

Schedule E

TERMS OF PAYMENT

1. Subject to sections 3 to 9, Canada will make advances of its contribution. Each advance shall cover the Recipient's estimated financial requirements for each quarter during the Period of the Agreement.
2. The advances shall be based upon a forecast, as periodically updated and revised pursuant to subsection 4(2), of monthly cash flow requirements to cover the Recipient's estimated monthly eligible expenditures for the fiscal year in question, satisfactory to Canada in scope and detail.
3. Canada may, at any time and in its sole discretion, change the basis of payments of its contributions to the Recipient for any fiscal year from quarterly advances to monthly advances, or from monthly advances to quarterly advances.
- 4.(1) Following each advance period, the Recipient shall submit to Canada a financial report in a form satisfactory to Canada which provides an accounting of the advance for that period. The report shall be prepared by an official designated by the Recipient to submit such reports, and shall include:
 - (a) a summary breakdown of claimed expenditures for the advance period in prescribed expenditure categories;
 - (b) a detailed list of all eligible expenditures incurred and paid during the advance period as recorded in the Recipient's general ledger;
 - (c) such substantiating documentation as may be requested by Canada; and
 - (d) a statement signed by the designated official certifying that all information contained in the report is accurate and that all expenditures claimed are in accordance with the Agreement.
- (2) The Recipient shall also include with each financial report a revised, updated forecast of its monthly cash flow requirements that takes into account actual expenditures to date and revised estimated monthly eligible expenditures for the balance of the fiscal year.
5. The financial report referred to in section 4 shall be submitted within 30 days following the advance period where the Recipient receives monthly advances, and within 60 days following the advance period where the Recipient receives quarterly advances.
6. Canada may withhold payment of any advance pending the completion of any audit of the Recipient's books and records conducted by Canada under section 14 of Schedule D. Canada may also withhold payment of advances if the Recipient has not submitted the year-end auditor's report for the previous fiscal year when due, if one is required under section 12 or 13 of Schedule D and has not provided Canada with a satisfactory explanation for the failure to submit the report.
7. Where, pursuant to section 3, Canada decides to change the basis of payment of its contributions in respect of the Recipient's eligible expenditures for any period during the Period of the Agreement from advances to progress payments, Canada will make payments of its contributions in respect of the Recipient's eligible expenditures for that period on the basis of written financial claims, which shall:

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- (a) be made on a monthly or quarterly basis, at the option of the Recipient;
 - (b) provide a detailed list of the eligible expenditures incurred and paid during the period claimed;
 - (c) be supported by such substantiating documentation as may be required by Canada, including copies of related invoices and receipts; and
 - (d) include a statement signed by an officer of the Recipient or other person satisfactory to Canada, certifying that all eligible expenditures claimed are in accordance with the Agreement.
8. Canada may withhold final payment of up to 10% of the amount of its total maximum contributions in the final fiscal year of the Period of the Agreement until the end of the Period of the Agreement. Final payment will be made following:
- (a) receipt and verification of a claim for the balance due; and
 - (b) receipt of any auditor's report or other report that may be required to be submitted by the Recipient under the terms of this Agreement.
9. Verification by Canada of the claim for the balance due under paragraph 8(a) may include, if deemed advisable by Canada, the conduct of an audit by Canada of the Recipient's books and records to verify the amount of the expenditures for which the Recipient has claimed payment under the Agreement.