

1                   A bill to be entitled  
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.

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

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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

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.

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

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.

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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

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

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.~~

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

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.