

TAX PLANNING WORKSHOP

August 21, 2009

Comment: This is slide 6 from the 2009 Tax Planning Workshop presentation by the Sun City Anthem (SCA) HOA Board to members.

This slide discloses (for the first time) that SCA Boards have not paid income taxes on retained surpluses, and they have not returned the surplus assessments each year as claimed in its annual income tax returns.

The name on the slide (Jack Troia) is a CPA who has participated in the preparing of every SCA tax return since 2004. Mr. Troia is now SCA Board President.

How did SCA build up the 12-31-08 balance of "income not taxed" under 70-604 Election?

Jack Troia

A. History of Buildup of Funds under RR 70-604

2002 - \$ 455,000

2003 1,050,000

2004 909,000 (CC&Rs amended adding Asset Enhancement Fee)

2005 2,348,000

2006 3,179,000

2007 3,845,000

2008 4,755,000

Comment: Please note the systematic over-charging of annual member assessments since 2002, and the accumulated/rolled-over surplus assessments. These numbers show evidence of willful violations of RR 70-604. Please be advised that the years 2002-2004 were under developer control of the board. Mr. Gary Lein, CPA, was SCA auditor and tax preparer during that entire time period.

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