

SENATE BILL NO. 89—SENATOR MCGINNESS

PREFILED JANUARY 19, 2011

Referred to Committee on Judiciary

SUMMARY—Revises provisions governing audits and reviews of financial statements of common-interest communities. (BDR 10-595)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets [omitted-material] is material to be omitted.

AN ACT relating to common-interest communities; revising provisions governing the audit and review of financial statements of common-interest communities; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 Existing law requires a unit owners' association with an annual budget of less  
2 than \$75,000 to have an independent certified public accountant review its financial  
3 statement in the year immediately preceding the year in which a study of the  
4 association's reserves is conducted unless an audit is otherwise requested by 15  
5 percent of the voting members of the association. (NRS 116.31144) This bill  
6 exempts associations with an annual budget of less than \$45,000 from this  
7 requirement and requires the executive board of such an association to review the  
8 association's financial statement every fiscal year unless an audit by an independent  
9 certified public accountant is otherwise requested by 15 percent of the voting  
10 members of the association.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 116.31144 is hereby amended to read as  
2 follows:

3 116.31144 1. Except as otherwise provided in subsection 2,  
4 the executive board shall:

5 (a) *If the annual budget of the association is less than \$45,000,*  
6 *review the financial statement of the association every fiscal year.*



\* S B 8 9 \*

(b) If the annual budget of the association is **\$45,000 or more** but less than \$75,000, cause the financial statement of the association to be reviewed by an independent certified public accountant during the year immediately preceding the year in which a study of the reserves of the association is to be conducted pursuant to NRS 116.31152.

~~(b)~~ (c) If the annual budget of the association is \$75,000 or more but less than \$150,000, cause the financial statement of the association to be reviewed by an independent certified public accountant every fiscal year.

~~(c)~~ (d) If the annual budget of the association is \$150,000 or more, cause the financial statement of the association to be audited by an independent certified public accountant every fiscal year.

2. For any fiscal year, the executive board of an association to which paragraph (a) , ~~(b)~~ (b) or (c) of subsection 1 applies shall cause the financial statement for that fiscal year to be audited by an independent certified public accountant if, within 180 days before the end of the fiscal year, 15 percent of the total number of voting members of the association submit a written request for such an audit.

3. The Commission shall adopt regulations prescribing the requirements for the auditing or reviewing of financial statements of an association pursuant to this section. Such regulations must include, without limitation:

(a) The qualifications necessary for a person to audit or review financial statements of an association ~~(b)~~ pursuant to paragraph (b), (c) or (d) of subsection 1 or subsection 2; and

(b) The standards and format to be followed by:

(1) An executive board in ~~(auditing or)~~ reviewing financial statements of an association ~~(b)~~ pursuant to paragraph (a) of subsection 1; and

(2) An independent certified public accountant in auditing or reviewing financial statements of an association pursuant to paragraph (b), (c) or (d) of subsection 1 or subsection 2.

Sec. 2. This act becomes effective upon passage and approval.

