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TIMOTHY, DeVOLT and COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Directors
Forest West Owners Association, Inc.

September 19, 2017

We have audited the financial statements of the Forest West Owners Association, Inc. for the year ended December 31, 2016, and have issued our report thereon dated September 19, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you executed June 7, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management (the Board of Directors) is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Forest West Owners Association, Inc. are described in Footnote 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2016. We noted no transactions entered into by the association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management (the Board of Directors) and are based on management's (the Board of Directors') knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's (the Board of Directors') estimate of the allowance for doubtful accounts is based on historical revenue, historical loss levels, and an analysis of the collectibility of individual accounts. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

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 footnote dealing with the amounts allocated to the replacement fund for the year.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

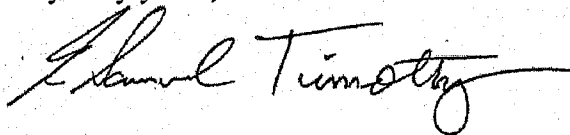
We have requested certain representations from the Board of Directors that are included in the management representation letter dated September 19, 2017.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Forest West Owners Association, Inc. board of directors and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,



Timothy, DeVolt and Company, P.C.
Dallas, Texas

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To the Board of Directors
Forest West Owners Association, Inc.

September 19, 2017

In planning and performing our audit of the financial statements of the Forest West Owners Association, Inc. as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Forest West Owners Association, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management (the board of directors) 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 a 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A fundamental concept in a good system of internal control is the separation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. If the separation of duties is inadequate, there is a resulting danger that intentional fraud or unintentional errors could occur and not be detected. Although the size of the entity's accounting staff might make complete adherence to this concept more difficult, we believe that adequate steps have been taken to segregate incompatible duties.

Management (the board of directors) is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles.

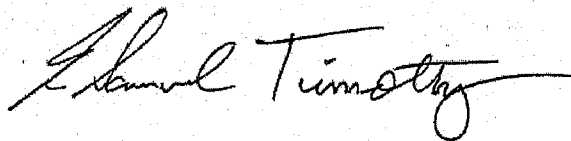
At times, management (the board of directors) may choose to outsource certain accounting functions due to cost or training considerations. Such accounting functions and service providers must be governed by the control policies and procedures of the entity. Management (the board of directors) is as responsible for outsourced functions performed by a service provider as it would be for such functions performed internally.

Specifically, management (the board of directors) is responsible for management decisions and functions: for designating an individual with suitable skill, knowledge, or experience to oversee any outsourced services; and for evaluating the adequacy and results of those services and accepting responsibility for them.

As part of the audit, management (the board of directors) requested us to prepare a draft of your financial statements, including the related notes to the financial statements. Management (the board of directors) reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, management (the board of directors) did not perform a detailed review of our work papers underlying the financial statements.

The existence of significant deficiencies or material weaknesses may already be known to management (the board of directors) and may represent a conscious decision by management (the board of directors) or those charged with governance to accept that degree of risk because of cost or other considerations. Management (the board of directors) is responsible for making decisions concerning costs and the related benefits. We are responsible for communicating significant deficiencies and material weaknesses in accordance with professional standards, regardless of management (the board of directors)'s decisions.

This communication is intended solely for the information and use of the association's board of directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than those specified parties.

A handwritten signature in black ink, appearing to read "Samuel Timothy". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Timothy, DeVolt and Company, P.C.
Dallas, Texas

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FOREST WEST OWNERS ASSOCIATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Forest West Owners Association, Inc.
Dallas, Texas

We have audited the accompanying financial statements of the Forest West Owners Association, Inc., which comprise the Balance Sheet as of December 31, 2016, and the related Statements of Revenues, Expenses and Changes in Fund Balance, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Forest West Owners Association, Inc., as of December 31, 2016, and the results of its operations, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report On Supplementary Information

As discussed in Footnote 7, the Association's Management (The Board of Directors) has not conducted a reserve study on future major repairs and replacements, which accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Very truly yours,

Timothy, DeVolt and Company, P.C.

