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1
2 An act relating to financial reporting; amending ss.
3 718.111, 719.104, and 720.303, F.S.; deleting a
4 provision authorizing certain associations to prepare
5 a report of cash receipts and expenditures in lieu of
6 specified financial statements; deleting provisions
7 prohibiting condominium and cooperative associations
8 from waiving certain financial reporting requirements;
9 providing an effective date.

10
11 Be It Enacted by the Legislature of the State of Florida:

12
13 Section 1. Subsection (13) of section 718.111, Florida
14 Statutes, is amended to read:

15 718.111 The association.—

16 (13) FINANCIAL REPORTING.—Within 90 days after the end of
17 the fiscal year, or annually on a date provided in the bylaws,
18 the association shall prepare and complete, or contract for the
19 preparation and completion of, a financial report for the
20 preceding fiscal year. Within 21 days after the final financial
21 report is completed by the association or received from the
22 third party, but not later than 120 days after the end of the
23 fiscal year or other date as provided in the bylaws, the
24 association shall mail to each unit owner at the address last
25 furnished to the association by the unit owner, or hand deliver

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26 | to each unit owner, a copy of the financial report or a notice
27 | that a copy of the financial report will be mailed or hand
28 | delivered to the unit owner, without charge, upon receipt of a
29 | written request from the unit owner. The division shall adopt
30 | rules setting forth uniform accounting principles and standards
31 | to be used by all associations and addressing the financial
32 | reporting requirements for multicondominium associations. The
33 | rules must include, but not be limited to, standards for
34 | presenting a summary of association reserves, including a good
35 | faith estimate disclosing the annual amount of reserve funds
36 | that would be necessary for the association to fully fund
37 | reserves for each reserve item based on the straight-line
38 | accounting method. This disclosure is not applicable to reserves
39 | funded via the pooling method. In adopting such rules, the
40 | division shall consider the number of members and annual
41 | revenues of an association. Financial reports shall be prepared
42 | as follows:

43 | (a) An association that meets the criteria of this
44 | paragraph shall prepare a complete set of financial statements
45 | in accordance with generally accepted accounting principles. The
46 | financial statements must be based upon the association's total
47 | annual revenues, as follows:

48 | 1. An association with total annual revenues of \$150,000
49 | or more, but less than \$300,000, shall prepare compiled
50 | financial statements.

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51 2. An association with total annual revenues of at least
52 \$300,000, but less than \$500,000, shall prepare reviewed
53 financial statements.

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

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

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

63 ~~3.~~ A report of cash receipts and disbursements must
64 disclose the amount of receipts by accounts and receipt
65 classifications and the amount of expenses by accounts and
66 expense classifications, including, but not limited to, the
67 following, as applicable: costs for security, professional and
68 management fees and expenses, taxes, costs for recreation
69 facilities, expenses for refuse collection and utility services,
70 expenses for lawn care, costs for building maintenance and
71 repair, insurance costs, administration and salary expenses, and
72 reserves accumulated and expended for capital expenditures,
73 deferred maintenance, and any other category for which the
74 association maintains reserves.

75 (c) An association may prepare, without a meeting of or

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76 approval by the unit owners:

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

80 2. Reviewed or audited financial statements, if the
 81 association is required to prepare compiled financial
 82 statements; or

83 3. Audited financial statements if the association is
 84 required to prepare reviewed financial statements.

85 (d) If approved by a majority of the voting interests
 86 present at a properly called meeting of the association, an
 87 association may prepare:

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

90 2. A report of cash receipts and expenditures or a
 91 compiled financial statement in lieu of a reviewed or audited
 92 financial statement; or

93 3. A report of cash receipts and expenditures, a compiled
 94 financial statement, or a reviewed financial statement in lieu
 95 of an audited financial statement.

