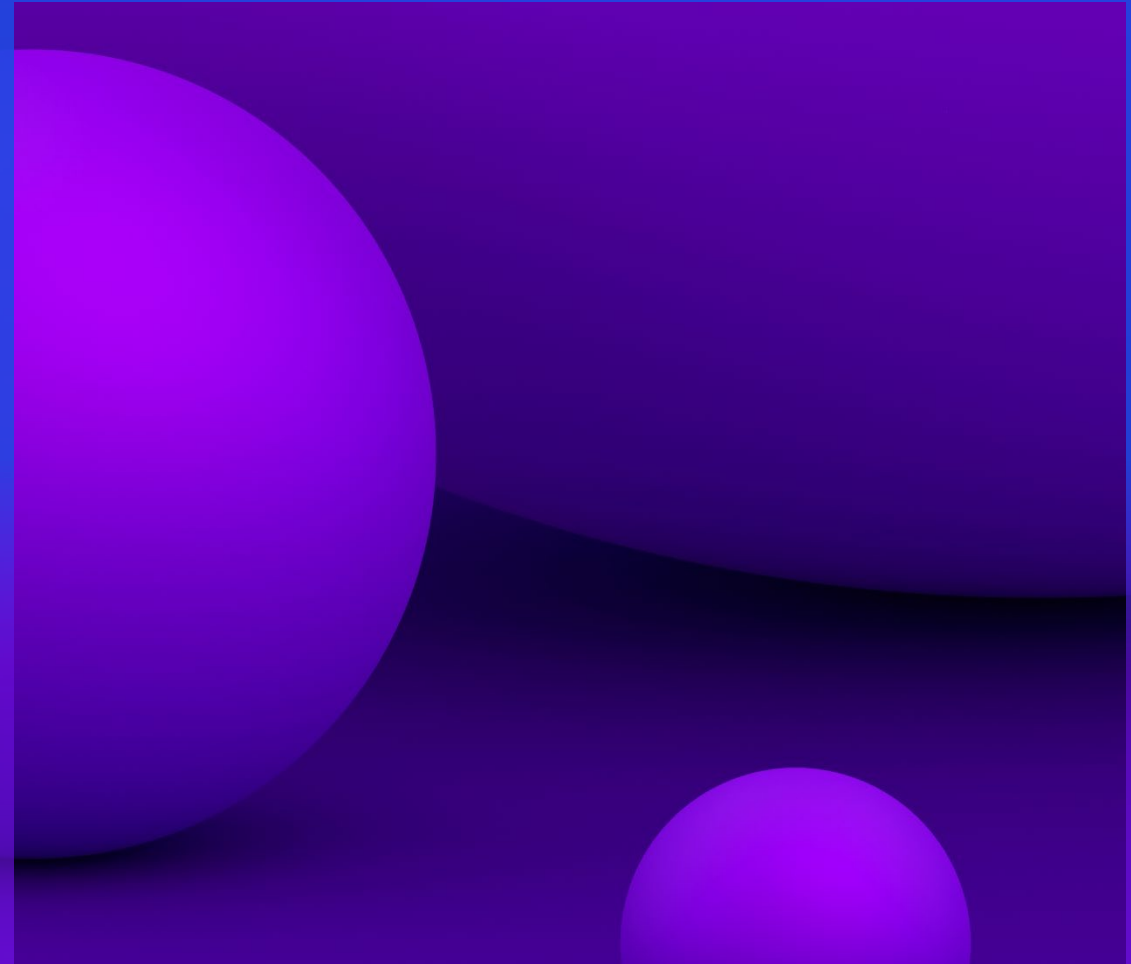
# Limestone District School Board

**Audit Planning Report  
for the year ending August 31, 2026**



Prepared as of April 20, 2026, for presentation to the Audit  
Committee on May 4, 2026

[kpmg.ca/audit](https://kpmg.ca/audit)



# KPMG contacts

## Key contacts in connection with this engagement



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Lead Audit Engagement Partner

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Supporting Audit Partner

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Audit Senior Manager

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# Table of contents

## Digital use information

This Audit Planning Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

**4**

**Highlights**

**5**

**Audit strategy**

**9**

**Risk assessment**

**15**

**Key milestones and deliverables**

**16**

**Independence**

**18**

**Appendices**

The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the plan for our audit of the financial statements. This report is intended solely for the information and use of Management, the Audit Committee, and the Board of Trustees and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report to the Audit Committee has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



# Audit highlights

## Scope

Our audit of the financial statements of Limestone District School Board (the "School Board") as of and for the year ending August 31, 2026, will be performed in accordance with Canadian generally accepted auditing standards.

[Engagement Letter](#)

## Audit strategy

**Materiality \$8,000,000**

Involvement of others

## Newly effective accounting standards

Accounting standards

- There are upcoming changes to accounting standards.
- We do anticipate that these changes will impact the School Board's financial statements and accordingly, our audit of the School Board.

## Newly effective auditing standards

Auditing standards

- There are no newly effective and upcoming changes to auditing standards to bring to your attention.

## Risk assessment

Risk of management override of controls

Presumed risk of fraudulent revenue recognition

- This is a rebuttable significant risk. We have not identified any risk of material misstatement resulting from fraudulent revenue recognition.

Other significant risks

Other risks of material misstatement

- Grant revenue, accounts receivable and deferred revenue
  - Salaries, wages and employee benefits
    - Operating expenses
    - Employee benefit liability
- Capital assets and deferred capital contributions
  - Cash and long-term liabilities
    - Financial reporting
  - Asset retirement obligations

No matters to report     Matters to report – see link for details



# Updates to our prior year audit plan

## New significant risks

No new significant financial reporting risks identified.

## Other significant changes



### Future accounting standards



There are no changes to the accounting standards impacting the fiscal 2026 audit. Refer to [Appendix C](#) for future changes in accounting standards.

Current developments



### Newly effective auditing standards



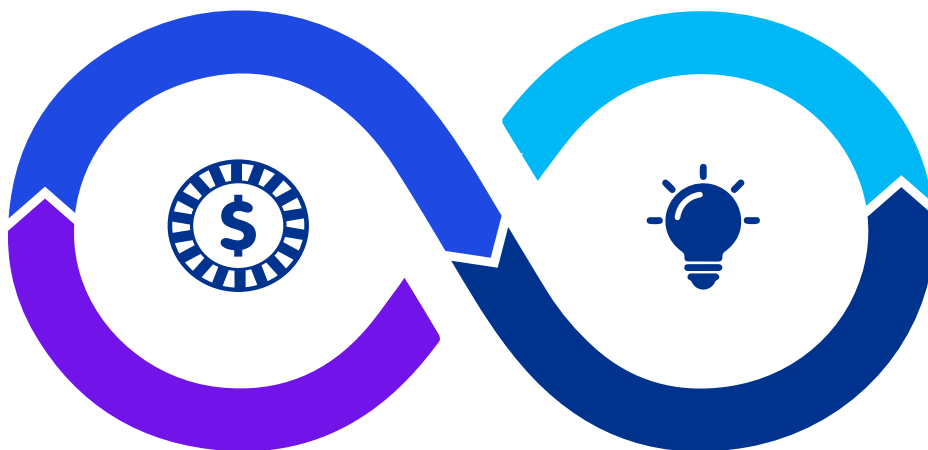
Refer to [Appendix D](#) for new standards impacting the fiscal 2026 audit.

Newly effective auditing standards





# Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgment**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

## Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

## Evaluate the effect of misstatements

We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.



# Initial materiality

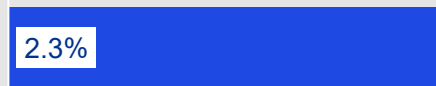
Initial materiality has been set using the current year forecasted financial results. Performance materiality has been set at 75% of materiality or \$6,000,000. Our assessment of misstatements, if any, in amounts or disclosures at the completion of our audit will include the consideration of both qualitative and quantitative factors.

**2026 Materiality**  
**\$8,000,000**  
 (2025 : \$8,000,000)

Fiscal 2026: Materiality as a percentage of Total Expenses

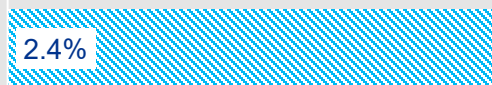


Fiscal 2025: Materiality as a percentage of Total Expenses

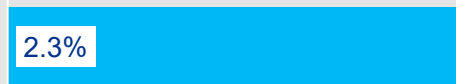


% of Benchmark

Fiscal 2026: Materiality as a percentage of Total Revenues



Fiscal 2025: Materiality as a percentage of Total Revenues



% of Other Relevant Metrics

**We will report:**

- Corrected audit misstatements
- Uncorrected audit misstatements
- Errors and omissions in disclosure (corrected and uncorrected)

**Prior Year Total Expenses**

**\$338,000,000**  
 (2025: \$352,000,000)

**Prior Year Total Revenues**

**\$338,000,000**  
 (2025: \$349,000,000)



# Involvement of others

The following parties will be involved in the audit of the financial statements:

Involved party	Nature and extent of planned involvement
Management expert - Actuary	We will obtain and leverage the work of management's expert, the Actuary, related to the calculation of the liability for employee future benefits. Refer to page 12 for additional details.





# Risk assessment summary

Our planning begins with an assessment of risks of material misstatement in your financial statements.

We draw upon our understanding of the School Board and its environment (e.g. the industry, the wider economic environment in which the business operates, etc.), our understanding of the School Board's components of its system of internal control, including our business process understanding.

	Risk of fraud	Risk of error	PY risk rating
● Management Override of Controls (Presumed)	✓		Significant
● Grant revenue, accounts receivable and deferred revenue		✓	Base
● Salaries, wages and employee benefits (including related accruals)		✓	Base
● Non-payroll operating expenses (including related accruals)		✓	Base
● Employee benefit liabilities		✓	Base
● Capital assets and deferred capital contributions		✓	Base
● Cash and long-term liabilities		✓	Base
● Financial reporting		✓	Base
● Asset retirement obligations		✓	Base

● SIGNIFICANT RISK ● PRESUMED RISK OF MATERIAL MISSTATEMENT ● OTHER RISK OF MATERIAL MISSTATEMENT



# Significant risks



Management Override of Controls (non-rebuttable significant risk of material misstatement)

RISK OF



FRAUD

**Presumption  
of the risk of  
fraud resulting  
from  
management  
override of  
controls**

## Why is it significant?

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

## Our planned response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.

We also make enquiries of senior management personnel and the Audit Committee related to their awareness of fraud risk factors of the organization and whether the organization is currently dealing with any suspected, alleged or known fraudulent activity.

## Advanced technologies

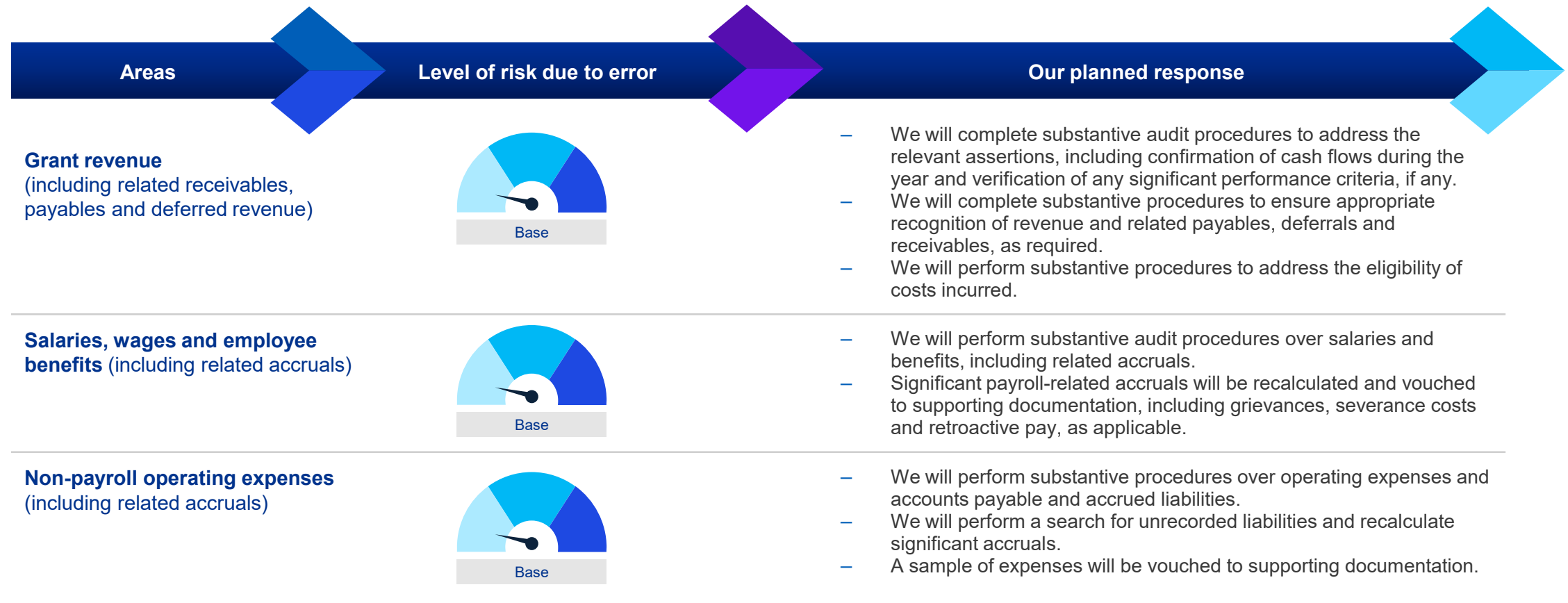
Our KPMG Clara Journal Entry Analysis Tool assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focusses our audit effort on journal entries that are riskier in nature.



