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When Should Our HOA Have an Audit?

By Erica Propstra, CPA | Controller, Client Accounting Services

Per Arizona State Statute §33-1243 and §33-1810, condominium unit owner's associations and homeowner's associations are required to have an annual audit, review or compilation which is to be completed no later than 180 days after the end of the fiscal year and needs to be made available upon request to members within 30 days after its completion.

CPAs that issue year-end financial statements for a homeowner's association are engaged to provide one of three following reports - 1) audit 2) review or 3) compilation.

What are the differences between an audit, review and compilation?

Audit – the independent CPA provides the highest level of assurance that the financial statements being presented are free of material misstatements and can be relied upon by the end user. As part of the audit, the CPA will confirm cash balances directly with the banking institutions,

validate amounts due from homeowners and verify that revenue and expenses are stated accurately.

Review – the independent CPA provides a limited level of assurance that the financial statements being presented are free of material misstatements. Less extensive testing and analysis is performed in a review as compared to an audit and is focused on those areas that have the greatest risk of being misstated.

Compilation – the independent CPA provides no assurances that the financial statements being presented are free of material misstatements. Testing or analysis is not required as part of a compilation.

Keep in mind that the bylaws or CC&Rs of a homeowner's association may speak to which financial statement is required to be issued.

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When Should Our HOA Have an audit?

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The audit is the most costly service to be performed by the CPA, with the fee decreasing for a review and a compilation. Most CPAs will also include the cost of preparing the income tax return when asked for a quote on the above services.

It is recommended that a homeowner's association hire a CPA to perform an audit:

- When there is a change in management companies
- Every 3-5 years, depending on the complexity of the association's financials
- If a complicated monetary agreement exists with either related or outside parties that could impact the amounts reported on the financial statements
- If there are a large amount of investments that are owned by the homeowner's association

In order to meet the deadline required by state statute it is advisable that the Board pick the CPA well before year-end. This gives the CPA time to schedule the services for the coming year and ensure all work is done timely.

One of the most important factors in choosing a CPA for a homeowner's association is selecting one that has experience in the industry. This is especially true for the preparation of the income tax return, which can be a complicated undertaking for a homeowner's association.



Why Career Changers Should Consider Community Management Careers

Okay, so you're unhappy with your job responsibilities, salary, industry, advancement potential or anything else, and you've decided to change your career. That decision may not have been an easy one – or maybe it was – but

the upside is a chance to transition to a more rewarding position, profession and industry... or maybe all three.

Some people change careers because they feel compelled to follow their dreams. Starting their own business, leveraging a talent or interest, pursuing a compelling opportunity or moving to another state or country are common motivators. For others, it's a lot more challenging to figure out what they might want to do during the next phase of their career. They know a new job or industry would be a better fit for their skills or interests than their current situation, but they're not quite sure what it might be.

So if you're thinking about quitting your day job – or already have – and haven't yet landed on your next career move, what do you do? Conventional career wisdom would tell you to focus on your passions – what energizes you and makes you happy – to point you in the right direction. That's good advice, but you may not be aware of emerging industries or growing fields that might be a great fit – if only you knew about them. What's an example? Residential community management.

"I discovered this field by accident when I took an administrative job in a community management company," says Michelle Lee-Moran, who today is a community manager in FirstService Residential's Mid-Atlantic region. "By working at the front desk, I learned how the community management industry worked and saw first-hand all of the things that community managers do. I was hooked, and I wanted to do those things, too. That was over ten years ago, and I still think it was the best career choice I could have made."

So what is community management? Basically, it involves managing and overseeing the day-to-day maintenance and operations of a building, property or community. The industry continues to evolve beyond simply ensuring the

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Top 10 New Years Resolutions for Board Members

The end of the year brings forward nostalgia for years past and a renewed sense of excitement for the New Year ahead. This is the time of year that many of us consider resolutions, goals or targets to achieve. Resolutions can be a way to renew ourselves and our environment. So, with the new year in the horizon let's consider what resolutions you could implement for 2016...come on, even board members could set New Year's resolutions right?

