



SR&ED Proposal for Statys Tech Inc.

Written by Kevin Kelner at Conceptinero Inc.



Introduction

Your innovation. **Our passion.**

Dreading those looming SR&ED tax filing deadlines?

**Are your engineers struggling to determine what work is eligible for
refunds?**

**Do you cringe when you get a call from the Canada Revenue Agency SR&ED
auditors?**

RELAX. **WE CAN HELP.**



If the SR&ED reporting and documentation process is affecting your business or simply taking too much time or effort, Conceptinero can be trusted to provide your company with immediate and reliable assistance.

Our knowledgeable consultants have over 40 years of collective industry experience. Having providing technical, financial, and audit consulting for a wide range of industries and businesses, it's safe to say **there isn't much that the staff at Conceptinero haven't seen and dealt with.**

From preparing technical project descriptions, or costing summaries to tax schedule entries for your accountant, we simply get your SR&ED tax credit figures in order, on time.

With accessible consultants available at your fingertips, we will give you the experience and insight to make well-informed decisions on your SR&ED eligibility and refunds, so you can get on with the day-to-day running of your business.

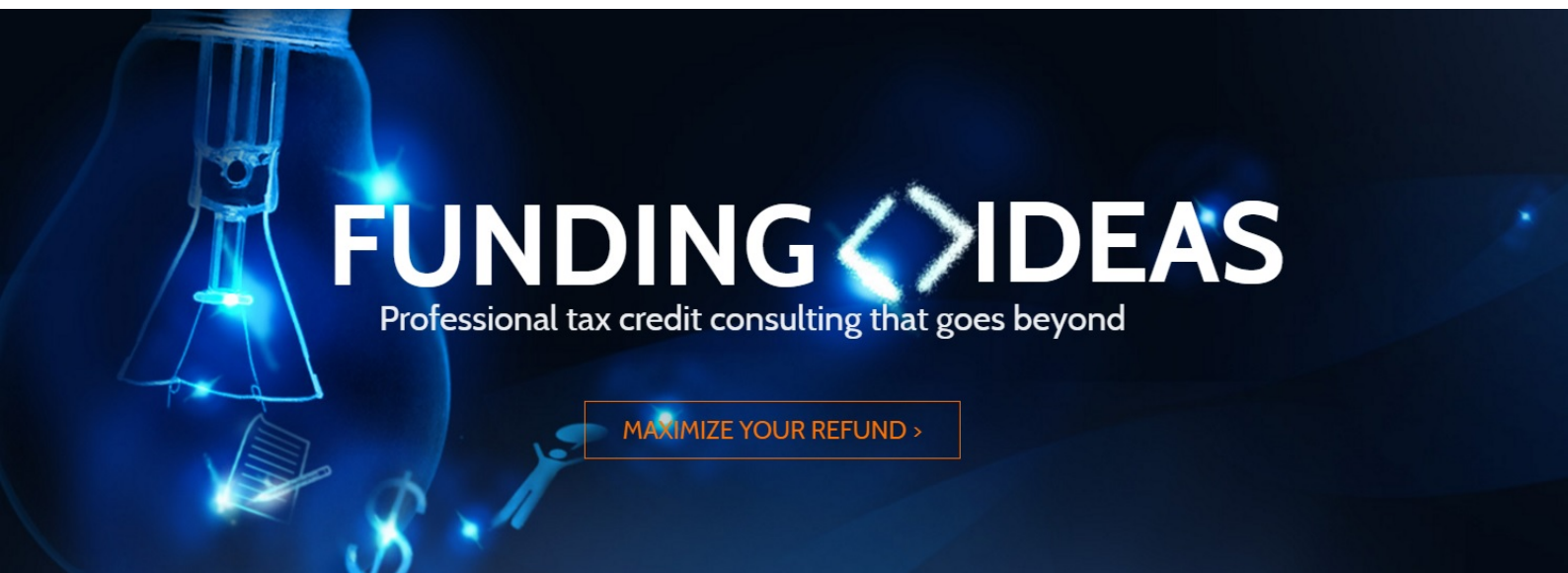
Let's get started.