[Click to learn more](#)

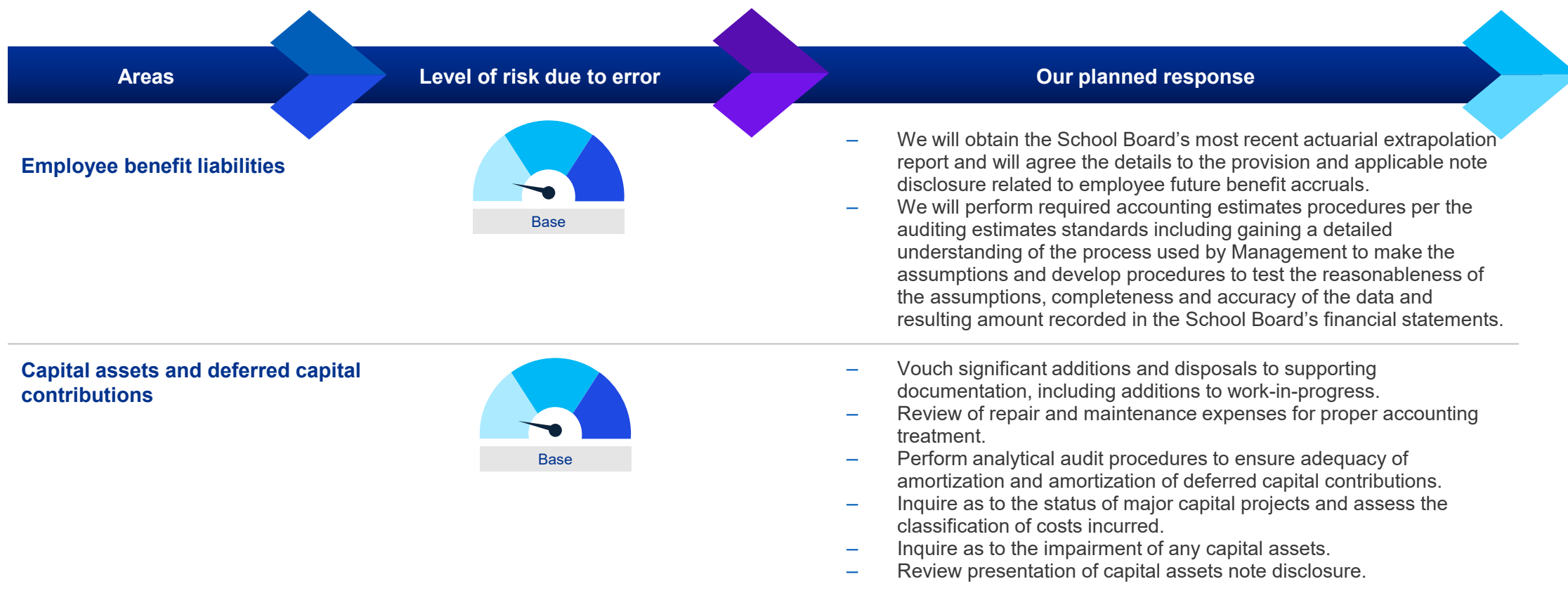


# Other risks of material misstatement



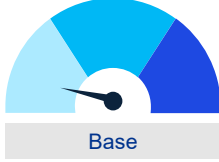
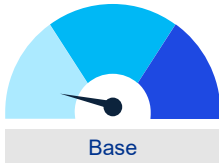


# Other risks of material misstatement (continued)





# Other risks of material misstatement (continued)

Areas	Level of risk due to error	Our planned response
<b>Cash and long-term liabilities</b>	 <p>Base</p>	<ul style="list-style-type: none"> <li>– Direct confirmation of balances with third parties.</li> <li>– Review of bank reconciliations and vouch significant reconciling items to supporting documentation.</li> <li>– Reviewing of banking agreements, including new debt arrangements, if any, to ensure any covenants and restrictions are appropriately disclosed, as applicable.</li> </ul>
<b>Financial reporting</b>	 <p>Base</p>	<ul style="list-style-type: none"> <li>– If deemed appropriate, obtain management's analysis of the School Board's ability to continue as a going concern to at least September 1, 2027, including debt servicing.</li> <li>– Review by the engagement partner to ensure the disclosure is consistent with current public sector accounting, disclosure requirements and industry practice.</li> <li>– Incorporate new and emerging items identified throughout the year-end and subsequent to year-end to ensure accurately recorded and disclosed in the financial statements, including any significant new commitments.</li> </ul>
<b>Asset retirement obligations</b>	 <p>Base</p>	<ul style="list-style-type: none"> <li>– Update management's process on ensuring this calculation is complete and accurate.</li> <li>– Obtain management's calculation of the asset retirement obligation liability and perform substantive testing on any changes during the year, including the impacts of any remediation or construction activity.</li> <li>– Review the note disclosures prepared by management to ensure compliance with PS 3280, Asset retirement obligations.</li> </ul>



# Required inquiries of the Audit Committee



## Inquiries regarding risk assessment, including fraud risks

- What are the Audit Committee's views about fraud risks, including management override of controls, in the School Board? And have you taken any actions to respond to any identified fraud risks?
- Is the Audit Committee aware of, or has the Audit Committee identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?
  - If so, have the instances been appropriately addressed and how have they been addressed?
- How does the Audit Committee exercise oversight over management's assessment of fraud risk and the establishment of controls to address/mitigate fraud risks?
- Is the Audit Committee aware of any instances of actual or possible violations of laws and regulations, including illegal acts (irrespective of materiality threshold)?
- Is the Audit Committee aware of any correspondence with regulators or licensing authorities?
- Is the Audit Committee aware of any additional matters relevant to the audit?



## Inquiries regarding School Board processes

- Is the Audit Committee aware of or have they received tips or complaints regarding the School Board's financial reporting (including those received through the Audit Committee's internal whistleblower program, if such programs exist)? If so, what was the Audit Committee's responses to such tips and complaints?
- Has the School Board complied with all covenants during the financial statement period and before the date of the auditor's report?
- Have there been any events of default during the financial statement period and before the dates of the auditor's report?



## Inquires regarding related parties and significant unusual transactions

- Is the Audit Committee aware of any instances where the School Board entered into any significant unusual transactions?
- What is the Audit Committee's understanding of the School Board's relationships and transactions with related parties that are significant to the School Board?
- Is the Audit Committee concerned regarding relationships or transactions with related parties? If so, what is the substance of those concerns?



# Key milestones and deliverables

## April - May 2026

### Planning & Risk Assessment

- Debrief prior year with management
- Kick-off with management
- Planning and initial risk assessment procedures, including:
  - Involvement of others
  - Identification and assessment of risks of misstatements and planned audit response for certain processes
- Obtain and update our understanding of the School Board and its environment
- Inquire of the Audit Committee, management and others within the School Board about risks of material misstatement
- Complete initial risk assessment
- Communicate audit plan

## July - August 2026

### Interim work

- Perform process walkthroughs for certain business processes
- Complete interim data extraction and processing activities
- Identify IT applications and environments
- Update planning and initial risk assessment procedures, including the identification and assessment of risks of misstatements and planned audit responses for remaining processes
- Perform interim substantive audit procedures
- Provide update on audit progress

## October 2026

### Year-end work

- Complete year-end data extraction and processing activities
- Perform remaining substantive audit procedures
- Evaluate D&I of controls for certain business processes
- Evaluate results of audit procedures, including control deficiencies and audit misstatements identified
- Review financial statement disclosures

## November 2026

### Reporting

- Closing meeting with management
- Present audit results to the Audit Committee and perform required communications
- Obtain evidence of Board of Trustee approval of financial statements
- Issue audit report on financial statements



# Independence: Shared responsibilities

Auditor independence is a shared responsibility and most effective when management, audit committees, and audit firms work together in considering compliance with relevant independence rules. In order for KPMG to fulfill its professional responsibility to maintain and monitor independence, management, the Audit Committee, and KPMG each play an important role. We apply the following ethical requirements, including independence requirements, in:

- the rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada (“CPA code”) that are relevant to audits of financial statements of reporting issuers; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA independence rule”) that are relevant to audits of financial statements of public interest entities.



The firm maintains a system of quality control over compliance with independence rules and firm policies. Timely information before the effective date of transactions or other business changes is necessary to effectively maintain the firm’s independence in relation to:

- New related entities
- Any former KPMG professional who are directors, officers, or employee in a position to exert significant influence over the preparation of the client’s accounting records or the financial statements.

- The CPA Code and IESBA independence rules require the audit committee to pre-approve all audit and permitted non-audit services to be provided by the auditor.
- IESBA also has requirements to obtain the audit committee’s concurrence with the provision of non-assurance services and the auditor’s conclusion on the impact to independence.

- We are required report to the audit committee all relationships that may reasonably be thought to bear on our independence, including fees charged, and discuss the potential effects of such relationships on our independence. We are also required report to the related safeguards that have been applied, as applicable, to eliminate identified threats to independence or reduce them to an acceptable level.
- This communication will be provided during our year-end communications, as applicable.



# Anticipated services for the year ending August 31, 2026

In determining the fees for our services, we have considered the nature, extent and timing of our planned audit procedures. The fees presented are in accordance with our most recent proposal dated October 31, 2021.

Audit services	Fee
Audit of the consolidated financial statements	\$51,000
7-Month Specified Procedures Reports as at March 31	\$9,000

## Matters that could impact our fee

The proposed fees outlined above are based on the assumptions described in our engagement letter.

The following factors could cause a change in our fees:

- Audit readiness, including delays in the receipt of requested working papers, audit samples, inquiries and financial statements information from the agreed upon timelines, and the books and records being properly closed at the start of our year-end audit work
- Significant changes to the relevant financial reporting framework
- Significant new or changed accounting policies or application thereof
- Significant changes to internal control over financial reporting
- Significant unusual and/or complex transactions
- Changes in the timing of our work
- Other significant issues (e.g. cyber security breaches)
- Any accounting advice



The services above are not prohibited, and threats to our independence, if any, resulting from the provision of the services will be eliminated or reduced to an acceptable level.

# Appendices

**A**

Engagement letter

**B**

Required communications

**C**

Current developments

**D**

Newly effective and upcoming changes to auditing standards

**E**

Thought leadership and insights

**F**

Technology

**G**

Audit Quality



# Appendix A: Engagement letter



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Fax 613-549-6349

Craig Young  
Superintendent of Business  
Limestone District School Board  
220 Portsmouth Avenue  
Kingston, ON K7M 0G2

April 20, 2026

The purpose of this letter is to outline the terms of our engagement to audit the consolidated annual financial statements ("financial statements") of the Limestone District School Board ("the Entity") commencing for the year ending August 31, 2026, and in the future.

This letter supersedes our previous letter to the Entity dated April 24, 2024.

The terms of the engagement outlined in this letter will continue in effect from period to period, unless amended or terminated in writing. The attached Assurance Terms and Conditions and any exhibits, attachments and appendices hereto and subsequent amendments form an integral part of the terms of this engagement and are incorporated herein by reference (collectively the "Engagement Letter").

#### **Financial Reporting Framework for the Financial Statements**

The financial statements will be prepared and presented in accordance with the basis of accounting described in Note 1 on the consolidated financial statements (hereinafter referred to as the "financial reporting framework").

The financial statements will include an adequate description of the financial reporting framework.

#### **Management's Responsibilities**

Group management's responsibilities are described in [Appendix A – Management's Responsibilities](#).

An audit does not relieve management or those charged with governance of their responsibilities.

#### **Auditor's Responsibilities**

We apply the following ethical requirements, including independence requirements, in:

- the rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada ("CPA Code") that are relevant to audits of financial statements; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants that are relevant to audits of financial statements.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



Our responsibilities are described in [Appendix B – Auditor's Responsibilities](#).

If management does not fulfill the responsibilities above, we cannot complete our audit.

#### **Additional Responsibilities regarding "Other Information"**

"Other information" is defined in professional standards to be the financial or non-financial information (other than the financial statements and the auditor's report thereon) included in the "annual report". An "annual report" is defined in professional standards to comprise a document or combination of documents. Professional standards also indicate that:

- an annual report is prepared typically on an annual basis in accordance with law, regulation or custom (i.e., is reoccurring)
- an annual report contains or accompanies the financial statements and the auditor's report thereon
- an annual report's purpose is to provide owners (or similar stakeholders) with information on:
  - operations; and/or
  - financial results and financial position as set out in the financial statements.

Based on discussions with management, there are no documents, or combination of documents, expected to meet the definition of an "annual report" under professional standards.

#### **Auditor's Deliverables**

Unless otherwise specified, our report(s) will be in writing and the expected content of our report(s) are provided in [Appendix C – Expected Form of Report](#). However, there may be circumstances in which a report may differ from its expected form and content.

In addition, if we become aware of information that relates to the information we reported on after we have issued our report, but which was not known to us at the date of our report, and which is of such a nature and from such a source that we would have investigated that information had it come to our attention during the course of our engagement, we will, as soon as practicable: (1) communicate such an occurrence to those charged with governance; and (2) undertake an investigation to determine whether the information is reliable and whether the facts existed at the date of our report. Further, management agrees that in conducting that investigation, we will have the full cooperation of the Entity's personnel. If the subsequently discovered information is found to be of such a nature that: (a) our report would have been affected if the information had been known as of the date of our report; and (b) we believe that the report may have been distributed to someone who would attach importance to the information, appropriate steps will be taken by KPMG, and appropriate steps will also be taken by the Entity to advise of the newly discovered facts and the impact to the information we reported on.