Here are a couple of resolutions to consider:

- 1. Mentor a new board member.** We all know the challenge of getting a new board member on the board. There are times that when a new homeowner shows up at a board meeting just to learn what it's all about and then, next thing they know they find themselves a board member at the next meeting. So, instead of waiting for someone to show up, consider mentoring a homeowner who may have a great skill set to bring to the table. Is there an accountant that could be your next treasurer?
- 2. Coordinate a goal setting session or strategic planning meeting.** New board members come on board and they have great ideas. Without realizing it a year goes by and maybe 1 or 2 ideas have come to fruition because there have been so many other ideas, projects or issues that have taken up time. Instead of going year after year, work together as a board to coalesce the top 5 goals for the community. Remember to apply the **SMART** principle: **S-specific, M-measurable, A-attainable, R-realistic** and **T-timely**.
- 3. Participate in the Legislative Process.** Consider contacting a legislator and let them know the great things that have happened in your community. Unfortunately our legislators hear the negative sound bites – let's give them positive stories instead.
- 4. Commit to education.** Through legislation, new technology or simply a better way to approach an issue, education provides you the ability to tackle your challenges. By learning through industry partners or fellow board members, you can consider a new way to approach a problem.

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We at FirstService Residential Arizona would like to extend a warm thank you to all of those who attended the

FirstService Residential Arizona CONFERENCE & EXPOSITION

On October 23rd, 2015 we hosted our 2nd annual Vendor Exposition and Conference at the Thunderbird School of Global Management. Over 400 people were in attendance for the day's activities - were you one of them?

If you were, was the highlight of the day meeting new vendors with exciting products *your* HOA needs to know about?

Or could it have been watching one of our product demonstrations?

Maybe it was attending one of the educational breakout sessions scheduled throughout the day?

My personal favorite was seeing over 80 raffle prizes awarded to our attendees.

Whatever the highlight of the event was for you, we are grateful that you chose to spend that day with us. "Build Great Relationships" and "Improve It" are two of the core values that drove every decision made while we were planning this year's exposition, as such we genuinely hope that you walked away with the feeling that we are committed to providing our valued clients with high quality, educational experiences.

Work has already begun on our 2016 vendor exposition and conference and we hope to announce the date and location in January. We look forward to seeing you there!

Heidi Hallquist
Marketing Manager
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Ring in the New Year

By John Kemper | President, Arizona

"Be always at war with your vices, at peace with your neighbors, and let each New Year find you a better man." -Benjamin Franklin

As we close out this year and look enthusiastically toward 2016, we feel it is very important to celebrate some of our successes as a company and of course, set our goals for 2016.

In 2015, we set in motion a series of initiatives focused on educational events. The intent of these events was to provide high quality board member education pertaining to a variety of relevant topics. We started with a Board Member Boot Camp that included content for beginners as well as board member veterans. We followed that up with our Annual Legislative Update Road Show. These were taught by an HOA industry attorney who interpreted and simplified all the new HOA laws going into effect in the coming year. Last but certainly not least, our second annual vendor exposition and conference featured educational breakout sessions that highlighted HOA hot topics. The success our efforts achieved demonstrated to us that the need for these educational opportunities is growing and we need to be prepared to fulfill the needs for HOA board members all over the state of Arizona in 2016.

Another huge accomplishment for us as a company was the establishment of the FirstFamily Foundation. FirstService Residential has always given back to the communities we serve in a variety of ways; ranging from organized community clean up days to collecting food to benefit local food distribution centers like United Food Bank. What makes the FirstFamily Foundation different from our prior philanthropic efforts is an important addition to the perimeters. The FirstFamily Foundation has two main directives; to help families in the communities we serve and others throughout the state and now, to help the associates who work at FirstService Residential make it through unexpected emergencies or other hardships they may be trying to endure on their own. One of the FirstService Residential Core Values we live by is "Do What's Right", we're proud that we now have the ability to practice that core value in a way that will significantly help our associates.

