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COMMUNITY MOMENTS

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Daneen Reinke

Senior Vice President - RealManage Illinois

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Message From Our President

Wow, can you believe 2017 is here? I hope each of you had a wonderful opportunity to enjoy the holidays. By now, each one of your communities should have an established operating budget. I like to call the budget the foundation for a community. Every decision that will be made in 2017 will tie back to the foundation each of you have set for your communities. Along those same lines, what goals do you have this year for your association? One of our RealManage Ambassadors will be glad to assist with developing goals and helping communicate those to the members of your community. Our motto for 2017 at RealManage is "Champions Every Day." I often speak with our RealManage family about having a champion's heart. I equate this to being the best version of ourselves. If it is not clear that our RealManage Ambassadors are serving you well, then I want to hear from you. Please do not hesitate to send me feedback by emailing: clientsatisfaction@realmanage.com.

Thank you for the commitment and trust you have placed in our family. We will not let you down and look forward to serving you in 2017.

Chris Ayoub
President



EMPLOYEE SPOTLIGHT



We are pleased to announce, Daneen Reinke, as our newest addition to the RealManage family. Daneen serves as the Senior Vice President of RealManage Illinois and will oversee both the Naperville and Schaumburg offices, working alongside other management staff.

Daneen Reinke began her career in community association management over 26 years ago and has played a role in every facet of her former company's organization. Her HOA Management expertise includes, but is not limited to, association financial accounting, client retention, human resource management, office management, revenue growth, staff development, and training. Daneen also has an immense knowledge of streamlining company operations and has a passion for enhancing both the employee and client experience.

"Daneen is a servant leader with vast knowledge of community management. She is the right person to lead RealManage Illinois, and we are absolutely excited about her serving our employees and clients. We are extremely fortunate Daneen is now a part of the RealManage Family," states Chris Ayoub, President.

Before joining RealManage, Daneen worked for a national HOA management company as the Executive Vice President and Chief Financial Officer. Her duties included oversight of corporate

finance, supervision of several community association managers and accounting staff, in addition to managing the daily operations of the company. Daneen was instrumental in creating efficiencies throughout the organization while developing a strong sense of the clients' needs to ensure excellent delivery of services.

Daneen states, "I feel privileged to be part of the RealManage team. It is very overwhelming to leave a company that you have grown with for more than 26 years but I have never felt more at home in such a short period of time. At the end of the day, we, in the association management business, all do the same thing which means it comes down to the people and the systems in place. RealManage is the leader in the technology platform for community association management which allows our team and our clients to have complete transparency on the everyday tasks it takes to manage a community. I am truly excited about being part of this innovative team!"

We at RealManage are excited to have Daneen as part of our growing family. Her depth of experience and proven customer service track record makes her a true asset to not only the company, but our Illinois client communities as well.



Written by Laura Jones, Tax & Audit Manager

FREQUENTLY ASKED QUESTIONS

Q: When does our association have to file a federal tax return?

A: Community associations are incorporated entities. As such, each year the associations are required to file federal corporate tax returns by the 15th day of the 4th month following the end of their fiscal year with the Internal Revenue Service (IRS). For associations whose fiscal year ends on December 31st, the corporate tax return is due April 15th. For an exempt organization, the due date to file is May 15th.

Q: Why does our community have to pay taxes if we are a "non-profit"?

A: Homeowners Associations are generally considered not to operate to make a profit, but rather to draw in enough income to maintain its assets and administer its activities. This is a different definition than other "non-profits" that are operated for charitable or religious purposes. Therefore, associations do not in general pay taxes on their mandatory income (assessments), but could have other miscellaneous income (interest income, rental fees, etc.) that are taxable.

For federal tax purposes, homeowners associations are treated as corporations. Even if an HOA was created as a nonprofit corporation with its respective state, it is still considered a regular corporation for federal tax purposes. The only exception is the rare instance in which the HOA has filed for recognition and been accepted as a nonprofit by the IRS. Such recognition is expensive, relatively difficult to obtain, and most often requested by filing form 1024 with the IRS and utilizing tax code section 501(c)(4).

Q: What form is filed with the IRS?