#### **Non-Audit Service – Certain Assistance Relating to Word Processing and/or Preparation of Financial Statements**

##### **Word Processing**

We will assist management by providing word processing for the Entity's financial statements and related notes.



# Appendix A: Engagement letter (continued)



## Assistance in Preparing Financial Statements

We will assist management in preparing the financial statements and related notes in accordance with the financial reporting framework.

We will use information from the trial balance and/or other source documents provided by management to assist management in preparing the financial statements and related notes. We may also provide advice and recommendations to assist management of the Entity in performing its responsibilities.

We will not assume management responsibilities on behalf of the Entity.

The Entity agrees to:

- Assume all management responsibilities, including determining the accuracy and completeness of the financial statements and notes.
- Assign a suitable employee with appropriate skills, knowledge and/or experience to oversee the financial statement preparation assistance and evaluate the adequacy and results of the services.
- Accept responsibility for the results of the financial statement preparation assistance.

## Income Tax Compliance and Advisory Services

Our deliverables regarding income tax compliance and advisory services are described in [Appendix D – Income Tax Compliance and Advisory Services](#).

## Use of KPMG Clara

The terms and conditions for use of KPMG Clara apply to the use of the collaboration tool and can be found [here](#).

## Fees

[Appendix E – Fees for Professional Services](#) to this letter lists our fees for professional services to be performed under this Engagement Letter.

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We are available to provide a wide range of services beyond those outlined above. Additional services are subject to separate terms and arrangements.

We are proud to provide you with the services outlined above and we appreciate your confidence in our work. We shall be pleased to discuss this letter with you at any time. If the arrangements and terms are acceptable, please sign the duplicate of this letter in the space provided and return it to us.

Yours very truly,

Lori Huber, CPA, CA, Licensed Public Accountant  
Partner, responsible for the engagement and its performance, and for the report that is issued on behalf of KPMG LLP, and who, where required, has the appropriate authority from a professional, legal or regulatory body  
613-541-7320

Enclosure

\*\*\*\*\*

The terms of the engagement set out are as agreed:

\_\_\_\_\_  
Craig Young, Superintendent of Business  
(having the authority to engage the Entity)

\_\_\_\_\_  
Date (DD/MM/YYYY)

4



# Appendix A: Engagement letter (continued)



## Appendix A – Management’s Responsibilities

### Management responsibilities

Group management acknowledges and understands that they are responsible for:

- (a) the preparation and fair presentation of the financial statements in accordance with the financial reporting framework referred to above
- (b) providing us with all information of which group management is aware that is relevant to the preparation of the group financial statements (“relevant information”) such as financial records, documentation and other matters, including:
  - the names of all related parties and information regarding all relationships and transactions with related parties
  - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of board of trustees, and committees of the board of trustees that may affect the financial statements. All significant actions are to be included in such summaries.
- (c) providing us with unrestricted access to such relevant information.
- (d) providing us with complete responses to all enquiries made by us during the engagement.
- (e) providing us with additional information that we may request from group management for the purpose of the engagement
- (f) providing us with unrestricted access to persons within the Entity from whom we determine it necessary to obtain evidence
- (g) such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management also acknowledges and understands that they are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- (h) ensuring that all transactions have been recorded and are reflected in the financial statements.
- (i) ensuring that internal auditors providing direct assistance to us, if any, will be instructed to follow our instructions and that management, and others within the Entity, will not intervene in the work the internal auditors perform for us.
- (j) providing us with written representations required to be obtained under professional standards and written representations that we determine are necessary. Management also acknowledges and understands that, as required by professional standards, we may disclaim an audit opinion when management does not provide certain written representations required.

5



## Appendix B – Auditor’s Responsibilities

### Auditor’s responsibilities regarding the audit of the financial statements

Our function as auditors of the Entity is:

- to express an opinion on whether the Entity’s financial statements, prepared by management with the oversight of those charged with governance, are, in all material respects, in accordance with the financial reporting framework referred to above
- to report on the financial statements

We will conduct the audit of the Entity’s financial statements in accordance with Canadian generally accepted auditing standards and relevant ethical requirements, including those pertaining to independence (hereinafter referred to as applicable “professional standards”).

We will plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Accordingly, we will, among other things:

- identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the Entity and its environment, including the Entity’s internal control. In making those risk assessments, we consider internal control relevant to the Entity’s preparation 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 the Entity’s internal control
- obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks
- form an opinion on the Entity’s financial statements based on conclusions drawn from the audit evidence obtained
- communicate matters required by professional standards, to the extent that such matters come to our attention, to the appropriate level of management, those charged with governance and/or the board of trustees. The form (oral or in writing) and the timing will depend on the importance of the matter and the requirements under professional standards.

6



# Appendix A: Engagement letter (continued)



## Appendix C – Expected Form of Report

### INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Limestone District School Board

#### Opinion

We have audited the consolidated financial statements of The Limestone District School Board (the Entity), which comprise:

- the consolidated statement of financial position as at August 31, 2026
- the consolidated statements of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at end of August 31, 2026, and its consolidated results of operations, and its consolidated cash flows for the year then ended in accordance with the basis of accounting as described in note 1 to the financial statements.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “Auditor's Responsibilities for the Audit of the Financial Statements” section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 1 to the financial statements which describes the applicable financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting as described in note 1 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7



In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.  
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

8



# Appendix A: Engagement letter (continued)



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

(Date)



## Appendix D – Income Tax Compliance and Advisory Services

This letter details the general tax advisory services to be provided to Limestone District School Board (“the Entity”) for the year ended August 31, 2026, and in the future. If there are tax services to be delivered outside the scope of those described in this letter, we will require a separate engagement letter for those services.

### General tax advisory services

Our advice generally falls under one of the following situations:

- 1) On an ongoing basis, we will provide advisory services of a general nature relating to various income, capital, payroll and indirect tax matters as they arise. This type of service generally arises on a periodic basis as a result of preliminary inquiries made by you. In rendering these services, it is important to recognize that the advice provided is dependent on the detail of the information provided and the environment in which it is rendered. When professional judgment suggests written confirmation of the facts and advice is necessary, we will draft the appropriate correspondence to ensure the appropriate standard of care is met by all parties.
- 2) Periodically, you will seek detailed advice from us in connection with a specific transaction or undertaking you are contemplating. In such a situation, our advice will be based on the information provided to us. It is the responsibility of the Entity to ensure we are provided with all the information necessary in order for us to render the advice sought. Our tax advice will most likely be communicated to you, or your designate, in writing.

Our tax advisory services, both written and oral, will be based on the facts and assumptions submitted to us. We will not independently verify this information. Inaccuracy or incompleteness of the information could have a material effect on our conclusions.

Advice delivered outside the scope described in this letter will require a separate engagement letter. In addition, after providing the advice referred to herein, we will not be responsible for updating such advice to take into account any subsequent changes in law or administrative practice unless specifically provided for under the terms of this engagement.

### Client’s Responsibilities

With respect to KPMG’s services, Client agrees it will:

- Designate a Project Sponsor, a senior member of management, who has the requisite skills, knowledge and/or experience to oversee the services;
- Evaluate the adequacy and results of services performed;
- Make management decisions and perform all management functions (including project management);
- Accept responsibility for the results of the services;
- Establish and maintain internal controls, including monitoring ongoing activities.



# Appendix A: Engagement letter (continued)



Client also acknowledges and agrees that:

- KPMG's services may include high level advice and recommendations, but all decisions in connection with such advice and recommendations shall be the responsibility of, and made by Client management;
- KPMG will not perform management functions or make management decisions for Client. Specifically, KPMG will not be acting, temporarily or permanently, as a director, officer, or employee of Client, or be performing any decision-making, supervisory, or on-going monitoring functions or project management functions for or on behalf of Client;
- Work product prepared by KPMG will be delivered to Client in KPMG's name and/or KPMG letterhead (KPMG will not prepare documentation that is the responsibility of management);
- KPMG will not manage or assist in an employee or support role in any Client Project Management Office ("PMO") or project management activities; and
- KPMG will not perform any activities that would result in KPMG acting as an advocate in fact or appearance during the course of this engagement.

Our advice will be limited to the conclusions specifically set forth in our reporting letter and KPMG will not express an opinion with respect to any other federal, provincial or foreign tax or legal aspect of the transactions described therein. It should be noted that the Canada Revenue Agency and/or the relevant provincial tax authority and/or any other governmental tax authority (collectively a Tax or Revenue Authority) could take a different position with respect to these transactions, in which case it may be necessary for you to defend this position on appeal from an assessment or litigate the dispute before the courts, including one or more appellate courts, in order for our conclusions to prevail. If a settlement were reached with a Tax or Revenue Authority or if such appeal and litigation were not, or were not entirely, successful, the result would likely be different from the views we express in our reporting letter. Unless expressly provided for, KPMG's services do not include representing Client in the event of a challenge by a Tax or Revenue Authority or litigation before any court.

To be of greatest assistance to the Entity, we should be advised in advance of any proposed transactions. If such matters exceed the scope of this engagement letter, we will issue additional engagement letters to confirm the particular scope and terms.

The attached Terms and Conditions for Advisory and Tax Services form an integral part of this engagement letter.

11



## Appendix E – Fees for Professional Services

Regarding our audit of the annual financial statements as described in this letter, the Entity and KPMG agree to an estimated fee of \$51,000 for this service as outlined in our proposal dated October 31, 2021.

Our fees will be billed as the work progresses for this service.

KPMG will notify management should there be any risk that the engagement cannot be completed within the original fee quoted due to change in scope or unforeseen circumstances.

We are pleased to inform you of a new, convenient bill payment option that we have recently introduced. You can now add KPMG to your online banking platform which will allow you to pay your invoices with ease and efficiency. This method of payment is designed to streamline payment of your invoices with us, making the process of settling your invoices simpler and more convenient. Detailed instructions on how to add KPMG as a bill payment option will be included with your invoices.

Interest on overdue invoices as described in the Assurance Terms and Conditions ("Fee and Other Arrangements") shall be (1)% per month, calculated and compounded monthly (effective annual rate of (12.683)%).

### Assumptions

Our proposed professional fees assume that we will receive full participation from your staff, and that all necessary information will be available and appropriate for us to deliver our professional services as agreed upon with management.

Our proposed professional fees are based on the assumption that management and employees are fully available throughout the audit period, that all necessary information is provided at the beginning of the first day of the audit work as agreed upon with management, and that this information is appropriate for us to perform our audit under Canadian Auditing Standards. Furthermore, these proposed professional fees assume the following:

- The assets, liabilities, revenues and expenses reported on the financial statements and other schedules to be audited will not change significantly from the prior year;
- There are no retroactive changes required to the prior year financial statements;
- We are not required to provide accounting assistance, preparation of correcting accounting entries or accounting advisory services;
- Your financial records are in good order, are appropriately adjusted at the start of the audit, and are prepared in accordance with the appropriate accounting framework;
- Your internal controls around financial reporting operated effectively throughout the fiscal year under audit;
- There are no changes to Accounting Standards, or Canadian Auditing Standards (CAS) requirements that significantly impact the financial statements; and
- There are no impairment issues nor adjustment on any investments or capital assets.

If these assumptions are not met, our professional fees will be subject to revision, and will be discussed with management during the audit process.

12





# Appendix A: Engagement letter (continued)



## Terms and Conditions for Assurance Engagements (Private Company Clients)

These Terms and Conditions are an integral part of the Engagement Letter. In the event of conflict between the Engagement Letter and these Terms and Conditions, these Terms and Conditions shall prevail unless specific reference to a provision of the Terms and Conditions being varied is made in the Engagement Letter.

### 1. Definitions.

**"Agreement"** means the contract formed by the Engagement Letter and any attachments thereto, including these Terms and Conditions.

**"Claims"** means actions, damages, claims, fines, penalties, complaints, demands, suits, proceedings, liabilities, costs, expenses, or losses.

**"Confidential Information"** means any information made available, directly or indirectly, by one party to the other in connection with the Services or otherwise pursuant to this Agreement that is marked or communicated as confidential or that due to its nature a reasonable person under like circumstances would consider it confidential. Confidential Information includes, without limitation, Personal Information, business plans, proprietary software code and specifications, information about a party's products, processes, services, finances and customers, and the terms of this Agreement, except (but not as regards Personal Information) to the extent such information: (i) is or hereafter enters the public domain through no fault of the receiving party; (ii) is already or hereafter becomes known to the receiving party free of any obligation of confidence; or (iii) is developed by the receiving party independently of the disclosing party's Confidential Information.

**"Engagement Letter"** means the engagement letter or other document referencing these Terms and Conditions.

**"Entity"** has the meaning set out in the Engagement Letter.

**"KPMG"** means the KPMG entity that issued the Engagement Letter.

**"KPMG Parties"** means KPMG, other Member Firms, the legal entities comprising KPMG International (which do not provide services to clients) and their respective partners, directors, officers, employees, agents, subsidiaries, affiliates and related entities. KPMG Parties may be in or outside of Canada.

**"KPMG Resources"** means KPMG, other Member Firms and third-party contractors and suppliers engaged by KPMG or a Member Firm. KPMG Resources may be in or outside of Canada.

**"Legal Demand"** means a demand, request, subpoena or other legal process issued by a legal, regulatory, professional or government authority having jurisdiction.

