2023 Inspection Kreston GTA LLP

(Headquartered in Markham, Canada)

June 21, 2024

THIS IS A PUBLIC VERSION OF A PCAOB INSPECTION REPORT

PORTIONS OF THE COMPLETE REPORT ARE OMITTED FROM THIS DOCUMENT IN ORDER TO COMPLY WITH SECTIONS 104(g)(2) AND 105(b)(5)(A) OF THE SARBANES-OXLEY ACT OF 2002

PCAOB RELEASE NO. 104-2024-114

PCAOB
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

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2023 INSPECTION

In the 2023 inspection of Kreston GTA LLP, the Public Company Accounting Oversight Board (PCAOB) assessed the firm's compliance with laws, rules, and professional standards applicable to the audits of public companies. Our inspection was conducted in cooperation with the Canadian Public Accountability Board.

We selected for review three audits of issuers. For each issuer audit selected, we reviewed a portion of the audit. We also evaluated elements of the firm's system of quality control.

2023 Inspection Approach

In selecting issuer audits for review, we use a risk-based method of selection. We make selections based on (1) our internal evaluation of audits we believe have a heightened risk of material misstatement, including those with challenging audit areas, and (2) other risk-based characteristics, including issuer and firm considerations. In certain situations, we may select all of the firm's issuer audits for review.

When we review an audit, we do not review every aspect of the audit. Rather, we generally focus our attention on audit areas we believe to be of greater complexity, areas of greater significance or with a heightened risk of material misstatement to the issuer's financial statements, and areas of recurring deficiencies. We may also select some audit areas for review in a manner designed to incorporate unpredictability.

Our selection of audits for review does not necessarily constitute a representative sample of the firm's total population of issuer audits. Additionally, our inspection findings are specific to the particular portions of the issuer audits reviewed. They are not an assessment of all of the firm's audit work or of all of the audit procedures performed for the audits reviewed.

View the details on the scope of our inspections and our inspections procedures.

OVERVIEW OF THE 2023 INSPECTION

The following information provides an overview of our 2023 inspection, which was our first inspection of this firm. We use a risk-based method to select audits for review and to identify areas on which we focus our review. Because our inspection process evolves over time, it can, and often does, focus on a different mix of audits and audit areas from inspection to inspection and firm to firm. Further, a firm's business, the applicable auditing standards, or other factors can change from the time of one inspection to the next. As a result of these variations, we caution that our inspection results are not necessarily comparable over time or among firms.

Firm Data and Audits Selected for Review

	2023
Firm data	
Total issuer audit clients in which the firm was the principal auditor	5
Total issuer audits in which the firm was not the principal auditor	0
Total engagement partners on issuer audit work[1]	2
Audits reviewed	
Total audits reviewed	3
Audits in which the firm was the principal auditor	3
Integrated audits of financial statements and internal control over financial reporting (ICFR)	0
Audits with Part I.A deficiencies	3
Percentage of audits with Part I.A deficiencies	100%

If we include a deficiency in Part I.A of our report, it does not necessarily mean that the firm has not addressed the deficiency. In many cases, the firm has performed remedial actions after the deficiency was identified. Depending on the circumstances, remedial actions may include performing additional audit procedures, informing management of the issuer of the need for changes to the financial statements or reporting on ICFR, or taking steps to prevent reliance on prior audit reports.

[1] The number of engagement partners on issuer audit work represents the total number of firm personnel (not necessarily limited to personnel with an ownership interest) who had primary responsibility for an issuer audit (as defined in AS 1201, *Supervision of the Audit Engagement*) during the twelve-month period preceding the outset of the inspection.

Our inspection may include a review, on a sample basis, of the adequacy of a firm's remedial actions, either with respect to previously identified deficiencies or deficiencies identified during the current inspection. If a firm does not take appropriate actions to address deficiencies, we may criticize its system of quality control or pursue a disciplinary action.

If we include a deficiency in our report — other than those deficiencies for audits with incorrect opinions on the financial statements and/or ICFR — it does not necessarily mean that the issuer's financial statements are materially misstated or that undisclosed material weaknesses in ICFR exist. It is often not possible for us to reach a conclusion on those points based on our inspection procedures and related findings because, for example, we have only the information that the auditor retained and the issuer's public disclosures. We do not have direct access to the issuer's management, underlying books and records, and other information.

Audit Areas Most Frequently Reviewed

This table reflects the audit areas we have selected most frequently for review in the 2023 inspection. For the issuer audits selected for review, we selected these areas because they were generally significant to the issuer's financial statements, may have included complex issues for auditors, and/or involved complex judgments in (1) estimating and auditing the reported value of related accounts and disclosures and (2) implementing and auditing the related controls.

2023	
Audit area	**Audits reviewed**
Income statement account	2
Balance sheet account	2
Equity and equity related transactions	1
Long-lived assets	1

PART I: INSPECTION OBSERVATIONS

Part I.A of our report discusses deficiencies, if any, that were of such significance that we believe the firm, at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion(s) on the issuer's financial statements and/or ICFR.

Part I.B discusses certain deficiencies, if any, that relate to instances of non-compliance with PCAOB standards or rules other than those where the firm had not obtained sufficient appropriate audit evidence to support its opinion(s), including instances of non-compliance with PCAOB rules related to registration and reporting. This section does not discuss instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

Part I.C discusses instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules, if any, related to maintaining independence.

Consistent with the Sarbanes-Oxley Act ("Act"), it is the Board's assessment that nothing in Part I of this report deals with a criticism of, or potential defect in, the firm's quality control system. We discuss any such criticisms or potential defects in Part II. Further, you should not infer from any Part I deficiency, or combination of deficiencies, that we identified a quality control finding in Part II. Section 104(g)(2) of the Act restricts us from publicly disclosing Part II deficiencies unless the firm does not address the criticisms or potential defects to the Board's satisfaction no later than 12 months after the issuance of this report.

Classification of Audits with Part I.A Deficiencies

Within Part I.A of this report, we classify each issuer audit in one of the categories discussed below based on the Part I.A deficiency or deficiencies identified in our review.

