

By Senator Bracy

11-00364-17

2017294__

1 A bill to be entitled
2 An act relating to condominium, cooperative, and
3 homeowners' associations; amending ss. 718.111,
4 719.104, and 720.303, F.S.; requiring associations to
5 meet specified financial reporting requirements if
6 they fail to provide unit owners or members with
7 requested financial information; providing that
8 associations that fail to provide such information may
9 not exercise a specified reporting option for a
10 specified period; deleting exemptions for certain
11 associations from specified reporting requirements;
12 providing an effective date.

13
14 Be It Enacted by the Legislature of the State of Florida:

15
16 Section 1. Subsection (13) of section 718.111, Florida
17 Statutes, is amended to read:

18 718.111 The association.—

19 (13) FINANCIAL REPORTING.—Within 90 days after the end of
20 the fiscal year, or annually on a date provided in the bylaws,
21 the association shall prepare and complete, or contract for the
22 preparation and completion of, a financial report for the
23 preceding fiscal year. Within 21 days after the final financial
24 report is completed by the association or received from the
25 third party, but not later than 120 days after the end of the
26 fiscal year or other date as provided in the bylaws, the
27 association shall mail to each unit owner at the address last
28 furnished to the association by the unit owner, or hand deliver
29 to each unit owner, a copy of the financial report or a notice
30 that a copy of the financial report will be mailed or hand
31 delivered to the unit owner, without charge, upon receipt of a
32 written request from the unit owner. If, upon receipt of a

11-00364-17

2017294__

33 written request, an association does not provide a copy of the
34 prior year's financial report to the unit owner, the association
35 shall provide to the division the financial reporting required
36 under this section for the next 3 consecutive years and may not
37 exercise the reporting option authorized in paragraph (d) for
38 those years. The division shall adopt rules setting forth
39 uniform accounting principles and standards to be used by all
40 associations and addressing the financial reporting requirements
41 for multicondominium associations. The rules must include, but
42 not be limited to, standards for presenting a summary of
43 association reserves, including a good faith estimate disclosing
44 the annual amount of reserve funds that would be necessary for
45 the association to fully fund reserves for each reserve item
46 based on the straight-line accounting method. This disclosure is
47 not applicable to reserves funded via the pooling method. In
48 adopting such rules, the division shall consider the number of
49 members and annual revenues of an association. Financial reports
50 shall be prepared as follows:

51 (a) An association that meets the criteria of this
52 paragraph shall prepare a complete set of financial statements
53 in accordance with generally accepted accounting principles. The
54 financial statements must be based upon the association's total
55 annual revenues, as follows:

56 1. An association with total annual revenues of \$150,000 or
57 more, but less than \$300,000, shall prepare compiled financial
58 statements.

59 2. An association with total annual revenues of at least
60 \$300,000, but less than \$500,000, shall prepare reviewed
61 financial statements.

11-00364-17

2017294__

62 3. An association with total annual revenues of \$500,000 or
63 more shall prepare audited financial statements.

64 (b)1. An association with total annual revenues of less
65 than \$150,000 shall prepare a report of cash receipts and
66 expenditures.

67 ~~2. An association that operates fewer than 50 units,~~
68 ~~regardless of the association's annual revenues, shall prepare a~~
69 ~~report of cash receipts and expenditures in lieu of financial~~
70 ~~statements required by paragraph (a).~~

71 2.3. A report of cash receipts and disbursements must
72 disclose the amount of receipts by accounts and receipt
73 classifications and the amount of expenses by accounts and
74 expense classifications, including, but not limited to, the
75 following, as applicable: costs for security, professional and
76 management fees and expenses, taxes, costs for recreation
77 facilities, expenses for refuse collection and utility services,
78 expenses for lawn care, costs for building maintenance and
79 repair, insurance costs, administration and salary expenses, and
80 reserves accumulated and expended for capital expenditures,
81 deferred maintenance, and any other category for which the
82 association maintains reserves.

83 (c) An association may prepare, without a meeting of or
84 approval by the unit owners:

85 1. Compiled, reviewed, or audited financial statements, if
86 the association is required to prepare a report of cash receipts
87 and expenditures;

88 2. Reviewed or audited financial statements, if the
89 association is required to prepare compiled financial
90 statements; or

11-00364-17

2017294__

91 3. Audited financial statements if the association is
92 required to prepare reviewed financial statements.

