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Fecha __/__/__

Nombre _____

Empresa _____

_____, Puerto Rico 00__

Mr. (Ms.) _____:

We are pleased to confirm our acceptance and our understanding of this engagement to maintain and process the monthly accounting of _____, INC. by means of this letter.

Our Responsibilities-Processing of Accounting

The objective of our engagement is to process the monthly accounting of the Company in our software system and prepare all regulatory payroll and tax returns required by the government of Puerto Rico. During the conduct of our engagement, we will comply with the AICPA's Code of professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care. The functions described in this engagement letter do not generally result in formal reports. If you need financial statements to be generated as part of this engagement, we will separately issue an engagement letter to prepare or compile the financial statements.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the monthly processing of accounting and payroll.

Our engagement cannot be relied upon to disclose any financial misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations. However, we will inform the appropriate level of management of any material errors and any evidence or information that comes to our attention during the performance of our procedures that fraud may have occurred. In addition, we will inform you of any evidence or information that comes to our attention during the performance of our monthly accounting processing procedures regarding any wrongdoing within the entity or noncompliance with laws and regulations that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies or material weaknesses in your internal control as part of this engagement

Furthermore, our engagement is not a substitute for managements accounting responsibilities, accordingly, we will not engage in the taking of any financial or accounting decision, nor we will sign any accounting documents in behalf of management. Our work will be limited to the following:

- ◆ Processing checks and deposits into the accounting system software monthly, based on account classifications made by management for each transaction.
- ◆ Reconcile bank account and submit for your review, approval and acceptance.
- ◆ Process payroll based on information submitted and approved by you.
- ◆ Recommend adjustments to the books to be reviewed and approved by you.

Management Responsibilities

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to process the monthly accounting, including reconciliations and payroll services, without undertaking an engagement to prepare, compile, review or audit the financial statements of the Company. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to process monthly accounting and payroll.

- a. The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the processing of accounting and payroll transactions.
- b. The prevention and detection of fraud.
- c. To ensure that the entity complies with the laws and regulations applicable to its activities.
- d. The accuracy and completeness of the records, and other information, including significant judgments, you provide us for the engagement to process the monthly accounting and payroll. e. To provide us with:
 - a. Documentation and other related information that is relevant to the processing of the accounting and payroll.
 - b. Additional information that may be requested for processing the accounting and payroll.
 - c. Unrestricted access to persons within CARIBE TECHNOLOGY INSTITUTE, INC. Company of whom we determine necessary to communicate.

We will not prepare or issue financial statements as part of our engagement.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our bookkeeping and tax services. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

You agree to hold us harmless and to release, indemnify, and defend us from any liability or costs, including attorney's fees, resulting from managements knowing misrepresentations to us in the processing of the accounting and payroll.

Tax Services

We will also perform the following tax related services:

- ◆ Prepare the Puerto Rico Income Tax Return, Municipal Patent Return, Property Tax Return, and Department of State Informative Return with supporting schedules for the year ended December 31, 2017
- ◆ Prepare Informative returns 480.

- ◆ Workmen compensation annual informative returns.
- ◆ Monthly sales tax returns.
- ◆ Processing of payment to government entities regarding payroll

3 Our work does not include any procedures designed to discover defalcations or other irregularities. Management is responsible for the information included in all tax returns, and for the timely submission of tax and payroll returns to the government.

We must use our judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. We will apply the "more likely than not" reliance standard to resolve such issues to avoid penalties that might be assessed against us as return preparers. You agree to honor our decisions regarding disclosure of return positions to avoid or mitigate penalties.

Substantial penalties can be imposed on the corporation for failing to disclose income or for misleading the recognition of revenue and expenses and for filing the returns late. We will insist that all such transactions be properly recorded and disclosed, and that the tax return be filed timely.

The law also includes penalties that may be imposed when taxpayers simply understate their tax liability. Management is responsible for proper recording of transactions in the accounts, safeguarding assets, and for the substantial accuracy of the financial records. Because you have final responsibility for the tax returns, you should review them carefully before you sign and file them. We must have your full cooperation and assistance in preparing your tax and informative returns

Your returns may be audited by the taxing authorities. Any proposed adjustments are subject to certain appeal. Should your returns be selected for examination, we can arrange to be available upon request to represent you. Such representation would be a separate engagement, and we would render additional invoices for fees and expenses incurred. If, during our work, we discover information that affects prior-year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue. We will be happy to prepare appropriate amended returns as a separate engagement. The Puerto Rico Internal Revenue Code and regulations impose preparation and disclosure standards with noncompliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures to you and/or in the tax return concerning positions taken on the return that do not meet these standards. Accordingly, we will advise you if we identify such a situation, and we will discuss those tax positions that may increase the risk of exposure to penalties and any recommended disclosures before completing the preparation of the return. If we conclude that we are obligated to disclose a position and you refuse to permit disclosure, we reserve the right to withdraw from the engagement. Likewise, where we disagree about the obligation to disclose a position, you also have a right to choose another professional to prepare your return. In either event, you agree to compensate us for our services to the date of the withdrawal. Our engagement with you will terminate upon our withdrawal.

Also, we have further agreed that should you and our accounting firm reach any substantial disagreement regarding what information we believe in our professional opinion must be disclosed in these tax returns that we also reserve the right to withdraw from this engagement on that ground by sending you written notice to that effect. It is understood and agreed that should any such withdrawal on our part take place that you will remain responsible for paying all of our fees that have accrued up to the date of our accounting firm's withdrawal on such grounds from this engagement.

We retain copies of the records you have supplied to us along with our work papers and tax and payroll returns generated during the engagement for a period of seven years. After seven years, our work papers, returns and engagement files are destroyed. Your original records will be returned to you at the end of this engagement. Our working papers and files are not a substitute for your original records, and you should arrange for secure storage of the originals.

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Other relevant Information

Our fees for these services are:

Description of service	Fees
Processing of monthly accounting	\$50
Processing of monthly payroll	n/a
Processing of payment to government entities regarding payroll	n/a
Preparation of monthly sales tax returns	Included
Preparation of Income Tax Return	\$50
Preparation of Municipal Tax Returns	\$25
Preparation of Property Tax Returns	To be discussed
Preparation and filing of Department of State Informative Return	To be discussed
Preparation of quarterly payroll returns	n/a
Preparation of W-2 and W-3	n/a
Preparation of informative returns 480	To be discussed
Preparation of workmen compensation informative returns	To be discussed

The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered as work progresses and are payable on presentation.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

CPA Edwin Vargas Velazquez

To CPA

We are in agreement with the above terms of the engagement.

Name and position

Signature

Date