

# TAX PLANNING WORKSHOP

August 21, 2009

Comment: This is 1 of many slides by the Sun City Anthem HOA Board Presentation for the 2009 annual budget cycle. However, the approved budgets never showed the accumulated surplus. If they had, the dues/assessment rate for that year would have had to have been reduced by the millions of surpluses. This chart is the first time the board had ever admitted to keeping millions of dollars of surplus revenues after claiming (under oath) in tax returns the surplus would be credited to members by reducing assessments in the next year. RR 70-604 is cited in a way that appears to claim IRS compliance; but, that was false. To avoid income taxes, all surplus member assessments must be returned in cash or credited via reduced dues to unit owners. The name on the slide (CPA Jack Troia) had apparently participated in the preparing of every SCA tax return since 2004.

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

2005 2,348,000

2006 3,179,000

2007 3,845,000

2008 4,755,000

Comment: IRS RR 70-604 (and subsequent interpretations) specifically prohibit the "buildup" of surpluses over a period of years. This is proof of the board's violation of tax law.

(CC&Rs amended adding Asset Enhancement Fee)

Comment: Note the systematic over-charging of member assessments since 2002, and the public listing of accumulated/rolled-over surplus assessments the Board has consistently refused to return to SCA members. These numbers appear to be self-acknowledged fraud and tax evasion by (past and current) SCA President, Treasurer, and Finance Committee members.

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