

Steve McCarthy said:

My point is (and was) the audit has been requested. Appropriate authority is going to review the request and supporting documents and make a decision. Either way (the audit is granted or denied) should conclude the endless debate. A debate that further divides the community.

It seems that any comment short of total support (for one viewpoint or the other) always ends up with a white paper with some inflammatory title. This is the second time I made a comment and the second time I ended up in the Anthem Voice. There are only two things I want, a quick decision on the audit request and completion of the election. Perhaps then the community can move forward. My intent was not to insult anyone.

April 5, 2008 8:04 AM

Bob Frank said:

Steve,

A follow up to your reply may be helpful to you and other community members.

The situation is not as simple as suggested. The issue of who does an independent audit, and when, can be resolved by the election. It would not surprise me if the Real Estate Division delays its decision until the SCA election results are known. My request is unusual, and I am confident the Division would prefer that HOAs deal with their own auditing needs-- if at all possible.

Of course, my reason for going to the NV authorities was because the current board majority insists on covering up and distorting the facts about apparent financial mismanagement. I am compelled by ethics and by statute to pursue the audit efforts through all available channels. Please review the following link for some important guidelines from the Nevada Department of Justice.

<http://ag.state.nv.us/publications/manuals/Guide%20to%20NonProfits.pdf>

Some relevant directions in that guide include:

- * "Actively participate in the management of the nonprofit organization."
- * "Receive information beforehand about matters upon which you will vote in meetings. Ask questions and use your own judgment."
- * "Beware of the one person show. That is, if one or two directors dominate the board and the organization's activities, do not relax and assume everything is running smoothly. "Nonmanagement" is the quickest route toward trouble. Also, do not allow staff to exercise undue control over the board. Be aware of, and informed about, every major action taken by the organization. The buck stops with you."
- * "Follow the Money. Be involved and informed in all aspects of the finances of the nonprofit organization."
- * "Make sure a realistic annual budget is developed. The organization should have an adequate internal accounting system. Require management to produce timely and accurate income and expense statements, balance sheets, and budget status reports."
- * "Obtain confirmation from management that all required filings, (such as tax returns) are submitted and employee withholding taxes and insurance premiums are paid in a timely manner."
- * "Above all, make certain the funds are being used for the organization's charitable or public purpose."
- * "Investigate warnings or reports of theft or mismanagement by officers or employees of the organization."
- * "Directors are entitled to rely on the reports, opinions, financial records, or other information prepared by directors, officers, employees, committees, attorneys, and accountants as long as the director does not have knowledge which would cause such reliance to be unwarranted. NRS 82.221(2)(c)."

So, since I have access to information that causes me to not fully rely on normal reports from other directors and staff, I MUST investigate to find the facts.

After the board election is certified, if two or three new board members want to join me and immediately sponsor a SCA

investigative audit to resolve the nagging questions once and for all, that could be done without a lot of effort or cost. In that case, my audit request could be withdrawn from the Real Estate Division. I am confident that the Division would welcome that approach since it would allow a result where SCA quickly solves its own problems.

On the other hand, if the board majority opinion does not change its policies with the election, and if no independent audit is sponsored by the new Board, the search for outside help must continue. There is a great deal of money at risk, and it is my legal and moral obligation to the community to get the facts.

Bob Frank

April 5, 2008 11:59 AM