**"Management"** means the management of Entity.

**"Member Firms"** means the members of the KPMG international network of independent firms and entities controlled by, or under common control with, one or more of such members.

**"Personal Information"** means any information supplied by or on behalf of Entity that meets the definition given to that term or analogous terms under Privacy Laws.

**"Privacy Laws"** means, in respect of a party, all privacy legislation and regulation applicable to such party, in each case as may be updated, amended or replaced from time to time.

**"Report"** means the report(s) issued by KPMG pursuant to this Agreement, as set out in the Engagement Letter.

**"Services"** means the services to be provided by KPMG as set out in the Engagement Letter.

**"Terms and Conditions"** means these Terms and Conditions for Assurance Engagements.

Other capitalized words in these Terms and Conditions shall have the meanings given to them in the Engagement Letter.

### 2. Services.

a. KPMG may engage other KPMG Resources to assist KPMG in the performance of the Services, provided that KPMG remains responsible to Entity for the performance of any Services by KPMG Resources. Entity agrees that any Claim relating to the Services, the Report or this Agreement may only be made against KPMG and not against any other KPMG Resources.

b. All working papers, files, correspondence and other internal materials created or produced by KPMG in relation to the engagement, and all methodologies, know-how and technologies licensed or owned by KPMG and used or developed by KPMG in the performance of the Services, including in each case all intellectual property rights therein, are and shall remain the property of KPMG.

### 3. Entity Responsibilities.

a. All management responsibilities will be performed by Entity and all management decisions will be made by Entity, and not by KPMG. Entity shall provide KPMG with timely access to and use of Entity's equipment, systems, data, information, materials, personnel and facilities as necessary for KPMG to perform the Services. The Engagement Letter sets forth additional responsibilities of Entity in connection with the engagement. Entity acknowledges that Entity's failure to perform its obligations under this Agreement could adversely impact KPMG's ability to perform the Services, and/or to perform them in accordance with the fees and timelines set out in the Engagement Letter.

b. Management agrees to promptly provide KPMG with a copy of any comment letter or request for information issued by any securities or other regulatory authority in respect of information on which KPMG reported or will report, including without limitation any continuous disclosure filings.

c. Entity agrees to notify KPMG promptly of any request received by Entity from any third party with respect to the Services, KPMG's Confidential Information, KPMG's advice or Report or any related document.

d. Entity understands and acknowledges that KPMG's independence may be impaired if any KPMG partner, employee or contractor accepts any offer of employment from Entity.

### 4. Use of Report.

a. Except as otherwise specifically agreed in the Engagement Letter, KPMG does not consent to:

- i. the use of the Report in connection with an offering document or other securities filing, including continuous disclosure filings; or

Page 13 of 23

December 2025



## Terms and Conditions for Assurance Engagements (Private Company Clients)

- ii. the use of KPMG's interim review report, unless such interim review report is in writing and contains a modified conclusion, in which case our interim review report will accompany the interim financial statements.

Where KPMG's consent is sought, KPMG will be required to perform procedures as required by applicable professional standards, and such procedures would be the subject of a separate engagement letter.

b. KPMG does not assume any responsibility to any party other than Entity in respect of the Services or Report. Accordingly, in the event of a Claim by any third party (including any Entity affiliate) against KPMG that arises out of or relates to the Services or Report, Entity will indemnify and hold harmless KPMG from all such Claims, including, without limitation, reasonable legal fees. For purposes of this Section 4(b), the term KPMG shall include KPMG Parties.

c. Where Entity discloses the Report to third parties, it may only be disclosed in whole, unless otherwise agreed to or required by KPMG. Reports may not be modified or translated into another language.

### 5. Confidentiality.

a. Except with the disclosing party's prior written consent, or as otherwise expressly provided in this Agreement, each party will hold the other party's Confidential Information in confidence and use it only to perform or receive the Services, as applicable, or to exercise its rights and perform its obligations under this Agreement. The receiving party shall protect the disclosing party's Confidential Information as it protects its own Confidential Information, but in no event shall exercise less than reasonable care.

b. KPMG may share Confidential Information of Entity with other KPMG Resources who are assisting KPMG in the performance of the Services.

c. The receiving party may disclose Confidential Information of the disclosing party: (i) to the extent required by law or professional standards or otherwise pursuant to a Legal Demand; and (ii) to its professional advisors and insurers in relation to any Claim or Legal Demand concerning the Services or this Agreement, provided in each case that the receiving party will exercise commercially reasonable efforts to afford the Confidential Information available confidentiality protections.

d. KPMG is regulated by various professional and regulatory bodies both in Canada and abroad, such as the Canadian Public Accountability Board (CPAB), the Public Company Accounting Oversight Board, securities regulators, and provincial CPA bodies. KPMG may receive requests or orders from these bodies to access or obtain documents and information in KPMG's files, and/or the files of any foreign component auditor, related to the Services. Entity acknowledges, on its own behalf and on behalf of its subsidiaries and affiliates, that such documents and information will be disclosed by KPMG or the foreign component auditor to these bodies without further notice to Entity. If applicable, pursuant to National Instrument 52-108, Entity agrees, and will cause its subsidiaries and affiliates to agree, that a component auditor may enter into a "CPAB access agreement" if requested by CPAB.

e. KPMG will use reasonable efforts to withhold from disclosure under Section 5(c)(i) or 5(d) any documents which, at the time of their provision to KPMG, are marked by Entity as "privileged".

f. Each party may share Confidential Information of the other party (in the case of KPMG, with other KPMG Resources and KPMG Parties, and in the case of Entity, with third parties engaged by Entity), as reasonably required to facilitate the operation of its business or support its infrastructure, including for the performance of administrative, clerical and technological operations and functions, to manage its relationship with the other party and, in the case of KPMG, to comply with its professional obligations and standards (including for quality assurance and risk management purposes). Any such disclosure shall be under obligations of confidentiality to the same or similar extent as the parties have agreed to hereunder, and each party shall be responsible to the other for any failure to comply with such conditions of confidentiality.

g. KPMG Parties and KPMG Resources may use information obtained while performing engagements for business-related purposes including developing new or improving existing services, technologies, data sets and benchmarks, conducting analytics and training cognitive systems. Where this involves Confidential Information of Entity, it will not be disclosed to other third parties unless de-identified, anonymized and/or aggregated so as not to be attributable to Entity.

h. KPMG may disclose the general nature of its engagement for Entity as reasonably required in order to assess and address conflicts of interest.

### 6. Privacy.

a. Each party will comply with Privacy Laws in connection with the engagement. Additionally, KPMG shall process Personal Information in accordance with this Agreement and KPMG's Privacy Policy available at [www.kpmg.ca](http://www.kpmg.ca). Entity will provide all notifications and obtain all consents required by Privacy Laws to permit KPMG Resources and KPMG Parties to process such Personal Information in connection with the engagement. Upon request, each party shall provide the other with information and co-operation relating to its processing of Personal Information as reasonably required in order for the other to satisfy its obligations under Privacy Laws.

b. KPMG will use reasonable technical and organizational measures to protect against unauthorized or unlawful processing of Personal Information and accidental loss or destruction of, or damage to, Personal Information. Subject to each party's standard internal archival and information back-up processes and except as required to comply with applicable laws or professional standards, each party will destroy Personal Information when no longer needed for the uses set out in this Agreement.

### 7. Fees.

a. KPMG's estimated fee is based in part on the quality of Entity's records, the agreed-upon level of preparation and assistance from Entity's personnel, and adherence by Entity to the agreed-upon timetable. KPMG's estimated fee also assumes that Entity's financial statements and/or other financial information, as applicable, are prepared in accordance with the relevant financial reporting framework or the relevant criteria, as applicable, and that there are no significant changes to the relevant financial reporting framework or the relevant criteria, as applicable; no significant new or changed accounting policies; no significant changes to internal control; and no other significant issues. Additional time may be incurred for such matters as significant issues, significant unusual and/or complex transactions, informing Management about new professional standards, and any related accounting advice. Where these matters arise and require research, consultation and work beyond that included in the estimated fee, Entity and KPMG agree to revise the estimated fee.

Page 14 of 23

December 2025





# Appendix A: Engagement letter (continued)



## Terms and Conditions for Assurance Engagements (Private Company Clients)

- b. KPMG's professional fees are subject to an additional technology and support charge which covers costs such as client service personnel computer hardware and customized KPMG software, telecommunications equipment, client service professional administrative support, IT programming, professional services and other client support services. CPAB participation fees, when applicable, are also charged to Entity based on the annual fees levied by CPAB. Other direct out-of-pocket costs and expenses, such as travel, will be charged separately based on actual costs. KPMG's professional fees and other charges do not include any applicable federal, provincial or other sales taxes, tariffs or duties, which shall be added to the invoice and paid by Entity.
- c. Invoices will be rendered on a regular basis or otherwise specified in the Engagement Letter. Accounts are due when rendered. In order to avoid the possible implication that unpaid fees might be viewed as creating a threat to KPMG's independence, it is important that KPMG's bills be paid promptly when rendered. If a situation arises in which it may appear that KPMG's independence is threatened because of significant unpaid bills, KPMG may be prohibited from signing any applicable report and/or consent.
- d. KPMG may be requested by Entity or be subject to a Legal Demand to produce documents or personnel as witnesses or for interviews in a proceeding or investigation. Where KPMG is not a named party in such proceeding or investigation, KPMG may charge Entity at its standard billing rates for professional time and expenses, including reasonable legal fees, incurred in responding to such request or Legal Demand.

### 8. Limitation on Liability.

- a. KPMG shall not be liable to Entity for any Claims in any way arising out of, or in any way relating to, the performance of the Services, including without limitation the termination thereof, for an aggregate amount in excess of the lesser of one million dollars (\$1,000,000) and two times the fees paid by Entity to KPMG under the engagement, except to the extent finally determined to have resulted from KPMG's fraud or willful misconduct. On a multi-year engagement, KPMG's liability shall be based on the amount actually paid to KPMG for the particular work that gives rise to the Claim.
- b. KPMG shall not be liable to Entity for consequential, special, indirect, punitive or exemplary damages, or any loss of revenue or profit or other commercial or economic loss, even if advised of the possibility thereof.
- c. Where Entity has suffered a Claim in relation to the Services and parties other than KPMG Resources are partially responsible for such Claim, then KPMG is only liable for, and Entity may only claim from KPMG, KPMG's share of the total liability based on degree of fault or negligence, subject to the limitations set out in Sections 8(a) and (b) above.
- d. For purposes of this Section 8, the term KPMG shall include KPMG Parties. The provisions of this Section 8 shall apply regardless of the form of claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

### 9. Termination and Survival.

- a. KPMG may terminate this Agreement upon written notice to Entity if there is a change of laws or professional standards or a change in circumstances or information that would, in KPMG's opinion, cause the continued provision of Services to violate such laws or professional standards. Except where prohibited by professional standards, KPMG may also terminate this Agreement for any reason upon 30 days written notice to Entity.
- b. Entity may terminate the engagement at any time upon written notice to KPMG. Upon termination of the engagement prior to its completion, Entity shall be responsible for the payment of KPMG's time and expenses incurred up to the effective date of termination, as well as reasonable time and expenses to bring the engagement to a close in a prompt and orderly manner. Otherwise, neither party will be responsible for any loss, cost or expense resulting from termination of this Agreement in accordance with its terms.
- c. These Terms and Conditions, other than Section 10, shall survive the expiration or termination of the engagement and this Agreement.

### 10. Force Majeure.

Neither party shall be liable for any delays in the performance of its obligations hereunder, other than payment obligations, arising out of or caused by, directly or indirectly, circumstances or causes beyond its control, including, without limitation, fire or other casualty, strike or labour dispute, war or other violence, any law, order or requirement of any governmental agency or authority, or any epidemic, pandemic or quarantine.

### 11. Conflicts of Interest.

In accordance with applicable professional standards, based upon the information provided by Entity, KPMG performs a search for any conflicts of interest in connection with the Services. Where such a conflict of interest is identified, KPMG will, subject to confidentiality, disclose the nature of the conflict to Entity, the ethical dividers and other safeguards to be implemented, and seek Entity's consent. Notwithstanding the foregoing, KPMG may advise any other client making a competing bid or proposal to Entity, whether or not KPMG is advising Entity in respect of Entity's bid or proposal. For certainty, a conflict of interest does not arise solely because KPMG or another Member Firm is, was or will be engaged by another client who is a business competitor, customer or supplier of Entity.

### 12. Publicity and Use of Logo.

Neither party shall acquire any right to use the name or logo (or any part thereof) of the other party in any manner or medium, except that Entity gives KPMG a limited, revocable, non-exclusive, paid-up, royalty free right to use Entity's name and logo in presentations and reports to Entity and for internal KPMG presentations and intranet sites. KPMG may also reference Entity's name as a customer in KPMG proposals and marketing materials, including KPMG websites and social media, indicating the general services rendered.

### 13. Miscellaneous.

- a. Entity acknowledges that it has had the opportunity to obtain legal advice with respect to Entity's rights and obligations under this Agreement.
- b. The parties consent and agree to the use of electronic signatures with respect to this Agreement and any other agreements, notices or communications contemplated hereby, where permissible by law.
- c. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors, executors, administrators, heirs and permitted assigns, as applicable. Except as expressly provided herein, neither party may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party. KPMG may assign its rights and obligations hereunder to any affiliate or successor in interest to all or substantially all of the assets or business of the relevant KPMG practice, without the consent of Entity.