As we cross over into 2016, we make the following promises to our HOA board members and HOA communities in Arizona:

- We will continue to provide high quality educational opportunities designed to support you in your duties as an HOA board member.
- We will continue to seek ways to improve these educational platforms.
- We will continue to incorporate our core values in everything we do.

We sincerely thank you for all of the support we have received from our valued clients in 2015 and look forward to making 2016 the best year we've ever had!

Welcome Home New Communities!

Palm Lakes Village, Inc.

Palm Lakes Village is an active-adult community consisting of 363 manufactured homes. This community offers its residents a surplus of amenities including tennis courts, RV lots, miniature golf course, pool, spa, and a clubhouse.

Northern Lanai Association Inc.

The Northern Lanai Association is a unique property with 42 4-plex units located in northwest Phoenix. This established community offers its residents a pool and a clubhouse for family-friendly activities.

Saving Landscape During the Winter

By Dawn Talley, CMCA | Regional Director, West Valley



It's that time of year again, the weather in Arizona is cooler and nighttime temperatures can drop down to freezing or below. While most people enjoy the cooler weather after a hot summer, the low temperatures can cause frost damage to some plants/trees if precautions aren't taken. Lower temperatures begin in late November and will continue through February (sometimes into March).

Frost damage occurs when moisture condenses on the leaves and form ice crystals by drawing water from the plant. This dehydrates the plant and frost damage occurs which can look like a burn. You can reduce the amount of frost damage to plants/trees by following these simple tips:

- Know which plants/trees are sensitive to frost. Most common in the Phoenix area are Bougainvillea, Hibiscus, Natal Plum, Cape Honeysuckle, Red Bird of Paradise, Lantanas, Boxwood Beauties, non-native cacti, younger citrus trees, Palo Breas, Ficus species, and Pygmy Date Palms.
- Think about location of plantings and what areas are favorable to minimize winter frost damage. Try to plant on the south and west side of properties, near a pool, rocks or concrete (which retain heat from the daytime sun).
- To protect from frost damage, plants and trees need to be covered. Use sheets, frost cloths, or burlap. **NEVER USE PLASTIC.** Plastic increases and traps the moisture under the tarp and damages the plant/tree. Be sure to cover the plants before dusk and don't remove the cover until the next morning to allow radiant heat to be absorbed. Ideally, you will need to cover a plant or tree to make sure that the cover touches the ground to retain the warmth under the cloth (don't tie it around the trunk or base, which will trap moisture and cause damage).
- Continue to water your plants/trees. This is one of the easiest ways to prep your plants/trees for a cold evening is to water it, which will create some humidity, and retain more warmth for the plant. Water your plant/tree in the morning so that the leaves will be dry by the time it starts to get cold at night and the wet soil will absorb the heat during the day.
- If frost does get to your plant, don't remove the damaged parts. It may not look great for a couple of months, but those damaged parts will help protect the rest of the plant/tree. You can prune the areas in the spring.

When dealing with the cooler temperatures and freezing nights, it is always better to take precautions and do something to protect your plants/trees than to do nothing at all. If you have questions regarding how to protect against frost or which plants are sensitive to frost, contact your local nursery or a professional landscape company that is ALCA (Arizona Landscape Contractors Association) registered and follows the sustainable landscape management methods.



Creating a Successful Event

By Mike Kuzmin, AMS PCAM | Vice President, West Valley

We often get questions from residents and board members asking how they can create a successful event for the neighborhood / community. Having a successful event takes a fair amount of planning as well as volunteers. The type of event determines how much planning and the amount of volunteers that are required. A potluck in the cul-de-sac requires little planning. However a Holiday Festival will take a fair amount of time and planning as well as volunteers. The Board of Directors should ask for volunteers from the community and not take on this function, because the event is for the COMMUNITY and getting people involved builds COMMUNITY!

Below are some tips to help you in planning your next event.

