



Andy Mowery &lt;pohoaandy@gmail.com&gt;

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## Outside CPA Contractor as Treasurer

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**Andy Mowery** <pohoaandy@gmail.com>

Sat, Dec 17, 2022 at 10:49 AM

To: Poudre Overlook at FtC &lt;atftcpoudreoverlook@gmail.com&gt;

Cc: Lora B 4POHOA &lt;lb4pohoa@gmail.com&gt;, Clay Jones &lt;joneswv66@gmail.com&gt;, John M Tunna &lt;j.tunna@icloud.com&gt;, "Walker G. Flanary" &lt;wgflanary@gmail.com&gt;

Bcc: poudreoverlookhoa@gmail.com

Lora,

Presuming you have the same urgency to elect Officers that you did in June, I would like to discuss the proposal made at the Annual Homeowner's Meeting on 12/14. You stated on 10/20 that I somehow obstructed your priorities in June, so I want to make sure they are prioritized with the same urgency this time around.

In response to questions about the inclusion of an increased budget for "accounting/tax", you announced that you intended to hire Ms. Jen Hutchinson, who is a homeowner in the Association that happens to be a CPA.

I potentially support the proposed contract, but would like to suggest that it may be beneficial to the Association to consider hiring her to take the Officer position of Treasurer. I am prepared to make the nomination upon verification of a minimum of 3 current quotes/bids, confirmation of insurance requirements, and a Board resolution made in Executive Session where these details are discussed.

I have consulted Mr. David Stiver about this, who is a professional CAM (Community Area Manager), as well as a licensed Financial Advisor in the State of Colorado. He's also a 28-year member of CAI (Community Associations Institute) with significant other credentials related to Common Interest Communities in Colorado.

<https://www.linkedin.com/in/teamstrategy/>

I also discussed related topics, informally, with Mr. David Graf of Moeller Graf (HOA Attorneys). He did not give any formal legal advice, but I want you to have full disclosure of the research I have done.

<https://www.moellergraf.com/>

If we were to hire Ms. Hutchinson, we should have the following in place:

- Written bids/quotes from at least 3, and preferably 5 contractors (to toss hi/low)
- A W-9
- Proof of Insurance naming the Association as Co-Insured
- Verification of a Criminal Fidelity Policy with American Family Insurance
- Proof of a Criminal Fidelity Rider from Ms. Hutchinson's own Criminal Fidelity Policy

Mr. Stiver added:

**"Any contractual negotiations should be discussed at an Executive Session by the five members, reviewed, discussed, and voted on. Then presented to the board and/or members as an addition to the minutes.**

**I always recommend that RESOLUTIONS be utilized in these matters and recorded accordingly."**

Mr. Stiver also recommended that we investigate any requirements in our governing documents for hiring employees or contract employees. I did not find anything relevant, but think it is prudent that all Directors review for themselves to ensure we are compliant. I do not believe Conflicts of Interests topics are relevant as they appear to only apply to

Directors, but I believe we should all sign the policy and review as it is required.

Presuming those criteria are met for hiring Ms. Hutchinson, I believe that it would be prudent and beneficial to consider nominating her for the Officer position of Treasurer.

Our Bylaws state the Officers do not need to be Directors (or even a member of the Association):

#### **ARTICLE XIV. OFFICERS**

1. **Officers**. The Association shall have a president, a secretary, a treasurer, and such other officers as may be designated by the board of directors. An officer shall be a natural person who is eighteen (18) years of age or older. An officer need not be a director or a member of the Association. Officers may be appointed by the board of directors. A duly appointed officer may appoint one or more officers or assistant officers if authorized by the board of directors. The board of directors shall delegate to the secretary or to one or more other persons responsibility for the preparation and maintenance of minutes of the directors' and members' meetings and other records and information required to be kept by the Association and for authenticating records of the Association. The same individual may simultaneously hold more than one office in the Association.

And, the Treasurer duties are outlined:

5. **Treasurer**. The treasurer shall have the responsibility for the Association funds and shall be responsible for keeping a full and accurate account of all receipts and disbursements in the books belonging to the Association; provided, however, that when a manager has been delegated the responsibility of collecting and disbursing funds, the treasurer's responsibility shall be to review the accounts of the manager not less often than quarterly. The treasurer shall perform such other duties as from time to time may be assigned by the board of directors or provided for by the declaration.

As I understand the issue, we are struggling with the bookkeeping duties, which, to be abundantly clear, ***do not require a CPA***. Quickbooks is used by millions of business owners and professionals that are neither CPA's, nor have an accounting education. The point of the software is to make it easy for so-called lay-people to keep their books in order.

Therefore, while I do not object to hiring someone with a CPA credential, it is not necessary for day-to-day bookkeeping. The benefits of contracting with a CPA are realized primarily for tax-preparation purposes. We should, for the purposes of due diligence and fiduciary duty, investigate the costs of hiring a bookkeeper for day-to-day entries, which can be 1/8th the hourly cost of a CPA.

Ms. Hutchinson offers us a unique opportunity, however, to fill multiple roles at once.

- She is familiar with our books (as recently as May of 2022)
- She previously served as Treasurer for over 2 years and knows the role
- She would be a single point of contact on multiple roles

Since Officers are not, in fact, the ranking of Directors (all Directors are equal), this does not disturb in any sense the essence of the business of the Board. And, because she is not a Board Member, she would be relieved from the duties and pressures of the Board (stated in her resignation last May), and may only need to make reports and/or personal appearances at Board Meetings as called upon by the Board. Written reports may be sufficient in some cases.

I would also like to mention that she took on a role from two prior Treasurers, neither of whom had any accounting experience or background. In that role, she elevated our processes and established practices that should have made it easy for other non-accountant persons to follow. I believe she actually did a very good job as Treasurer, and left a very good legacy.

I would also recommend that in that role as Treasurer, another Board idea announced on 12/14 be managed directly by her: The purchase, distribution, and recording of "gift cards".

The concept that Association funds be converted into cards with monetary value for physical distribution has a potential for loss and/or abuse. Without proper accounting, this has the potential to cause significant questions about how such funds are distributed for work usually performed by contractors (snow removal was the context at the Board Meeting, but was not discussed as a limitation). Having the Contractor act as Treasurer would ensure that distribution of "gift cards" does not wade into areas of legal liability or questions of proper fiduciary duty.

To begin the process of consideration, I would like to have the bids you said you received for the work (I believe Clay deferred to Gloria, who may have done the legwork). In order for these to be valid bids or quotes, I do believe they need to be current - let's say within the last 8 months. As you have emphasized previously, inflation is affecting all sectors, and old bids may no longer be honored, particularly if they were made in prior years.

Since these appear to be in hand and are likely digital documents, if you could please forward these by email to all Board members so we can review on our own time (while we have extra time for the holidays), we can be prepared to act on this when we reconvene after the new year.

I understand you may be privileged to have a 2-week holiday, but for many people, the only holidays from work are Monday 12/26 and Monday 1/2 (if that, at all since the actual holidays are on a weekend this year). If you scheduled the Annual Meeting on 12/14, it is difficult to understand how emails 1-3 days later are somehow an infringement of a holiday more than a week later.

Sincerely,

Andy