Page 15 of 23

December 2025



## Terms and Conditions for Assurance Engagements (Private Company Clients)

- d. 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, the remaining provisions shall not be affected, impaired or invalidated, and each such provision shall be valid and enforceable to the fullest extent permitted by law.
- e. KPMG is a registered limited liability partnership (LLP) established under Ontario laws. A partner in an LLP is not personally liable for any debts, obligations or liabilities of the LLP, including those that arise from any negligent act or omission by another partner or by any person under that other partner's direct supervision or control. Partners of an LLP are personally liable only for their own actions and omissions, and for the actions and omissions of those they directly supervise or control.

### 14. Entire Agreement.

This Agreement constitutes the entire agreement between KPMG and Entity with respect to the engagement and supersedes all other oral and written representations, understandings or agreements relating to the Services. Except as expressly stated in this Agreement, KPMG expressly disclaims and makes no representations, conditions or warranties of any kind or nature with respect to the Services or Reports, express or implied, including warranties of merchantability, fitness for a particular purpose or use, or non-infringement. Any changes to this Agreement must reference this Agreement, be in writing and be signed by an authorized signatory of each party.

### 15. Governing Law and Disputes.

- a. This Agreement shall be subject to and governed by the laws of the Province in which KPMG's principal Canadian office performing the engagement is located (without regard to such Province's rules on conflicts of law).
- b. All disputes arising out of or in connection with this Agreement or the Services, or in respect of any legal relationship associated with or derived from this Agreement, shall be finally resolved by arbitration under the Arbitration Rules of the ADR Institute of Canada, Inc. The seat of arbitration will be the city in Canada in which KPMG's principal office performing the Services is located. The arbitration shall be conducted in English.

Page 16 of 23

December 2025





# Appendix A: Engagement letter (continued)



## Terms and Conditions for Advisory and Tax Services

These Terms and Conditions are an integral part of the Engagement Letter. In the event of conflict between the Engagement Letter and these Terms and Conditions, these Terms and Conditions shall prevail unless specific reference to a provision of the Terms and Conditions being varied is made in the Engagement Letter.

### 1. Definitions.

"Affiliate" means any legal entity that, directly or indirectly, controls, is controlled by, or is under common control with, the applicable entity, where "control" means ownership of more than fifty percent of the outstanding voting equity interests.

"Agreement" means the contract formed by the Engagement Letter and any attachments thereto, including these Terms and Conditions.

"Claims" means actions, damages, claims, fines, penalties, complaints, demands, suits, proceedings, liabilities, costs, expenses, or losses.

"Client" means the client(s) under the Engagement Letter.

"Client Materials" means any materials, equipment, systems, software/software as a service, data and information supplied or made available by or on behalf of Client to KPMG in connection with the Services.

"Confidential Information" means any information made available, directly or indirectly, by one party to the other in connection with the Services or otherwise pursuant to this Agreement that is marked or communicated as confidential or that due to its nature a reasonable person under like circumstances would consider it confidential. Confidential Information includes, without limitation, Personal Information, business plans, proprietary software code and specifications, information about a party's products, processes, services, finances and customers, and the terms of this Agreement, except (but not as regards Personal Information) to the extent such information: (i) is or hereafter enters the public domain through no fault of the receiving party; (ii) is already or hereafter becomes known to the receiving party free of any obligation of confidence; or (iii) is developed by the receiving party independently of the disclosing party's Confidential Information.

"Deliverables" means the written advice, reports, presentations and other tangible items created by KPMG for delivery to Client that are specified as deliverables in the Engagement Letter.

"Engagement Letter" means the engagement letter or other document referencing these Terms and Conditions.

"KPMG" means the KPMG entity that issued the Engagement Letter.

"KPMG Parties" means KPMG, other Member Firms, the legal entities comprising KPMG International (which do not provide services to clients) and their respective partners, directors, officers, employees, agents, subsidiaries, Affiliates and related entities. KPMG Parties may be in or outside of Canada.

"KPMG Property" means all rights and interest (including all intellectual property rights) in and to: (i) all inventions, trade-secrets, methodologies, know-how, concepts, ideas, techniques, works of authorship (including templates, art work and graphics), technology (including software applications, code, scripts, connectors and tools) and other proprietary materials and information that is licensed, owned or developed by KPMG prior to, independently of, or in the course of providing the Services, and any enhancements, improvements and modifications made to, or derivative works of, any of the foregoing; and (ii) KPMG's working papers, working drafts and internal correspondence. For certainty, KPMG Property does not include Client Confidential Information or Client Materials.

"KPMG Resources" means KPMG, other Member Firms and third-party contractors and suppliers engaged by KPMG or a Member Firm. KPMG Resources may be in or outside of Canada.

"Legal Demand" means a demand, request, subpoena or other legal process issued by a legal, regulatory, professional or government authority having jurisdiction.

"Member Firms" means the members of the KPMG international network of independent firms and entities controlled by, or under common control with, one or more of such members.

"Personal Information" means any information supplied by or on behalf of Client that meets the definition given to that term or analogous terms under Privacy Laws.

"Privacy Laws" means, in respect of a party, all privacy legislation and regulation applicable to such party, in each case as may be updated, amended or replaced from time to time.

"Services" means the services to be provided by KPMG as set out in the Engagement Letter.

"Terms and Conditions" means these Terms and Conditions for Advisory and Tax Services.

Other capitalized words in these Terms and Conditions shall have the meanings given to them in the Engagement Letter.

### 2. Services.

c. Any work performed by KPMG on the Services prior to or following the execution of this Agreement shall be governed by this Agreement.

d. KPMG may engage other KPMG Resources to assist KPMG in the performance of the Services, provided that KPMG remains responsible to Client for the performance of any Services by KPMG Resources. Client agrees that any Claim relating to the Services, the Deliverables or this Agreement may only be made against KPMG and not against any other KPMG Resource.

e. KPMG will, in performing the Services, rely on the facts, assumptions, data, material and other information furnished by or on behalf of Client without any independent investigation or verification. Inaccuracy or incompleteness of such facts, assumptions, data, material and other information could have a material effect on KPMG's conclusions or the results or performance of the Services or Deliverables.

f. After the completion of the engagement, unless Client separately engages KPMG to do so, KPMG will not update the Services or Deliverables for changes in law or regulations, or to the judicial and administrative interpretations thereof, or for subsequent events or transactions.

g. Unless expressly stated in the Engagement Letter, the Services do not include: (a) any lobbying activity, as defined in all applicable federal, provincial and municipal lobbyist registration statutes and regulations; or (b) the provision of legal advice.

September 2024

17



## Terms and Conditions for Advisory and Tax Services

h. Except as otherwise set forth in the Engagement Letter, Client acknowledges that completion of the engagement or acceptance of the Deliverables will not constitute a basis or be relied upon for Client's assessment or evaluation of internal control over financial reporting, disclosure controls and procedures, officer certification requirements, or Client's compliance with any requirements for an internal control report from management.

### 3. Client Responsibilities.

e. Client agrees to cooperate with KPMG in the performance of the Services and shall provide KPMG with timely access to and use of the Client Materials, personnel and facilities necessary for KPMG to perform the Services. Client shall promptly respond to KPMG inquiries, review reports and advise KPMG of any additional work Client would like KPMG to perform. The Engagement Letter may set forth additional responsibilities of Client in connection with the engagement. Client acknowledges that Client's failure to perform its obligations under this Agreement could adversely impact KPMG's ability to perform the Services, and/or to perform them in accordance with the fees and timelines set out in the Engagement Letter.

f. Where the Services contemplate access to Client Materials, Client represents and warrants that Client has secured all rights, licenses, consents and permissions necessary for KPMG Resources to receive, use, copy, modify and incorporate such Client Materials to the extent required for KPMG to provide the Services and Deliverables.

g. Client agrees that, while the Services may include advice and recommendations, all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, Client. Client, and not KPMG, 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 the performance of the 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, without limitation, monitoring ongoing activities.

### 4. Ownership, Use and Disclosure of our Advice.

d. Subject to Client's payment in full of all fees owing under the Engagement Letter: (i) Client shall be the owner of any final Deliverables, excluding any KPMG Property embodied therein; and (ii) with respect to KPMG Property embodied therein, KPMG grants to Client a perpetual, royalty-free, non-exclusive, non-transferable and non-sublicensable license to use such KPMG Property solely in connection with Client's internal use of the Deliverables as intended under the Engagement Letter. Subject to KPMG's confidentiality obligations hereunder, KPMG Resources are entitled to use or develop the knowledge, experience and skills of general application gained through the provision of the Services.

e. The Services and Deliverables are provided for Client's sole benefit and internal use as intended under the Engagement Letter, and are not for the benefit or use of, or to be relied upon by, any other party. KPMG does not assume any responsibility to any party other than Client in respect of the Services or Deliverables. Accordingly, in the event of a Claim by any third party (including any Client Affiliate) against KPMG that arises out of or relates to the Services or Deliverables, Client will indemnify and hold harmless KPMG from all such Claims, including, without limitation, reasonable legal fees. For purposes of this Section 4(b), the term KPMG shall include KPMG Parties.

f. Client may not rely on any oral, draft or interim advice or Deliverables. Where Client wishes to rely on oral, draft or interim advice or Deliverables, Client shall request that KPMG provide confirmation in writing.

g. Client may disclose a copy of any final Deliverable: (i) in response to a Legal Demand or otherwise to the extent required by law; (ii) on a non-reliance basis to Client's legal and other professional advisors if seeking advice in relation to the Services; and (iii) on a non-reliance basis to Client's Affiliates who need to know in order to facilitate Client's use of the Deliverables; provided that in each case Client notifies the recipient that the Deliverables are confidential and that, to the fullest extent permitted by law, KPMG accepts no responsibility to them in connection with the Services or the Deliverables. Client may not otherwise disclose, publish or otherwise make available any Deliverable (in whole or in part) to any third party without the prior written consent of KPMG. This Section 4(d) is subject to Section 10(f) (Additional Terms for Tax Services).

h. Where Client is permitted to disclose Deliverables to third parties under this Agreement, they may only be disclosed in whole, unless otherwise agreed to or required by KPMG. Deliverables may not be modified by Client. Notwithstanding Client's ownership of any Deliverable, KPMG may retain copies of the Deliverables.

### 5. Confidentiality.

i. Except with the disclosing party's prior written consent, or as otherwise expressly provided in this Agreement, each party will hold the other party's Confidential Information in confidence and use it only to perform or receive the Services, as applicable, or to exercise its rights and perform its obligations under this Agreement. The receiving party shall protect the disclosing party's Confidential Information as it protects its own Confidential Information, but in no event shall exercise less than reasonable care.

j. KPMG may share Confidential Information of Client with other KPMG Resources who are assisting KPMG in the performance of the Services.

k. The receiving party may disclose Confidential Information of the disclosing party: (i) to the extent required by law or professional standards; (ii) to its professional advisors and insurers in relation to any dispute concerning this Agreement; and (iii) in the case of a Legal Demand, provided that the receiving party will exercise commercially reasonable efforts to afford the Confidential Information all available confidentiality protections.

l. Each party may share Confidential Information of the other party (in the case of KPMG, with other KPMG Resources and KPMG Parties, and in the case of Client, with third parties engaged by Client), as reasonably required to facilitate the operation of its business or support its infrastructure, including for the performance of administrative, clerical and technological operations and functions, to manage its relationship with the other party and, in the case of KPMG, to comply with its professional obligations and standards (including for quality assurance and risk management purposes). Any such disclosure shall be under obligations of confidentiality to the same or similar extent as the parties have agreed to hereunder, and each party shall be responsible to the other for any failure to comply with such conditions of confidentiality.

m. KPMG Parties and KPMG Resources may use information obtained while performing engagements for business-related purposes including developing new or improving existing services, technologies, data sets and benchmarks, conducting analytics and training cognitive systems. Where this involves Confidential Information of Client, it will not be disclosed to other third parties unless de-identified, anonymized and/or aggregated so as not to be attributable to Client.

n. KPMG may disclose the general nature of its engagement for Client as reasonably required in order to assess and address conflicts of interest.