Pre-planning

- Know the demographics of your community- does your community have a lot of school age children, or is it made up of Baby Boomers?
- Possibly survey the community to see what they would like.
- Do you have a facility to hold an event or will it be held outdoors? If it's held outdoors in Arizona don't plan on a summer event.
- Does the association have a budget for an event or will you depend on sponsorships?
- Know the community rules as well as the city codes should you plan a large event.
- Insurance requirements - what type do you need if any?
- Use planning tools such as checklists and forms.
- Engage volunteers early and always designate a point person to be in charge the day of the event.

Top 10 New Years Resolutions for Board Members

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5. Work collaboratively with other board members. Respect all view points, even when they differ from yours. The ideal of a board is that it's governance at its basic and true form. Homeowners elected by their fellow neighbors to govern the small "government" of the association. The beauty of the board is that you ideally represent the broad spectrum that makes up your constituents and as such, respecting and appreciating opposing view points can help you in collaboratively reaching your goals.
6. Increase communication with members. Transparency is key here – consider that many homeowners do not realize that the Open Meeting Act is actually intended to protect them and provide them full view of the governance process. Still, consider a resolution to craft a once a quarter or maybe twice a year a communication that can be easily issued via an email blast. Provide the homeowners with the state of the union of sorts and let them know what the board is doing.
7. Say Thank You! Gratitude can go a long way. Have you said thank you to your fellow board members for volunteering time to serve on the board? How about for your committee members that give up time to put on events? Even a thank you to your vendor partners can go a long way in building a great working relationship.
8. Ensure the financial health of the community is in check. What is a new years resolution list without a health goal! Well, this one is not about signing you up for a gym membership, but instead your accountant is your new coach. Take a look at your reserves, are you 70% or greater funded? Did you review your last financial review, audit or compilation – how did the association fair? How are your delinquencies – have they improved with the market?
9. Look for ways to improve your community. So, you have read this far and said, hey we have done all of these things we are good...not so fast! That's great if you have implemented many of these resolutions – great job! But, consider is there something else you could do? Look for ways to improve your community – maybe a small change could make a big impact.
10. Have fun! Now this is a resolution I like! It's ok – you have the right to have fun while serving on the board. We have seen and been part of great friendships, participated in laughs, sorrows and triumphs with our board members. You will spend a good portion of your time with your fellow board members and residents, its ok to be you and enjoy the process.

Volunteers are the heart and soul of our communities. Thank you for letting us be part of your lives and communities!



Creating a Successful Event

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Planning

- Purpose of the event - what are you trying to achieve.
- Develop a theme and keep it simple. If it's around Halloween time, call it an Autumn Festival or if it's around year end call it a Holiday Festival.
- Communicate to the residents about the event and send an invitation with specific details is important. Make the invitation creative and fun, this will engage your residents to join in. Let them know the events and times of each. When will the face painter be there, when will the food be available and when do the games begin?
- Promote the event! Use email alerts, newsletters, the community website, as well as social media - which is free!
- Visit local supermarkets, restaurants and other service businesses around the community to ask if they would like to donate to the event. We've had food stores donate all the hot dogs and rolls for events in the past! Phone calls just don't work, you need to have face to face conversations with the store manager. This takes a bit of leg work and a need for volunteers, but is so worth it in the end if you get a donation!
- Ask your service providers if they would like to be involved and possible donate drinks or other items.
- Ask your city if they would like to get involved with the event, most do.
- Don't forget the un-fun aspects of an event, will you need power, are rest rooms available or will you need port a johns, trash cans and of course volunteers for set-up and take down.

Whatever you decide to do have fun! If it's your first event and it's not well attended, do not get frustrated it might take a couple of years of holding events for it to become successful and a tradition! Your biggest promoter for future events will be the residents who had a good time at this year's event!

MiMi's Traditional Christmas Wassail Recipe

INGREDIENTS:

1/2 gal. Apple Cider
1/2 - 3/4 cup of Sugar (to taste)
2 Cinnamon Sticks
1 whole orange with whole cloves inserted 1/4" apart

DIRECTIONS:

Place all ingredients except for the rum in a crock pot and place on low for 8 - 10 hours. Add rum 1 hour before serving.



