

Guide to August 20, 2008 SCA Board Tax Planning Workshop Recordings--Section 1 through Section 25

Sec	Highlights of Section	Comments
1	<p>Introduction of purpose by Roz Berman and Jack Troia. All members of the Board, Finance Committee and Mr. Gary Lein, SCA Auditor-Tax Preparer were attending. Assurances were made by Board President (and former Treasurer and Finance Committee Member) Roz Berman that all tax returns in the past 4 years have been done properly. This was in response to public complaints of violations of IRS rules.</p> <p>My recording of the workshop was announced as this was not a board executive session and confidentiality was not authorized. But, Roz Berman refused to allow the working papers for this session to be retained.</p>	<p>Workshop disclosed SCA income tax filing policies hidden from most board members in past years. The tax preparer and treasurer(s) attempt to explain why \$3.7 million of SCA surplus cash has been carried over in past 4 years without reducing dues, refunding the surplus, or paying the required income taxes.</p>
2	<p>Mr. Lein explains the IRS 70-604 ruling and attempts to justify why he believes that Nevada HOAs are exempt from that IRS ruling. He admits there has never been a NV audit on this rule and it was possible IRS would not agree with the NV position. He calls the \$3.7 million of multi-year retained surplus dues/assessments "working capital" and explains they are needed as a hedge against uncertain economic factors.</p>	<p>Lein appears to be not highly confident that he could win his argument with IRS if/when there is an audit of his policies. He makes it clear that he recommends and the board decides.</p>
3	Continuing with Mr. Lein's overview of IRS policies.	
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18	Treasurer Cheri says she wants to have a "dues	

	holiday" increase from \$60 to \$100 per rooftop inspite of the fact that there a millions of dollars of surplus funds.	
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Note: This is a working document that will be completed within a week. In the meantime, it will be posted in an incomplete format.