September 2024

18





# Appendix A: Engagement letter (continued)



## Terms and Conditions for Advisory and Tax Services

- o. Professional standards require KPMG personnel performing any assurance services for clients to have available to them all information that may affect the assurance engagement. If Client is or becomes an assurance client, KPMG personnel performing Services under this Agreement are authorized to make information from the engagement available to the KPMG assurance engagement team, who may use all such information in KPMG's assurance engagement.
6. **Privacy.**
- c. Each party will comply with Privacy Laws in connection with the engagement. Additionally, KPMG shall process Personal Information in accordance with this Agreement and KPMG's Privacy Policy available at [www.kpmg.ca](http://www.kpmg.ca). Client will provide all notifications and obtain all consents required by Privacy Laws to permit KPMG Resources and KPMG Parties to process such Personal Information in connection with the engagement. Upon request, each party shall provide the other with information and co-operation relating to its processing of Personal Information as reasonably required in order for the other to satisfy its obligations under Privacy Laws.
- d. KPMG will use reasonable technical and organizational measures to protect against unauthorized or unlawful processing of Personal Information and accidental loss or destruction of, or damage to, Personal Information. Subject to each party's standard internal archival and information back-up processes and except as required to comply with applicable laws or professional standards, each party will destroy Personal Information when no longer needed for the uses set out in this Agreement.
7. **Fees.**
- e. Invoices will be rendered on a regular basis or otherwise specified in the Engagement Letter. KPMG's professional fees are subject to an additional technology and support charge which covers costs such as client service personnel computer hardware and customized KPMG software, telecommunications equipment, client service professional administrative support, IT programming, professional services and other client support services. Other direct out-of-pocket costs and expenses, such as travel, will be charged separately based on actual costs. KPMG's professional fees and other charges do not include any applicable federal, provincial or other sales taxes, tariffs or duties, which shall be added to the invoice and paid by Client. Accounts are due when rendered.
- f. KPMG may be requested by Client or be subject to a Legal Demand to produce documents or personnel as witnesses or for interviews in a proceeding or investigation to which KPMG is not a named party. In such circumstances, KPMG may charge Client at its standard billing rates for professional time and expenses, including reasonable legal fees, incurred in responding to such request or Legal Demand.
8. **Limitation on Liability.**
- e. KPMG shall not be liable to Client for any Claims in any way arising out of, or in any way relating to, the performance of the Services, including without limitation the termination thereof, for an aggregate amount that is more than the fees paid to KPMG under this Agreement, except to the extent finally determined to have resulted from KPMG's fraud or willful misconduct.
- f. KPMG shall not be liable to Client for consequential, special, indirect, incidental, punitive or exemplary damages, or any loss of revenue or profit or other commercial or economic loss, even if advised of the possibility thereof.
- g. Where Client has suffered a Claim in relation to the Services and parties other than KPMG Resources are partially responsible for such Claim, then KPMG is only liable for, and Client may only claim from KPMG, KPMG's share of the total liability based on degree of fault or negligence, subject to the limitations set out in Sections 8(a) and (b) above.
- h. For purposes of this Section 8, the term KPMG shall include KPMG Parties. The provisions of this Section 8 shall apply regardless of the form of claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.
9. **Termination and Survival.**
- d. Unless terminated sooner in accordance with its terms, this Agreement terminates when KPMG issues its final invoice to Client.
- e. This Agreement may be terminated by either party: (i) at any time by giving written notice to the other party not less than 30 days before the effective date of termination; or (ii) on 10 days' written notice to the other party should the other party fail to fulfill its obligations under this Agreement and not rectify such failure prior to the expiration of such 10-day period. KPMG may also terminate this Agreement upon written notice to Client if there is a change of laws or professional standards or a change in circumstances or information that would, in KPMG's opinion, cause the continued provision of Services to violate such laws or professional standards.
- f. Without limiting its rights or remedies, KPMG shall have the right to suspend or terminate the Services for non-payment of fees.
- g. Upon early termination of the engagement, Client shall be responsible for the payment of KPMG's time and expenses incurred up to the effective date of termination, as well as reasonable time and expenses to bring the engagement to a close in a prompt and orderly manner. Otherwise, neither party will be responsible for any loss, cost or expense resulting from termination of this Agreement in accordance with its terms.
- h. Except for Sections 2(c), 2(e), 3(a) and 10, these Terms and Conditions shall survive the expiration or termination of the engagement and this Agreement.
10. **Force Majeure.**
- Neither party shall be liable for any delays in the performance of its obligations hereunder, other than payment obligations, arising out of or caused by, directly or indirectly, circumstances or causes beyond its control, including, without limitation, fire or other casualty, strike or labour dispute, war or other violence, any law, order or requirement of any governmental agency or authority, or any epidemic, pandemic or quarantine.
11. **Conflicts of Interest.**
- In accordance with applicable professional standards, based upon the information provided by Client, KPMG performs a search for any conflicts of interest in connection with the Services. Where such a conflict of interest is identified, KPMG will, subject to confidentiality, disclose the nature of the conflict to Client, the ethical dividers and other safeguards to be implemented, and seek Client's consent. Notwithstanding the foregoing, KPMG may advise any other client making a competing bid or proposal to Client, whether or not KPMG is advising Client in respect of Client's bid or proposal. For certainty, a conflict of interest does not arise solely because KPMG or another Member Firm is, was or will be engaged by another client who is a business competitor, customer or supplier of Client.

September 2024

19



## Terms and Conditions for Advisory and Tax Services

12. **Publicity and Use of Logo.**
- Neither party shall acquire any right to use the name or logo (or any part thereof) of the other party in any manner or medium, except that Client gives KPMG a limited, revocable, non-exclusive, paid-up, royalty free right to use Client's name and logo as follows: (a) in presentations and reports to Client; (b) for internal KPMG presentations and intranet sites; and (c) upon the closing of a transaction (if applicable), KPMG may, at its expense, publicize its association with the transaction by way of public announcement in "tombstone" or similar format, subject to prior review of such public announcement with Client. KPMG may also reference Client's name as a customer in KPMG proposals and marketing materials, including KPMG websites and social media, indicating the general services rendered.
13. **Miscellaneous.**
- f. The parties hereto are independent contractors, and nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment, or fiduciary relationship between them. Neither party shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.
- g. Client acknowledges that it has had the opportunity to obtain legal advice with respect to Client's rights and obligations under this Agreement.
- h. The parties consent and agree to the use of electronic signatures with respect to this Agreement and any other agreements, notices or communications contemplated hereby, where permissible by law.
- i. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors, executors, administrators, heirs and permitted assigns, as applicable. Except as expressly provided herein, neither party may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party. KPMG may assign its rights and obligations hereunder to any Affiliate or successor in interest to all or substantially all of the assets or business of the relevant KPMG practice, without the consent of Client.
- j. 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, the remaining provisions shall not be affected, impaired or invalidated, and each such provision shall be valid and enforceable to the fullest extent permitted by law.
- k. KPMG is a registered limited liability partnership (LLP) established under Ontario laws. A partner in an LLP is not personally liable for any debts, obligations or liabilities of the LLP, including those that arise from any negligent act or omission by another partner or by any person under that other partner's direct supervision or control. Partners of an LLP are personally liable only for their own actions and omissions, and for the actions and omissions of those they directly supervise or control.
14. **Entire Agreement.**
- This Agreement constitutes the entire agreement between KPMG and Client with respect to the engagement and supersedes all other oral and written representations, understandings or agreements relating to the Services. Except as expressly stated in this Agreement, KPMG expressly disclaims and makes no representations, conditions or warranties of any kind or nature with respect to the Services or Deliverables, express or implied, including warranties of merchantability, fitness for a particular purpose or use, or non-infringement. Any changes to this Agreement must reference this Agreement, be in writing and be signed by an authorized signatory of each party.
15. **Governing Law and Disputes.**
- c. This Agreement shall be subject to and governed by the laws of the Province in which KPMG's principal Canadian office performing the engagement is located (without regard to such Province's rules on conflicts of law).
- d. All disputes arising out of or in connection with this Agreement or the Services, or in respect of any legal relationship associated with or derived from this Agreement, shall be finally resolved by arbitration under the Arbitration Rules of the ADR Institute of Canada, Inc. The seat of arbitration will be the city in Canada in which KPMG's principal office performing the Services is located. The arbitration shall be conducted in English.
16. **Additional Terms for Tax Services.**
- The following provisions also apply where KPMG is engaged to perform Canadian and/or United States tax services:
- a. KPMG will consider the applicable provisions of the relevant taxing statutes, the regulations thereunder, applicable tax treaties and judicial and administrative interpretations thereof. In the case of Canadian tax services only, KPMG will also take into account all specific proposals to amend such statutes, regulations and treaties publicly announced prior to the date of KPMG's reports, based on the assumption that these amendments will be enacted substantially as proposed. For certainty, in the case of US tax services, KPMG shall not take into account any specific proposals to amend such statutes, regulations and treaties. These authorities are subject to change, retroactively and/or prospectively, and any such changes could affect the validity of KPMG's advice and may result in incremental taxes, interest or penalties. KPMG's advice will not otherwise take into account or anticipate any changes in law or practice, or by way of judicial, governmental or legislative action or interpretation. Unless Client specifically requests otherwise, KPMG will not update tax work to take any such changes into account.
- b. All tax returns and filings are subject to examination by tax authorities, and KPMG's advice may be audited and challenged by a tax authority. Client understands that KPMG's conclusions are not binding on tax authorities or the courts and should not be construed as a representation, warranty or guarantee that the tax authorities or courts will agree with KPMG's conclusion.
- c. KPMG is not responsible for any taxes, penalties or interest assessed against Client, or for any form of loss suffered by Client, as a result of a failure by Client to (i) provide KPMG with accurate and complete information or (ii) implement KPMG's advice in accordance with KPMG's recommendations.
- d. Unless expressly provided for in the Engagement Letter, KPMG's services do not include representing Client in the event of a challenge by the Canada Revenue Agency, the United States Internal Revenue Service ("IRS") or other tax or revenue authorities.
- e. A number of domestic and foreign jurisdictions, including, among others, Canada, the Province of Quebec, the United States and the European Union, are enacting or have enacted mandatory disclosure regimes ("MDRs"), which require taxpayers and/or their advisors to provide notice of or disclose certain transactions, agreements or arrangements ("Reportable Arrangements") to the relevant local taxing authorities. Non-compliance with MDRs may result in adverse tax consequences, including significant penalties. Accordingly, the parties hereby agree that KPMG, other Member Firms located outside of Canada who are involved in the Services, and/or Client may, as required, disclose details of the advice and/or work product provided under

September 2024

20





# Appendix A: Engagement letter (continued)



## Terms and Conditions for Advisory and Tax Services

this Agreement to relevant taxing authorities with respect to a Reportable Arrangement (an "MDR Disclosure"). Unless prevented by law, KPMG will use commercially reasonable efforts to inform Client if KPMG is required to make, or KPMG becomes aware that another Member Firm is required to make, an MDR Disclosure. Unless prevented by law, Client will use commercially reasonable efforts to inform KPMG if Client or any of Client's other advisors is required to make an MDR Disclosure or if an MDR Disclosure was required prior to the engagement for any part of a series of transactions within the scope of the engagement. Client is advised to consult with a tax or legal professional service provider proficient in such MDRs for assistance in this regard; for greater certainty, unless expressly provided for in the Engagement Letter, the Services do not include advice in relation to the application of, and compliance with, MDRs. To the fullest extent permitted by law, KPMG is not liable to Client for any consequences that may result or arise from or otherwise be connected with any MDR Disclosure made by KPMG or another Member Firm in good faith.

- f. The prohibitions on Client set out in Sections 4 and 5 of these Terms and Conditions regarding the disclosure, publication or other distribution of KPMG's reports and written advice or information provided by KPMG, or any similar prohibition set out in the Engagement Letter, shall not apply, and no provision of this Agreement is or is intended to be construed as: (i) confidential protection within the meaning of subsection 237.3(1) of the Income Tax Act (Canada) (the "ITA") or any applicable regulations thereunder; (ii) a condition of confidentiality within the scope of the Internal Revenue Code of 1986 ("IRC") section 6011 as implemented through Treasury Regulation 1.6011-4(b)(3)(i) (without regard to references to payment or receipt of a minimum fee); or (iii) any similar confidentiality protection or condition under any similar or analogous provisions of the laws of any province, state or other jurisdiction. In particular, Client may disclose to any and all persons, without limitation of any kind, tax information, advice and other materials KPMG provides to Client relating to the tax treatment, details or structure of a transaction or series of transactions within the scope of the engagement. Client will use commercially reasonable efforts to inform KPMG of any confidential protection or conditions of confidentiality imposed by any third-party advisor or promoter with respect to any transaction or series on which KPMG's services are requested. Such notification must occur prior to KPMG providing any advice with respect to the transaction or series.

Notwithstanding the foregoing, Client acknowledges and agrees that all tax Services and Deliverables are designed to meet Client's agreed requirements only, as determined by Client's needs at the time, and are not suitable to be used by any party other than Client. KPMG assumes no responsibility and accepts no liability to any person or entity other than Client in respect of the tax Services and Deliverables. Accordingly, Client agrees, in connection with any disclosure by or on behalf of Client of any such information to a third party: (i) Client accepts the risk of such disclosure and will not hold KPMG responsible if such disclosure results in adversity to Client; (ii) Client will, at the time of disclosure, inform the third party that KPMG accepts no responsibility or liability to such person in connection with the information disclosed; (iii) as the information is not to be relied upon by the third party, the third party shall have no grounds for holding KPMG responsible or liable to them or other person(s) in connection with the information disclosed; and (iv) if, notwithstanding such expectations, a Claim is incurred by KPMG as a result of, arising from or in connection with any such disclosure, Client will indemnify and hold harmless KPMG against such Claim (including, without limitation, reasonable legal fees). In this subsection 16(f), "KPMG" shall include KPMG Parties. The foregoing indemnification obligation shall apply regardless of the form of Claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

- g. Where the Services or any part thereof will be provided by the United States Member Firm, Client acknowledges that the personnel providing such Services may not be licensed as certified public accountants under the laws of any of the various states.

### 17. Additional Terms for Due Diligence Services (Tax and Transaction Services).

As used herein, "Target" refers to the entity(ies) or division(s) (which may include Client or divisions of Client) representing the subject of the due diligence assistance procedures, as set out in the Engagement Letter.

