

Suggested Questions for Interview with Association's CPA or Reserve Specialist

1. Which accounting method does our community association use?

2. Regarding the operating budget:

a. Given our current statement of revenue and expenses with a comparison of the actual year-to-date (YTD) to the budgeted YTD and our balance sheet, how would you assess the financial health of our community association?

b. Are there any changes to propose?

3. Regarding the budget, what are the applicable:

a. Federal laws and regulations?

b. State statutes, regulations, and court decisions?

c. Local ordinances and regulations?

4. Regarding reserve funding:

a. Is our association saving enough to cover major expenses in the future?

b. How has the reserve account budget been prepared?

c. Are there any changes to propose?

d. Who conducted the last reserve study and when was it done?

5. Regarding our community's tax status:

a. Does our community use Form 1120 to file as a regular corporation or Form 1120H to file as a homeowners association?

b. Did the community owe tax last year?

c. Is our community required to make quarterly payments of its estimated tax for the coming year?

6. Regarding the collection of assessments:

a. Are delinquencies a significant problem?

b. Is the late fee an appropriate deterrent?

c. Is the collection policy adequate?

d. What legal remedies for collecting delinquent payments have been used in the past?

e. Does the association have a standard bad debt write-off resolution it uses?

f. Has the association ever experienced a collection shortfall? How was this

handled?

7. Regarding the last audit:

- a. When was it conducted?
- b. What conclusions or recommendations were made?
- c. In response, were any changes implemented?

8. Regarding association investments:

- a. Who makes the investments?
- b. What investment policies and procedures exist?
- c. How safe are the association's investments?
- d. What is the liquidity of each investment?

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