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## Year-End Do's & Don'ts for Condominium and Homeowner Associations

### Do's

- Consider whether the budget should include the estimated shortfall from 2009, or whether there should be a special assessment.
- Consider the current expected delinquencies, and be conservative. Otherwise it could be painful when the next year's budget is prepared.
- Consider special projects that cannot be fully funded out of reserves.
- Consider increases in expenses, and be realistic about reduction of costs.
- Anticipate contracts that expire, and contracts that automatically renew.
- Include in every annual meeting a membership vote to approve a resolution for tax purposes (Revenue Ruling 70-604, allowing carryover of excess membership income, if any, to next year).
- Be sure that the financial statements include the prior year's audit adjustments.
- Be sure that 2009 reserve expenditures are ratified by the Board.
- Follow the statutory procedures for budget approval.
- Determine if the Association's net worth (operating fund balance) is adequate. Consider an assessment for additional working capital.
- Review basic financial controls to minimize waste and any possibility of misappropriation of Association funds.

### Don'ts

- Don't post any 2009 expenditures to the beginning fund balance.
- Don't just annualize every expense when preparing the budget. Understand every category, and what needs to be included for 2010.
- Don't be political in the budget process. Sound fiduciary responsibility dictates working for the best interest of all owners.
- Don't let payables get delinquent. Otherwise, this could end up with a poor credit rating, and jeopardize basic services as well as insurable interests.

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**WHEN IN DOUBT, CALL KANE & COMPANY, P.A.!**