- a. KPMG will only perform the procedures as specified in the Engagement Letter. These procedures are limited in nature and extent to those determined by Client to meet its needs and, as such, will not necessarily disclose all significant matters about Target or reveal errors in the underlying information, instances of fraud, or illegal acts, if any. KPMG does not guarantee the sufficiency of these procedures for the purpose for which KPMG has been engaged or for any other purpose. KPMG's findings will not constitute recommendations to Client to proceed or not proceed with any proposed transaction. KPMG will rely exclusively upon information provided to KPMG by Target and Client, and any publicly available information obtained by KPMG, without independently verifying such information.
- b. KPMG's procedures with respect to Target's financial information will be substantially less in scope than any audit or other attestation standards, including without limitation those established by the Auditing and Assurance Standards Board in Canada. Future-oriented financial information is based on assumptions regarding future events; actual results will vary from the information presented and the variations may be material. Accordingly, KPMG expresses no opinion and provides no assurance regarding Target's future-oriented financial information, financial statements or internal controls over financial reporting.
- c. Client may request that KPMG's report be distributed to a third party (other than Target) for informational purposes, or to Target for purposes of confirming the factual accuracy of the information contained therein. Unless specifically requested by Client, KPMG will not seek Target's confirmation of the factual accuracy of the information presented in KPMG's report. As a condition of any such disclosure, Client shall execute, and require the third party (or Target, as applicable) to execute a hold harmless letter in a form provided by KPMG regarding the release of information.
- d. If KPMG provides services to Target, Client agrees and acknowledges that KPMG may be in possession of confidential information concerning Target that may be relevant to the Services. KPMG will not disclose any such confidential information to Client unless Target provides prior written consent to such disclosure or provides such information directly to Client or to the KPMG engagement team under this Agreement for purposes of the Services. In addition, if KPMG serves as independent auditors of Target, KPMG's professional standards may require the KPMG team serving Client to disclose to the KPMG audit team serving Target information affecting the audit of Target.
- e. Where a completion fee is contemplated in the Engagement Letter, in the event that the engagement is terminated and Client proceeds to complete the transaction or financing within 18 months from the termination date, then the full amount of the completion fee shall be payable on closing of the transaction or the completion of financing, regardless of whether KPMG provided further service.



# Appendix B: Required communications



## CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Regulatory Oversight Report: 2023 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2024 Interim Inspections Results](#)
- [CPAB Regulatory Oversight Report: 2024 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2025 Interim Inspections Results](#)



## Report

A draft report will be provided at the completion of the audit which will highlight the form and content of the report.



## Representations of management

We will obtain from management certain representations at the completion of the audit engagement.



## Matters pertaining to independence and confidentiality

We are independent of the School Board, and we have a robust and consistent system of quality control.

Confidentiality of our clients' information is an on-going professional and business requirement of both KPMG and our overall profession. In addition to our internal confirmation of independence of team members, we will request confirmation and acknowledgement of our policies regarding confidentiality of the School Board's information.



## Engagement terms

Unless you inform us otherwise, we understand that you acknowledge and agree to the terms of the engagement set out in the engagement letter.



## Control deficiencies

On a timely basis, identified significant deficiencies will be communicated to the Committee in writing. Other control deficiencies identified that do not rise to the level of a significant deficiency will be communicated to management.



# Appendix C: Current developments

## Accounting standards

### Conceptual Framework for Financial Reporting in the Public Sector

Effective for years commencing on or after April 1, 2026 with early adoption permitted.

- The framework provides the core concepts and objectives underlying Canadian public sector accounting standards.
- The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.

### Financial Statement Presentation

Effective for years commencing on or after April 1, 2026 with early adoption permitted.

- The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*. PS 1202 *Financial statement presentation*.
- The proposed section includes the following:
  - Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
  - Separating liabilities into financial liabilities and non-financial liabilities.
  - Restructuring the statement of financial position to present total assets followed by total liabilities.
  - Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
  - Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.
  - A new provision whereby an entity can use an amended budget in certain circumstances.
  - Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.

## Example of a Typical Implementation Approach

### Phase 1

- Understand the existing financial reporting processes.
- Examine chart of accounts and trial balance.
- Review accounting policy.
- Gap assessment and implementation plan.

### Phase 2

- Data gathering and financial data analysis.
- Budget and performance reporting.
- System and software impacts.
- Implementation and compliance adjustments



# Appendix C: Current developments (continued)

## Accounting standards (continued)

### Employee Benefits

Effective for years commencing on or after April 1, 2029 with early adoption permitted.

- The Public Sector Accounting Board has issued a new standard PS 3251 *Employee benefits* which will replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*.
- The standard uses principles from International Public Sector Accounting Standard 39 *Employee benefits* as a basis for the Canadian standard.
- The standard results in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position.
- The standard also requires that fully funded post-employment benefit plans use a discount rate based on the expected market-based return of plan assets and underfunded plans use a discount rate based on the market yield of government bonds, high-quality corporate bonds or another appropriate financial instrument. A simplified approach to determining a plan's funding status is provided.
- The standard also requires that:
  - Deferral provisions – Remeasurement gains and losses are presented as part of accumulated remeasurement gains and losses.
  - Valuation of plan assets – Upon adoption, public sector entities may continue to recognize non-transferable financial instruments balances that meet the definition of plan assets under existing PS 3250 guidance. This transitional provision does not permit the recognition of additional amount after adoption that do not meet the revised definition of plan assets.
  - Joint defined benefit plans – Defined benefit accounting is used for measurement of the proportionate share of the plan, instead of previously proposed multi-employer plan accounting which permitted accounting based on defined contribution concepts where insufficient information exists to use defined benefit accounting.
  - Disclosure of other long-term employee benefits and termination benefits – The standard does not include prescriptive disclosure requirements for other long-term employee benefits and termination benefits.
- The standard's guidance will be applied retroactively, with or without prior period restatement.



# Appendix C: Current developments (continued)

## Accounting standards (continued)

### Intangible Assets

**Proposed to be effective for years commencing on or after April 1, 2030 with early adoption permitted.**

- The Public Sector Accounting Standards Board has issued proposed new standard PS 3155 *Intangible Assets* which would replace Public Sector Guideline 8 *Purchased Intangibles*.
- The standard will include foundational guidance on acquired and internally generated intangibles. It excludes intangible assets addressed in other public sector accounting standards and other intangible items such as exploration and extraction costs for non-renewable resources or intangible assets related to insurance contracts.
- The definition of “intangible assets” requires an intangible resource to be separate and identifiable from goodwill. It also requires that the entity has control over the intangible resource, future economic benefits flow from the intangible resource, and the intangible resource is the result of a past transaction and/or other events.
- Internally generated goodwill is not permitted to be recognized as an asset.
- An intangible resource is recognized when it meets the definition of an intangible asset and the asset’s cost can be measured in a faithfully representative way. The generation of the asset is classified into a research phase and a development phase. Expenditures from the research phase of an internally generated project are expensed. An intangible asset arising from the development phase can be recognized if it meets certain requirements.
- Intangible assets are initially measured at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired through a non-exchange transaction are measured at fair value as of the date it is acquired.

### Cloud Computing Arrangements

- As part of its intangible assets project, the Public Sector Accounting Standards Board is also developing guidance on cloud computing arrangements. To ensure the development of this accounting guidance reflects current practices and needs, a survey was used to gather insights. The survey will inform the Public Sector Accounting Board about the types of cloud computing arrangements being encountered, magnitude of costs, key arrangement terms, current accounting policies and unique challenges in practice.



# Appendix D: Newly effective and upcoming changes to auditing standards

Effective for periods beginning on or after December 15, 2024

## ISA 260/CAS 260

.....  
Communications  
with those  
charged with  
governance

### Summary of Changes:

New requirements for the auditor to communicate:

- about the relevant ethical requirements, including those related to independence, that the auditor applied to the audit of the financial statements; and
- any enhanced independence requirement that the auditor applied specific to the audit of financial statements of certain entities.

## ISA 700/CAS 700

.....  
Forming an  
opinion and  
reporting on the  
financial  
statements

### Summary of Changes:

New requirements for the auditor to publicly disclose when the auditor applied independence requirements specific to audits of financial statements of certain entities WHEN the ethical requirements require public disclosure.



# Appendix E: Thought leadership and insights

## Half of Public Servants Turn to AI Raising Risks

**KPMG survey finds public sector unready for AI, low literacy, need for digital sovereignty.**

While less than a quarter (**22 per cent**) of Canadian public sector organizations have adopted artificial intelligence (AI), half of the public servants who use AI in their jobs rely on publicly available AI tools, exposing governments to potential risks including data privacy and security breaches, intellectual property theft and exposure to biased or inaccurate information that can lead to legal and ethical issues, finds a new KPMG in Canada research.

[Click here for more information](#)

## Intelligent Government

The emergence of generative AI, alongside advanced autonomous and agentic systems, is transforming how government and the public sector innovate and operate. Our findings reveal an actionable blueprint for governments and organizations aiming to leverage AI's potential to drive efficiency, reduce time-to-market and improve patient outcomes. This report provides insights into how they can take a value-based approach to AI that helps to accelerate innovation, unlock new growth opportunities, and maximize the impact of their AI investments.

[Click here for more information](#)

## KPMG 2025 Canadian CEO Outlook

Our 2025 CEO Outlook survey reveals a compelling paradox: Canadian CEOs are increasingly confident in the growth of their companies and industries, yet their optimism about the Canadian and global economies is waning.

Despite the evolving pressures, CEOs alike are proactively focusing on making their organizations more resilient to external shocks. They are not just reacting to changes, but are actively seeking ways to mitigate external risks, improve productivity and optimize revenue.

[Click here for more information](#)

## Midyear Observations on the 2025 Board Agenda

Disruption, volatility, and uncertainty aren't new operating conditions by any means. But the assumptions that have long driven corporate thinking - the role of government, geopolitical norms, and consistency in US policies as administrations change, and the speed of technological advances—are being upended. Few business leaders have experienced the scope, complexity, and combination of issues companies are facing today—and many will earn their stripes in the months ahead.

[Click here for more information](#)

## Accelerate – Delving Deeper: The New Standing Items on Audit Committee Agendas

Geopolitical risks are continuing to evolve, generative artificial intelligence (AI) is reshaping the work world and ESG reporting is now mandatory for some organizations. At the same time, cyberattacks are becoming more frequent and sophisticated, but so are the tools to fight them.

Until recently, many of the biggest drivers of this new era were of only cursory interest to audit committees. Now, AI, ESG and cyber are being examined more rigorously and increasingly becoming standing items on the audit committee agenda.

[Click here for more information](#)



# Appendix E: Thought leadership and insights (continued)

Our latest thinking on the issues that matter most to Committees, Boards of Trustees and management.

## [KPMG Audit & Assurance Insights](#)

Curated research and insights for audit committees and boards.

## [Board Leadership Centre](#)

Leading insights to help board members maximize boardroom opportunities

## [Current Developments](#)

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

## [Accelerate - The key issues driving the audit committee agenda](#)

Discover the most pressing risks and opportunities that face audit committees, boards and management teams.

## [Sustainability Reporting](#)

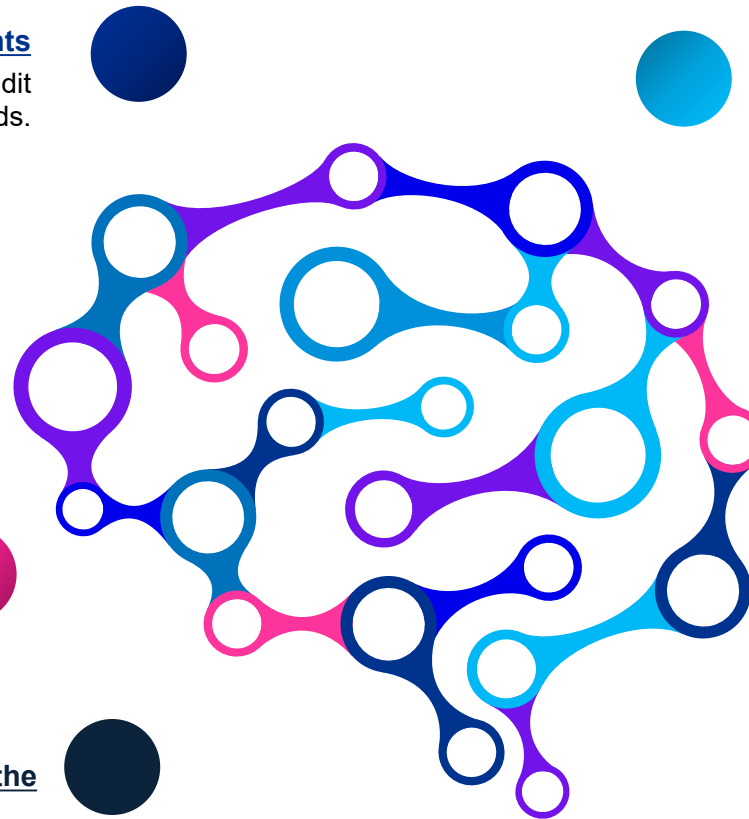
Resource centre on implementing the new Canadian reporting standards

## [IFRS Breaking News](#)

A monthly Canadian newsletter that provides the latest insights on accounting, financial reporting and sustainability reporting.

## [Audit Committee Guide – Canadian Edition](#)

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.





# Appendix F: Technology

## Our technology story



### Streamlined client experience

And deeper insights into your business, translating to a better audit experience.



### Secure

A secure client portal provides centralized, efficient coordination with your audit team.