The purpose of this classification system is to group and present issuer audits by the number of Part I.A deficiencies we identified within the audit as well as to highlight audits with an incorrect opinion on the financial statements and/or ICFR.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

This classification includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's financial statements were determined to be materially misstated, and the issuer restated its financial statements. It also includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's ICFR was determined to be ineffective, or there were additional material weaknesses that the firm did not identify, and the firm withdrew its opinion, or revised its report, on ICFR.

This classification does not include instances where, unrelated to our review, an issuer restated its financial statements and/or an issuer's ICFR was determined to be ineffective. We include any deficiencies identified in connection with our reviews of these audits in the audits with multiple deficiencies or audits with a single deficiency classification below.

Audits with Multiple Deficiencies

This classification includes instances where multiple deficiencies were identified that related to a combination of one or more financial statement accounts, disclosures, and/or important controls in an ICFR audit.

Audits with a Single Deficiency

This classification includes instances where a single deficiency was identified that related to a financial statement account or disclosure or to an important control in an ICFR audit.

PART I.A: AUDITS WITH UNSUPPORTED OPINIONS

This section of our report discusses the deficiencies identified, by specific issuer audit reviewed, in the audit work supporting the firm's opinion on the issuer's financial statements.

We identify each issuer by a letter (e.g., Issuer A). Each deficiency could relate to several auditing standards, but we reference the PCAOB standard that most directly relates to the requirement with which the firm did not comply.

We present issuer audits below within their respective deficiency classifications (as discussed previously). Within the classifications, we generally present the audits based on our assessment as to the relative significance of the identified deficiencies, taking into account the significance of the financial statement accounts and/or disclosures affected, and/or the nature or extent of the deficiencies.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

None

Audits with Multiple Deficiencies

Issuer A

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement audit related to **Equity and Equity Related Transactions** and **Long-Lived Assets**.

Description of the deficiencies identified

With respect to **Equity and Equity Related Transactions**:

During the year, the issuer issued common shares with warrants. The firm did not perform procedures to test the number of shares issued and the gross proceeds received beyond confirming the number of shares issued and outstanding at year end with the transfer agent. (AS 2301.08)

With respect to **Long-Lived Assets**, for which the firm identified a significant risk:

The firm did not perform procedures to evaluate whether certain transactions were appropriately capitalized in accordance with the applicable accounting standard. (AS 2301.08 and .11)

For one asset, the issuer performed an assessment of this asset for possible impairment and concluded that it was recoverable. The firm did not identify that the issuer did not consider certain indicators of possible impairment in its assessment of this asset. (AS 2301.08 and .11; AS 2810.03)

For a second asset, the issuer estimated the recoverable amount of the asset and determined that it exceeded the asset's carrying value. The firm did not perform any procedures to test the issuer's estimated recoverability of this asset. (AS 2501.07)

For a third asset, the firm's approach to evaluate the recoverability of this asset was to test the issuer's process. The issuer engaged two external specialists to develop an estimate that the issuer considered along with other assumptions and information, in determining the recoverability of the asset. The firm used the work of the company's specialists as audit evidence. The following deficiencies were identified:

- The firm did not perform procedures to evaluate (1) the knowledge, skill, and ability of one company specialist, and (2) the relationship of the issuer to this specialist. (AS 1105.A3 and .A4)

- The firm did not perform any procedures to evaluate the reasonableness of certain significant assumptions developed by the company's specialists or the issuer that were used by the specialists to develop the estimate. (AS 1105.A8b; AS 2501.16)

- The firm did not perform any procedures to evaluate the relevance and reliability of external information the issuer used to determine the recoverability of the asset. (AS 1105.04 and .06)

- The firm did not perform procedures to test the accuracy and completeness of company-produced data and evaluate the relevance and reliability of certain other data from sources external to the issuer that the company's specialists used to develop the estimate considered by the issuer in determining the recoverability of the asset. (AS 1105.A8a)

- The firm did not perform procedures to evaluate whether the methods used by the company's specialists were appropriate under the circumstances. (AS 1105.A8c)

- The firm did not perform sufficient procedures to evaluate the relevance and reliability of the work performed by the company's specialists and whether the specialists' findings support or contradict the recoverability of the asset, because it did not (1) identify that the report compiled by the company's specialists was a year old and (2) evaluate whether the specialists' findings continued to be relevant and reliable. (AS 1105.A9 and .A10)

Issuer B

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement audit related to an **Income Statement Account** and a **Balance Sheet Account**.

Description of the deficiencies identified

With respect to an **Income Statement Account**, for which the firm identified a fraud risk:

The firm's approach for testing an income statement account included performing tests of details for a sample of transactions from certain months during the year. The firm did not perform any procedures to test the population of transactions in the remaining months of the year. (AS 2315.24)

The firm did not perform any procedures to test, or test controls over, the accuracy and completeness of certain data and reports it used to test an income statement account. (AS 1105.10)

The firm performed substantive analytical procedures as part of its testing of an income statement account and used certain external data to develop its expectation. The firm did not evaluate whether the external data used to develop its expectation was sufficiently reliable for purposes of achieving its audit objectives. (AS 2305.16) In addition, the firm did not evaluate differences between its expectation and the actual amounts recorded beyond inquiry of management. (AS 2305.21)

The firm did not perform procedures to evaluate whether certain income statement account transactions were recognized in conformity with the applicable accounting standard. (AS 2301.08 and .13)

With respect to a **Balance Sheet Account**, for which the firm identified a significant risk:

The issuer engaged an external valuation specialist to perform an impairment analysis of an asset within a balance sheet account at year end. The firm's approach for substantively testing the fair value of this asset was to test the issuer's process, and the firm used the work of the company's specialists as audit evidence. The following deficiencies were identified:

- The firm did not perform sufficient procedures to evaluate the reasonableness of a significant assumption developed by the issuer that the company's specialist used, because it did not take into account the issuer's intent and ability to carry out its intended course of action. (AS 2501.16 and .17) In addition, the firm did not perform any procedures to evaluate the relevance and reliability of external information it used to test the reasonableness of this significant assumption. (AS 1105.04 and .06)

- The firm did not perform procedures to evaluate the relevance and reliability of (1) external information the company's specialist used to develop another significant assumption (AS 1105.A8a) and (2) external information used in its substantive procedures to test the reasonableness of the significant assumption. (AS 1105.04 and .06)

- The firm did not perform procedures to evaluate the reasonableness of another significant assumption developed by the company's specialist and used in the impairment analysis. (AS 1105.A8b)

For another asset within the balance sheet account, the firm did not perform procedures to evaluate the reasonableness of certain significant assumptions developed and used by the issuer to calculate the amortization for the asset. (AS 2501.16)

Issuer C

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement audit related to an **Income Statement Account** and a **Balance Sheet Account**.

