



June 3, 2019

To the Board of Directors and Management of
Forest Park Estates Condominium Association, Inc.

Thank you for the opportunity to serve as the Association's CPA for the December 31, 2018 engagement. Enclosed are the following documents related to my audit:

- Management Letter for your review and comments. This letter summarizes my significant audit findings.
- Correspondence on internal control related matters.
- Draft of the audit report for your review. Inform me of any comments or changes.
- A standard Audit Representation Letter. Once you have reviewed and approved the audit report, please have this letter signed by the appropriate parties and return it to me.
- Adjusted trial balance and the detailed adjusting journal entries.
- I would welcome the opportunity to continue to serve as the Association's CPA. An engagement letter for the 2019 audit and tax engagement is included for the Board's consideration.

Please feel free to call me with any questions or concerns. It has been a pleasure working with you.

Sincerely,

Ryan E. Lee, CPA
Principal
Lee Public Accounting, LLC



June 3, 2019

Management Letter of Significant Audit Findings

To the Board of Directors and Management of
Forest Park Estates Condominium Association, Inc.

I have audited the financial statements of Forest Park Estates Condominium Association, Inc. (the "Association") for the year ended December 31, 2018. Professional standards require that I communicate to you the following information related to my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Association are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the period under audit. I noted no transactions entered into by the Association during the period under audit for which there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of *Future Major Repairs and Replacements* in the financial statements is particularly sensitive to financial statement users due to the fact that significant estimates are involved in determining necessary levels of funding. Actual expenditures may vary from those estimates and the variations may be material.

Difficulties Encountered in Performing the Audit

I encountered no difficulties in dealing with management in performing and completing my audit.

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The detailed audit adjustments that I posted are included in the audit draft package herein and are reflected in the financial statements reported to you. Please let me know if you have any questions or need additional detail.

Significant Audit Findings

Colorado Secretary of State Information

I noted that the Colorado Secretary of State website still shows the Association's previous management company as the registered agent. I recommend the Association file the appropriate form to update the information to the new management company. This can be done online at the following address:

<https://www.sos.state.co.us/pubs/business/businessHome.html>

Also see my letter of Internal Control Related Matters for additional audit findings

This information is intended solely for the use of the Board of Directors and Management of the Association and is not intended to be and should not be used by anyone other than these specified parties.

Thank you for the opportunity to serve as the Association's CPA. I look forward to working with the Association on future engagements.

Ryan E. Lee, CPA



Principal
Lee Public Accounting, LLC



June 3, 2019

Internal Control Related Matters

To the Board of Directors and Management of
Forest Park Estates Condominium Association, Inc.

In planning and performing my audit of the financial statements of the Association as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, I considered the Association's internal control over financial reporting ("internal control") as a basis for designing my audit procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, I do not express an opinion on the effectiveness of the Association's internal control.

My consideration of internal control was for the limited purpose previously described and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, I identified certain deficiencies in internal control that I consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the following deficiencies in the Association's internal control to be material weaknesses:

Missing Accounting Records

The Association was not able to provide complete accounting records or supporting invoices for the period beginning January 1, 2018 and ending August 31, 2018. This is a failure in the operation of internal controls designed to retain supporting documentation and accounting records. Retaining documentation provides evidence of the underlying transactions recorded in the Association's financial statements. Proper retention of accounting records allows for tracing documents related to follow-up queries, claims, and questions from vendors and members.

As a result, I was not able to obtain sufficient audit evidence to support the expenses and expenditures recorded in the financial statements during the year. This scope limitation was the basis for my disclaimer of opinion in my *Independent Auditor's Report*. I cannot provide an opinion on the Association's financial statements if the books and records are incomplete. I was not able to obtain sufficient audit evidence to support an opinion on the Association's financial statements.

This information is intended solely for the use of the Board of Directors and Management of the Association and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Ryan E. Lee, CPA

A handwritten signature in blue ink, appearing to read 'Ryan E. Lee', is positioned above the printed name and title.