Timothy, DeVolt and Company, P.C.
Certified Public Accountants
September 19, 2017

FOREST WEST OWNERS ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2016

ASSETS			
	OPERATING FUND	REPLACEMENT FUND	TOTAL
CURRENT ASSETS			
Cash, including interest-bearing deposits	\$ 11,557	\$ 501	\$ 12,058
Assessments receivable, less allowance for doubtful accounts of \$ -	2,993		2,993
Prepaid insurance	17,411		17,411
Prepaid expense - other	385		385
TOTAL CURRENT ASSETS	<u>32,346</u>	<u>501</u>	<u>32,847</u>
TOTAL ASSETS	<u>\$ 32,346</u>	<u>\$ 501</u>	<u>\$ 32,847</u>

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES			
Accounts payable	\$ 7,079	\$	\$ 7,079
Assessments received in advance	8,968		8,968
Miscellaneous payable	150		150
Note payable - insurance	12,082		12,082
TOTAL CURRENT LIABILITIES	<u>28,279</u>	<u>-</u>	<u>28,279</u>
TOTAL LIABILITIES	<u>28,279</u>	<u>-</u>	<u>28,279</u>
FUND BALANCES / (DEFICITS)	<u>4,067</u>	<u>501</u>	<u>4,568</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 32,346</u>	<u>\$ 501</u>	<u>\$ 32,847</u>

See the accompanying Independent Auditors' Report
and the Footnotes to the Financial Statements.

FOREST WEST OWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

REVENUES	OPERATING FUND	REPLACEMENT FUND	TOTAL
Regular assessments	\$ 180,644	\$	\$ 180,644
Miscellaneous income	3,629		3,629
Late/collection charges	785		785
Interest income	6	1	7
TOTAL REVENUES	185,064	1	185,065
OPERATING EXPENSES			
Utilities expense	50,444		50,444
Insurance expense	25,979		25,979
Management fees	15,468		15,468
Porter service	12,926		12,926
Pool maintenance & repairs	12,552		12,552
Repairs - foundation	7,215		7,215
Repairs - roofs	6,600		6,600
Landscaping & lawn maintenance	5,896		5,896
Courtesy patrol	4,884		4,884
Repairs - exterior	4,593		4,593
Trash removal	3,978		3,978
Repairs - plumbing	2,900		2,900
Common area maintenance	2,900		2,900
Office supplies & admin. costs	2,896		2,896
Pest control	1,944		1,944
Repairs - fence / gate / walls	1,873		1,873
Legal & professional fees	1,832		1,832
Repairs - other	1,812		1,812
Cable / telephone expense	812		812
Bad debt expense	492		492
Repairs - HVAC	174		174
TOTAL OPERATING EXPENSES	168,170	-	168,170
EXCESS REVENUES / (EXPENSES)	\$ 16,894	\$ 1	\$ 16,895
BEGINNING FUND BALANCE / (DEFICIT)	(14,156)	1,829	(12,327)
INTER-FUND TRANSFERS	1,329	(1,329)	-
ENDING FUND BALANCE / (DEFICIT)	\$ 4,067	\$ 501	\$ 4,568

See the accompanying Independent Auditors' Report
and the Footnotes to the Financial Statements.

FOREST WEST OWNERS ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	OPERATING FUND	REPLACEMENT FUND	TOTAL
CASH FLOW FROM OPERATING ACTIVITIES:			
Excess revenues/ (expenses)	\$ 16,894	\$ 1	\$ 16,895
Add: Depreciation	-	-	-
Decrease / (Increase) in:			
Accounts receivable	1,408	-	1,408
Prepaid expenses	(464)	-	(464)
Increase / (Decrease) in:			
Accounts payable	(4,674)	-	(4,674)
Prepaid assessments	4,351	-	4,351
Miscellaneous payable	150	-	150
NET CASH PROVIDED/ (USED) BY OPERATIONS	17,665	1	17,666
CASH FLOW FROM FINANCING ACTIVITIES:			
Increase / (Decrease) in:			
Insurance notes payable	1,948	-	1,948
Notes payable	(11,022)	-	(11,022)
Inter-fund transfers	1,329	(1,329)	-
NET CASH PROVIDED/ (USED) BY FINANCING	(7,745)	(1,329)	(9,074)
NET INCREASE/ (DECREASE) IN CASH	9,920	(1,328)	8,592
CASH BALANCE, DECEMBER 31, 2015	1,637	1,829	3,466
CASH BALANCE, DECEMBER 31, 2016	\$ 11,557	\$ 501	\$ 12,058
 SUPPLEMENTAL DISCLOSURE:			
Cash paid during the year for:			
Federal Income Tax	\$ -	\$ -	\$ -
Interest Expense	\$ -	\$ -	\$ -

See the accompanying Independent Auditors' Report
and the Footnotes to the Financial Statements.

FOREST WEST OWNERS ASSOCIATION, INC.
FOOTNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

FOOTNOTE 1: The Forest West Owners Association, Inc. is a Texas non-profit corporation formed October 1, 1981. The purpose of the Association is to operate and maintain the Forest West homeowners project. The project consists of 81 units and associated common areas located in Dallas, Texas.

FOOTNOTE 2: In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 19, 2017, the date that the financial statements were available to be issued.

FOOTNOTE 3: The books and records for the Forest West Owners Association, Inc. are maintained on the accrual basis of accounting.

