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CPAs and Advisors

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January 10, 2018

Board of Directors
Lexington Lakes Condominium Association, Inc.
3101 SE Lexington Lakes Drive
Stuart, FL 34994

Ladies and gentlemen:

This letter is to confirm our acceptance and understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide for the year ending December 31, 2018.

We will perform the following services:

1. We will perform the following bookkeeping services:
 - Prepare and mail the monthly coupon books to each member of the Association based on the member listing provided by you.
 - Collect maintenance assessments from all members of the Association. The assessments will be deposited into the Association's bank account through the bank's lock box system.
 - Maintain a detailed history of assessments for all members of the Association which would include monthly assessments, other assessments and charges, and payments.
 - Prepare late letters in accordance with the collection policy established by the Board of Directors to be mailed to members whose assessments are in arrears. We will also provide information to the Association's legal counsel to be used in the collection of those assessments that are in arrears, if such occasion should arise.
 - Prepare checks for payment of Association obligations as approved for payment by the Board of Directors. Checks will be prepared twice per month on dates agreed upon by both of us or the next available business day if any of those days falls on a weekend or holiday. The individual checks will be available within three business days from the date the approved invoices are received.
 - Maintain a detailed history of outstanding invoices and obligations of the Association.

- Reconcile the Association's bank accounts with the related bank statements each month. We will not be reviewing the cancelled checks or electronic copies of the checks for payees or endorsements.
- Record and reconcile your payroll records, payroll tax returns and payroll tax deposits.
- Summarize and transmit approved payroll information provided by you to your outside payroll provider.
- Prepare Forms 1096 and 1099.
- Record recurring adjusting entries for such items as amortization of prepaid insurance, funding of the replacement fund program and any other items that affect the Association's financial statements.
- Record any adjusting entries needed each month as approved by the Board of Directors.
- Provide assistance with preparation of the Association's budget, as requested.

Our bookkeeping services will be for the year ending December 31, 2018.

2. We will prepare the financial statements of Lexington Lakes Condominium Association, Inc. which comprise the month-end balance sheet and the related monthly and year-to-date statements of assessments, revenues, and expenses – budget/actual for the twelve monthly periods ending December 31, 2018. These financial statements will not include a statement of cash flows and the related notes to the financial statements as required by accounting principles generally accepted in the United States of America. In addition, the financial statements will not include Supplementary Information on Future Major Repairs and Replacements required by accounting principles generally accepted in the United States of America. The supplementary information (Balance sheet Supporting Schedules) accompanying the financial statements will be prepared and presented for purposes of additional analysis. Such information is the responsibility of management. We will not express an opinion or a conclusion or provide any assurance on the supplementary information.

The objective of our financial statement preparation portion of the engagement is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you. We will conduct this portion of our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's *Code of Professional Conduct*, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the financial statement preparation portion of the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the financial statements.

The financial statement preparation portion of the engagement to be performed is conducted on the basis that management acknowledges and understands that our role is the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your financial statements in accordance with SSARS:

- a. The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.
- b. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- c. The prevention and detection of fraud.
- d. To ensure that the entity complies with the laws and regulations applicable to its activities.
- e. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements.
- f. To provide us with:
 - Documentation and other related information that is relevant to the preparation and presentation of the financial statements,
 - Additional information that may be requested for the purpose of the preparation of the financial statements, and
 - Unrestricted access to persons with the Association with whom we determine it necessary to communicate.

The financial statements and supplementary information will not be accompanied by a report. However, you agree that the financial statements and supplementary information will clearly indicate that no assurance is provided on them.

Other Relevant Information

Kevin M. Payne, CPA is responsible for supervising the engagement.

Our fee for the above services will be as follows:

- Standard monthly accounting will be \$1,078 per month or \$12,936 annually.
- Our fee for preparation of Forms 1096 and 1099 will be based on actual time spent by members of our staff at their standard hourly rates.

Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation.

You agree to hold us harmless and to release, indemnify, and defend us from any liability or costs, including attorney's fees, resulting from management's knowing misrepresentations to us.

Electronic Data Communication and Storage and Use of Third Party Service Provider

In the interest of facilitating our services to your Association, we may send data over the Internet, securely store electronic data via computer software applications hosted remotely on the Internet, or allow access to data through third-party vendors' secured portals or clouds. Electronic data that is confidential to your Association may be transmitted or stored using these methods. We may use third-party service providers to store or transmit this data, such as, but not limited to, providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and data access secure in accordance with our obligations under applicable laws and professional standards. We also require our third-party vendors to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or data once it has been sent or has been subject to unauthorized access, notwithstanding all reasonable security measures employed by us or our third-party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third-party service providers during this engagement.

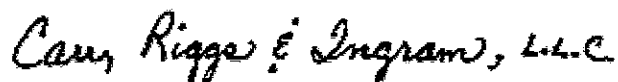
To enhance our services to you, we will use a combination of remote access; secure file transfer, virtual private network or other collaborative, virtual workspace or other online tools or environments. Access through any combination of these tools allows for on-demand and/or real-time collaboration across geographic boundaries and time zones and allows CRI and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use certain of these tools and in addition to execution of this acknowledgement and engagement letter, you may be required to execute a separate client acknowledgement or agreement and agree to be bound by the terms, conditions and limitations of such agreement. You agree that CRI has no responsibility for the activities of its third-party vendors supplying these tools and agree to indemnify and hold CRI harmless with respect to any and all claims arising from or related to the operation of these tools. While we may back up your files to facilitate our services, you are solely responsible for the backup of your files and records; therefore, we recommend that you also maintain your own backup files of these records.

Dispute Resolution

In the event of a dispute between the parties which arises out of or relates to this contract or engagement letter, the breach thereof or the services provided or to be provided hereunder, and, if the dispute cannot be settled through negotiation, the parties agree that before initiating arbitration, litigation or some other dispute resolution procedure, they will first try, in good faith, to resolve the dispute through non-binding mediation. The mediation will be administered by the American Arbitration Association under its *Dispute Resolution Rules for Professional Accounting and Related Services Disputes*. The costs of any mediation proceedings shall be shared equally by all parties.

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.

Very truly yours,



CARR, RIGGS & INGRAM, LLC

RESPONSE:

This letter sets forth the understanding of **Lexington Lakes Condominium Association, Inc.**

By: Al Bartholoma

Title: Treasurer

Date: 1-2~~5~~-18