Why Conceptinero?

Giving you Tax Credits where Credit's **due**.

Conceptinero knows the importance of optimizing SR&ED claims for companies of all sizes.

For over 10 years, we have helped companies in: Software Engineering and Advanced Manufacturing, as well as: Medical, Food, and Life Sciences industries.



Your company has more opportunities to get a tax credit than you think. Your hard work on research, development, new ideas, (and even failure!), can earn cash and benefits through generous tax incentives and rebates.

Conceptinero puts seasoned and savvy experience and expertise on your side to help you take full advantage of all the incentives, rebates and funding opportunities that your hard work makes possible.

When you partner with Conceptinero, you immediately get the skills, experience and expertise you need to reduce the stress and uncertainty of incentive and rebate claims and have more time to do what you do best – taking care of business.

Conceptinero eliminates the barriers between you and the full financial benefits of all the funding opportunities available to your business, including SR&ED, ODMTC, and other grants and financing opportunities.

*"Our M.O. is to minimize your time thinking about the SR&ED process, so that you can maximize your time spent on doing what's important - **innovation**."*

- Kevin Kelner | **Founder of Conceptinero**

Our Consulting Expertise and Team Responsibilities

Conceptinero's expertise...
and **how we can help.**

We Perform a system review of your company's operating, SR&ED and accounting departments with respect to Revenue Canada's specific requirements for SR&ED.

We assess and make suggestions on implementation of SR&ED infrastructure documentation and reporting requirements.

We form and chair a steering committee which will:

- Review acceptability of known project(s) presented by your company.
- Investigate for possible other ongoing acceptable project(s).
- Review project documentation requirements with operating, SR&ED and accounting staff as required.
- Meet assigned personnel on a regular basis to review the status of the information system in relation to the projects.

We develop and implement training sessions in conjunction with the SR&ED co-ordinator(s) for technical write-ups and documentation maintenance.

We interview the technical staff and prepare the project description for submission to Revenue Canada.

We assist the accounting staff with the preparation of the project costs.

We conduct a compliance review of the project documentation (technical and financial).

We lead SR&ED audit preparation with your company's representative(s).

We lead in developing SR&ED audit strategy.

We co-ordinate the audit process on behalf of your company.



And of course, we need your help and input,
too...

You assign R&D co-ordination responsibilities (both accounting and technical).
These persons will be responsible for:

- Internal management of the SR&ED information systems.
- Providing in-house expertise on SR&ED matters.
- Co-ordinating SR&ED matters with Conceptinero consultants.
- Participating in the SR&ED steering committee.

Satisfied Customers

Our **Happy Clients**

We are **great** at what we do.

But don't just take our word for it.

Below are just a few of the many positive testimonials we have received from customers we have had the pleasure of doing business with:

Jignesh Shah | **ClearPier Inc.**



What he had to say:

"Our Programmatic Advertising company has worked with Conceptinero for a number of years to help us file claims in the SR&ED program. Mike stays on top of the work and manages the project well. He has in-depth knowledge of the SR&ED process and knows exactly what the CRA is looking for. He was able to put the material together and do a technical write-up in the way the government likes to see it. He guided us through a CRA audit and knows just how much he can push the officials. We have been successful in all our SR&ED claims and I highly recommend Conceptinero."