Description of the deficiencies identified

With respect to an **Income Statement Account**, for which the firm identified a fraud risk:

The firm did not perform sufficient procedures to evaluate the appropriateness of the issuer's recognition of certain income statement account transactions, because it did not evaluate certain contradictory evidence. (AS 2301.08 and .13; AS 2810.03)

With respect to a **Balance Sheet Account**, for which the firm identified a significant risk:

The issuer performed an assessment of certain assets within a balance sheet account for impairment at year end and concluded that they were recoverable. The firm did not identify that the issuer did not consider certain indicators of possible impairment in its assessment of these assets. (AS 2301.08 and .11; AS 2810.03)

Audits with a Single Deficiency

None

PART I.B: OTHER INSTANCES OF NON-COMPLIANCE WITH PCAOB STANDARDS OR RULES

This section of our report discusses certain deficiencies that relate to instances of non-compliance with PCAOB standards or rules other than those where the firm had not obtained sufficient appropriate audit evidence to support its opinion(s), including instances of non-compliance with PCAOB rules related to registration and reporting. This section does not discuss instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

When we review an audit, we do not review every aspect of the audit. As a result, the areas below were not necessarily reviewed on every audit. In some cases, we assess the firm's compliance with specific

PCAOB standards or rules on other audits that were not reviewed and include any instances of non-compliance below.

The deficiencies below are presented in numerical order based on the PCAOB standard or rule with which the firm did not comply. We identified the following deficiencies:

- In one of three audits reviewed, the firm, when testing journal entries for evidence of possible material misstatement due to fraud, did not perform sufficient procedures to determine whether the journal entry population from which it made its selections was complete. In this instance, the firm was non-compliant with AS 1105, *Audit Evidence*.

- In one of three audits reviewed, the firm did not include all relevant work papers in the final set of audit documentation it was required to assemble. In this instance, the firm was non-compliant with AS 1215, *Audit Documentation.*

- In two of three audits reviewed, the firm did not make a required communication to the audit committee related to the name, location, and planned responsibilities of an other accounting firm that performed audit procedures in the audit. In these instances, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.

- In one of three audits reviewed, the firm did not make certain required communications to the audit committee related to (1) the significant risks identified through its risk assessment procedures; (2) the firm's evaluation of the issuer's ability to continue as a going concern; (3) an overview of the overall audit strategy; (4) the results of the audit prior to the issuance of the auditor's report; (5) the critical accounting policies and practices and critical accounting estimates; and (6) the firm's evaluation of the quality of the issuer's financial reporting. In this instance, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.

- In one of three audits reviewed, the firm did not establish an understanding of the terms of the audit engagement with the audit committee, record such understanding in an engagement letter, and determine that the audit committee acknowledged and agreed to the terms of the engagement. In this instance, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.

- In one of three audits reviewed, the firm did not make certain required communications to the audit committee until after the issuance of the auditor's report. In this instance, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.

- In one of three audits reviewed, the firm did not provide or discuss with the audit committee a draft of the firm's audit report. In this instance, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.

- In one of three audits reviewed, the firm did not provide a copy of the management representation letter to the audit committee. In this instance, the firm was non-compliant with AS 1301, *Communications with Audit Committees*, and AS 2805, *Management Representations*.

- In one of three audits reviewed, the firm did not provide to management and the audit committee the required communications in writing of all material weaknesses identified during the audit. In this instance, the firm was non-compliant with AS 1305, *Communications About Control Deficiencies in an Audit of Financial Statements.*

- In two of three audits reviewed, the firm, when testing journal entries for evidence of possible material misstatement due to fraud, did not appropriately consider the characteristics of potentially fraudulent journal entries in determining the criteria it used to identify and select journal entries for testing. In these instances, the firm was non-compliant with AS 2401, *Consideration of Fraud in a Financial Statement Audit*.

- In one of three audits reviewed, the year the firm began serving consecutively as the company's auditor that was included in the firm's audit report was incorrect. In this instance, the firm was non-compliant with AS 3101, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion.*

- In the three audits reviewed, the engagement team performed procedures to determine whether or not matters were critical audit matters but, in performing those procedures, did not include certain matters that were communicated, or required to be communicated, to the audit committee and that related to accounts or disclosures that were material to the financial statements. In these instances, the firm was non-compliant with AS 3101, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*. These instances of non-compliance do not necessarily mean that other critical audit matters should have been communicated in the auditor's report.

- In one of three audits reviewed, the firm's communication of a critical audit matter in the audit report included language that was inconsistent with information in the firm's audit documentation. In this instance, the firm was non-compliant with AS 3101, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion.*

- In one audit, the firm included in its audit report a paragraph indicating (1) that the financial statements of the prior period were audited by another auditor, (2) the date of the audit report of the predecessor auditor, and (3) the type of report issued by the predecessor auditor, but did not place it immediately following the opinion paragraph. In this instance, the firm was non-compliant with AS 3105, *Departures from Unqualified Opinions and Other Reporting Circumstances*.

- In one instance, the firm did not file its report on Form 2 by the relevant deadline. In this instance, the firm was non-compliant with PCAOB Rule 2201, *Time for Filing of Annual Report*.

- In two of three audits reviewed, the firm did not file its report on Form AP by the relevant deadline. In these instances, the firm was non-compliant with PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*.

- In two audits reviewed, the firm's report on Form AP omitted information related to the participation in the audit by an other accounting firm. In these instances, the firm was non-compliant with PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*.

