



Testimony of

Andrea Scalzo  
Before the Judiciary Committee  
Friday, March 25, 2011  
11:00 a.m.

**RAISED BILL NO. 1208 AN ACT CONCERNING FINANCIAL REPORTING BY  
CONDOMINIUM AND COMMON INTEREST COMMUNITY ASSOCIATIONS**

My name is Andrea Scalzo and I have owned and operated Scalzo Property Management for over 23 years. We are located in the Greater Danbury area and manage properties in Connecticut and New York. Community associations account for over eighty percent of our portfolio and we represent more than 2500 condominium homeowners. I consider my company and the managers who work for me to be professionals. My staff is college educated with degrees in business, finance and accounting. We advocate on-going training for our staff in all aspects of community association management including but not limited to insurance, accounting and finance, construction, maintenance, law, leadership and so many other areas. We are members of our industry's trade Association (Community Association Institute) and support their educational programs and seminars. I personally hold a Certified Community Association Manager (CCAM) designation as well as an undergraduate degree in Business and an MBA in International Business. The folks who stay in this industry are largely people who want to help people and improve their communities much like you.

We are opposed to Section 1 of raised bill no 1208 for the following reasons:

Section 1(a) and (b) and (c) and 2. This is not clear on the intent and I believe will create questions and confusion. Typically, communities are structured by a declarant with a certain master plan in mind and anyone buying into a community has the opportunity to read the documents prior to purchasing. Generally, financial statements are issued by corporation and are prepared by Generally Accepted Accounting Principles. If a Board is not receiving proper financials then they have the option to change the vendor who is providing them. There is no need to begin legislating GAAP accounting. Additionally, there is already legislation that exists preventing commingling of funds which is working fine.

(d) If the funds are restricted then in the case of an emergency or cash flow situation the Association could be rendered inoperable. A case in point is the situation happening right now with the ice damming – during the height of the storms the roofs needed to be cleared to prevent further interior damage. The interiors need to be remediated to prevent mold. The homeowners want their homes to be restored from the damage. A determination has to be made as to the extent/cost of the damages. The insurance companies are not able to send adjusters out and are not forthcoming with any funds to-date. Bottomline, many Associations must transfer funds from their reserves in order to pay the expenses while they are working through the insurance issues and determining whether an assessment is necessary or not. Should an assessment be necessary a meeting must be arranged for the

homeowners to vote upon it – all of this takes time and so this section is unrealistic in practice and will place undue restrictions.

(e) This is completely unrealistic - To prepare every financial for every Association within fifteen days of the prior month is unrealistic as bank statements may not have been received, staff cannot prepare every set of financials within such a short time frame. If the property is on an accrual basis a fifteen day time frame would not allow adequate time to prepare accurate financials. Second, to post a bank statement for all to see is a very dangerous practice with the possibility of fraudulent activity. The cost to the Associations to have a secure enough web site to post bank statements could be prohibitive. The information on a bank statement might be used incorrectly, misconstrued and could jeopardize the Association.

Thank you for your time and attention.

Respectfully,

Andrea Scalzo  
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