93 (d) If approved by a majority of the voting interests
94 present at a properly called meeting of the association, an
95 association may prepare:

96 1. A report of cash receipts and expenditures in lieu of a
97 compiled, reviewed, or audited financial statement;

98 2. A report of cash receipts and expenditures or a compiled
99 financial statement in lieu of a reviewed or audited financial
100 statement; or

101 3. A report of cash receipts and expenditures, a compiled
102 financial statement, or a reviewed financial statement in lieu
103 of an audited financial statement.

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105 Such meeting and approval must occur before the end of the
106 fiscal year and is effective only for the fiscal year in which
107 the vote is taken, except that the approval may also be
108 effective for the following fiscal year. If the developer has
109 not turned over control of the association, all unit owners,
110 including the developer, may vote on issues related to the
111 preparation of the association's financial reports, from the
112 date of incorporation of the association through the end of the
113 second fiscal year after the fiscal year in which the
114 certificate of a surveyor and mapper is recorded pursuant to s.
115 718.104(4)(e) or an instrument that transfers title to a unit in
116 the condominium which is not accompanied by a recorded
117 assignment of developer rights in favor of the grantee of such
118 unit is recorded, whichever occurs first. Thereafter, all unit
119 owners except the developer may vote on such issues until

11-00364-17

2017294__

120 control is turned over to the association by the developer. Any
121 audit or review prepared under this section shall be paid for by
122 the developer if done before turnover of control of the
123 association. An association may not waive the financial
124 reporting requirements of this section for more than 3
125 consecutive years.

126 Section 2. Paragraphs (a) and (c) of subsection (4) of
127 section 719.104, Florida Statutes, are amended to read:

128 719.104 Cooperatives; access to units; records; financial
129 reports; assessments; purchase of leases.—

130 (4) FINANCIAL REPORT.—

131 (a) Within 90 days following the end of the fiscal or
132 calendar year or annually on such date as provided in the bylaws
133 of the association, the board of administration shall prepare
134 and complete, or contract with a third party to prepare and
135 complete, a financial report covering the preceding fiscal or
136 calendar year. Within 21 days after the financial report is
137 completed by the association or received from the third party,
138 but no later than 120 days after the end of the fiscal year,
139 calendar year, or other date provided in the bylaws, the
140 association shall provide each member with a copy of the annual
141 financial report or a written notice that a copy of the
142 financial report is available upon request at no charge to the
143 member. If, upon receipt of a written request, an association
144 does not provide a copy of the prior year's financial report to
145 the member, the association shall provide to the division the
146 financial reporting required under this section for the next 3
147 consecutive years and may not exercise the reporting option
148 authorized in paragraph (e) for those years. The division shall

11-00364-17

2017294__

149 adopt rules setting forth uniform accounting principles,
150 standards, and reporting requirements.

151 (c)1. An association with total annual revenues of less
152 than \$150,000 shall prepare a report of cash receipts and
153 expenditures.

154 ~~2. An association in a community of fewer than 50 units,~~
155 ~~regardless of the association's annual revenues, shall prepare a~~
156 ~~report of cash receipts and expenditures in lieu of the~~
157 ~~financial statements required by paragraph (b), unless the~~
158 ~~declaration or other recorded governing documents provide~~
159 ~~otherwise.~~

160 2.3. A report of cash receipts and expenditures must
161 disclose the amount of receipts by accounts and receipt
162 classifications and the amount of expenses by accounts and
163 expense classifications, including the following, as applicable:
164 costs for security, professional, and management fees and
165 expenses; taxes; costs for recreation facilities; expenses for
166 refuse collection and utility services; expenses for lawn care;
167 costs for building maintenance and repair; insurance costs;
168 administration and salary expenses; and reserves, if maintained
169 by the association.

