

## **Perpetual Calendar of Board Duties**

By: Jay Hansen, Esq.

For a board to be sure that it carries out its duties in a timely manner, it needs to know not only what duties are required of it, but also when those duties must be performed. We have prepared a checklist that each board can use to assist it in determining those duties, but it is ultimately up to the board to make sure that it performs those duties in a timely manner. The use of a “perpetual” calendar with reminders of upcoming and current duties will help the board to ensure that it doesn’t miss any deadlines.

At the conclusion of this article is an example of monthly reminders of various deadlines. We have set this up as if the association in question has a fiscal year that begins on March 1 and an annual meeting that is supposed to be held in June. Three key duties are triggered in relation to the start of the fiscal year. First, the budget must be sent out between 30 and 90 days before the start of the fiscal year (Civil Code §1365). You will note that we have identified the earliest and latest date for the budget mailing. It also shows an adjustment if the year happens to be a leap year. The next dates triggered by the fiscal year are the due dates for the state and federal tax returns. Finally, the deadline for preparing and mailing the annual audit or review of the association’s finances is 120 days after the beginning of the fiscal year. Due to months with 28, 29, 30 or 31 days, 120 days after the start of the fiscal year may or may not be exactly four months later.

You will also note that we have included reminders in advance of the various deadlines. If you are going to get the budget and other disclosure information out to owners between 30 and 90 days before the start of the fiscal year, you are going to have to start working on the budget and get it approved enough in advance to get it copied and mailed. Likewise, if you are going to have the tax return and audit/review prepared on time, you are going to have to have an accountant selected enough in advance so the work can be done. A similar principle applies to updating the reserve study. You will have to select a person to perform the reserve study at least every three years. The board is required to and can do an update each year in between, but it is probably better to have a reserve consultant prepare your updates. For things like the

### **San Diego**

9980 Carroll Canyon Rd., Suite 200  
San Diego, California 92131  
858.527.0111 • fax 858.527.1531

### **Inland Empire**

41870 Kalmia St., Suite 160  
Murrieta, California 92562  
951.461.1181 • fax 951.461.2916

### **Coachella Valley**

44-875 Deep Canyon Rd., Suite 3  
Palm Desert, California 92260  
760.836.1036 • fax 760.836.1040

reserve study, we have selected an arbitrary date when it must be done and put in reminders before that.

There are other periodic duties that are included, such as a monthly inspection of all bank statements (Civil Code §1365.5(a)(4)), quarterly reconciliations, and the actual revenue and expenses compared to the budget in both the operating and reserve accounts (Civil Code §1365.5(a)(1-3 & 5)). For simplicity, we put the quarterly reviews in the month following the end of each calendar quarter, namely in January, April, July and October.

There are some key mailing addresses that rarely come into play, but they can be important if you are not aware of them. For example, most associations are not taxed on their separately owned common area lots, but they still have assessor's parcel numbers that are used to generate tax bills. Occasionally we have found associations that are taxed (usually in error) or that become subject to some minor assessment that they never discover, if the address on file with the assessor's office is a long-outdated address of the developer or a management company that the association had fifteen years ago. Thus, at least once a year, you should take a look at the addresses that are used for infrequently received mail and make the addresses current. In many cases, it is better to have a permanent post office box that someone checks periodically for such notices. These would include not only tax bills, but also the address used by the Secretary of State for sending corporate notices, in particular the Statement of Information by Domestic Nonstock Corporation (Form SI-100) that every incorporated association must file every two years. Form SI-100 is due in the anniversary month, *i.e.*, the month in which the association was incorporated.

Whether an association is incorporated or not, it also must file a Statement of Information by a Common Interest Development Association (Secretary of State Form SI-CID - see [www.ss.ca.gov/business/corp/corp\\_soinfo.htm#cid](http://www.ss.ca.gov/business/corp/corp_soinfo.htm#cid)). Incorporated associations must file Form SI CID during the anniversary month of incorporation every two years, and unincorporated associations must file it by July of odd-numbered years (Civil Code §1363.6). To see what California homeowner associations are required to file by law, see the Franchise Tax Board Form 1028 at [www.ftb.ca.gov/forms/misc/1028.pdf](http://www.ftb.ca.gov/forms/misc/1028.pdf). If you fail to file these forms on time and pay the filing fees, the Secretary of State can suspend the corporation, which legally handcuffs you and prevents you from levying or collecting assessments, filing liens, filing a lawsuit or defending the association, if it is sued, creating valid contracts, etc. It is a very bad position to be in, as the only thing a suspended corporation may do is take the actions needed to lift a suspension.

Another important item is the expiration of contracts, particularly those that have automatic renewal provisions if you don't cancel the contract at the proper time. Thus, you need to docket not only the expiration date, but also any deadline in advance of that date for sending a notice to terminate. It is a good idea in all reminders to give yourself at least one month's prior notice before you have to do anything and always look ahead one month to see what is coming up.