- In one of three audits reviewed, the firm did not provide the audit committee the required independence communications. In this instance, the firm was non-compliant with PCAOB Rule 3526, *Communication with Audit Committees Concerning Independence.*

PART I.C: INDEPENDENCE

This section of our report discusses instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence. An instance of potential non-compliance with SEC rules or an instance of non-compliance with PCAOB rules does not necessarily mean that the Board has concluded the firm was not objective and impartial throughout the audit and professional engagement period. Although this section includes instances of potential non-compliance that we identified, there may be other instances of non-compliance with SEC or PCAOB rules related to independence that were not identified through our procedures or the firm's monitoring activities.

PCAOB-Identified

We identified the following instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence:

- An audit client's agreement to indemnify its auditor with respect to certain liabilities is inconsistent with the general standard of independence set out in Rule 2-01(b) of Regulation S-X and impairs the accountant's independence with respect to an audit client. In three audits reviewed, we identified three instances across three issuers in which this circumstance appears to have occurred.

- Under Rule 2-01(c)(7) of Regulation S-X, an accountant is not independent if it does not obtain audit committee pre-approval for audit and non-audit services. In three audits reviewed, we identified one instance for one issuer in which this circumstance appears to have occurred related to audit services.

Firm-Identified

The firm did not bring to our attention any instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

While the firm did not bring to our attention any instances of potential non-compliance, the number, large or small, of firm-identified instances of potential non-compliance may be reflective of the size of the firm, including the number of associated firms; the design and effectiveness of the firm's independence monitoring activities; and the size and/or complexity of the issuers it audits, including the number of affiliates of those issuers. Therefore, we caution against making any comparison of firm-identified instances of potential non-compliance across firms.

PART II: OBSERVATIONS RELATED TO QUALITY CONTROL

Part II of our report discusses criticisms of, and potential defects in, the firm's system of quality control.

We include deficiencies in Part II if an analysis of the inspection results, including the results of the reviews of individual audits, indicates that the firm's system of quality control does not provide reasonable assurance that firm personnel will comply with applicable professional standards and requirements. Generally, the report's description of quality control criticisms is based on observations from our inspection procedures.

This report does not reflect changes or improvements to the firm's system of quality control that the firm may have made subsequent to the period covered by our inspection. The Board does consider such changes or improvements in assessing whether the firm has satisfactorily addressed the quality control criticisms or defects no later than 12 months after the issuance of this report.

When we issue our reports, we do not make public criticisms of, and potential defects in, the firm's system of quality control, to the extent any are identified. If a firm does not address to the Board's satisfaction any criticism of, or potential defect in, the firm's system of quality control within 12 months after the issuance of our report, we will make public any such deficiency.

APPENDIX A: FIRM'S RESPONSE TO THE DRAFT INSPECTION REPORT

Pursuant to Section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(a), the firm provided a written response to a draft of this report. Pursuant to Section 104(f) of the Act and PCAOB Rule 4007(b), the firm's response, excluding any portion granted confidential treatment, is attached hereto and made part of this final inspection report.

The Board does not make public any of a firm's comments that address a nonpublic portion of the report unless a firm specifically requests otherwise. In some cases, the result may be that none of a firm's response is made publicly available.

In addition, pursuant to Section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(b), if a firm requests, and the Board grants, confidential treatment for any of the firm's comments on a draft report, the Board does not include those comments in the final report. The Board routinely grants confidential treatment, if requested, for any portion of a firm's response that addresses any point in the draft that the Board omits from, or any inaccurate statement in the draft that the Board corrects in, the final report.

May 13, 2024

Ms. Christine Gunia
Acting Director
Division of Registration and Inspections
Public Company Accounting Oversight Board
1666 K Street NW Washington, DC 20006
United States of America

Dear Ms. Christine,

Re: Response to the Draft Report on the 2023 Inspection of Kreston GTA LLP

We are pleased to submit our response to the Public Company Accounting Oversight Board's ("PCAOB") draft report dated April 11, 2024, on the 2023 inspection of one engagement of Kreston GTA LLP (the "Firm"). We continue to support the PCAOB's goal of improving audit quality in order to protect investors and promote public trust through promoting informative, accurate, and independent audit reports.

We conducted a thorough evaluation of the matters identified in the draft report, including involvement of external consultant with over then ten years prior inspection experience with the PCAOB. Considering all the facts and circumstances related to certain findings, we believe the engagement team has obtained sufficient appropriate audit evidence, and any contrary conclusion is patently erroneous. After careful examination we respectfully have conveyed our disagreements with the PCAOB's conclusions as outlined in Attachment 1 (public portion) and Attachment 2 (non-public portion).

Nevertheless, we remain dedicated to evaluating and improving our system of audit quality control, monitoring audit quality and implementing changes to our policies and practices in order to enhance audit quality. We look forward to continuing to work with the PCAOB regarding the most effective means of achieving these objectives.

Our firm continues to be steadfast in our dedication to making audit quality our top priority. We appreciate the PCAOB's inspection process as it aids in enhancing our audit performance and improving our internal quality control systems, including monitoring compliance with independence rules.

Yours sincerely,

Jonathan Mazzuca, CPA, CA

PART I (Public)

PART I.A: AUDITS WITH UNSUPPORTED OPINIONS

S.No.	Description of deficiency identified	Response
1	During the year, the issuer issued common shares with warrants. The firm did not perform procedures to test the number of shares issued and the gross proceeds received beyond confirming the number of shares issued and outstanding at year end with the transfer agent. (AS 2301.08)	We respectfully disagree that the engagement team did not perform sufficient procedures to test the existence and valuation of the private placement transactions. Specifically, as stated in the additional facts, the engagement team did test the number of shares issued for the private placement transactions during the year. The account and related assertions were not designated a significant risk due to the following reasons: - The issuer has had various similar transactions historically and as such there is sufficient knowledge and experience to account for such transactions. - There is no complexity involved in valuation of the instrument. - There have not been any significant audit adjustments noted historically for these accounts. As such the engagement team, using their professional judgment, deemed it sufficient to verify existence given the history of the reporting issuer with such transactions.
2	The firm did not perform procedures to evaluate whether certain transactions were appropriately capitalized in accordance with the applicable accounting standard. (AS 2301.08 and .11)	We respectfully disagree that the engagement team did not evaluate whether certain expenditures were associated with finding specific mineral resources in accordance with IFRS 6. Specifically, as stated in additional facts the engagement team: 1. Documented extract from IFRS 6.9, and evaluated and concluded that the Issuer's policy complies with IFRS 6.9; 2.Tested a sample of expenditures and clearly documented that samples complied with IFRS 6.9, including i) correct classification, ii) related to mineral rights; and correct period and amount; and 3. Identified one sample that was not correctly classified, however, related to mineral rights, and noted that sample was below clearly trivial threshold.