96

97 Such meeting and approval must occur before the end of the
 98 fiscal year and is effective only for the fiscal year in which
 99 the vote is taken, except that the approval may also be
 100 effective for the following fiscal year. If the developer has

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101 not turned over control of the association, all unit owners,
 102 including the developer, may vote on issues related to the
 103 preparation of the association's financial reports, from the
 104 date of incorporation of the association through the end of the
 105 second fiscal year after the fiscal year in which the
 106 certificate of a surveyor and mapper is recorded pursuant to s.
 107 718.104(4)(e) or an instrument that transfers title to a unit in
 108 the condominium which is not accompanied by a recorded
 109 assignment of developer rights in favor of the grantee of such
 110 unit is recorded, whichever occurs first. Thereafter, all unit
 111 owners except the developer may vote on such issues until
 112 control is turned over to the association by the developer. Any
 113 audit or review prepared under this section shall be paid for by
 114 the developer if done before turnover of control of the
 115 association. ~~An association may not waive the financial~~
 116 ~~reporting requirements of this section for more than 3~~
 117 ~~consecutive years.~~

118 Section 2. Paragraphs (b) and (c) of subsection (4) of
 119 section 719.104, Florida Statutes, are amended to read:

120 719.104 Cooperatives; access to units; records; financial
 121 reports; assessments; purchase of leases.—

122 (4) FINANCIAL REPORT.—

123 (b) Except as provided in paragraph (c), an association
 124 whose total annual revenues meet the criteria of this paragraph
 125 shall prepare or cause to be prepared a complete set of

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126 financial statements according to the generally accepted
127 accounting principles adopted by the Board of Accountancy. The
128 financial statements shall be as follows:

129 1. An association with total annual revenues between
130 \$150,000 and \$299,999 shall prepare a compiled financial
131 statement.

132 2. An association with total annual revenues between
133 \$300,000 and \$499,999 shall prepare a reviewed financial
134 statement.

135 3. An association with total annual revenues of \$500,000
136 or more shall prepare an audited financial statement.

137 4. The requirement to have the financial statement
138 compiled, reviewed, or audited does not apply to an association
139 if a majority of the voting interests of the association present
140 at a duly called meeting of the association have voted to waive
141 this requirement for the fiscal year. In an association in which
142 turnover of control by the developer has not occurred, the
143 developer may vote to waive the audit requirement for the first
144 2 years of operation of the association, after which time waiver
145 of an applicable audit requirement shall be by a majority of
146 voting interests other than the developer. The meeting shall be
147 held prior to the end of the fiscal year, and the waiver shall
148 be effective for only one fiscal year. ~~An association may not
149 waive the financial reporting requirements of this section for
150 more than 3 consecutive years.~~

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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 ~~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. Paragraph (b) of subsection (7) of section
 171 720.303, Florida 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

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176 | the fiscal year, or annually on the date provided in the bylaws,
 177 | the association shall prepare and complete, or contract with a
 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. Financial reports shall be prepared as follows:

188 | (b)1. An association with total annual revenues of less
 189 | than \$150,000 shall prepare a report of cash receipts and
 190 | expenditures.

191 | 2. ~~An association in a community of fewer than 50 parcels,~~
 192 | ~~regardless of the association's annual revenues, may prepare a~~
 193 | ~~report of cash receipts and expenditures in lieu of financial~~
 194 | ~~statements required by paragraph (a) unless the governing~~
 195 | ~~documents provide otherwise.~~

196 | 3. A report of cash receipts and disbursement must
 197 | disclose the amount of receipts by accounts and receipt
 198 | classifications and the amount of expenses by accounts and
 199 | expense classifications, including, but not limited to, the
 200 | following, as applicable: costs for security, professional, and

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201 | management fees and expenses; taxes; costs for recreation
202 | facilities; expenses for refuse collection and utility services;
203 | expenses for lawn care; costs for building maintenance and
204 | repair; insurance costs; administration and salary expenses; and
205 | reserves if maintained by the association.

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