Principal
Lee Public Accounting, LLC

Forest Park Estates Condominium Association, Inc.
Financial Statements and Supplementary Information
For the Year Ended December 31, 2018

Tentative and preliminary - 6-3-2019

Table of Contents

Independent Auditor's Report..... 1

Financial Statements

 Balance Sheet..... 3

 Statement of Revenues, Expenses, and Changes in Fund Balances..... 4

 Statement of Cash Flows..... 5

 Notes to Financial Statements..... 6

Supplementary Information

 Supplementary Information on Future Major Repairs and Replacements (Unaudited)..... 9

Tentative and preliminary - 6-3-2019



Independent Auditor's Report

To the Board of Directors of
Forest Park Estates Condominium Association, Inc.

Report on the Financial Statements

I was engaged to audit the accompanying financial statements of Forest Park Estates Condominium Association, Inc. (the "Association") which comprises the balance sheet as of December 31, 2018, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Association's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the *Basis for Disclaimer of Opinion* paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Management was unable to provide appropriate supporting documentation for the majority of the transactions selected for audit. I was unable to obtain appropriate audit evidence through alternative means concerning the expenses and expenditures reported in the *Statement of Revenues, Expenses, and Changes in Fund Balances*. As a result of these matters, I was unable to determine whether any adjustments might have been found necessary in respect of the expenses and expenditures making up the statement.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

Other Matters

Disclaimer of Opinion on Required Supplementary Information on Future Major Repairs and Replacements

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Ryan E. Lee, CPA



Principal
Lee Public Accounting, LLC

June 3, 2018
Littleton, Colorado

Tentative and preliminary - 6-3-2019

Forest Park Estates Condominium Association, Inc.
Balance Sheet
As of December 31, 2018

	Operating Fund	Replacement Fund	Total
Assets			
Cash	\$ 38,527	\$ 62,814	\$ 101,341
Assessments receivable	16,400	-	16,400
Prepaid insurance	3,546	-	3,546
Interfund balance	(8,908)	8,908	-
Total Assets	\$ 49,565	\$ 71,722	\$ 121,287
Liabilities and Fund Balances			
Accounts payable and accrued liabilities	\$ 1,937	\$ -	\$ 1,937
Assessments received in advance	16,477	-	16,477
Total Liabilities	18,414	-	18,414
Fund balances	31,151	71,722	102,873
Total Liabilities and Fund Balances	\$ 49,565	\$ 71,722	\$ 121,287

Tentative and preliminary - 6-23-2019

Forest Park Estates Condominium Association, Inc.
Statement of Revenues, Expenses, and Changes in Fund Balances
For the Year Ended December 31, 2018

	Operating Fund	Replacement Fund	Total
Revenues			
Member assessments	\$ 48,646	\$ -	\$ 48,646
Contributions to the replacement fund	(2,958)	2,958	-
Other income	46,733	-	46,733
Special assessments	26,000	-	26,000
Late fees and collection	1,722	-	1,722
Interest	-	60	60
Total Revenues	\$ 120,143	\$ 3,018	\$ 123,161
Expenses			
Insurance	\$ 11,006	\$ -	\$ 11,006
Legal and professional fees	10,376	-	10,376
Electricity and gas	8,811	-	8,811
Building maintenance and repairs	8,156	-	8,156
Water and sewer	6,449	-	6,449
Landscaping and grounds	5,754	-	5,754
Plumbing and sewer	3,452	-	3,452
Management fees	2,610	-	2,610
Light maintenance	1,943	-	1,943
Trash removal	1,831	-	1,831
Office and administrative	1,691	-	1,691
Irrigation maintenance	1,033	-	1,033
Snow removal	810	-	810
Roof and gutter repairs	-	111,580	111,580
Unit repairs	-	23,563	23,563
Reserve study	-	1,595	1,595
Parking lot and concrete	-	750	750
Total Expenses	63,922	137,488	201,410
Excess (Deficiency) of Revenues Over Expenses	\$ 56,221	\$ (134,470)	\$ (78,249)
Changes in Fund Balances			
Prior period adjustments	1,854	65,746	67,600
Fund transfer	(49,565)	49,565	-
Beginning Fund Balance	22,641	90,881	113,522
Ending Fund Balance	\$ 31,151	\$ 71,722	\$ 102,873

