



Mulcahy Memo - Jan. 6, 2015

Published for clients and friends of the Mulcahy Law Firm, P.C.

by Beth Mulcahy, Esq.

Wishing you a Happy and Prosperous New Year!

Dear Clients and Friends,

Happy New Year! I hope that 2015 is an amazing year for you and your association!

The end of a year and the beginning of a new year is always a time of reflection for me. Over the holidays, I had a chance to think about what makes certain associations outstanding. Set forth below is a short list of the qualities of an outstanding association:

1. Board members COMMUNICATE often with their owners (via email, newsletters, website, social media, etc.);
2. The manager, board members and owners obtain EDUCATION regarding managing and living in a community association;
3. Board members and owners and COMPLY with the laws and their respective governing documents pertaining to community associations;
4. Board members and owners BUILD A COMMUNITY (board members and owners help others in need, social events are planned and attended, the board conducts holiday decorating contests and awards for prettiest flowers or lawn, etc.);
5. Board members WORK TOGETHER with their vendors (such as management company, attorney, CPA, landscaper) as a TEAM; and
6. Board members and owners are REASONABLE and treat each other with RESPECT, CARE, FAIRNESS AND DIGNITY.

My hope for this year is that community association boards strive to lead their communities at a "higher level" in 2015 and beyond.

My article this month is a "housekeeping to-do-list" for associations to use to start 2015 (many of you have asked me to reprint this article again so here it is!). Please scroll down for my article, The New Year's "To-Do List". Please let us know if we can assist with any of the topics on the list.

The Arizona legislature will open on January 12, 2015. We anticipate a blizzard of bills regarding community associations once the legislative session starts. Every Monday morning during the legislative session, Mulcahy Law Firm P.C. will provide a summary of all proposed bills impacting community associations and the bills respective status in the legislative process. You will be able to view the summary by going to the Publications tab on our website, scroll down to the Legislative section and select the summary date you wish to view. We will also blog about the legislative session on our Answers Blog (we have consolidated our Answers and Legislative Blog) which will give interesting and thoughtful insights into what is happening at the capitol.

We are pleased to announce our popular Lunch with Mulcahy Seminar series. The second Monday of each month (January 12, February 9 and March 9, 2015) will be Lunch with Mulcahy Seminar dates. As you may know, these seminars fill up quickly and are always SOLD OUT. Please contact our office at 602.241.1093 or register on our website!

Lunch with Mulcahy Seminars
We Have Answers to Six Problem Areas for Associations
Monday, January 12, 2015
11:30 a.m. to 1:00 p.m.
Phoenix Airport Marriott Hotel

Please use the Ballroom Entrance located to the left of the main entrance. There is also a Ballroom Entrance on the far left (east) side of the building. Parking is available around the building.

The hotel is centrally located at 1101 North 44th Street, Phoenix, Arizona 85008 (right off the Loop 202 at 44th Street, exit 2).

This Winter/Spring our firm will be teaching 13 FREE classes on community association law in different parts of the valley. Classes start next week! Please check our Announcements on our website to see if your city/town will be holding classes and how to register.

Happy New Year from Everyone on the Mulcahy Team!

Sincerely,

Beth Mulcahy, Esq.

Founder and Senior Partner

Mulcahy Law Firm, P.C.



Beth Mulcahy, Esq. Founder and Senior Partner

Article follows:
"The New Year's "To-Do List"
by Beth Mulcahy, Esq.

Our Website: www.mulcahylawfirm.net
Our newsletter archive can be found on the Newsletter Tab of our website
Mulcahy Cheat Sheets can be found on the Publications Tab of our website.

The New Year's "To-Do List"

by Beth Mulcahy, Esq.

The New Year is a time for planning and setting goals. Unlike resolutions, that are often dropped, creating a "to do list" and setting goals (please see our goals worksheet) for the association should be kept and action taken. Below, please find a few "housekeeping" items that the board should consider in early 2015:

1. File Annual Report with the Arizona Corporation Commission

Why is it important to file an annual report? Most community associations are incorporated as nonprofit corporations under Arizona law. Pursuant to Arizona law (A.R.S. Section 10-11622), all nonprofit corporations must prepare and file an annual report on a form provided by the Arizona Corporation Commission ("ACC") and pay a \$10.00 filing fee to the ACC each year on or before the due date assigned by the ACC.

One of the major benefits of structuring an association as a nonprofit corporation is protection of the association's officers, directors and members from personal liability for the corporation's debts and liabilities.

The ACC offers a new online reminder to ensure that associations file their annual report on time. We encourage you to sign your association up for this free reminder. For online information go to the Commission's webpage, www.azcc.gov and follow the necessary prompts, or phone 602.542.3026 for your status, 602.542.3285 for information about your annual report or you can visit the Corporation Division at 1300 W. Washington, Phoenix, 85007.

Additional information regarding the ACC may be found in our Fall Newsletter 2013, which can be found on the Newsletter Tab of our website.

2. Consolidate Common Area Tax Parcels

If you have not already consolidated tax parcels, now is the time to consider doing so. Arizona planned community associations can take advantage of a law enacted in fiscal year 2000 that allows associations to have common area parcels combined and valued at \$500 per parcel. The lower valuation will result in a significant tax savings for the association.

Almost all planned community associations qualify for this tax break. However, please note that this law does not apply to common elements of a condominium, office condominiums or golf courses owned by an association and certain requirements must be met.

3. Check your Insurance Coverage

The beginning of the New Year is a good time to review the association's insurance policy to confirm that coverage suits the association's needs and calendar when renewal is necessary. In addition to the premium costs, the association should also review the CC&Rs to make sure coverage is in compliance with the governing documents (don't be under or over insured) and, given the recent changes in the real estate economy, consider having the property re-appraised.

4. Prepare Taxes

For tax purposes, the IRS treats community associations like corporations, and therefore, they are required to file federal and state tax returns. Tax returns are due March 15th or 75 days after the close of your tax year if your association is not on a calendar year basis. With an extension, you have up to six extra months to file. There are two possible IRS forms to use - 1120-H or 1120 - dependent on your association. Whether you are a planned community, condominium or self-managed, we suggest that you hire a CPA with planned community and condo association experience to complete and file your association's taxes.

5. Prepare an Audit, Compilation or Review

Pursuant to A.R.S. 33-1810 (planned communities) / A.R.S. 33-1243 (condominiums), the board of directors is required to conduct a financial audit, review or compilation of the association annually. The annual audit, review or compilation shall be completed no later than 180 days (6 months) after the end of each fiscal year and shall be made available upon request to the members within 30 days of its completion. If the association's documents require an annual audit by a certified public accountant, then the association must hire a certified public accountant to conduct the audit.

6. Plan the Annual Meeting

Under Arizona law, an association must conduct an annual meeting of its membership at least once a year. Typically, an association's bylaws will set forth the requirements and will also serve as the time line and guide for the planning of the annual meeting, to include the notice, quorum and voting.

If your association needs assistance with any of our "To-Do List" items, please contact Beth Mulcahy, Esq. at 602.241.1093.

Wishing you and your association the best in 2015! Happy New Year!