FUND ACCOUNTING: The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restriction 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 AND CASH EQUIVALENTS: For the purposes of these financial statements, cash and cash equivalents are deemed to be cash in bank checking, savings and money market accounts and time deposits with a maturity date of ninety days or less.

REVENUES: Revenues are accrued each month as the member assessments become due. Both the rates for members' assessments and the amount of any special assessments due are determined by the vote of the Board of Directors.

EXPENDITURES: Expenditures are recognized when incurred, rather than when paid. Unbudgeted, non-emergency expenditures exceeding \$ 500 must be approved by the President. All large expenditures, projects and services are contracted for using competitive bidding policies. The Board of Directors has the final approval on all contracts.

See the accompanying Independent Auditors' Report.

FOREST WEST OWNERS ASSOCIATION, INC.
FOOTNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

FOOTNOTE 3: (CONTINUED):

ACCOUNTS RECEIVABLE: Monthly maintenance assessments from the homeowners are accrued each month as they become due to the Association. The Association has a lien right against each unit until all dues or assessments are paid, such liens being subordinate to governmental and mortgage liens and legal fees associated with foreclosure proceedings. The Association considers all accounts receivable to be collectible as of December 31, 2016. Any excess assessments at year end are retained by the Association for use in the succeeding year.

PROPERTY AND EQUIPMENT: The Association assumed, from the developer, the responsibility to maintain and preserve the common areas of the project. 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 the Association cannot dispose of this property. The Association capitalizes personal property, if any, at cost and depreciates it using the straight-line method, over applicable useful lives.

FEDERAL INCOME TAX: The Association must make an annual election to file its Federal Income Tax return either under the provisions of the Internal Revenue code dealing specifically with Homeowners' Associations (Section 528) or Sub-Chapter A, dealing with corporations in general. Section 528 would impose a tax rate of 30% to the extent of the Association's non-exempt function net income, primarily vending, rental and interest income. Alternatively, Sub-Chapter A imposes a graduated tax on the Association's overall net income, if any.

As a result of the Association's operations for the year ended December 31, 2016, the Association has elected to file under Section 528. Income tax for the year was \$ -0-.

Currently, the open tax years available to audit by the IRS are 2014, 2015 and 2016. However, the Association has not been notified that any of these tax return years have been selected for audit by the IRS.

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.

See the accompanying Independent Auditors' Report.

FOREST WEST OWNERS ASSOCIATION, INC.
FOOTNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

FOOTNOTE 4: COMMITMENTS: The Association enters into various contracts for management and accounting, lawn maintenance, pool service, and other services. These contracts are generally for a term of one year, and may generally be canceled by either party giving 30 day's notice.

FOOTNOTE 5: FAIR VALUE: The Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements), moderate priority to a valuation based on quoted prices in active markets for similar assets and liabilities and/or based on assumptions that are observable (level 2 measurements), and the lowest priority to unobservable inputs (level 3 measurements). The carrying amounts reflected in the December 31, 2016 balance sheet for cash and cash equivalents approximate the respective fair values. All cash and cash equivalents, including money market accounts, are held in banks. The Association currently has no money market accounts with non-federally insured institutions.

FOOTNOTE 6: INSURANCE NOTE PAYABLE: The Association entered into a financing agreement with Flat Iron Capital to finance the unpaid portion of the Association's insurance premiums. The total premiums on the policy were \$ 23,192.85, with a down payment of \$ 8,537.33. The remaining premium amount of \$ 14,655.52 was to be paid in 10 monthly payments, including interest at the rate of 7.99 %. The payments began in November of 2016 and continue through August of 2017. As of December 31, 2016, the remaining balance of the note payable was \$ 12,082.09.

See the accompanying Independent Auditors' Report.

FOREST WEST OWNERS ASSOCIATION, INC.
FOOTNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

FOOTNOTE 7: REPLACEMENT FUND: The Association has not conducted a study to determine the amount of future major repairs and replacements. The Association's governing documents generally provide for the levying of special assessments or the increasing of regular assessments when major repairs and replacements are needed. The Board of Directors, however, has chosen to establish a replacement fund and to accumulate funds for the estimated costs of future major repairs and replacements. For the year ended December 31, 2016, the Association added \$ -0-, before earnings of \$ 1 to the replacement fund. Accumulated cash funds, which aggregate approximately \$ 501 at December 31, 2016, are held in separate accounts and are generally not available for operating purposes.

If cash amounts are not sufficient to fund future major repairs and replacements, the Association may levy special assessments or increase regular assessments. Additionally, the Association may postpone needed repairs until funds are available.

See the accompanying Independent Auditors' Report.