– Jignesh Shah | **ClearPier, Toronto**

Glen Webster | **Klick Inc.**



What he had to say:

"Kevin brought structure, process, and discipline to our Digital Agency's SR&ED function. We had been doing claims ourselves for several years before Kevin came along but he offered two valuable things: 1) relieving us from the burden of collecting and filing SR&ED info at a cost-effective rate; 2) leveling up our documentation and process to withstand ever-growing audit demands. It's been a good partnership for Klick. Kevin's part of the family here and knows all the tech leaders personally, which helps when he has to pull them away from client work to talk about the technological obstacles and challenges of their work! We're happy to recommend Kevin's services to others. "

- Glen Webster | **Klick Inc., Toronto**

Michelle Gallo | **Gallo-Teck Inc.**



What he had to say:

"Conceptinero is a great organisation, I was and am very happy with all their work that they have completed for us. Alex is very knowledgeable, and he has guided us in the right directions, and walk us through every step. They are easy to work with: very good communicators. I highly recommend them. We look forward to using their expertise in the future to support our Solar, Wind, and Energy Innovation projects on an on-going basis."

- Michelle Gallo | Gallo-Teck Inc., Bancroft, ON

Richard Preiss | **Escarpment Laboratories**



What he had to say:

"Kevin and Sandra have been very helpful working with us as our company grows. they have been responsive with our needs for SR&ED and always quick to assist."

- Richard Preiss | Escarpment Laboratories, Guelph, ON

Success Fee

Success fees that are **cash-flow friendly for your business**, contingent on your refund.

We prefer to keep things simple:

A no-risk success fee, based on a percentage of the tax credits earned each year.



A success fee, as noted below, is based on the cumulative total of all SR&ED tax credits, provincial SR&ED incentives awarded, and interest accrued on tax credits, for each of the fiscal years covered by this mandate. The fees shall be invoiced upon receipt of the SR&ED related Notice of (re)Assessments. The basis for calculation shall be the SR&ED tax credits assessed on tax returns filed or the proposed (re)assessments on each claim.

Success fee:

20% on all cumulative tax credits earned, up to **\$100,000** per year

18% on all cumulative tax credits earned, up to **\$200,000** per year

12% on all remaining tax credits earned, per year

Terms:

This mandate covers fiscal years 2020, 2021, 2022 and 2023 inclusively.

The agreement is subject to prompt payment of fees: **2/10 net 30** - if the invoice amount is **paid within 10 days, a 2% discount** on the invoice amount will be given. Otherwise, the amount is due in full within 30 days of the Refund Date noted on the Customer's Corporate Accounts and Balances transactions schedule. It is the Customer's responsibility to ensure all tax accounts (HST-RT, Payroll-RP, corporate-RC), are up to date, and not in arrears at the time of (re) Assessment, as this will cause any tax credit refund to be held by CRA. **Accounts not paid within terms are subject to 2% monthly interest charge.**

All fees quoted are exclusive of applicable taxes.

Need custom pricing?

Contact Us: 647-299-9241

Terms and Conditions

Terms & Conditions

It is important that your Scientific Research & Experimental Development (SR&ED) tax credit claims are treated in the most efficient and effective manner to ensure that you are claiming the optimized amount to which you are entitled. At the same time, the commitment of staff time and resources should be minimized. It is also important that your company complies with the government requirements from both an operational and an accounting perspective.

We propose a mandate for SR&ED Management Services, under which Conceptinero Inc. will undertake the activities as outlined in the **"Our Consulting Expertise and Team Responsibilities"** section.

On-Going Claim Management: On-site or Online visits to meet steering committee and conduct technical interviews with technical staff, as per Appendix, as requested by Company.

Year-End Filing Process: Starting near fiscal year end (October 30), collect final payroll, subcontractor invoices, and finalize time tracking data for use in the filing process. Perform all other tasks as per "Our Consulting Expertise and Team Responsibilities" section, to ensure timely filing (within the 6-month allowance by CRA; or by **(November 30)**, after fiscal year end, if all client documentation and information has been made available as requested).

An integral part of this mandate requires the appropriate commitment and participation of your company and its staff. To this end, your company will provide the resources as outlined in the **"Our Consulting Expertise and Team Responsibilities"** section.

Expenses

All expenses incurred by Conceptinero Inc. in providing its services hereunder shall be exclusive responsibility of Conceptinero Inc.

