

1 A bill to be entitled
 2 An act relating to community associations; amending s.
 3 718.111, F.S.; revising requirements relating to the
 4 preparation and completion of the homeowners'
 5 association's annual financial report; revising the
 6 requirements for a financial report based on the
 7 association's number of units; revising the
 8 requirements for a financial report based on the
 9 amount of a condominium's revenues; amending s.
 10 719.104, F.S.; revising requirements with respect to
 11 cooperative financial statements and reports; amending
 12 s. 720.303, F.S.; revising requirements relating to
 13 the preparation and completion of the condominium
 14 association's annual financial report; providing an
 15 effective date.

16
 17 Be It Enacted by the Legislature of the State of Florida:

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

21 718.111 The association.—

22 (13) FINANCIAL REPORTING.—Within 90 days after the end of
 23 the fiscal year, or annually on a date provided in the bylaws,
 24 the association shall prepare and complete, or contract for the
 25 preparation and completion of, a financial report for the
 26 preceding fiscal year. Within 21 days after the final financial
 27 report is completed by the association or received from the
 28 third party, but not later than 120 days after the end of the

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

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

54 | 1. An association with total annual revenues of \$125,000
55 | ~~\$100,000~~ or more, but less than \$250,000 ~~\$200,000~~, shall prepare
56 | compiled financial statements.

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57 2. An association with total annual revenues of at least
58 \$250,000 ~~\$200,000~~, but less than \$500,000 ~~\$400,000~~, shall
59 prepare reviewed financial statements.

60 3. An association with total annual revenues of \$500,000
61 ~~\$400,000~~ or more shall prepare audited financial statements.

62 ~~4.(b)1.~~ An association with total annual revenues of less
63 than \$125,000 ~~\$100,000~~ shall prepare a report of cash receipts
64 and expenditures.

65 ~~5.2.~~ An association that operates fewer than 50 ~~75~~ units,
66 regardless of the association's annual revenues, shall prepare a
67 report of cash receipts and expenditures in lieu of financial
68 statements required by paragraph (a).

69 ~~6.3.~~ A report of cash receipts and disbursements must
70 disclose the amount of receipts by accounts and receipt
71 classifications and the amount of expenses by accounts and
72 expense classifications, including, but not limited to, the
73 following, as applicable: costs for security, professional and
74 management fees and expenses, taxes, costs for recreation
75 facilities, expenses for refuse collection and utility services,
76 expenses for lawn care, costs for building maintenance and
77 repair, insurance costs, administration and salary expenses, and
78 reserves accumulated and expended for capital expenditures,
79 deferred maintenance, and any other category for which the
80 association maintains reserves.

81 ~~(b)(e)~~ An association may prepare, without a meeting of or
82 approval by the unit owners:

83 1. Compiled, reviewed, or audited financial statements, if
84 the association is required to prepare a report of cash receipts

85 | and expenditures;

86 | 2. Reviewed or audited financial statements, if the
87 | association is required to prepare compiled financial
88 | statements; or

89 | 3. Audited financial statements if the association is
90 | required to prepare reviewed financial statements.

91 | (c)~~(d)~~ If approved by a majority of the voting interests
92 | present at a properly called meeting of the association, an
93 | association may prepare:

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

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

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

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103 | Such meeting and approval must occur before the end of the
104 | fiscal year and is effective only for the fiscal year in which
105 | the vote is taken, except that the approval may also be
106 | effective for the following fiscal year. With respect to an
107 | association to which the developer has not turned over control
108 | of the association, all unit owners, including the developer,
109 | may vote on issues related to the preparation of financial
110 | reports for the first 2 fiscal years of the association's
111 | operation, beginning with the fiscal year in which the
112 | declaration is recorded. Thereafter, all unit owners except the

113 developer may vote on such issues until control is turned over
 114 to the association by the developer. Any audit or review
 115 prepared under this section shall be paid for by the developer
 116 if done before turnover of control of the association. An
 117 association may not waive the financial reporting requirements
 118 of this section for more than 3 consecutive years.

119 Section 2. Subsection (4) of section 719.104, Florida
 120 Statutes, is amended to read:

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

123 (4) FINANCIAL REPORT.—

124 (a) Within 90 ~~60~~ days after ~~following~~ the end of the
 125 fiscal or calendar year or annually on such date as is otherwise
 126 provided in the bylaws of the association, the board of
 127 administration of the association shall mail or furnish by
 128 personal delivery to each unit owner a complete financial report
 129 of actual receipts and expenditures for the previous 12 months,
 130 or a complete set of financial statements for the preceding
 131 fiscal year prepared in accordance with generally accepted
 132 accounting procedures. The report shall show the amounts of
 133 receipts by accounts and receipt classifications and shall show
 134 the amounts of expenses by accounts and expense classifications
 135 including, if applicable, but not limited to, the following:

- 136 1. Costs for security;
- 137 2. Professional and management fees and expenses;
- 138 3. Taxes;
- 139 4. Costs for recreation facilities;
- 140 5. Expenses for refuse collection and utility services;

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- 141 6. Expenses for lawn care;
142 7. Costs for building maintenance and repair;
143 8. Insurance costs;
144 9. Administrative and salary expenses; and
145 10. Reserves for capital expenditures, deferred
146 maintenance, and any other category for which the association
147 maintains a reserve account or accounts.

