

# PROFIT SHARING AGREEMENT

Location: \_\_\_\_\_ Effective Date: \_\_\_\_\_

## PARTIES:

This Profit Sharing Agreement (the "Agreement") is entered by and between:

Party A (Name): \_\_\_\_\_

Address: \_\_\_\_\_

Contact Information: \_\_\_\_\_

Party B (Name): \_\_\_\_\_

Address: \_\_\_\_\_

Contact Information: \_\_\_\_\_

## RECITALS:

WHEREAS, the Parties wish to enter into a profit sharing arrangement regarding their joint business venture or project, pursuant to the terms and conditions set forth in this Agreement;

## 1. DEFINITIONS

In this Agreement, unless the context requires otherwise, the following terms shall have the meanings given below: "Business" means the joint venture or project operated by the Parties; "Profit" means the net profit derived from the Business after all expenses, taxes, and costs are deducted; "Parties" means Party A and Party B jointly.

## 2. PURPOSE

The purpose of this Agreement is to set forth the terms and conditions under which the Parties will share the profits generated from the Business.

## 3. CAPITAL CONTRIBUTIONS

Each Party agrees to contribute capital, assets, or services to the Business as mutually agreed upon. The nature, amount, and timing of such contributions shall be documented separately.

## 4. PROFITS AND LOSSES

The net profits and losses of the Business shall be shared between the Parties as follows: Party A shall receive \_\_\_\_\_% and Party B shall receive \_\_\_\_\_%. The Parties shall account for profits and losses on a fiscal year basis or as otherwise agreed.

## 5. DISTRIBUTION OF PROFITS

Profits shall be distributed to the Parties within \_\_\_\_\_ days after the end of each accounting period. Distributions shall be made in cash or as otherwise agreed in writing by the Parties.

## 6. MANAGEMENT AND CONTROL

The management and control of the Business shall be vested in the Parties jointly. Decisions regarding the Business shall require the unanimous consent of the Parties unless otherwise specified in writing.

## **7. ACCOUNTING AND RECORDS**

Complete and accurate books of account and records of the Business shall be maintained and made available to the Parties at reasonable times. Annual financial statements shall be prepared by a qualified accountant.

## **8. TERM**

This Agreement shall commence on the Effective Date and shall continue until terminated by mutual written agreement of the Parties or pursuant to the provisions herein.

## **9. TERMINATION**

Either Party may terminate this Agreement upon written notice if the other Party breaches any material provision herein and fails to cure such breach within thirty (30) days of notice.

## **10. CONFIDENTIALITY**

The Parties agree to keep all confidential information relating to the Business, this Agreement, and each other's proprietary information strictly confidential, except as required by law.

## **11. DISPUTE RESOLUTION**

In the event of any dispute arising out of or relating to this Agreement, the Parties shall first attempt to resolve the dispute amicably through good faith negotiations.

If the dispute cannot be resolved through negotiation within thirty (30) days, the Parties agree to submit the dispute to mediation conducted in accordance with the mediation rules of a recognized Canadian mediation organization. If mediation fails, any unresolved controversy or claim shall be settled by binding arbitration under the Arbitration Act applicable in the Province of Ontario, Canada, or the Province where the Business is principally located.

## **12. GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to conflict of law principles.

## **13. AMENDMENTS**

Any amendment or modification of this Agreement shall be in writing and signed by both Parties.

## **14. SEVERABILITY**

If any provision of this Agreement is held invalid or unenforceable, such provision shall be severed and the remainder

of the Agreement shall remain in full force and effect.

**15. ENTIRE AGREEMENT**

This Agreement, including any attachments or schedules, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings.

**16. NOTICES**

All notices required or permitted under this Agreement shall be in writing and shall be delivered personally, by registered mail, or by certified courier to the addresses of the Parties set forth above or such other address as either Party may designate by notice.

**17. WAIVER**

No waiver of any provision of this Agreement shall be effective unless in writing and signed by the waiving Party. No failure or delay in exercising any right shall operate as a waiver.

**18. COUNTERPARTS**

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

**PARTY A SIGNATURE**

**PARTY B SIGNATURE**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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