Changes to Company Structure – Changes to Engagement

If one of the following corporate events occurs, the scope of work of this engagement will increase/decrease depending on the outcome of said event. In this case, this engagement is deemed void, and any outstanding fees due to Conceptinero Inc. for all services related to any SR&ED claims which were eligible, filed, and/or assessed, for other years under this engagement, and for work done prior to the below corporate event, will still be paid by the Company. A new SR&ED service engagement will be negotiated/agreed/executed by the Company and Conceptinero Inc. after one of the following occurs:

- The corporation has wound-up and is filing its final return with an abbreviated fiscal period;
- The corporation must end its tax year at a certain time because it is emigrating to another country, becoming exempt from tax, or ceasing to be exempt from tax; or
- A person or a group of persons acquired control of the corporation under Tax Act subsection 249(4).

Review of Engagement

The Company and Conceptinero Inc. will perform together an annual review of this agreement as an opportunity for both Parties to revise terms if something should be made to work better for both. This Engagement review can be performed 30 days after any (re) Assessment date, and allow both parties to negotiate terms that requires modification.

Termination of Engagement

The Company or Conceptinero Inc. may terminate this engagement with 60 days' written notice. The Company will be obligated to pay all outstanding fees due to Conceptinero Inc., for outstanding amounts due for all services related to any SR&ED claims which were eligible, filed, and/or assessed, for all current and prior years applicable under this engagement, prior to the date of engagement termination.

Indemnity

Conceptinero Inc. (including its contractors, agents, employees and officers)

agrees that it is exclusively responsible for the payment of all statutory obligations including but not limited to all withholding taxes and costs relating to all payments incurred and or payable by the Company to Conceptinero Inc. for services, including without limitation Federal and Provincial income taxes, Canada Pension Plan, Provincial Employment Insurance premiums, Workers Compensation premiums, Insurance premiums and assessments, vacation pay and statutory holiday pay and all health benefits and costs. Conceptinero Inc. (including its contractors, agents, employees and officers) shall indemnify and save harmless the Company of and from any and all claims, charges including interest and penalties, costs, expenses and demands that may be made against the Company by Canada Customs and Revenue Agency (CCRA), the Ministry of Revenue for Ontario and or any government authority for any statutory obligations whatsoever in connection with the services provided by Conceptinero Inc. or its agents, contractors, employees and or officers. Conceptinero Inc. also, confirms and agrees that it is solely responsible for acquiring and maintaining sufficient insurance coverage in respect of the nature of this agreement (workers' compensation, health and dental, business liability, errors and omissions, business interruption, etc.).

Relationship

No representations will be made or acts taken by either the Client or Conceptinero Inc. which could establish or imply any apparent relationship or partnership or employment.

Choice of Staffing

Conceptinero Inc. retains exclusive right to approve in its sole discretion, all staffing assigned to the account of the Company for services to be provided as detailed herein ("Provider Representatives"). Conceptinero Inc. will make staffing assigned aware to any and all **"ACKNOWLEDGEMENT AND CONSENT"** agreements and covenants, and have those agreements and covenants endorsed and signed by the assigned staff, once those staff have been selected.

Intellectual Property Rights

Ownership. The Customer is, and shall be, the sole and exclusive owner of all right, title and interest in and to all the results and proceeds of the Services performed under this Agreement (collectively, the **"Deliverables"**), including but not limited to all copyright works, trade-marks, industrial designs, design rights, inventions (whether patentable or not), unpublished patent applications, inventive ideas, discoveries, innovations, developments, or improvements thereto, or any other intellectual property rights relating to any of the foregoing, whether registered or non-registered, whether or not reduced to written form or practice

(collectively "**Intellectual Property Rights**") therein. Service Provider hereby irrevocably assigns and shall cause the Provider Representatives to irrevocably assign to the Customer, in each case without additional consideration, all right, title and interest throughout the world in and to the Deliverables, including all Intellectual Property Rights therein. The Service Provider shall cause the Provider Representatives to irrevocably waive, to the extent permitted by applicable Law, any and all claims such Provider Representatives may now or hereafter have in any jurisdiction to any moral rights with respect to the Deliverables.