S.No.	Description of deficiency identified	Response
2	For one asset, the issuer performed an assessment of this asset for possible impairment and concluded that it was recoverable. The firm did not identify that the issuer did not consider certain indicators of possible impairment in its assessment of this asset. (AS 2301.08 and .11; AS 2810.03)	We respectfully disagree that the engagement team did not evaluate beyond inquiry of management, the Issuer's determination that there were no impairment indicators of potential impairment for this project. Specifically, the engagement team did evaluate whether inactivity in the Issuer's exploration for several years, due to a specific situation, suggested that substantive expenditures on further exploration for mineral resources were no longer planned or budgeted.
2	For a second asset, the issuer estimated the recoverable amount of the asset and determined that it exceeded the asset's carrying value. The firm did not perform any procedures to test the issuer's estimated recoverability of this asset. (AS 2501.07)	We respectfully disagree because, as discussed in additional facts, the engagement team evaluated the Issuer's impairment analysis and documented results, considering each of the factors that may indicate potential impairment in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources (Step 1) and concluded that there were no facts and circumstances indicating that an entity should test exploration and evaluation assets for impairment. Accordingly, in the absence of any impairment indicators the engagement team did not have to perform any procedures to test the estimated recoverability value, which is Step 2 only if Step 1 fails.
2	For a third asset, the firm's approach to evaluate the recoverability of this asset was to test the issuer's process. The issuer engaged two external specialists to develop an estimate that the issuer considered along with other assumptions and information, in determining the recoverability of the asset. The firm used the work of the company's specialists as audit evidence. The following deficiencies were identified:	
2	The firm did not perform procedures to evaluate (1) the knowledge, skill, and ability of one company specialist, and (2) the relationship of the issuer to this specialist. (AS 1105.A3 and .A4)	We respectfully disagree because, as discussed in additional facts, the engagement team evaluated the knowledge, skills and ability, and their relationship for both specialists. However, for the purpose of audit documentation the engagement team retained one example of Certificate of Qualified Person. Both specialists issued one joint report.

S.No.	Description of deficiency identified	Response
2	The firm did not perform any procedures to evaluate the reasonableness of certain significant assumptions developed by the company's specialists or the issuer that were used by the specialists to develop the estimate. (AS 1105.A8b; AS 2501.16)	We respectfully disagree because, as discussed in additional facts, the engagement team evaluated reasonableness of the significant assumptions used by the specialist (AS 1105.A8b) listed in the Technical Report as follows: • For significant assumptions developed by the specialist, the auditor engagement team took into account the consistency of those assumptions with relevant information, including: (1) assumptions generally accepted within the specialist's field (Qualified Persons); (2) supporting information provided by the specialist; (3) industry, regulatory, and other external factors, including economic conditions; (4) the company's objectives, strategies, and related business risks; (5) existing market information; (6) historical or recent experience, along with changes in conditions and events affecting the company; and (7) significant assumptions used in other estimates tested in the company's financial statements. • There were no significant assumptions provided by management and used by the specialist, so that paragraphs .16–.18 of AS 2501, Auditing Accounting Estimates, Including Fair Value Measurements do not apply.
2	The firm did not perform any procedures to evaluate the relevance and reliability of external information the issuer used to determine the recoverability of the asset. (AS 1105.04 and .06)	We respectfully disagree that the engagement team did not perform any procedures to evaluate the relevance and reliability of the average price paid for the underlying assets. (AS 1105.04 and .06) An experienced auditor who has studied the company's industry should have known that external report is most relevant and reliable source in the industry.
2	The firm did not perform procedures to test the accuracy and completeness of company-produced data and evaluate the relevance and reliability of certain other data from sources external to the issuer that the company's specialists used to develop the estimate considered by the issuer in determining the recoverability of the asset. (AS 1105.A8a)	We respectfully disagree because, as discussed in additional facts, the engagement team notes that Qualified Persons (Specialists) did not rely on data produced by the Issuer and used their own independent assumptions and inputs. On the report, Qualified Persons listed references of all information used by the Qualified Persons which do not list any information produced by company.
2	The firm did not perform procedures to evaluate whether the methods used by the company's specialists were appropriate under the circumstances. (AS 1105.A8c)	We respectfully disagree because, as discussed in additional facts, the engagement team evaluated the relevance and reliability of the data from external sources that the specialists used in developing the estimates. The engagement team has concluded the reliance on third party data to be low risk and have utilized the published reports from the specialists for the audit purposes.

