

**Esperanza Estates Homeowners Association, Inc. (EEHOA)**

**Special Board of Directors Meeting of May 26, 2017**

**to Discuss and Act upon Recommendations of the Financial Review Committee**

Members Present: President Tom Cooke, Vice President David Sielken, Secretary Kristin Bean, Treasurer Joan Moreaux, Dean Hess, Howland Swift and Joe McCalpin. Kevin Welsh was absent.

The meeting was called to order at 1:04 pm. A quorum was determined.

President Tom Cooke appointed Vice President David Sielken president pro tem of this meeting.

**Financial Review Committee Established**

Swift moved and it was seconded that the Board establish a Financial Review Committee to assist the Treasurer as a permanent committee of the Board.

Discussion of the make-up and powers of such a committee followed.

**Motion carried:** Opposed: McCabe, Bean, Sielken. Abstained: Moreaux

**Periodic Review of Financial Statements**

Swift moved and it was seconded that the Financial Review Committee periodically review monthly and annual financial statements to ascertain that the balances shown and the amounts listed were correctly entered in the amounts shown and allocated to the proper accounts and report findings to the Board.

**Motion carried:** Unanimous

Discussion followed regarding the implications of the phrase "assist the Treasurer."

Discussion of the efficacy of accrual accounting, and the need for both transparency and confidentiality of delinquent accounts followed.

**Include Accounts Receivable and Accounts Payable in the Association's Financial Statements**

Swift moved and it was seconded that the Treasurer include accounts receivable and accounts payable on our balance sheet at the earliest possible effective date.

**Motion carried:** Opposed: Hess

### **Annual Review of the Association's Investments**

Swift moved and it was seconded that the Financial Review Committee conduct an annual review of our investments: verifying accounts, locations, amounts, and return on their investment. The Committee will also explore alternative investment opportunities while minimizing risk with changes only by Board approval.

Discussion centered on the need for FDIC insured investments, documentation of investment comparisons, the prudent man standard, and supporting our local community financial institutions.

**Motion carried: Unanimous**

### **Install QuickBooks on the Computer of the Association's Treasurer**

Swift moved and it was seconded that the Association arrange to install a hard copy of QuickBooks on the Treasurer's computer and utilize to generate all future reports.

The relative security of a hard copy vs. online access was discussed. The one-time cost of a QuickBooks hard copy was estimated to be \$400. Use of a hard copy would limit access to financial statements to the Treasurer. The Association currently pays a \$40 monthly fee for on-line multiple user view and print access to QuickBooks.

**Motion carried: Unanimous**

### **Review the Services of the Accounting Firm Currently Employed by the Association**

Swift moved and it was seconded that the Financial Review Committee review the services rendered by the accounting firm currently retained by the Association to be sure that their fees and services are fair, accurate and complete, as required.

The Financial Review Committee's previous recommendation to terminate the services of the Association's current accountant was raised. A member of the Financial Review Committee stated that, "We can do what they do for nothing." Our current accounting firm has provided financial assurance at the legal level of a compilation. Read into the minutes: The Association's by-laws Article 7, Section 7.2 *Duties: It is the Duty of the Board to: 7.2.8 cause an annual review of the Association's books to be made by an accountant at the completion of each fiscal year.* Read into the minutes: *Arizona Revised Statute 33-1810, Board of directors; annual audit. Unless any provision in the planned community documents requires an annual audit by a certified public accountant, the board of directors shall*

*provide for an annual financial audit, review or compilation of the association. The audit, review or compilation shall be completed no later than one hundred eighty days after the end of the association's fiscal year and shall be made available upon request to the members within thirty days after its completion.*

**Motion carried: Unanimous**

### **Annual Review of the Association's Financial Records**

Swift moved and it was seconded that the Financial Review Committee conduct an annual review of our books with the assistance of an accountant in a manner provided by law to be made at the completion of each fiscal year and presented to the members.

**Motion carried: Unanimous**

### **Establishment of a Benevolence Fund**

Swift moved and it was seconded: We recommend that a Benevolence Fund be established as a line item in our financial records so that funds contributed can be tracked as they are distributed. Anyone can contribute to the fund and the contribution can be directed to a cause (e.g., Gardeners), to an individual, or to aid a needy homeowner. If the funds are not specifically directed, with the Committee's input, the Treasurer shall distribute the funds equally or on a need basis. No one other than the Committee and the Treasurer would know who the recipients were or might be other than the donations specially designated. The Committee shall consist of three people (including the treasurer) and will carry out the functions described. A new Donations account will be established to record each and every such gift. Donors and donees names would be confidential, if so requested, except to the board.

Discussion centered on the Board's duty to oversee disbursement of the Association's funds and the use of an Executive Session of the Board to preserve confidentiality. Amounts dispersed and their categories, it was asserted, should be part of the financial records available to the Association's homeowners.

**Motion failed:** Opposed: Moreaux, Hess, Bean, Cooke, McCabe.

The meeting was adjourned without objection at 3:08 pm.

Submitted: Kristin T. Bean, Secretary