

# Industry Objections To AICPA CIRA Accounting Guide

By Stephen W. Beer, CPA  
Czarnowski & Beer

By now, you have heard all the complaints about the disclosure requirements mandated by the new American Institute of Certified Public Accountants' (AICPA) Common Interest Realty Associations (CIRA) Accounting Guide. Some examples of the ones I have heard over the last year are as follows.

A prominent Cooperative/Condominium Attorney complained that he has been in the real estate business for twenty years and has never received more calls on any other one single topic. A member of the Real Estate Board said that they had never heard of the AICPA before, and hope to never hear about it again. You undoubtedly, have your own stories to tell.

After giving seminars for clients, distributing explanatory information and year end reminders, I can honestly say none of my clients has undertaken the chore of compiling the necessary information. The Council for New York Cooperatives sent a letter to its members in late January, recommending not to follow the disclosure requirements of the Guide for this year.

Last month, I attended a Real Estate Accounting conference, and heard Nancy Ann Connery, a partner with Schoemann Updike & Marsh, speak on the legal issues involved in disclosing the required information in the financial statements. I believe she was speaking for herself, but as the Chairperson for the New York City Bar Associations' Cooperative and Condominium Law Committee she is quite familiar with the opinions of many real estate professionals. She said she knew of only one law firm, with many cooperative and condominium (co-op/condo) clients, which was advising their clients to include the disclosures in their annual reports. Without having had sufficient time for real estate professionals to compile a standardized methodology for the replacement costs and reserve fund requirements, the margin of error associated with the disclosures would be too great. She felt wrong or incomplete information would just lead to Boards being sued. There is no obligation under New York State Law to provide these disclosures and the Boards can not be held liable for what they don't say. Once they make a statement, the Boards would make

NEW
**northeast hardware specialties, inc.**
FAST

**Suppliers of hard to find, obsolete and current parts for:**

- WINDOWS
- CLOSET DOORS
- PATIO DOORS
- SHOWER DOORS
- STORM DOORS
- SCREENS
- DRAWERS
- MISCELLANEOUS

PRICE

813 Middle Neck Road • Great Neck, NY • 11024  
NY toll free 800-439-2329 fax 516-829-7448

SERVICE

Send a Sample

\* This series balance uses both top & bottom brackets.

## Do Your Fuel Tanks Comply With New Environmental Codes?

The New York State Department of Environmental Conservation is enforcing new legislation designed to prevent fuel oil spills and seepage into ground water and storm drains.

Owners not complying with the new regulations are subject to fines up to \$25,000 per day and possible criminal penalties.

American Pipe & Tank Lining Co., Inc. is equipped to quickly and efficiently bring your tanks into compliance:

- Color Coding of Fill Ports
- Fuel Tank Gauges
- Emergency Alarms
- Secondary Containment Systems

We provide a host of solutions to fuel (and water) tank problems.



One call does it all...  
Do it TODAY!

**AMERICAN PIPE & TANK LINING CO., INC.**  
538 West 35th Street, New York, N.Y. 10001  
Tel.: (212) 736-6618 • Fax: (212) 465-1734

themselves a target for lawsuits if estimates turn out to be incomplete or wrong.

I have had the opportunity to discuss the requirements of the Guide with

many real estate professionals. The consensus is that they may need this in other states, maybe even in New York State, but not in New York City at this time. They feel requirements such as minimum reserves at conversion and engineer reports incorporated in the offering plan as well as other local laws offer ample protection. Additionally, if purchasers retain qualified professionals, who do their due diligence, they should have adequate protection.

It looks like almost all financial statements issued for cooperatives and condominiums for this year will include in lieu of the foreclosures the additional paragraph indicated in the following Auditor's Report.

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
XYZ Cooperative Owners Corp.  
New York, New York

We have audited the accompanying balance sheet of XYZ Cooperative Owners Corp. (a cooperative housing corporation) as of December 31, 1991 and 1990, and the related statements of revenue, expenses and deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of XYZ Cooperative Owners Corp. as of December 31, 1991 and 1990, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

XYZ Cooperative Owners Corp. has chosen not to present the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountant's has determined is necessary to supplement, although is not required to be part of, the basic financial statements.

## Mini Tradeshow Hosts

FEBRUARY 24

Northeast Hardware Specialties

AND

Robert L. Teitelbaum, Inc.