S.No.	Description of deficiency identified	Response
2	The firm did not perform sufficient procedures to evaluate the relevance and reliability of the work performed by the company's specialists and whether the specialists' findings support or contradict the recoverability of the asset, because it did not (1) identify that the report compiled by the company's specialists was a year old and (2) evaluate whether the specialists' findings continued to be relevant and reliable. (AS 1105.A9 and .A10)	We respectfully disagree that the engagement team did not perform sufficient procedures to evaluate the relevance and reliability of the specialist's work, because it did not identify and evaluate that the age of the report. (AS 1105.A9). An experienced auditor who has studied the company's industry as well as the accounting and auditing issues relevant to the industry should have known that assumptions do not change frequently so that studies are usually performed by Qualified Persons at the beginning, end or at expansion of life of the asset. Accordingly, studies performed by Qualified Persons within one or two years are considered relevant.
3	The firm's approach for testing an income statement account included performing tests of details for a sample of transactions from certain months during the year. The firm did not perform any procedures to test the population of transactions in the remaining months of the year. (AS 2315.24)	We respectfully disagree because, as stated in the additional facts, the engagement team selected a random sample without bias to any one month over other so that every month had equal opportunity to be selected. Accordingly, such random sample could be expected to be representative of the revenue population for the fiscal year.
3	The firm did not perform any procedures to test, or test controls over, the accuracy and completeness of certain data and reports it used to test an income statement account. (AS 1105.10)	We respectfully disagree because, as stated in the additional facts, the engagement team did perform following procedures to test the accuracy and completeness of the sales reports. 1. The engagement team tested completeness of the sales reports by comparing it to general ledger; 2.The engagement team observed downloading of reports from the systems to ensure appropriate parameters captured for completeness and accuracy.
3	The firm performed substantive analytical procedures as part of its testing of an income statement account and used certain external data to develop its expectation. The firm did not evaluate whether the external data used to develop its expectation was sufficiently reliable for purposes of achieving its audit objectives. (AS 2305.16) In addition, the firm did not evaluate differences between its expectation and the actual amounts recorded beyond inquiry of management. (AS 2305.21)	We respectfully disagree because, with respect to the substantive analytical procedures over revenue: a. As stated in the additional facts, the Firm did evaluate reliability of the revenue information obtained. b. As stated in the additional facts, in planning its respective sample sizes for detail testing, the engagement team used the same extent for "other substantive procedures" as for the component, where deviation were below threshold.
3	The firm did not perform procedures to evaluate whether certain income statement account transactions were recognized in conformity with the applicable accounting standard. (AS 2301.08 and .13)	We respectfully disagree because the engagement team clarifies that it would not have material impact on revenue.
4	The issuer engaged an external valuation specialist to perform an impairment analysis of an asset within a balance sheet account at year end. The firm's approach for substantively testing the fair value of this asset was to test the issuer's process, and the firm used the work of the company's specialists as audit evidence. The following deficiencies were identified:	

S.No.	Description of deficiency identified	Response
4	The firm did not perform sufficient procedures to evaluate the reasonableness of a significant assumption developed by the issuer that the company's specialist used, because it did not take into account the issuer's intent and ability to carry out its intended course of action. (AS 2501.16 and .17) In addition, the firm did not perform any procedures to evaluate the relevance and reliability of external information it used to test the reasonableness of this significant assumption. (AS 1105.04 and .06)	We respectfully disagree to the deficiencies noted.
4	The firm did not perform procedures to evaluate the relevance and reliability of (1) external information the company's specialist used to develop another significant assumption (AS 1105.A8a) and (2) external information used in its substantive procedures to test the reasonableness of the significant assumption. (AS 1105.04 and .06)	We respectfully disagree to the deficiencies noted.
4	The firm did not perform procedures to evaluate the reasonableness of another significant assumption developed by the company's specialist and used in the impairment analysis. (AS 1105.A8b)	We respectfully disagree that the engagement team did not sufficiently evaluate the reasonableness of assumptions. First, we considered that the assumption was developed by the Company's external specialist which in fact mitigates the risk of management bias in estimation. Second, based on our cumulative knowledge and experience we considered such assumption to be at the high end, so that we performed inquiries of management to better understand how the Company's external specialist developed it. Finally, we performed sensitivity analysis of the assumption to determine at what point would it be impaired and concluded that due to sufficient cushion the assumption used by Company's external specialist was appropriate.

S.No.	Description of deficiency identified	Response
4	For another asset within the balance sheet account, the firm did not perform procedures to evaluate the reasonableness of certain significant assumptions developed and used by the issuer to calculate the amortization for the asset. (AS 2501.16)	We respectfully disagree that the engagement did not evaluate the reasonableness of the significant assumptions related to the remaining useful lives of the asset. During the year under audit, in addition to the prior and current knowledge about the Company, the engagement team performed inquiries of management to understand if there are any changes in the current year that would significantly impact assessment of useful lives. The engagement team did not note any such factors. (AS 2501.16) The inherent risk related to this estimate was low due to small amount of remaining residual value compared to annual amortization. We believe an experienced auditor, would conclude that useful lives applied to the asset were reasonable, based on the fact that annual amortization amount is less than one third of remaining residual value. Accordingly, we believe the engagement team did sufficiently evaluate the reasonableness of the remaining useful lives.
5	The firm did not perform sufficient procedures to evaluate the appropriateness of the issuer's recognition of certain income statement account transactions, because it did not evaluate certain contradictory evidence. (AS 2301.08 and .13; AS 2810.03)	We respectfully disagree that the engagement team did not perform sufficient procedures to test the occurrence and allocation of revenue. Specifically: 1. The engagement team sent and received direct confirmation that indicates the ability and intention to pay the amount of consideration in exchange for the services that were transferred to the Customer. 2. As stated in the additional facts, delays in payments were well explained and documented in the workpapers so that the engagement team did not identify any contradictory evidence that would indicate the Customer for the recorded revenue amounts. 3. As stated in the additional facts, significant amount of accounts receivable was net settled against accounts payable before the issuance of the financial statements, and relevant evidence was obtained and retained in the audit work papers as evidence of collectability. 4. After the net settlement, net accounts receivable to be collected was immaterial. In addition, the Firm strongly believes the engagement team over audited the revenue and related accounts receivable because there was no risk of material misstatement to be addressed in accordance with AS 2301, due to immaterial net amount of accounts receivable to be collected and small amount of the total revenue for the year compared to overall materiality.

S.No.	Description of deficiency identified	Response
6	The issuer performed an assessment of certain assets within a balance sheet account for impairment at year end and concluded that they were recoverable. The firm did not identify that the issuer did not consider certain indicators of possible impairment in its assessment of these assets. (AS 2301.08 and .11; AS 2810.03)	We respectfully disagree that the engagement team did not identify that the Issuer did consider certain indicators of impairment in its impairment assessment. Specifically, 1. As relates to the Issuer's two consecutive years of both operating losses and negative cash flows from operations: The engagement team did evaluate effect of operating losses and negative cashflows and concluded that due to the fact that the Issuer has advantageous position in the market, operating losses and negative cashflows of the Issuer do not represent potential benefits from use of these assets; and 2. The engagement team concluded that there is no substantial doubt about the Issuer's ability to continue as a going concern. In its evaluation of going concern, the engagement team noted that the management does not plan to dispose any assets.