170 Section 3. Subsection (7) of section 720.303, Florida
171 Statutes, is amended to read:

172 720.303 Association powers and duties; meetings of board;
173 official records; budgets; financial reporting; association
174 funds; recalls.—

175 (7) FINANCIAL REPORTING.—Within 90 days after the end of
176 the fiscal year, or annually on the date provided in the bylaws,
177 the association shall prepare and complete, or contract with a

11-00364-17

2017294__

178 third party for the preparation and completion of, a financial
179 report for the preceding fiscal year. Within 21 days after the
180 final financial report is completed by the association or
181 received from the third party, but not later than 120 days after
182 the end of the fiscal year or other date as provided in the
183 bylaws, the association shall, within the time limits set forth
184 in subsection (5), provide each member with a copy of the annual
185 financial report or a written notice that a copy of the
186 financial report is available upon request at no charge to the
187 member. If, upon receipt of a written request, an association
188 does not provide a copy of the prior year's financial report to
189 the member, the association shall provide to the division the
190 financial reporting required under this section for the next 3
191 consecutive years and may not exercise the reporting option
192 authorized in paragraph (d) for those years. Financial reports
193 shall be prepared as follows:

194 (a) An association that meets the criteria of this
195 paragraph shall prepare or cause to be prepared a complete set
196 of financial statements in accordance with generally accepted
197 accounting principles as adopted by the Board of Accountancy.
198 The financial statements shall be based upon the association's
199 total annual revenues, as follows:

200 1. An association with total annual revenues of \$150,000 or
201 more, but less than \$300,000, shall prepare compiled financial
202 statements.

203 2. An association with total annual revenues of at least
204 \$300,000, but less than \$500,000, shall prepare reviewed
205 financial statements.

206 3. An association with total annual revenues of \$500,000 or

11-00364-17

2017294__

207 more shall prepare audited financial statements.

208 (b)1. An association with total annual revenues of less
209 than \$150,000 shall prepare a report of cash receipts and
210 expenditures.

211 ~~2. An association in a community of fewer than 50 parcels,~~
212 ~~regardless of the association's annual revenues, may prepare a~~
213 ~~report of cash receipts and expenditures in lieu of financial~~
214 ~~statements required by paragraph (a) unless the governing~~
215 ~~documents provide otherwise.~~

216 2.3. A report of cash receipts and disbursement must
217 disclose the amount of receipts by accounts and receipt
218 classifications and the amount of expenses by accounts and
219 expense classifications, including, but not limited to, the
220 following, as applicable: costs for security, professional, and
221 management fees and expenses; taxes; costs for recreation
222 facilities; expenses for refuse collection and utility services;
223 expenses for lawn care; costs for building maintenance and
224 repair; insurance costs; administration and salary expenses; and
225 reserves if maintained by the association.

226 (c) If 20 percent of the parcel owners petition the board
227 for a level of financial reporting higher than that required by
228 this section, the association shall duly notice and hold a
229 meeting of members within 30 days of receipt of the petition for
230 the purpose of voting on raising the level of reporting for that
231 fiscal year. Upon approval of a majority of the total voting
232 interests of the parcel owners, the association shall prepare or
233 cause to be prepared, shall amend the budget or adopt a special
234 assessment to pay for the financial report regardless of any
235 provision to the contrary in the governing documents, and shall

11-00364-17

2017294__

236 provide within 90 days of the meeting or the end of the fiscal
237 year, whichever occurs later:

238 1. Compiled, reviewed, or audited financial statements, if
239 the association is otherwise required to prepare a report of
240 cash receipts and expenditures;

241 2. Reviewed or audited financial statements, if the
242 association is otherwise required to prepare compiled financial
243 statements; or

244 3. Audited financial statements if the association is
245 otherwise required to prepare reviewed financial statements.

246 (d) If approved by a majority of the voting interests
247 present at a properly called meeting of the association, an
248 association may prepare or cause to be prepared:

249 1. A report of cash receipts and expenditures in lieu of a
250 compiled, reviewed, or audited financial statement;

251 2. A report of cash receipts and expenditures or a compiled
252 financial statement in lieu of a reviewed or audited financial
253 statement; or

254 3. A report of cash receipts and expenditures, a compiled
255 financial statement, or a reviewed financial statement in lieu
256 of an audited financial statement.

257 Section 4. This act shall take effect July 1, 2017.