## **If You Change Management Companies or the Company Moves:**

Be sure to change the address with the County Assessor on all common area tax bills. Normally you will not or should not have property tax bills, but if you don't do this for every common area parcel, and there is some fixed fee that is levied for some reason, you could have your common area parcels sold at a tax sale, and it will be an expensive and an incredible mess to fix. Also change the address for the agent for service of process on Form SI-100 to prevent your corporation from being suspended.

## **Other Possible Items to Insert in the Calendar:**

- Docket Vendor Contract Expirations and Termination Notice Dates (such as landscaping, pool, and management contracts). Many automatic renewal clauses require giving notice at least 30 to 60 days before the automatic renewal date, if you want to terminate the contract.
- Prepare Reserve Study and annual update - include the year that the 3 yr. full study is due (e.g., years evenly divisible by 3, or years leaving a remainder of one or two when divided by three, etc.)
- Check with vendors for price increases before new fiscal year.
- Reset clocks and timers for daylight savings time: 2<sup>nd</sup> Sunday in March and 1<sup>st</sup> Sunday in November
- Replace batteries in battery-operated smoke alarms (pick a date when something else is needed like the start of the fiscal year or the spring or fall time change)
- Define major objectives for the next fiscal year
- Renew the annual pool permit
- Inspect fire extinguishers and hoses annually
- Test fire sprinkler and alarms annually

There is no rule for the format you must use for the calendar. However, we hope that by using some form of calendar *customized to your association*, you will be prepared to carry out all of your duties and responsibilities in a timely manner. A sample perpetual calendar begins on the following page.

## Sample Perpetual Calendar <sup>1</sup>

Month	Deadlines - Upcoming Deadlines - Check Next Month too
At or Before Each Board Meeting	<ul style="list-style-type: none"> <li>• Post Board Meeting Notice &amp; Agenda before each board meeting (Civil Code §1363.05)</li> <li>• Review Current Bank Statements-Monthly or when each comes in</li> </ul>
March	<ul style="list-style-type: none"> <li>• March 1 - New Fiscal Year Begins</li> <li>• Select Accountant; Send Information for Annual Audit/Review; Get Language for Annual Tax Resolution for Annual Meeting, if applicable.</li> <li>• Appoint Nominating Committee (Bylaws V §1)</li> <li>• Review adopted election rules and comply with time requirements for June annual meeting.</li> <li>• Review Reconciliation of Operating &amp; Reserve accounts-Quarterly</li> <li>• Review Reserve Revenues and Expenses-Quarterly</li> <li>• Review Income &amp; Expense Statement for Operating &amp; Reserve Accounts-Quarterly</li> </ul>
April	<ul style="list-style-type: none"> <li>• Send out Annual Meeting Notice with annual tax resolution from accountant (if applicable) 10-90 days before annual meeting. <i>[Most HOAs don't prepare proxies any longer. If you do, be sure the proxy meets Civil Code §1363.03 requirements]</i></li> <li>• Review adopted election rules and comply with time requirements for June annual meeting.</li> <li>• Appoint election inspector(s) before annual meeting (Civil Code §1363.03).</li> </ul>
May	<ul style="list-style-type: none"> <li>• May 15 - Deadline to file federal tax returns (15<sup>th</sup> day of the 3<sup>rd</sup> month after FY ends for IRS Form 1120-H, but check with CPA). Usually State returns are required too (usually both FTB Form 100 and 199. State is usually due on the 15<sup>th</sup> day of the 5<sup>th</sup> month after end of FY. See July 15).</li> <li>• Pool Contract - Expires August 1. Nonrenewal/Termination Notice Required June 1 (60 days)</li> <li>• Be sure to read and follow adopted election rules. Appoint election inspectors under Civil Code §1363.03. Send out Annual Meeting Notice and Ballots (with surplus funds resolution from accountant, if needed) at least 30 days before annual meeting.</li> </ul>

<sup>1</sup> IMPORTANT NOTE: We have set up this sample calendar as if the association in question has a fiscal year that begins on March 1 and an annual meeting that is supposed to be held in June. Your association's fiscal year and annual meeting timing may differ, resulting in necessary changes to this sample. Please consult legal counsel to verify that the dates you use are appropriate for your community.