Forest Park Estates Condominium Association, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2018

	Operating Fund	Replacement Fund	Total
Cash Flows From Operating Activities			
Excess (Deficiency) of Revenues Over Expenses	\$ 56,221	\$ (134,470)	\$ (78,249)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:			
Prior period adjustments	1,854	65,746	67,600
(Increase) decrease in:			
Assessments receivable	1,440		1,440
Other receivable	320		320
Prepaid insurance	(1,746)		(1,746)
Increase (decrease) in:			
Accounts payable and accrued liabilities	(1,949)		(1,949)
Assessments received in advance	9,367		9,367
Net cash provided (used) by operating activities	65,507	(68,724)	(3,217)
Cash Flows From Financing Activities			
Interfund activities	2,958	(2,958)	-
Fund transfer	(49,565)	49,565	-
Net cash (used) provided by financing activities	(46,607)	46,607	-
Net increase (decrease) in cash	\$ 18,900	\$ (22,117)	\$ (3,217)
Cash, beginning of year	19,627	84,931	104,558
Cash, end of year	\$ 38,527	\$ 62,814	\$ 101,341

Forest Park Estates Condominium Association, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2018

Note 1 – Nature of the Association

Forest Park Estates Condominium Association, Inc. (the “Association”) was organized as a non-profit corporation in the State of Colorado in 1987. The purpose of the Association is to provide for the operation, administration, use, and maintenance of the common property, and to promote the common benefit and enjoyment of the residents of the community. All members are subject to the *Condominium Declaration for Forest Park Estates (A Condominium)* (the “Declaration”). The Association’s membership consists of the Owners of 15 residential condominium units located in Jefferson County, Colorado.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared using the accrual method of accounting.

Fund Accounting

The Association’s governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund – This fund is used to accumulate financial resources designated for future major repairs and replacements.

Cash

The Association considers all highly liquid investments with an original maturity of three months or less to be cash. The Association continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of December 31, 2018, the Association had no cash equivalents.

Common Area Property

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association’s financial statements because those properties are effectively owned by the individual unit Owners in common.

Assessments

Association members are subject to quarterly assessments to provide funds for the Association’s operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit Owners. The Association’s policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent. For the year ended December 31, 2018, monthly assessments to each unit were \$300.00.

Forest Park Estates Condominium Association, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Special Assessment

In 2017, the Association passed a 7-year annual special assessment of \$2,000 per unit in order to fund the cost of decks, stairs, and other exterior components. The special assessment is due by April 1st of each year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 – Income Taxes

The Association elects to file its federal tax return as a homeowners' association under Section 528 of the Internal Revenue Code. Under that section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property. Net non-exempt function income, which includes interest earned, is taxed at the federal and state levels at 30% and 4.63%, respectively. There was no net taxable income for the year ended December 31, 2018.

The Association's tax filings may be subject to examination by various taxing authorities. The Association's federal income tax returns beginning with the 2016 tax year remain open to potential examination by the Internal Revenue Service; state income tax returns beginning with the 2015 tax year are open to potential examination.

Note 4 – Future Major Repairs and Replacements

The Association's Declaration requires funds to be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for operating purposes.

In 2018, the Association engaged a third party to perform a study to estimate the remaining useful lives and the replacement costs of the common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to the Declaration, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

Forest Park Estates Condominium Association, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2018

Note 5 – Contingencies

The Association may be a party to various legal actions throughout the year normally associated with homeowners' associations, including, but not limited to, the collection of delinquent assessments and covenant compliance matters, the aggregate of which, in management's opinion, would not be material to the future financial condition of the Association.

Note 6 – Subsequent Events

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 3, 2019, the date the financial statements were available to be issued.