A: Community associations are required to file IRS Form 1120. If they qualify, associations can alternatively file IRS Form 1120-H, which is specifically designed for homeowners associations. Either form may be filed if the association qualifies to file IRS Form 1120-H. Generally, the form that results in the lowest tax will be filed. Exempt Organizations must file the 990 Form.

Q: If taxes are due, how do the taxes get paid?

A: The IRS has implemented a payment system to be used to submit and process payments. The Electronic Federal Tax Payment System (EFTPS®), a free service of the U.S. Department of the Treasury. Audit/Tax Service Group will enroll the entity and submit any tax payment on/before the tax payment due date, the 15th day of the 4th month following the end of the Fiscal Year. (If the fiscal year end is 12/31, the due date is 4/15 of the following year.)

Q: If an extension is filed, when is it filed and are there penalties?

A: Form 7004 is filed on/before the initial due date of the return. There is no penalty for filing an extension. Many corporations use the extension to provide them enough time to complete their annual financial statement consolidation and review process. Form 7004 is filed directly with the IRS by the CPA firm. The extension is for an additional six months to submit the tax return.

Q: Who prepares the tax returns for my Community?

A: Audit/Tax Service Group contracts with CPA firms on behalf of your association who are experienced, knowledgeable of federal and state income tax laws for homeowner associations and appropriately licensed in their respective states. Tax Service Group is available to facilitate any communication that needs to occur between you and the association's CPA firm.



BOARD MEMBER SPOTLIGHT

Teresa Jones, Board Member since 2009



Written by Nicole R. Nelson-Hardeman

Teresa Jones has held various association board positions, including Vice President and President as well as participating on numerous committees, including the Social Committee, Pool Committee and Architectural Control Committee. Teresa has over 20 years of experience in Homeowners Association Board activities and has contributed in some capacity to every HOA she's lived in. Teresa often states that whether she is on the board or not, she will always play a role in her community as she recognizes the vested interest all residents have in their Association. Teresa is a very "hands-on" board member. She actively solicits bids for various projects and services in the community and personally meets with and interviews each vendor to ensure that the community is receiving the best price and service as possible. She devotes a lot of her personal time driving the

community, checking for architectural and deed restriction violations and monitoring the activity at the pool and playground. Teresa assists with scrutinizing the monthly financials and preparing the annual budget and always shows interest in keeping up with the current legislative laws as well as all applicable property codes to double-check that the HOA is in compliance. Teresa always makes herself available to respond to any requests or decisions requiring a board answer. Teresa frequently hosts board and committee meetings at her home to save the association money on meeting space rental. It has been our extreme pleasure to work with Teresa Jones, and we look forward to a long partnership in the future. The RealManage team has so much gratitude for Teresa Jones and her commitment to the Jester Farms community.



The start of a new year is a time when many people resolve to make positive changes, but New Year's resolutions are not limited to people. If you are a board member for an HOA community, you can also make resolutions for your community. Below are examples of resolutions that condo communities create and carry out with the help of condominium management associations.

Collect Delinquent Assessment Fees

Collecting delinquent assessment fees is one of the primary tasks management companies are asked to handle. In most cases, success involves striking a proper balance between penalties for non-payment and debt repayment options. Letting residents pay delinquent fees on a schedule they can afford is essential for collecting the money in a timely manner.

Create a Pet Friendly Community

A pet friendly community considers the needs of pets and residents. For residents, no barking policies, pet restraint policies, and pet clean up policies should be enacted. For pets, the community can let them walk with their owners in the community, occupy their owner's fenced yard, and create a special area where animals can roam free, such as a dog park.

Become Smoke-Free

The anti-smoking legislation that swept the nation is quickly making smoking in public a thing of the past, and many private entities have outlawed smoking on their premises as well. Making your community smoke-free has at least three benefits: no one breathes secondhand smoke, the chance of fires inside units is decreased, and no cigarette butts litter the ground.

Create a Reserve Fund

Some HOA communities in cold weather states realize their need for a reserve fund in the winter months, when furnaces malfunction and need replacement, ice storms cause tree limbs to collapse, and street drains become clogged with ice. Having a sufficient reserve fund allows companies to handle unexpected expected expenses associated with such events without raising assessment fees.

Does your community have resolutions? The beginning of a new year is a perfect time for association-governed communities to make positive changes, such as the ones above.



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