



Mulcahy Memo – January 2017

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

by Beth Mulcahy, Esq.



Dear Clients and Friends,

Happy New Year! It is hard to believe that another year has passed! As you plan for the new year, we hope that you will use our 2017 Goals Worksheet that is linked below, to assist you in writing down what you would like to accomplish in 2017.

[2017 Goals Worksheet](#)

This month, our memo discusses the requirement for an audit, compilation or review of the association's yearly financials. *Please scroll down to find the memo.*

We are excited to announce our 16-upcoming free educational classes being offered this Winter/Spring. These classes provide education on the laws that govern associations and are for board members, homeowners and managers. Please join us for one of our many upcoming seminars! Listed below are the classes schedule this month and February:

JANUARY

Scottsdale Neighborhood College

1/26- 1:00- 3:00 p.m.- *Legislative Update/ Burning Questions*

FEBRUARY

City of Chandler Mayor's HOA Summit:

2/7- 5:00- 8:00 p.m.- *2017 Legislative Update and Dealing with Difficult People*

Glendale HOA Academy:

2/7- 5:00- 6:30 p.m.- *Is your Association in Good Health?*

SW Valley HOA Academy:

2/7- 6:00- 8:00 p.m.- *Federal Laws for Community Association and The Top 10 Things You Need to Know About Community Association Law*

Tempe HOA Academy:

2/8- 5:30- 7:00 p.m.- *topics tbd*

Glendale HOA Academy:

2/14- 2:00-3:30 p.m.- *Arizona's Open Meeting Law & Rules for Recording Meetings*

Peoria HOA Academy:

2/18- 12:00- 3:00 p.m.- *topics tbd*

Tempe HOA Academy:

2/21- 11:30 a.m.- 1:00 p.m.- *topics tbd*

Glendale HOA Academy:

2/21- 5:00-6:30 p.m.- *Tips for Preventing Theft and Fraud of Association Funds*

Mesa HOA Academy:

2/22- 2:00- 3:30 p.m.- *Amending Association Documents/ Is Your Association in Good Health?*

For registration information or to view a full listing of the classes, please visit our website by clicking [here](#).

We hope that you can join us for one of our upcoming classes!

[Follow us on Facebook!](#) Our law firm has a very active page with free tips and legislative updates for board members, managers and owners that is updated weekly.

Thank you!



Sincerely,
Beth Mulcahy, Founder and Senior Partner
Mulcahy Law Firm, P.C.

Time to Think About the New Year...and Audits

By: Beth Mulcahy, Esq.

The New Year is fast approaching and now is the time to think about the association's financials, specifically, an audit. Arizona law (A.R.S. 33-1810 and A.R.S. 33-1243) requires that planned communities and condominiums complete an annual audit, a review or a compilation and whichever is chosen it must be completed no later than 180 days after the end of the association's fiscal year. Typically, an association's fiscal year falls with the calendar year, so completion should be no later than June 30, 2017 for this year. That might seem like a long way off, but accountants get busy with taxes right after the New Year. Additionally, after completion the results of the audit, review or compilation must be made available to the owners within 30 days.

What is an audit, a review, a compilation? The audit is the most in-depth look at the association's books, completed by a CPA (certified public accountant). It is performed to ascertain the validity of the association's financial information and also to assess the internal financial controls. The CPA expresses an opinion of the financials, in writing, based on standard accounting practices. It is also the most expensive, but because the audit is a more thorough process, it will give reasonable assurance and the best look at the association's financial status. The association's next choice would be a review which does not include an opinion and gives less information. However, the review is less expensive. In a compilation, the least expensive option, the data is simply arranged into conventional financial statement form and the CPA states it is free from obvious errors. No probing is conducted beneath the surface.

If the documents are silent about an audit, a review or a compilation, then the association needs to comply with the Arizona law and chose to have an audit, a review or a compilation done for that year by a third party to be determined by the board. To assist associations with this process, please click [here](#) for a verification form for the association to use for this process:

Aside from being required by Arizona law, the audit or review is one step the association can perform to protect itself from theft or fraud. Mulcahy Law Firm, P.C.'s Cheat Sheet©, Tips to Prevent Theft and Fraud of Association Funds gives additional information and is available [here](#).

***If your association has questions regarding your responsibilities
please contact Mulcahy Law Firm, P.C. at 602.241.1093 to have an
attorney assist you.***