Tentative and preliminary - 6-3-2019

Forest Park Estates Condominium Association, Inc.
Supplementary Information on Future Major Repairs and Replacements
December 31, 2018
Unaudited

In 2018, the Association engaged a third party to perform a study to estimate the remaining useful lives and replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study.

The information on the following pages was extracted from the study and presents significant information about the components of common property.

Tentative and preliminary - 6-3-2019

Funding Summary For Forest Park Estates

Beginning Assumptions

Financial Information Source	Research With Client
# of units	15
Fiscal Year End	December 31, 2018
Monthly Dues from 2017 budget	\$4,225.00
Monthly Reserve Allocation from 2017 Budget	\$425.00
Projected Starting Reserve Balance (as of 1/1/2018)	\$85,330
Reserve Balance: Average Per Unit	\$5,689
Ideal Starting Reserve Balance (as of 1/1/2018)	\$327,995
Ideal Reserve Balance: Average Per Unit	\$21,866

Economic Factors

Past 20 year Average Inflation Rate (Based on CCI)	3.75%
Current Average Interest Rate	1.00%

Current Reserve Status

Current Balance as a % of Ideal Balance	26%
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Recommendations for 2018 Fiscal Year

Monthly Reserve Allocation	\$2,925
Per Unit	\$195.00
Minimum Monthly Reserve Allocation	\$2,500
Per Unit	\$166.67
Primary Annual Increases	3.75%
# of Years	30
Additional Funds Required	\$187,500
Per Unit	\$12,500

Changes From Prior Year (2017 to 2018)

Increase/Decrease to Reserve Allocation	\$2,500
as Percentage	588%
Average Per Unit	\$166.67

Tentative and preliminary - 6-3-2018

Component Inventory for Forest Park Estates

Category	Asset #	Asset Name	Useful Lives	Remaining Useful Lives	Best Cost	Worst Cost
Roofing	103	EPDM Flat Roof - Replace (Condo)	25	25	\$87,750	\$89,200
	105	Comp Shingle Roof - Replace (Condo)	25	25	\$14,400	\$15,400
	106	Detached Home Roof - Replace (Unit 15)	20	20	\$11,700	\$12,425
	120	Gutters/Downspouts - Replace (Condo)	N/A		\$0	\$0
	121	Gutters/Downspouts - Replace (Unit 15)	20	20	\$1,650	\$2,025
Painted Surfaces	204	Building Ext Surfaces - Repaint (Condo)	6	0	\$7,575	\$9,250
	205	Building Ext Surfaces - Repaint (Unit 15)	6	0	\$1,900	\$2,300
	207	Metal Railing - Repaint	6	0	\$2,525	\$2,800
Siding Materials	303	Wood Siding - Repair (Condo)	6	0	\$11,500	\$13,000
	306	Brick - Major Repairs	6	0	\$10,000	\$12,500
	310	Aluminum Siding - Replace (Unit 15)	N/A		\$0	\$0
Drive Materials	401	Asphalt - Major Overlay	28	4	\$22,875	\$26,350
	402	Asphalt - Surface Application	4	0	\$4,800	\$5,200
Walking Surfaces	601	Concrete Flatwork - Partial Replace	4	0	\$2,400	\$3,100
	603	Flagstone/Brick Patio - Major Repairs	N/A		\$0	\$0
	607	Wood Deck - Replace (Unit 15)	30	5	\$6,500	\$7,800
	611	Stairway Systems/Deck - Replacement	40	0	\$175,000	\$195,000
Mechanical Equip.	702	Boilers/Storage Tank - Replace	30	0	\$38,000	\$42,000
	721	Expansion Tank - Replace	20	10	\$1,350	\$1,600
Prop. Identification	803	Mailboxes - Replace	18	6	\$1,500	\$1,800
Fencing/Walls	1001	Wood Fencing - Replace	25	2	\$1,650	\$1,900
	1002	Hand Railing - Replace	N/A		\$0	\$0
	1003	Chain Link Fencing - Replace	N/A		\$0	\$0
	1007	Railroad Ties - Replace	N/A		\$0	\$0
	1010	Trash Enclosure - Replace	12	5	\$2,575	\$3,135
Light Fixtures	1602	Exterior Wall Mount - Replace (Condo)	17	0	\$2,625	\$3,000
	1603	Exterior Wall Mount - Replace (Unit 15)	N/A		\$0	\$0
	1604	Pole Light - Replace	N/A		\$0	\$0
Irrig. System	1701	Irrigation System - Major Repairs	5	2	\$2,500	\$3,000
	1703	Irrigation Controllers - Replace	N/A		\$0	\$0
Landscaping	1801	Groundcover - Replenish	7	0	\$11,000	\$13,000
	1804	Tree Replacement/Major Maintenance	N/A		\$0	\$0
Miscellaneous	2001	Sewer System - Major Repairs	4	0	\$6,500	\$7,000
	2002	Plumbing	3	2	\$8,550	\$10,450
	2003	Electrical System	N/A		\$0	\$0

