FISCAL ACCOUNTABILITY
Allen County Neighborhoods Association
April 25, 2011

Agenda
- Record Keeping
  - What records to keep and why?
- Dues
  - Assessments and Collections
- Insurance
  - What insurance is needed and why?
- Budgets
  - Why budgets are needed and how to prepare them?
- Tax Returns
  - Which tax returns do I need to file?

Authoritative Sources
- Indiana Code (IC) 32-25.5 – Homeowners Association
- House Bill (HB) 1058.1 – Amends IC 32-25.5 and is effective July 1, 2011
- Indiana Code 32-28-14 – Homeowners Association Liens
- Sec 528 of the Internal Revenue Code (IRC) – Outlines taxation of HOA’s
Record Keeping

- What records shall be retained & maintained?
  - Articles of Incorporation and Bylaws
  - Current roster of all members
  - Including address and legal description
  - Contact information
  - Board Meetings
  - Minutes or a summary of the meeting should be retained and maintained
  - Contractual agreements that increase assessments by more than $100
  - Board meeting minutes
  - Suspension of voting rights
  - Collection of dues, Accounting records

Dues

- Assessments
  - Dues for Common Expenses
  - Extraordinary Expenses
- Collection
  - In-house
  - Third party
  - Internal Controls
- Liens

Insurance

- Why should my HOA obtain insurance?
- Various types
  - Property
    - Commercial General Liability
    - Automobile
    - Director's and Officer's
    - Fidelity Bond
    - Comprehensive Equipment Coverage
    - Workers Compensation
    - Umbrella Liability
Budgets

- Required by IC 32-25.5-3-3 to prepare annual budget
- Contents
  - Estimated Revenues and Expenditures for the budget year
  - Estimated surplus or deficit at the end of the current budget year
- Distribution or Notice
  - Each Member
- Approval
  - Majority at meeting
  - Quorum, or lack thereof
- Examples

Tax Returns

- Associations are considered a Corporation for Federal Tax Purposes,
- Form 1120-H
  - 60% exempt function income requirement
  - 90% association related expense requirement
  - 30% and 32% Tax Rates
  - Due by the 15th day of the 3rd month after HHA tax year end
- Form 1120
  - Why file form 1120, rather than 1120-H?

Conclusion

- Questions? Comments?
- Contact information
  - Nick Jordan 250-449-7239
  - nickjordan@allencountr.us