Upon the request of the Customer, the Service Provider shall, and shall cause the Provider Representatives to, promptly take such further actions, including execution and delivery of all appropriate instruments of conveyance, as may be necessary to assist Customer to prosecute, register, perfect or record its rights in or to any Deliverables.

The Customer and its licensors are, and shall remain, the sole and exclusive owner of all right, title and interest in and to all materials, including all Intellectual Property Rights therein. The Service Provider shall have no right or license to use any Customer materials except solely during the Agreement to the extent necessary to provide the Services to the Customer. All other rights in and to the Customer materials are expressly reserved by the Customer.

Confidential Information.

Confidentiality. All non-public, confidential or proprietary information of Parties ("**Confidential Information**"), including, but not limited to, specifications, samples, patterns, designs, plans, drawings, documents, data, business operations, customer lists, pricing, discounts or rebates disclosed by the disclosing party (the "**Disclosing Party**") to the other party (the "**Receiving Party**"), whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential," in connection with this Agreement is confidential, solely for the Receiving Party's use in performing this Agreement and may not be disclosed or copied unless authorized by Disclosing Party in writing. Confidential Information does not include any information that: (a) is or becomes generally available to the public other than as a result of Receiving Party's breach of this Agreement; (b) is obtained by Receiving Party on a non-confidential basis from a third party that was not legally or contractually restricted from disclosing such information; (c) Receiving Party establishes by documentary evidence, was in Receiving Party's possession prior to Disclosing Party's disclosure hereunder; or (d) was or is independently developed by Receiving Party without using any Confidential Information. Upon Disclosing Party's request, Receiving Party shall promptly return all documents and other materials received from Disclosing

Party. Disclosing Party shall be entitled to injunctive relief for any violation of this Section.

The Receiving Party agrees: (a) not to disclose or otherwise make available Confidential Information of the Disclosing Party to any third party without the prior written consent of the Disclosing Party; provided that the Receiving Party may disclose the Confidential Information of the Disclosing Party to its officers, directors, employees, contractors, sub-contractors, consultants and legal advisors who have a "need to know", who have been apprised of this restriction, who are themselves bound by non-disclosure obligations at least as restrictive as those set forth in this Section 7; (b) to use the Confidential Information of the Disclosing Party only for the purposes of performing its obligations under the Agreement or, in the case of Corporation, to make use of the Services and Deliverables; and (c) to notify the Disclosing Party if it becomes aware of any loss or disclosure of any of the Confidential Information of Disclosing Party.

If the Receiving Party becomes legally compelled to disclose any Confidential Information, the Receiving Party shall provide: (a) prompt written notice of such requirement so that the Disclosing Party may seek, at its sole cost and expense, a protective order or other remedy; and (b) reasonable assistance, at the Disclosing Party's sole cost and expense, in opposing such disclosure or seeking a protective order or other limitations on disclosure. If, after providing such notice and assistance as required herein, the Receiving Party remains required by Law to disclose any Confidential Information, the Receiving Party shall disclose no more than that portion of the Confidential Information which, on the advice of the Receiving Party's legal counsel, the Receiving Party is legally required to disclose

Remedies. Each party acknowledges that a breach by a party of **Intellectual Property Rights; Ownership section, or Confidential Information section**, may cause the non-breaching party irreparable damages, for which an award of damages would not be adequate compensation and agrees that, in the event of such breach or threatened breach, the non-breaching party will be entitled to seek equitable relief, including a restraining order, injunctive relief, specific performance and any other relief that may be available from any court, in addition to any other remedy to which the non-breaching party may be entitled at law or in equity. Such remedies shall not be deemed to be exclusive but shall be in addition to all other remedies available at law or in equity, subject to any express exclusions or limitations in this Agreement to the contrary.