1 pt. Cranberry Juice
1 tsp. Aeromatic Bitters
1 tsp. Whole All Spice Corns
1 1/2 cup Rum

Why Career Changers Should Consider Property Management Careers

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homeowners association runs smoothly, the equipment and systems are maintained, and the common areas are clean and aesthetically pleasing. Today's community managers must wear many hats and perform a variety of services to enhance property values and quality of life for an increasingly sophisticated client base.

It may not be for everyone, but might community management be a good career for you? Let's take a look at how the role of a community manager is different and for many people, better than many other types of positions they may have had in the past.

1) You won't sit at a desk all day. If working eight hours a day in a cubicle jungle is your idea of workplace nirvana, maybe you should stop reading now. If not, you'll be pleased to know that while community management does include administrative tasks, a key component of the job is making frequent site visits to your building or community – in fact, you may work right on the property. That means rather than spending countless hours and days behind a desk, you'll get to enjoy the diversity of mixing it up between the field and office. And speaking of mixing it up...

2) You won't be bored at work. It's hard to stay motivated or excited about the same old, same old – in this case, a job you find boring, unstimulating or repetitive... excuse me, what day is it again? So if your current position reminds you of a 9-5 version of the movie *Groundhog Day*, consider some of the reasons community manager Lee-Moran is delighted with her choice.

"I love what I do because it's not a 9-to-5 job and no two days are ever the same," she says. "It's a fast paced environment and I have to be up-to-date on so many areas, from budgets, to sales, to insurance, to compliance, to changing laws, so I'm always learning and continuously challenged."

3. You'll work closely with others. Are you a "people person" who thrives on teamwork, collaboration and working closely with clients or colleagues? If so, you'll be happiest and do your best work if those are key components of your job. If not, you may want to find a more people-centric field – hello, community management. *"For me, the best part of my job is the opportunity to interact frequently with homeowners and board members,"* says Lee-Moran. *"Depending on the person or situation, I may need to be a manager, advisor, coach, educator, advocate, counselor or mediator. It's very rewarding to have the opportunity to help people every day and make a real difference in their lives and lifestyles."*

4) You won't be stuck in a rut. Maybe you're not happy with the salary or future earnings potential of your current position. Or perhaps you're stuck in a dead-end job, with no opportunities for advancement. Or maybe, like Prince Charles, the heir apparent to the British throne, you've been waiting a really long time for a higher level position to become available – and you don't have a clue when that might happen. Well, if ascending to the monarchy isn't an option, you may want to take a look at community management. The industry is robust and continues to evolve, with a growing number of opportunities in field management, corporate and industry partner positions across the U.S. and Canada. Quality management companies reward success and achievement, offering competitive salaries, bonuses and benefits, as well as ongoing opportunities for financial and personal growth.

5) You don't need a special type of degree. Is the fear of not having the right skills or training holding you back from switching careers? Well, if you're sharp, ethical, motivated and have a commitment to customer service, you're actually a great candidate for community management. A good management company will invest in your success and support you with ongoing training and resources. For example, Lee-Moran's employer established the FirstService Residential School of Professional Development, offering classroom and hands-on courses to enhance associates' knowledge and skills and ensure they deliver service excellence.

Additionally, the company offers specialized training for qualified candidates to fast-track them for key management positions. *"It can take as little as three years for community management associates to receive the hands-on training and experience they need to manage their own luxury building or property,"* explains Christopher Christie, Senior Director of Residential Hospitality for FirstService Residential's South Florida High-Rise Division, and a lecturer at Florida International University's School of Hospitality and Tourism Management.

Like any industry, community management isn't the right choice for everyone, but if you're looking for a rewarding career that offers ongoing opportunities for personal and financial growth, it just may be the best fit for you. To learn more about community management career opportunities, visit <http://join.fsresidential.com>.



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