

January 8, 2022

Emmanuel Seniors Living Society
13429 - 57 Street
Edmonton, Alberta
T5A 0T8

Attention: Peter Jonkman, Board Chair

Dear Sir:

Re: Engagement letter

Metrix Group LLP are pleased to serve as auditors for the Emmanuel Seniors Living Society for the fiscal year ending December 31, 2021. The purpose of this letter is to outline the terms of our engagement to audit the financial statements of the Emmanuel Seniors Living Society which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. Curtis Friesen will be responsible for the services that Metrix Group LLP performs for the Emmanuel Seniors Living Society.

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

Objective, Scope and Limitations

Our statutory function as auditor of the Emmanuel Seniors Living Society is to report to the Board of Directors by expressing an opinion on the Emmanuel Seniors Living Society's annual financial statements. We will conduct our audit in accordance with Canadian auditing standards and will issue an audit report.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to error or fraud.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

It is important to recognize that an auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of:

- a) Factors such as use of judgment, and the use of testing of the data underlying the financial statements;
- b) Inherent limitations of internal control; and
- c) The fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.



Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian auditing standards.

In making our 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. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

Our responsibilities

We will perform the audit in accordance with Canadian auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian accounting standards for not-for-profit organizations. Accordingly, we will plan and perform our audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements taken as a whole, including illegal acts whose consequences have a material effect on the financial statements.

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in or enters the public domain, we will not provide any third party with confidential information concerning the affairs of the Emmanuel Seniors Living Society without the Emmanuel Seniors Living Society's prior consent, unless required to do so by legal authority, or the *Rules of Professional Conduct* of the Chartered Professional Accountants of Alberta.

The objective of our audit is to obtain reasonable assurance that the financial statements are free from material misstatement. However, if we identify any of the following matters, they will be communicated to the appropriate level of management:

- a) Misstatements, resulting from error, other than trivial errors;
- b) Fraud or any information obtained that indicates that a fraud may exist;
- c) Any evidence obtained that indicates that an illegal or possibly illegal act, other than one considered inconsequential, has occurred;
- d) Significant deficiencies in the design or implementation of internal controls to prevent and detect fraud or error; and
- e) Related party transactions identified by us that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.

The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management and those charged with governance in discharging their responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

We will consider Emmanuel Seniors Living Society's internal control to identify types of potential misstatements, consider factors that affect the risks of material misstatement, and design the nature, timing and extent of further audit procedures. This consideration will not be sufficient to enable us to render an opinion on the effectiveness of internal control over financial reporting.

The audit of the financial statements and the issuance of our audit opinion are solely for the use of the Emmanuel Seniors Living Society and those to whom our report is specifically addressed by us. We make no representations of any kind to any third party in respect of these financial statements and we accept no responsibility for their use by any third party.

Management is responsible for:

Financial statements

The preparation and fair presentation of the Emmanuel Seniors Living Society's financial statements in accordance with Canadian accounting standards for not-for-profit organizations;

Completeness of information

- a) Providing us with and making available complete financial records and related data;
- b) Providing us with information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements;
- c) Providing us with information relating to any illegal or possibly illegal acts, and all facts related thereto;
- d) Providing us with information regarding all related parties and related party transactions;
- e) Any additional information that we may request from management for the purpose of this audit; and
- f) Providing us with unrestricted access to persons within the entity from whom we determine it is necessary to obtain audit evidence.

Fraud and error

- a) Internal control that management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- b) An assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- c) Providing us with information relating to fraud or suspected fraud affecting the entity involving:
 - i) Management;
 - ii) Employees who have significant roles in internal control; or
 - iii) Others, where the fraud could have a non-trivial effect on the financial statements;
- d) Providing us with information relating to any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- e) Communicating its belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole;

Recognition, measurement and disclosure

- a) Providing us with its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the financial statements;
- b) Providing us with any plans or intentions that may affect the carrying value or classification of assets or liabilities;
- c) Providing us with information relating to measurement and disclosure of transactions with related parties;
- d) Providing us with an assessment of all areas of measurement uncertainty known to management;
- e) Providing us with information relating to claims and possible claims whether or not they have been discussed with your legal counsel;
- f) Providing us with information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the Emmanuel Seniors Living Society is contingently liable;
- g) Providing us with information on whether the Emmanuel Seniors Living Society has satisfactory title to assets, liens or encumbrances on assets exist, and assets are pledged as collateral;
- h) Providing us with information relating to compliance with aspects of contractual agreements that may affect the financial statements;

- i) Providing us with information concerning subsequent events; and
- j) Providing us with representations on specific matters communicated to us during the engagement.

Written confirmation of significant representations

- a) Providing us with written confirmation of significant representations provided to us during the engagement on matters that are:
 - i) Directly related to items that are material, either individually or in the aggregate, to the financial statements,
 - ii) Not directly related to items that are material to the financial statements but are significant, either individually or in the aggregate, to the engagement; and
 - iii) Relevant to your judgments or estimates that are material, either individually or in the aggregate, to the financial statements.

We ask that our name be used only with our consent and that any information to which we have attached a communication be issued with that communication unless otherwise agreed to by us.

Reproduction of Audit Report

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to us in sufficient time for our review before the publication or posting process begins.

Management is responsible for the accurate reproduction of the financial statements, the auditors' report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either full or summarized financial statements that we have audited.

We are not required to read the information contained in your website, or to consider the consistency of other information in the electronic site with the original document.

Working Papers

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the engagement are the property of our Firm, constitute confidential information and will be retained by us in accordance with our Firm's policies and procedures.

File inspections

In accordance with professional regulations (and by Firm policy), our client files may be periodically reviewed by practice inspectors, and by other file quality reviewers to ensure that we are adhering to professional and Firm standards. File reviewers are required to maintain confidentiality of client information.

Fees

Our fees for these audit services will be \$20,000 plus GST. There will be additional fees based on hourly rates for the audit of the capital project spending. This fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered.

We will maintain the strictest confidence with respect to any client's or former client's information. Accordingly, your confidential information will not, without your consent, be disclosed to any individuals in our Firm beyond those who are engaged on your services. This policy applies to anyone outside the Firm, except as required by law or under the profession's Rules of Professional Conduct.

The terms of engagement as outlined above will continue in effect from year to year unless changed in writing.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to us.

We appreciate the opportunity to be of service to the Society.

Yours truly,

METRIX GROUP LLP

Chartered Professional Accountants

EMMANUEL SENIORS LIVING SOCIETY

The services and terms set out are as agreed.

Peter Jonkman, Board Chair