PART I (Public)

PART I.B: OTHER INSTANCES OF NON-COMPLIANCE WITH PCAOB STANDARDS OR RULES

S.No.	Description of deficiency identified	Response
1	In one of three audits reviewed, the firm, when testing journal entries for evidence of possible material misstatement due to fraud, did not perform sufficient procedures to determine whether the journal entry population from which it made its selections was complete. In this instance, the firm was non-compliant with AS 1105, Audit Evidence.	We respectfully disagree that the engagement team did not perform procedures to test completeness of the journal entries population: As discussed in the facts section, our procedures to test completeness of the journal entries population were documented in the relevant template.
2	In one of three audits reviewed, the firm did not include all relevant work papers in the final set of audit documentation it was required to assemble. In this instance, the firm was non-compliant with AS 1215, Audit Documentation	The Firm ensured that all important missing workpapers have now been properly assembled in the complete audit file.
3	In two of three audits reviewed, the firm did not make a required communication to the audit committee related to the name, location, and planned responsibilities of an other accounting firm that performed audit procedures in the audit. In these instances, the firm was non-compliant with AS 1301, Communications with Audit Committees.	We respectfully disagree that requirements of AS 1301.10 apply to service provider, because we do not consider team members that are provided by the service provider as an "other accounting firm" , rather these are full time staff provided under contract.
4	In one of three audits reviewed, the firm did not make certain required communications to the audit committee related to (1) the significant risks identified through its risk assessment procedures; (2) the firm's evaluation of the issuer's ability to continue as a going concern; (3) an overview of the overall audit strategy; (4) the results of the audit prior to the issuance of the auditor's report; (5) the critical accounting policies and practices and critical accounting estimates; and (6) the firm's evaluation of the quality of the issuer's financial reporting. In this instance, the firm was non-compliant with AS 1301, Communications with Audit Committees.	We respectfully disagree that the engagement team did not communicate or provide the following to the Issuer's audit committee: a. As per additional facts the audit committee was provided our Audit Planning Letter detailing these matters b. Prior to the issuance of the audit report, the audit committee was provided our Audit Findings Letter, a draft of the management representation letter, a draft audit report, and our firms independence letter, all of which is documented in our working papers.
5	In one of three audits reviewed, the firm did not establish an understanding of the terms of the audit engagement with the audit committee, record such understanding in an engagement letter, and determine that the audit committee acknowledged and agreed to the terms of the engagement. In this instance, the firm was non-compliant with AS 1301, Communications with Audit Committees.	We respectfully disagree because, a planning virtual team meeting was held with management and the audit committee. At this meeting an Audit Planning Letter, with the Engagement Letter attached, was reviewed with management and the audit committee. The audit plan and timing, and terms of the audit engagement was discussed and agreed to, all of which is documented in our working papers.

S.No.	Description of deficiency identified	Response
6	In one of three audits reviewed, the firm did not make certain required communications to the audit committee until after the issuance of the auditor's report. In this instance, the firm was non-compliant with AS 1301, Communications with Audit Committees.	We respectfully disagree that the engagement team did not comply with certain requirements of AS 1301, Communications with Audit Committees. Specifically, as stated in additional facts, the engagement team made the required communications to the Issuer's audit committee related to the results of the audit four days prior to the issuance of the auditor's report.
7	In one of three audits reviewed, the firm did not provide a copy of the management representation letter to the audit committee. In this instance, the firm was non-compliant with AS 1301, Communications with Audit Committees, and AS 2805, Management Representations.	We respectfully disagree that the engagement team did not comply with certain requirements of AS 1301, Communications with Audit Committees. Specifically, as stated in additional facts, the engagement team made the required communications to the Issuer's audit committee related to the results of the audit four days prior to the issuance of the auditor's report.
8	In one of three audits reviewed, the firm did not provide to management and the audit committee the required communications in writing of all material weaknesses identified during the audit. In this instance, the firm was non-compliant with AS 1305, Communications About Control Deficiencies in an Audit of Financial Statements.	We respectfully disagree that the engagement team did not comply with certain requirements of AS 1305, Communications About Control Deficiencies in an Audit of Financial Statements. Specifically, as stated in additional facts, the engagement team did not identify a material weakness during the audit.
9	In two of three audits reviewed, the firm, when testing journal entries for evidence of possible material misstatement due to fraud, did not appropriately consider the characteristics of potentially fraudulent journal entries in determining the criteria it used to identify and select journal entries for testing. In these instances, the firm was non-compliant with AS 2401, Consideration of Fraud in a Financial Statement Audit.	Issuer 1 - We respectfully disagree that the engagement team did not perform sufficient procedures to test journal entries and other adjustments for evidence of possible material misstatements due to fraud. Specifically, as discussed in the additional facts, the following items were not considered to be relevant fraud risk criteria that would indicate heighten risk of management override: 1. Posted during specific dates, including weekends; 2. Posted to seldom used account; and 3. Duplicates and reversal entries. Based on our cumulative knowledge and experience, the engagement team identified six applicable fraud risk criteria and tested all journal entries that met those criteria. Issuer 2 - We respectfully disagree that the engagement team did not perform sufficient procedures to test journal entries and other adjustments for evidence of possible material misstatements due to fraud. Specifically: a. The engagement team did consider and test all material postclose entries or adjustments; and b. The engagement team did consider all six factors in AS 2401.61 in selecting journal entries that address the assessed fraud risk of the occurrence of revenue.