<b>Month</b>	<b>Deadlines - Upcoming Deadlines - Check Next Month too</b>
June	<ul style="list-style-type: none"> <li>• June 13 - First Annual Meeting-Hold Annual Meeting ± 30 days, elect board, adopt annual tax resolution regarding surplus funds, if applicable</li> <li>• Quarterly Estimated Tax Due - June 15<sup>2</sup></li> <li>• June 29-Deadline for mailing annual Audit/Review information (120 days after FY End)</li> <li>• Review Reconciliation of Operating &amp; Reserve accounts-Quarterly</li> <li>• Review Reserve Revenues and Expenses-Quarterly</li> <li>• Review Income &amp; Expense Statement for Operating &amp; Reserve Accounts-Quarterly</li> </ul>
July	<ul style="list-style-type: none"> <li>• July 15 - Deadline to file state returns (15<sup>th</sup> day of the 5<sup>th</sup> month after end of FY, but check with CPA). Usually Federal form is required earlier (See May 15). Usually needs FTB Form 100 and Form 199 too, but check with CPA.</li> <li>• July-Landscaping Contract - Expires Oct. 1 annually. Nonrenewal/Termination Notice Required by Sept. 1</li> </ul>
August	<ul style="list-style-type: none"> <li>• 8/23/84 (Even Years) - Anniversary Date. Must file both Statement of Information by Domestic Nonstock Corporation (Form SI-100) and Statement of Information for Common Interest Development (Form SI-CID) this month. Note: At the same time SI-100 is due, it is a good idea to check all the address for all common area parcels with the County Assessor to be sure that the mailing address is correct. If it is not and you change management companies or they change addresses, and then the County levies some flat fee, you could lose your common area property, because you never got the bill.</li> <li>• Quarterly Estimated Tax Due - August 15<sup>3</sup></li> <li>• Casualty and General Liability Insurance - August 22</li> <li>• D&amp;O Insurance - August 22</li> <li>• Umbrella Insurance Policy - August 22</li> </ul>
September	<ul style="list-style-type: none"> <li>• Reserve Study Consultant - Get Bids</li> <li>• Review Reconciliation of Operating &amp; Reserve accounts-Quarterly</li> <li>• Review Reserve Revenues and Expenses-Quarterly</li> <li>• Review Income &amp; Expense Statement for Operating &amp; Reserve Accounts-Quarterly</li> </ul>
October	<ul style="list-style-type: none"> <li>• Start Preparing Annual Budget and Disclosure Package - Review checklist of all items to include - Review &amp; Update Reserve Study - Check with vendors about increases for budgeting - Deadline January</li> </ul>

<sup>2</sup> Check with your accountant. These dates may vary depending on when your fiscal year ends. This is for a March 1-February 28 fiscal year.

<sup>3</sup> Check with your accountant. These dates may vary depending on when your fiscal year ends. This is for a March 1-February 28 fiscal year.

Month	Deadlines - Upcoming Deadlines - Check Next Month too
November	<ul style="list-style-type: none"> <li>• Start Preparing Annual Budget and Disclosure Package - Review checklist of all items to include - Review &amp; Update Reserve Study - Check with vendors about increases for budgeting - Deadline January</li> <li>• For Annual Disclosure-Any contract or other transaction in which any Director has a material financial interest?</li> <li>• Quarterly Estimated Tax Due - November 15<sup>4</sup></li> </ul>
December	<ul style="list-style-type: none"> <li>• Approve Annual Budget and Disclosure Package - Review checklist of all items to include - Review &amp; Update Reserve Study- Check with vendors about increases for budgeting</li> <li>• December 1 (2 in leap years)=Earliest date to mail budget materials, 90 days before fiscal year begins) Deadline January 29 (or 30 in leap year)</li> <li>• For Annual Disclosure-Any contract or other transaction in which the Director has a material financial interest?</li> <li>• Review Reconciliation of Operating &amp; Reserve accounts-Quarterly</li> <li>• Review Reserve Revenues and Expenses-Quarterly</li> <li>• Review Income &amp; Expense Statement for Operating &amp; Reserve Accounts-Quarterly</li> </ul>
January	<ul style="list-style-type: none"> <li>• Check Addresses for all common area tax bills, Corp. Agent for service of process and other notices</li> <li>• January 29 (30 in leap year) – Deadline to mail Annual Budget and Disclosure Package (30 days before fiscal year begins)</li> <li>• Review Reconciliation of Operating &amp; Reserve accounts-Quarterly</li> <li>• Review Reserve Revenues and Expenses-Quarterly</li> <li>• Review Income &amp; Expense Statement for Operating &amp; Reserve Accounts-Quarterly</li> <li>• Reserve Study - New Study due in years divisible by 3 with a remainder of 1. Update due annually.</li> <li>• Review and Update Perpetual Calendar</li> </ul>
February	<ul style="list-style-type: none"> <li>• Review adopted election rules and comply with time requirements for June annual meeting.</li> <li>• February 28/29 - Fiscal Year Ends</li> <li>• Quarterly Estimated Tax Due - February 15<sup>5</sup></li> </ul>

<sup>4</sup> Check with your accountant. These dates may vary depending on when your fiscal year ends. This is for a March 1-February 28 fiscal year.

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