148 (b) The division shall adopt rules that may require that
149 the association deliver to the unit owners, in lieu of the
150 financial report required by this section, a complete set of
151 financial statements for the preceding fiscal year. The
152 financial statements shall be delivered within 90 days following
153 the end of the previous fiscal year or annually on such other
154 date as provided in the bylaws. The rules of the division may
155 require that the financial statements be compiled, reviewed, or
156 audited, and the rules shall take into consideration the
157 criteria set forth in s. 719.501(1)(j). The requirement to have
158 the financial statements compiled, reviewed, or audited does not
159 apply to associations if a majority of the voting interests of
160 the association present at a duly called meeting of the
161 association have determined for a fiscal year to waive this
162 requirement. In an association in which turnover of control by
163 the developer has not occurred, the developer may vote to waive
164 the audit requirement for the first 2 years of the operation of
165 the association, after which time waiver of an applicable audit
166 requirement shall be by a majority of voting interests other
167 than the developer. The meeting shall be held prior to the end
168 of the fiscal year, and the waiver shall be effective for only

169 one fiscal year. This subsection does not apply to a cooperative
 170 that consists of 50 or fewer units.

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

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

176 (7) FINANCIAL REPORTING.—Within 90 days after the end of
 177 the fiscal year, or annually on the date provided in the bylaws,
 178 the association shall prepare and complete, or contract with a
 179 third party for the preparation and completion of, a financial
 180 report for the preceding fiscal year. Within 21 days after the
 181 final financial report is completed by the association or
 182 received from the third party, but not later than 120 days after
 183 the end of the fiscal year or other date as provided in the
 184 bylaws, the association shall, within the time limits set forth
 185 in subsection (5), provide each member with a copy of the annual
 186 financial report or a written notice that a copy of the
 187 financial report is available upon request at no charge to the
 188 member. Financial reports shall be prepared as follows:

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

195 1. An association with total annual revenues of \$125,000
 196 ~~\$100,000~~ or more, but less than \$250,000 ~~\$200,000~~, shall prepare

197 compiled financial statements.

198 2. An association with total annual revenues of at least
 199 \$250,000 ~~\$200,000~~, but less than \$500,000 ~~\$400,000~~, shall
 200 prepare reviewed financial statements.

201 3. An association with total annual revenues of \$500,000
 202 ~~\$400,000~~ or more shall prepare audited financial statements.

203 4. ~~(b)1.~~ An association with total annual revenues of less
 204 than \$125,000 ~~\$100,000~~ shall prepare a report of cash receipts
 205 and expenditures.

206 5. ~~2.~~ An association in a community of fewer than 50
 207 parcels, regardless of the association's annual revenues, may
 208 prepare a report of cash receipts and expenditures in lieu of
 209 financial statements required by paragraph (a) unless the
 210 governing documents provide otherwise.

211 6. ~~3.~~ A report of cash receipts and disbursement must
 212 disclose the amount of receipts by accounts and receipt
 213 classifications and the amount of expenses by accounts and
 214 expense classifications, including, but not limited to, the
 215 following, as applicable: costs for security, professional, and
 216 management fees and expenses; taxes; costs for recreation
 217 facilities; expenses for refuse collection and utility services;
 218 expenses for lawn care; costs for building maintenance and
 219 repair; insurance costs; administration and salary expenses; and
 220 reserves if maintained by the association.

221 **(b)(e)** If 20 percent of the parcel owners petition the
 222 board for a level of financial reporting higher than that
 223 required by this section, the association shall duly notice and
 224 hold a meeting of members within 30 days of receipt of the

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225 petition for the purpose of voting on raising the level of
226 reporting for that fiscal year. Upon approval of a majority of
227 the total voting interests of the parcel owners, the association
228 shall prepare or cause to be prepared, shall amend the budget or
229 adopt a special assessment to pay for the financial report
230 regardless of any provision to the contrary in the governing
231 documents, and shall provide within 90 days of the meeting or
232 the end of the fiscal year, whichever occurs later:

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

236 2. Reviewed or audited financial statements, if the
237 association is otherwise required to prepare compiled financial
238 statements; or

239 3. Audited financial statements if the association is
240 otherwise required to prepare reviewed financial statements.

241 (c)~~(d)~~ If approved by a majority of the voting interests
242 present at a properly called meeting of the association, an
243 association may prepare or cause to be prepared:

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

246 2. A report of cash receipts and expenditures or a
247 compiled financial statement in lieu of a reviewed or audited
248 financial statement; or

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

252 Section 4. This act shall take effect July 1, 2013.