Forest Park Estates Condominium Association, Inc.
8137 Zang Street
Arvada, CO 80005

Management Representation Letter

June 3, 2019

Lee Public Accounting, LLC
9251 W Brandt Ave
Littleton, CO 80123

This representation letter is provided in connection with your audit of the financial statements of Forest Park Estates Condominium Association, Inc. (the "Association") which comprises the balance sheet as of December 31, 2018, and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that judgement of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 3, 2019, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 6 , 2019, including our responsibility for the preparation and fair presentation of the financial statements.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

Financial Statements (continued)

6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Association's accounts.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Material concentrations have been properly disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the Association is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
12. Transfers or designations of fund balance or interfund borrowings have been properly authorized and approved and have been properly recorded or disclosed in accordance with U.S. GAAP.
13. Uncollectible interfund loans have been properly accounted for and disclosed in accordance with U.S. GAAP.

Information Provided

14. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Completeness and availability of all minutes of the meetings of directors, and committees of directors, or summaries of actions of recent meetings for which minutes were not yet prepared.
 - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
 - d. Additional information you have requested from us for the purpose of the audit.
 - e. Unrestricted access to persons within the Association from whom you determined it necessary to obtain audit evidence.
15. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

Information Provided (continued)

16. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
17. We have no knowledge of any fraud or suspected fraud that affects the Association and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
18. We have no knowledge of any allegations of fraud or suspected fraud affecting the Association's financial statements communicated by employees, former employees, regulators, or others.
19. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
20. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
21. We have disclosed to you the identity of the Association's related parties and all the related party relationships and transactions of which we are aware.
22. The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
23. We acknowledge our responsibility for presenting the supplementary *Schedule of Operating Fund Revenues and Expenses – Budget and Actual* in accordance with U.S. GAAP, and we believe the *Schedule of Operating Fund Revenues and Expenses – Budget and Actual*, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
24. We acknowledge our responsibilities for presenting the required *Supplementary Information on Future Major Repairs and Replacements* ("RSI") in accordance with U.S. GAAP. The RSI is measured and presented within prescribed guidelines, and the methods of measurement and presentation have not been changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
25. The board of directors is collecting funds for future major repairs and replacements in conformity with the Association's policy to fund for those needs based on a study prepared in 2018.

Information Provided (continued)

- 26. The Association's allocation of expenses against exempt and non-exempt income conforms with IRS rules, which require that allocation be made "on a reasonable basis". We have adequately documented such allocation.
- 27. We understand that the board of directors is responsible for the Association's choice of filing Form 1120-H and the consequences thereof.
- 28. We have read and understand the *Management Letter of Significant Audit Findings and Internal Control Related Matters* correspondence you have provided.