Acknowledgement. Service Provider acknowledges that he has informed/will inform all Provider Representatives of their obligations under this Agreement. All

Provider Representatives will be required to sign the acknowledgment attached to Schedule A. **Service Provider will be liable for any confidential or intellectual breaches of the Provider Representatives.**

Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

Force Majeure. Any delay or failure of either Party to perform its obligations under this Agreement will be excused to the extent that the delay or failure was caused directly by an event beyond such Party's control, without such Party's fault or negligence and that by its nature could not have been foreseen by such Party or, if it could have been foreseen, was unavoidable (which events may include natural disasters, embargoes, explosions, riots, wars or acts of terrorism) (each, a "**Force Majeure Event**"). Service Provider's financial inability to perform, changes in cost or availability of materials, components or services, market conditions or supplier actions or contract disputes will not excuse performance by Service Provider under this Section 11. Service Provider shall give Customer prompt written notice of any event or circumstance that is reasonably likely to result in a Force Majeure Event, and the anticipated duration of such Force Majeure Event. Service Provider shall use all diligent efforts to end the Force Majeure Event, ensure that the effects of any Force Majeure Event are minimized and resume full performance under this Agreement.

General

The Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties hereto shall be governed by, the laws of the Province of Ontario and such other federal and provincial laws applicable herein, and each party irrevocably and unconditionally submits to the nonexclusive jurisdiction of the courts of the province of Ontario and all courts competent to hear appeals therefrom.

No Claim

Upon review of technical and financial claim data each year, and if it is mutually agreed in writing, that a claim is not eligible to be filed for any fiscal year, then no claim is prepared or filed for that fiscal year, and no fees are expected or invoiced. The Company is still obligated to pay any outstanding fees due to Conceptinero Inc. for all services related to any SR&ED claims which were eligible, filed, and or assessed, for other years under this mandate.

Have a question?

Contact Us: 647-299-9241

Schedule A: Acknowledgement and Consent

SCHEDULE A: ACKNOWLEDGEMENT AND CONSENT

BRUCE MACDONALD hereby acknowledges that they have been informed by CONCEPTINERO INC. (the "**Service Provider**") of their Intellectual Property and Confidentiality Obligations (copied below, collectively the "**Obligations**") under the Services Agreement dated as of **January 29, 2021** (the "**Agreement**"). Capitalized terms not defined herein shall have the meanings given them in the Agreement. The Obligations under the Agreement entail:

Intellectual Property Rights; Ownership.

The Customer is, and shall be, the sole and exclusive owner of all right, title and interest in and to all the results and proceeds of the Services performed under this Agreement (collectively, the "**Deliverables**"), including but not limited to all copyright works, trade-marks, industrial designs, design rights, inventions (whether patentable or not), unpublished patent applications, inventive ideas, discoveries, innovations, developments, or improvements thereto, or any other intellectual property rights relating to any of the foregoing, whether registered or non-registered, whether or not reduced to written form or practice (collectively "**Intellectual Property Rights**") therein. Service Provider hereby irrevocably assigns and shall cause the Provider Representatives to irrevocably assign to the Customer, in each case without additional consideration, all right, title and interest throughout the world in and to the Deliverables, including all Intellectual Property Rights therein. The Service Provider shall cause the Provider Representatives to irrevocably waive, to the extent permitted by applicable Law, any and all claims such Provider Representatives may now or hereafter have in any jurisdiction to any moral rights with respect to the Deliverables.

Upon the request of the Customer, the Service Provider shall, and shall cause the Provider Representatives to, promptly take such further actions, including

execution and delivery of all appropriate instruments of conveyance, as may be necessary to assist Customer to prosecute, register, perfect or record its rights in or to any Deliverables.

The Customer and its licensors are, and shall remain, the sole and exclusive owner of all right, title and interest in and to all materials, including all Intellectual Property Rights therein. The Service Provider shall have no right or license to use any Customer materials except solely during the Agreement to the extent necessary to provide the Services to the Customer. All other rights in and to the Customer materials are expressly reserved by the Customer.