S.No.	Description of deficiency identified	Response
10	In one of three audits reviewed, the year the firm began serving consecutively as the company's auditor that was included in the firm's audit report was incorrect. In this instance, the firm was non-compliant with AS 3101, The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion.	We respectfully disagree because we had commenced client acceptance procedures in the year, including receipt of preliminary financial information and providing engagement letters. The engagement letter was revised after review with the board and finalized and signed in the following year. We therefore do not consider it inaccurate in reporting we served as auditors in this year.
11	In the three audits reviewed, the engagement team performed procedures to determine whether or not matters were critical audit matters but, in performing those procedures, did not include certain matters that were communicated, or required to be communicated, to the audit committee and that related to accounts or disclosures that were material to the financial statements. In these instances, the firm was non-compliant with AS 3101, The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion. These instances of non-compliance do not necessarily mean that other critical audit matters should have been communicated in the auditor's report.	Issuer 1 - We respectfully disagree to the deficiencies noted. Issuer 2 - We respectfully disagree because, after careful review, the Firm believes an experienced auditor, having reviewed all the procedures documented in the audit file, would conclude that none of the matters are critical audit matters. Issuer 3 - We respectfully disagree that the engagement team did not perform any procedures to determine whether the following matters, which were communicated to the audit committee, were critical audit matters. After careful review, the Firm believes an experienced auditor, having reviewed all the procedures documented in the audit file, would conclude that none of the matters are critical audit matters.

S.No.	Description of deficiency identified	Response
12	In one of three audits reviewed, the firm's communication of a critical audit matter in the audit report included language that was inconsistent with information in the firm's audit documentation. In this instance, the firm was non-compliant with AS 3101, The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion.	We respectfully disagree that the engagement team did not accurately describe how the critical audit matter was addressed in our audit. Specifically, following procedures were in fact performed: a) The engagement team did evaluate the appropriateness of method used by management to assess whether there were any facts or circumstances suggesting the carrying amount of the exploration and evaluation assets exceeded its recoverable amount and that whether such method was in conformity with IFRS (such as Step 0 Triggering events identification; Step 1 Calculation of Recoverable amount and so on). As such, if management had straight away performed a recoverability analysis and there were evident impairment indicators, we would still be required to obtain from management their assessment of those triggering events. Hence, part of our procedures was to ensure that the process was methodological and consistently applied. In addition, there were certain calculations included in the memo, which constituted the valuation of those reserves. b) The engagement team did evaluate the reasonableness of the significant assumptions used by management, including identification of triggering events that does require a certain level of judgment involving some assumptions used by management. We evaluated each of these assumptions as described to concur with management's conclusion that there were no indicators of impairment.
13	In one audit, the firm included in its audit report a paragraph indicating (1) that the financial statements of the prior period were audited by another auditor, (2) the date of the audit report of the predecessor auditor, and (3) the type of report issued by the predecessor auditor, but did not place it immediately following the opinion paragraph. In this instance, the firm was non-compliant with AS 3105, Departures from Unqualified Opinions and Other Reporting Circumstances.	The engagement team believes this to be an isolated instance.
14	In one instance, the firm did not file its report on Form 2 by the relevant deadline. In this instance, the firm was non-compliant with PCAOB Rule 2201, Time for Filing of Annual Report.	The annual report has been filed. We had undergone a change in personnel responsible for the reporting matters required, which has now been adequately transitioned.

S.No.	Description of deficiency identified	Response
15	In two of three audits reviewed, the firm did not file its report on Form AP by the relevant deadline. In these instances, the firm was non-compliant with PCAOB Rule 3211, Auditor Reporting of Certain Audit Participants.	We encountered difficulties in accessing the reporting portal early. We were in communications with PCAOB support to address the technical issue to complete the submission. We were then able to catch up on the filings.
16	In two audits reviewed, the firm's report on Form AP omitted information related to the participation in the audit by an other accounting firm. In these instances, the firm was non-compliant with PCAOB Rule 3211, Auditor Reporting of Certain Audit Participants.	We respectfully disagree because the Form AP instructions to Rule 3211 (Form AP) state: "2. Defined Terms. The definitions in the Board's rules apply to this Form. Italicized terms in the instructions to this Form are defined in the Board's rules. In addition, as used in the instructions to this Form, the term "the Firm" means the registered public accounting firm that is filing this Form with the Board; and the term, "other accounting firm" means (i) a registered public accounting firm other than the Firm; or (ii) any other person or entity that opines on the compliance of any entity's financial statements with an applicable financial reporting framework." The service provider does not meet the definition of an "other accounting firm" because they are neither registered with PCAOB or any other body, nor do they opine on any form of assurance. We were therefore not required to report this participation in Part III or Part IV for either issuer.
17	In one of three audits reviewed, the firm did not provide the audit committee the required independence communications. In this instance, the firm was non-compliant with PCAOB Rule 3526, Communication with Audit Committees Concerning Independence.	We respectfully disagree because, prior to the issuance of the audit report, the audit committee was provided our Audit Findings Letter, a draft of the management representation letter, a draft audit report, and our firms independence letter, all documented in our working papers. Management indicated in the invite to the board meeting, that the financials and reports would be provided before the meeting.

PART I (Public)
PART I.C: INDEPENDENCE

S.No.	Description of deficiency identified	Response
1	An audit client's agreement to indemnify its auditor with respect to certain liabilities is inconsistent with the general standard of independence set out in Rule 2-01(b) of Regulation S-X and impairs the accountant's independence with respect to an audit client. In three audits reviewed, we identified three instances across three issuers in which this circumstance appears to have occurred.	We respectfully disagree that the limitation of liability provision terms of our engagement letter results in our firm not appearing independent or not being capable of exercising objective and impartial judgment on all issues encompassed within the audit engagement. As stated in our additional facts, our insurance coverage is of a high amount in relation to the total audit engagements. The Issuer's net assets are significantly less than this coverage, which is significantly less than our total coverage. Accordingly, the policy is equivalent to unlimited coverage and therefore could not impair our capability to exercise objective and impartial judgment. To avoid any future perception of perceived threats to our independence, we have removed this clause from our engagement letter template and for all future PCAOB engagements.
2	Under Rule 2-01(c)(7) of Regulation S-X, an accountant is not independent if it does not obtain audit committee pre-approval for audit and non-audit services. In three audits reviewed, we identified one instance for one issuer in which this circumstance appears to have occurred related to audit services.	We respectfully disagree because, as stated in the additional facts above, discussions with the audit committee took place prior to the signed engagement letter. This was documented in our client acceptance form. We also communicated our independence with the audit committee, prior to our engagement.