Signed,

Board President _____

Board Treasurer _____

Community Manager _____

Forest Park Estates Condominium Association, Inc. audit – December 31, 2018

Forest Park Estates Condominium Association, Inc.
Adjusted Working Trial Balance
December 31, 2018

Account Number	Account Name	Unadjusted Balance	Adjustments		Adjusted Balance
			Debit	Credit	
1074	FPE HOA Operating Account	\$ 38,527	\$ -	\$ -	\$ 38,527
1075	FPE HOA Reserve Account	62,814	-	-	62,814
1100	Accounts Receivable	(74)	16,474	-	16,400
1150	Accounts Receivable Vendors	-	-	-	-
1335	Prepaid Insurance	966	2,580	-	3,546
1346	Due from Operating	8,908	-	-	8,908
2000	Accounts Payable	(2,466)	529	-	(1,937)
2110	Prepaid HOA Dues	(5,937)	-	(10,540)	(16,477)
2210	Due to Operating	(8,908)	-	-	(8,908)
3001	Retained Earnings	3,570	-	(5,934)	(2,364)
3010	Fund Balance - Operating	(22,131)	-	-	(22,131)
3011	Fund Balance - Reserves	(156,627)	-	-	(156,627)
4106	HOA Special Assessments	(26,000)	-	-	(26,000)
4107	Association Dues	(48,646)	-	-	(48,646)
4108	Loan Assessment	-	-	-	-
4111	Late Fees	(2,115)	-	-	(2,115)
4112	Legal Reimbursements	-	-	-	-
4501	Operating Interest Income	393	-	-	393
4600	Bad Debts Recovery	75	-	-	75
4660	HOA Violations	(1,650)	-	-	(1,650)
4999	Miscellaneous Income	(45,158)	-	-	(45,158)
5010	Bank Fees	(5)	-	-	(5)
5033	Cleaning & Maint. Landscaping	70	-	-	70
5062	Legal Fees	(642)	-	-	(642)
5111	HVAC	382	-	-	382
5125	Fire & Life Safety	-	-	-	-
5126	Common Area Exterior Repairs	-	-	-	-
5605	Postage	11	-	-	11
5606	HOA Management Fee	2,610	-	-	2,610
5607	Copies/Printing	752	-	-	752
5608	Administrative	399	-	-	399
5609	Meeting Expenses	323	-	-	323
5611	HOA Legal Fees	8,103	-	-	8,103
5612	Sec of State and Re-Filing Fees	-	-	-	-
5613	Professional Fees	2,175	-	-	2,175
5617	HOA Insurance	13,586	-	(2,580)	11,006
5616	Reserve Transfer	206	-	-	206
5623	Reserve Transfer	2,958	-	-	2,958
5624	Reserve Transfer-Special Assessmer	-	-	-	-
5640	Collections Attorney and Fees	740	-	-	740
5650	Bank Fees	5	-	-	5
6101	Ext. Building Maint.	2,701	-	-	2,701
6102	Roof/Gutter Maint.	-	-	-	-
6104	Light Maintenance	1,943	-	-	1,943
6105	Plumbing Repairs	3,452	-	-	3,452
6109	HVAC/Boiler	5,073	-	-	5,073
6120	Bad Debt	-	-	-	-
7001	Landscape Maint. Contract	5,323	-	-	5,323

Forest Park Estates Condominium Association, Inc.
Adjusted Working Trial Balance
December 31, 2018

Account Number	Account Name	Unadjusted Balance	Adjustments		Adjusted Balance
			Debit	Credit	
7002	Snow Removal	810	-	-	810
7003	Irrigation Maintenance	1,033	-	-	1,033
7006	General Maintenance-Grounds	303	-	-	303
7030	General Grounds/Misc.	58	-	-	58
8302	Electricity	6,838	95	(147)	6,786
8303	Water/Sewer	6,449	-	-	6,449
8304	Trash	1,831	-	-	1,831
8305	Storm Water	-	-	-	-
8306	Gas	2,502	227	(704)	2,025
9001	Reserve Contribution	(2,958)	-	-	(2,958)
9002	Reserve Interest Income	(60)	-	-	(60)
9003	Reserve Contribution-Special Assess	-	-	-	-
9204	RES-Reserve Study	1,595	-	-	1,595
9205	RES-Unit Repairs	23,563	-	-	23,563
9231	RES-Parking Lot/Concrete	750	-	-	750
9240	RES -Roofs	111,580	-	-	111,580
		-	19,905	(19,905)	-