Confidential Information.

Confidentiality. All non-public, confidential or proprietary information of Parties ("**Confidential Information**"), including, but not limited to, specifications, samples, patterns, designs, plans, drawings, documents, data, business operations, customer lists, pricing, discounts or rebates disclosed by the disclosing party (the "**Disclosing Party**") to the other party (the "**Receiving Party**"), whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential," in connection with this Agreement is confidential, solely for the Receiving Party's use in performing this Agreement and may not be disclosed or copied unless authorized by Disclosing Party in writing. Confidential Information does not include any information that: (a) is or becomes generally available to the public other than as a result of Receiving Party's breach of this Agreement; (b) is obtained by Receiving Party on a non-confidential basis from a third party that was not legally or contractually restricted from disclosing such information; (c) Receiving Party establishes by documentary evidence, was in Receiving Party's possession prior to Disclosing Party's disclosure hereunder; or (d) was or is independently developed by Receiving Party without using any Confidential Information. Upon Disclosing Party's request, Receiving Party shall promptly return all documents and other materials received from Disclosing Party. Disclosing Party shall be entitled to injunctive relief for any violation of this Section.

The Receiving Party agrees: (a) not to disclose or otherwise make available Confidential Information of the Disclosing Party to any third party without the prior written consent of the Disclosing Party; provided that the Receiving Party may disclose the Confidential Information of the Disclosing Party to its officers, directors, employees, contractors, sub-contractors, consultants and legal advisors who have a "need to know", who have been apprised of this restriction, who are themselves bound by non-disclosure obligations at least as restrictive as those set forth in this Section 7; (b) to use the Confidential

Information of the Disclosing Party only for the purposes of performing its obligations under the Agreement or, in the case of Corporation, to make use of the Services and Deliverables; and (c) _____ to notify the Disclosing Party if it becomes aware of any loss or disclosure of any of the Confidential Information of Disclosing Party.

If the Receiving Party becomes legally compelled to disclose any Confidential Information, the Receiving Party shall provide: (a) _____ prompt written notice of such requirement so that the Disclosing Party may seek, at its sole cost and expense, a protective order or other remedy; and (b) _____ reasonable assistance, at the Disclosing Party's sole cost and expense, in opposing such disclosure or seeking a protective order or other limitations on disclosure. If, after providing such notice and assistance as required herein, the Receiving Party remains required by Law to disclose any Confidential Information, the Receiving Party shall disclose no more than that portion of the Confidential Information which, on the advice of the Receiving Party's legal counsel, the Receiving Party is legally required to disclose **BRUCE MACDONALD** hereby acknowledges and consents that they have: (a) read the Obligations, (b) understand it, and (c) and agree to be fully bound by its terms and conditions. THIS ACKNOWLEDGEMENT IN NO WAY GRANTS **BRUCE MACDONALD** ANY RIGHTS UNDER THE AGREEMENTS. IF **BRUCE MACDONALD** VIOLATES ANY PROVISION OF THE AGREEMENTS, CUSTOMER SHALL, IN ADDITION TO ANY DAMAGES TO WHICH IT IS ENTITLED, BE ENTITLED TO IMMEDIATE INJUNCTIVE RELIEF AGAINST THE **BRUCE MACDONALD** PROHIBITING FURTHER ACTIONS INCONSISTENT WITH THE **BRUCE MACDONALD'S** OBLIGATIONS UNDER THE AGREEMENTS. IN WITNESS WHEREOF, the undersigned has caused this Agreement to be duly executed on this **29 day of January, 2021**.

Name: BRUCE MACDONALD Signature: _____
Title:

Address:

Signature

Are you Ready?

Should you agree with all of the conditions of this document, please sign below as indicated. This constitutes a Letter of Engagement.

All information made available to us in the course of our work will be held strictly confidential and will not be disclosed to any outside party except those designated by your company.