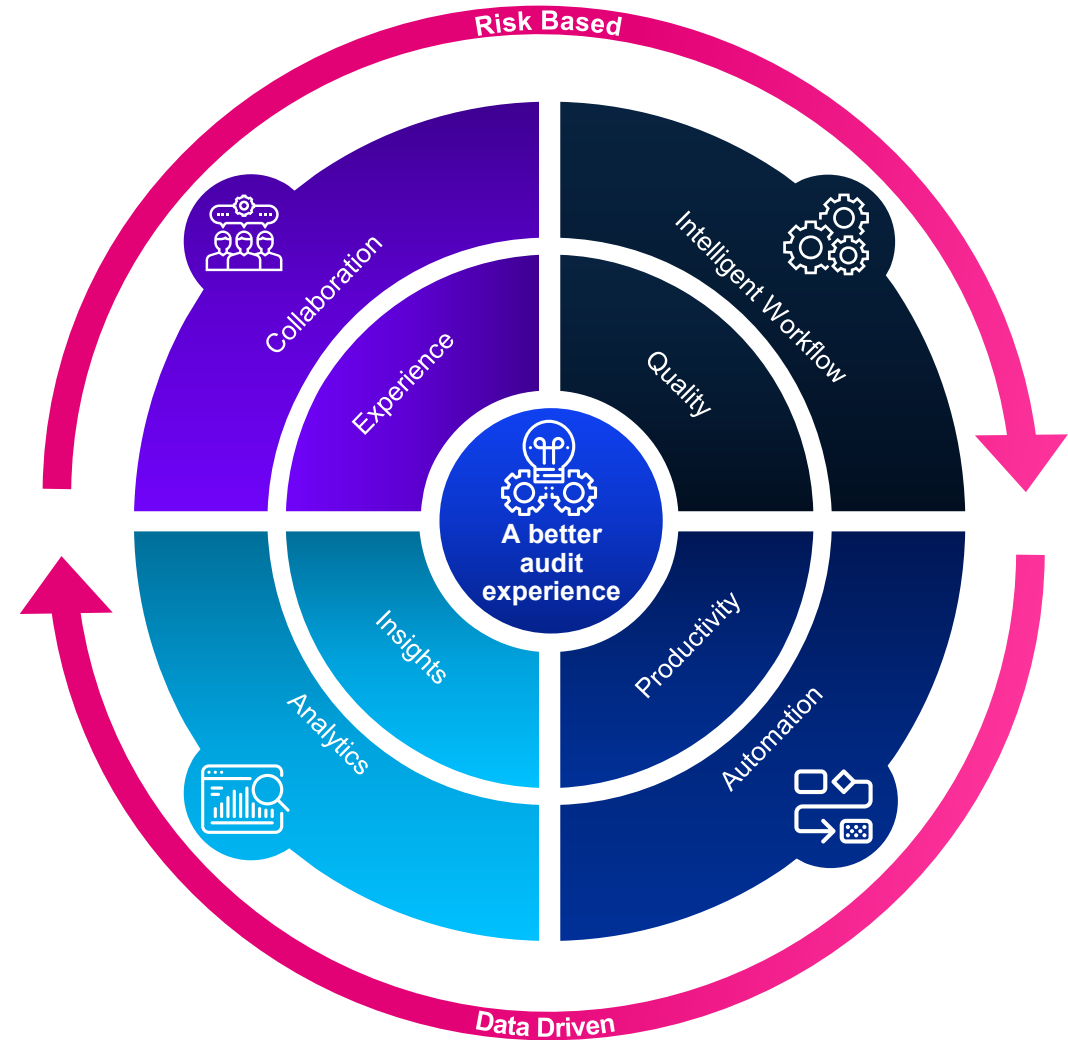
### Intelligent workflow

An intelligent workflow guides audit teams through the audit.



### Increased precision

Advanced data analytics and automation facilitate a risk-based audit approach, increasing precision and reducing your burden.





# Appendix F: Technology (continued)

## Expanding the use of audit technology



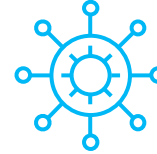
### Analytics

- AI Transaction Scoring
- Audit Routine Catalogue
- Data Visualization
- Group Scoping Tool
- Matching Routines
- Process Mining Analytics
- KPMG Forecast Analytics Suite



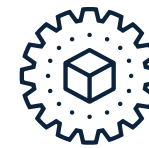
### Automation

- Agentic AI with Clara AI - Chat
- Automated Industry Routines
- Confirmation
- Data Extraction Scripts
- DataShare
- DataSnipper
- Inventory Counter App
- iRadar and iNav
- Offset Remover



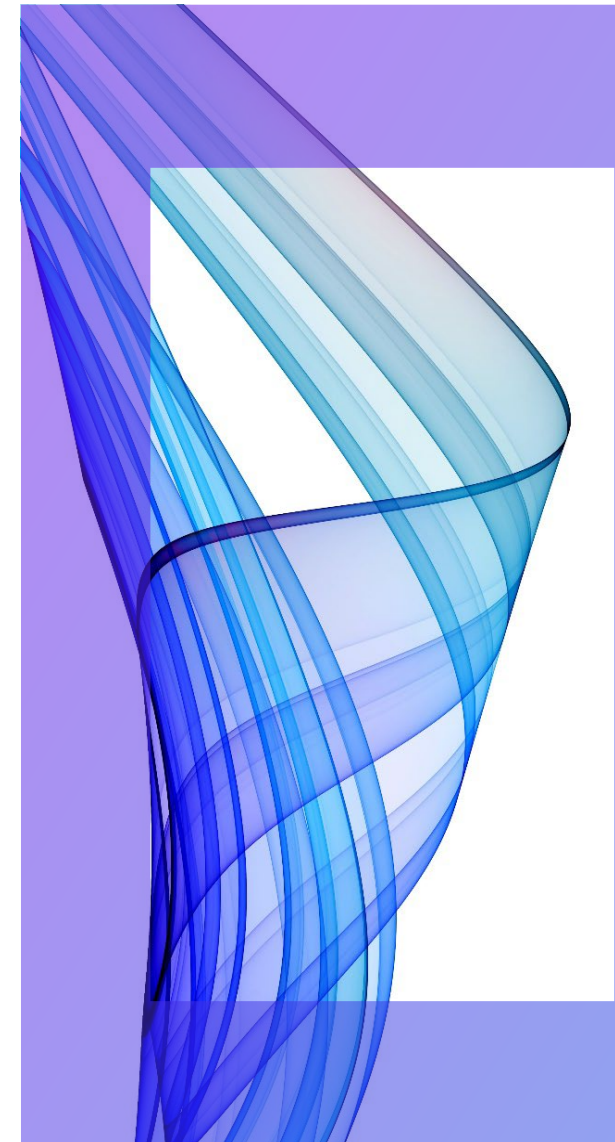
### Collaboration

- DocuSign™
- KPMG Clara for Clients



### Workflow

- KPMG Clara Workflow
- Account Analysis
- Journal Entry Analysis
- Planning Analytics





# Appendix F: Technology (continued)

## Next-generation technology

### AI empowerment leading to focused insights

#### Insights

#### Now

#### Near

#### Next

#### AI boosting Insights

- Generative AI Chat embedded directly in the workflow
- AI enabled assistants (compare, prepare, summarize, review)
- AI Transaction scoring and D&A to provide targeted insights

#### A better audit experience

#### AI Agents working to enhance the audit experience

- AI agents embedded in the workflow
- Expanded AI transaction scoring and D&A
- AI generated process documentation

#### AI Vision

- Automated data extraction maximizing algorithmic testing approach
- AI enabled workflow for enhanced real-time insights
- A data driven audit that leverages embedded knowledge to help the audit team design a customized audit approach

**We maximize quality and insights through a data-enabled, AI-powered platform**



# Appendix G: Audit Quality

## Our commitment to delivering audit quality

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.

KPMG is committed to fulfilling our public interest role in providing robust assurance that can benefit investors and other stakeholders.

Businesses are integrating technology in ways once unimaginable. Geopolitical changes and inflationary pressures continue to drive uncertainty, and businesses need to take action to respond to societal threats like climate change.

The pace and scale of change only strengthens our resolve to ensure the quality, consistency and adaptability of our services are fit for this new future. Audit and assurance quality remains the highest priority at KPMG.

Through sustained innovation, we aim to consistently deliver superior audit quality. Across the global organization:

- KPMG firms have implemented a consistent risk-based approach to our system of quality management to drive audit and assurance quality, enabling us to meet the requirements of the International Standard on Quality Management 1 (ISQM 1).
- We are utilising powerful technologies on audit and assurance engagements, including artificial intelligence, and leveraging our alliances with technology leaders such as Microsoft to further enhance quality and provide even more value through deeper analysis of businesses, no matter their size.
- We believe the same level of rigour, quality, consistency and trust that is applied to financial statement information by companies should also apply to ESG reporting. Therefore, across the global organization we have deployed an assurance methodology, KPMG Clara workflow and learning tools to upskill and build teams to provide assurance on ESG reporting that helps our clients build a more sustainable future.

We encourage you to read our Transparency Report to learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:



[KPMG Canada Transparency Report](#)



# Appendix G: Audit Quality (continued)

## How do we deliver audit quality

Quality essentially means doing the right thing and remains our highest priority.

We have strengthened the consistency and robustness of our system of quality management to meet the requirements of ISQM 1 (CSQM 1), issued by the International Audit and Assurance Standards Board. Foundational for quality management, KPMG's globally consistent approach to ISQM 1 drives compliance with the standard and our efforts to strengthen trust and transparency with clients, the capital markets and the public we serve.

Aligned with ISQM 1 (CSQM 1), our SoQM meets the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements.

Our **Global Quality Framework** outlines how we deliver quality and how every KPMG professional contributes to its delivery.



'**Perform quality engagements**' sits at the core, along with our commitment to continually monitor and remediate to fulfil our quality drivers.



Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.



**Doing the right thing. Always.**

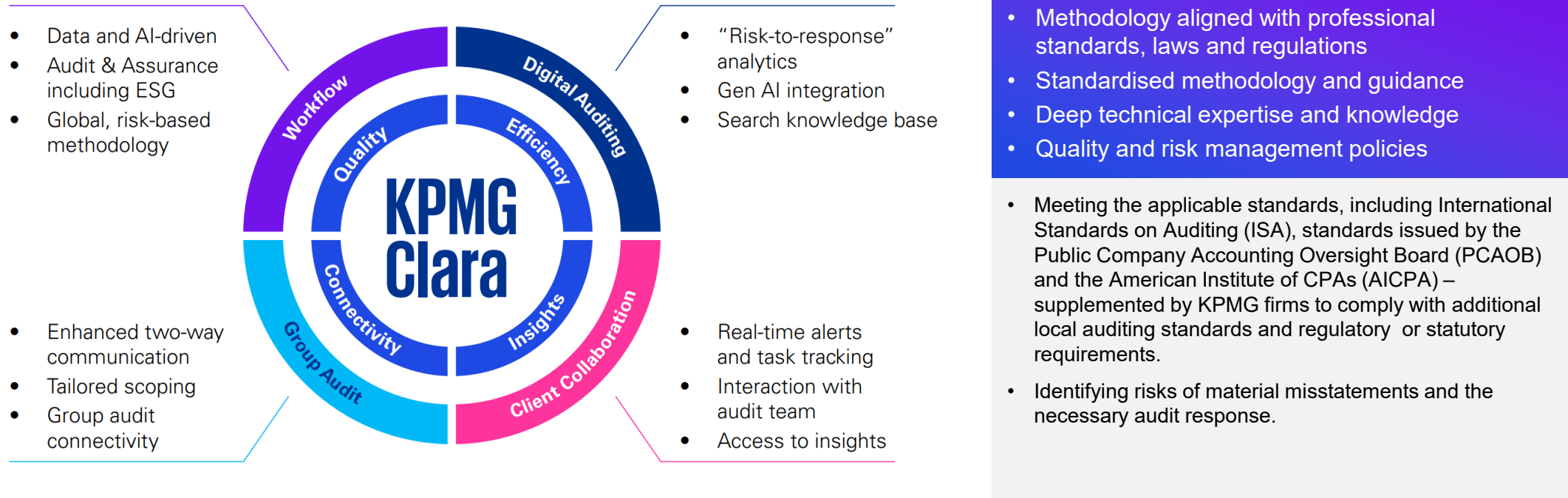


# Appendix G: Audit Quality (continued)

## The KPMG Audit

### Globally consistent audit and assurance methodology and tools

As a scalable, intuitive cloud-based platform, KPMG Clara is driving globally consistent execution across all KPMG member firms. It enables delivery of KPMG audit and assurance methodologies through data-enabled workflows, which align with the applicable audit and assurance standards and provide an improved experience to audit and assurance professionals.





# Appendix G: Audit Quality (continued)

## Indicators of audit quality (AQIs)

The objective of these measures is to provide more in-depth information about factors that influence audit quality within an audit process. Below are the AQIs that we have agreed with management are relevant for the audit. We would like to obtain agreement of the Audit Committee that these are the relevant AQIs.

We will communicate the status of the below AQIs on an annual basis on the conclusion of our audit.



### Team composition

#### Experience of the team

- Role – number of years experience in the industry, number of years on this engagement



### Technology in the audit

#### Implementation of Technology in the Audit

- Increase in use of Software Audit Tools in the audit year over year



### Engagement focus

#### Time as a percentage of total time spent by level and phase of the audit

- Proportion of Partner time as a percentage by significant risk, or key audit matter.
- Proportion of Senior Manager and Manager time as a percentage by significant risk or key audit matter.
- Proportion of Staff and Seniors time as a percentage of total time by significant risk or key audit matter.
- Proportion of Professionals time as a percentage of total time with specialized skills and knowledge hours by significant risk or key audit matter.



### Timing of prepared by client (PBC) items

#### Timeliness of PBC items

- Number of timely and overdue items received by the audit team.



### Quality reviews

#### Results of internal and external reviews

- Number and nature of findings specific to the audit engagement



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