Forest Park Estates Condominium Association, Inc.
Audit Adjusting Journal Entries
December 31, 2018

AJE #	Account #	Description	Debit	Credit
1	1100	Accounts Receivable	16,474	
	2110	Prepaid HOA Dues		10,540
	3001	Retained Earnings		5,934
			16,474	16,474

WP Ref: 2-1 Adjust AR and prepaid dues balances to aged receivable report at 12-31-18

AJE #	Account #	Description	Debit	Credit
2	1335	Prepaid Insurance	2,580	
	5617	HOA Insurance		2,580
			2,580	2,580

WP Ref: 3-1 To adjust prepaid insurance at 12-31-18

AJE #	Account #	Description	Debit	Credit
3	8302	Electricity	95	
	8306	Gas	227	
	8302	Electricity		147
	8306	Gas		704
	2000	Accounts Payable	529	
			851	851

WP Ref: 5-1; 7-1 To adjust accounts payable at 12-31-18

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June 3, 2019

AUDIT AND TAX ENGAGEMENT AGREEMENT

To the Board of Directors of
Forest Park Estates Condominium Association, Inc.
c/o IPM Residential, LLC
8137 Zang Street
Arvada, CO 80005

We are pleased to confirm our understanding of the services we are to provide for Forest Park Estates Condominium Association, Inc. (the "Association") for the year ended **December 31, 2019**.

We will audit the financial statements of the Association, which comprises the balance sheet as of **December 31, 2019**, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements (the "financial statements"). If a reserve study has been done, the document we submit to you will include supplementary information about future major repairs and replacements required by the Financial Accounting Standards Board (FASB). Although we will apply certain limited procedures with respect to the required supplementary information, we will not audit the information and will not express an opinion on it.

Also, the following supplementary information accompanying the financial statements will be subjected to the audit procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) *Schedule of Operating Fund Revenues and Expenses – Budget and Actual comparison.*

Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the Association's financial statements. Our report will be addressed to "The Board of Directors and members of Forest Park Estates Condominium Association, Inc. ". We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgement prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of certain assets and liabilities by correspondence with selected financial institutions and creditors. Our procedures will not determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because such a determination is outside the scope of the engagement. At the conclusion of our audit, we will require certain representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgement about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violation of laws or governmental regulations that are attributable to the Association or to acts by management or employees acting on behalf of the Association.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Association and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you internal control related matters that are required to be communicated under professional standards.

Other Services

We will prepare the Association's federal and state income tax returns for the year ended **December 31, 2019** based on information provided by you. We will also prepare the financial statements of Forest Park Estates Condominium Association, Inc. in conformity with U.S. generally accepted accounting principles based on the information provided by you.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

Management Responsibilities

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.



Management Responsibilities (continued)

You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the Association from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Association involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Association complies with applicable laws and regulations.

You agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Timing and Fees, and Other

Ryan Lee, CPA is the engagement partner and is responsible for supervising the engagement and signing the report.

We estimate that our fees for the audit and preparation of the financial statements and tax returns will be **\$2,375**.

The fee estimates are based on anticipated cooperation from management and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. A progress billing may be submitted and will be payable if accounting data is not adequate for us to complete the initiated procedures in a timely manner. If we determine that we are unable to issue a report or must withdraw from the engagement due to above issues or other circumstances beyond our control, an invoice for time and expenses incurred through the date of such determination will be submitted and payable upon receipt.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of the engagement. If you agree with the terms of this engagement as described in this letter, please sign below and return it to us. If you have any questions, please contact me by email at rlaecpa@comcast.net, or by phone at (303) 931-5471.

Sincerely,



Ryan E. Lee, CPA
Principal
Lee Public Accounting, LLC

RESPONSE:

This letter correctly sets forth the understanding of Forest Park Estates Condominium Association, Inc.:

Community Manager signature: _____

Date: _____

Officer signature: _____

Title: _____

Date: _____

December 31, 2019 audit and taxes

