

Words of Wisdom from Industry Veterans

Accounting—The Way It Was, Is, Should and Will Be!!

Gayle L. Cagianut

In 1985 the Kansas City Royals, the San Francisco 49ers and LA Lakers were champs. We rocked out to *Power of Love* by Huey Lewis & the News and loved the movie *Back to the Future*. This was also the year that I had my very first experience with a community association. I was on the last leg of getting my CPA license and I needed audit hours.

Thirty years later I am still auditing condominium and homeowner associations. After 20 years in Southern California, my practice moved to Washington State. The firm grew considerably and now performs audit and tax engagements for over 700 associations using a staff of 18.

Thirty years ago we had no separate GAAP (generally accepted accounting principles) for associations. AICPA and FASB (two accounting standard setting bodies) were in disagreement about some specific aspects of financial statement reporting and the first official guide was not published until August 31, 1991. It included many compromises. Rather than mandates, several items were left as “prevalent industry practice” or as recommendations. This included the use of fund accounting and whether common areas should be capitalized. Throughout the years many industry standards have become more uniform. This is due to State laws, IRS audits, CAI and a niche of CPAs working in this industry. I have been fortunate to have been heavily involved in this process through AICPA, CPA State Societies, industry publishing houses and CAI, at both the local and national levels.

The good news is that the world of community associations has become more cognizant that associations should be run more like a business. Managers and management companies are getting better trained in financial matters. More boards are recognizing their fiscal responsibilities.

The bad news—we still have a long way to go getting more standards, education and enforcement.

I absolutely love working in this industry! It is challenging with unique circumstances. The opportunity to feel like we have helped an Association tighten up internal controls, understand their financial statements and realize the importance of monitoring their finances keeps me enthused about the future.

—Gayle Cagianut is the owner of Cagianut & Company, CPA and has worked in the HOA/Condominium industry for over 30 years.

