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LEGISLATIVE ACTION

Senate

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House

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Floor: WD

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03/10/2016 04:48 PM

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Senator Brandes moved the following:

**Senate Amendment (with title amendment)**

Between lines 1130 and 1131

insert:

Section 40. Paragraphs (b) and (d) of subsection (13) of section 718.111, Florida Statutes, are amended to read:

718.111 The association.—

(13) FINANCIAL REPORTING.—Within 90 days after the end of the fiscal year, or annually on a date provided in the bylaws, the association shall prepare and complete, or contract for the preparation and completion of, a financial report for the



650756

12 preceding fiscal year. Within 21 days after the final financial  
13 report is completed by the association or received from the  
14 third party, but not later than 120 days after the end of the  
15 fiscal year or other date as provided in the bylaws, the  
16 association shall mail to each unit owner at the address last  
17 furnished to the association by the unit owner, or hand deliver  
18 to each unit owner, a copy of the financial report or a notice  
19 that a copy of the financial report will be mailed or hand  
20 delivered to the unit owner, without charge, upon receipt of a  
21 written request from the unit owner. The division shall adopt  
22 rules setting forth uniform accounting principles and standards  
23 to be used by all associations and addressing the financial  
24 reporting requirements for multicondominium associations. The  
25 rules must include, but not be limited to, standards for  
26 presenting a summary of association reserves, including a good  
27 faith estimate disclosing the annual amount of reserve funds  
28 that would be necessary for the association to fully fund  
29 reserves for each reserve item based on the straight-line  
30 accounting method. This disclosure is not applicable to reserves  
31 funded via the pooling method. In adopting such rules, the  
32 division shall consider the number of members and annual  
33 revenues of an association. Financial reports shall be prepared  
34 as follows:

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

38 ~~2. An association that operates fewer than 50 units,~~  
39 ~~regardless of the association's annual revenues, shall prepare a~~  
40 ~~report of cash receipts and expenditures in lieu of financial~~



650756

41 ~~statements required by paragraph (a).~~

42 ~~2.3.~~ A report of cash receipts and disbursements must  
43 disclose the amount of receipts by accounts and receipt  
44 classifications and the amount of expenses by accounts and  
45 expense classifications, including, but not limited to, the  
46 following, as applicable: costs for security, professional and  
47 management fees and expenses, taxes, costs for recreation  
48 facilities, expenses for refuse collection and utility services,  
49 expenses for lawn care, costs for building maintenance and  
50 repair, insurance costs, administration and salary expenses, and  
51 reserves accumulated and expended for capital expenditures,  
52 deferred maintenance, and any other category for which the  
53 association maintains reserves.

54 (d) If approved by a majority of the voting interests  
55 present at a properly called meeting of the association, an  
56 association may prepare:

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

59 2. A report of cash receipts and expenditures or a compiled  
60 financial statement in lieu of a reviewed or audited financial  
61 statement; or

62 3. A report of cash receipts and expenditures, a compiled  
63 financial statement, or a reviewed financial statement in lieu  
64 of an audited financial statement.

65

66 Such meeting and approval must occur before the end of the  
67 fiscal year and is effective only for the fiscal year in which  
68 the vote is taken, except that the approval may also be  
69 effective for the following fiscal year. If the developer has



650756

70 not turned over control of the association, all unit owners,  
71 including the developer, may vote on issues related to the  
72 preparation of the association's financial reports, from the  
73 date of incorporation of the association through the end of the  
74 second fiscal year after the fiscal year in which the  
75 certificate of a surveyor and mapper is recorded pursuant to s.  
76 718.104(4)(e) or an instrument that transfers title to a unit in  
77 the condominium which is not accompanied by a recorded  
78 assignment of developer rights in favor of the grantee of such  
79 unit is recorded, whichever occurs first. Thereafter, all unit  
80 owners except the developer may vote on such issues until  
81 control is turned over to the association by the developer. Any  
82 audit or review prepared under this section shall be paid for by  
83 the developer if done before turnover of control of the  
84 association. ~~An association may not waive the financial~~  
85 ~~reporting requirements of this section for more than 3~~  
86 ~~consecutive years.~~

87 Section 41. Paragraphs (b) and (c) of subsection (4) of  
88 section 719.104, Florida Statutes, are amended to read:

89 719.104 Cooperatives; access to units; records; financial  
90 reports; assessments; purchase of leases.—

91 (4) FINANCIAL REPORT.—

92 (b) Except as provided in paragraph (c), an association  
93 whose total annual revenues meet the criteria of this paragraph  
94 shall prepare or cause to be prepared a complete set of  
95 financial statements according to the generally accepted  
96 accounting principles adopted by the Board of Accountancy. The  
97 financial statements shall be as follows:

98 1. An association with total annual revenues between



650756

99 \$150,000 and \$299,999 shall prepare a compiled financial  
100 statement.

101 2. An association with total annual revenues between  
102 \$300,000 and \$499,999 shall prepare a reviewed financial  
103 statement.

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

106 4. The requirement to have the financial statement  
107 compiled, reviewed, or audited does not apply to an association  
108 if a majority of the voting interests of the association present  
109 at a duly called meeting of the association have voted to waive  
110 this requirement for the fiscal year. In an association in which  
111 turnover of control by the developer has not occurred, the  
112 developer may vote to waive the audit requirement for the first  
113 2 years of operation of the association, after which time waiver  
114 of an applicable audit requirement shall be by a majority of  
115 voting interests other than the developer. The meeting shall be  
116 held prior to the end of the fiscal year, and the waiver shall  
117 be effective for only one fiscal year. ~~An association may not  
118 waive the financial reporting requirements of this section for  
119 more than 3 consecutive years.~~

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

123 ~~2. An association in a community of fewer than 50 units,  
124 regardless of the association's annual revenues, shall prepare a  
125 report of cash receipts and expenditures in lieu of the  
126 financial statements required by paragraph (b), unless the  
127 declaration or other recorded governing documents provide~~



650756

128 ~~otherwise.~~

129       ~~2.3.~~ A report of cash receipts and expenditures must  
130 disclose the amount of receipts by accounts and receipt  
131 classifications and the amount of expenses by accounts and  
132 expense classifications, including the following, as applicable:  
133 costs for security, professional, and management fees and  
134 expenses; taxes; costs for recreation facilities; expenses for  
135 refuse collection and utility services; expenses for lawn care;  
136 costs for building maintenance and repair; insurance costs;  
137 administration and salary expenses; and reserves, if maintained  
138 by the association.

139       Section 42. Paragraph (b) of subsection (7) of section  
140 720.303, Florida Statutes, is amended to read:

141       720.303 Association powers and duties; meetings of board;  
142 official records; budgets; financial reporting; association  
143 funds; recalls.—

144       (7) FINANCIAL REPORTING.—Within 90 days after the end of  
145 the fiscal year, or annually on the date provided in the bylaws,  
146 the association shall prepare and complete, or contract with a  
147 third party for the preparation and completion of, a financial  
148 report for the preceding fiscal year. Within 21 days after the  
149 final financial report is completed by the association or  
150 received from the third party, but not later than 120 days after  
151 the end of the fiscal year or other date as provided in the  
152 bylaws, the association shall, within the time limits set forth  
153 in subsection (5), provide each member with a copy of the annual  
154 financial report or a written notice that a copy of the  
155 financial report is available upon request at no charge to the  
156 member. Financial reports shall be prepared as follows:



650756

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

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

165 2.3. A report of cash receipts and disbursement must  
166 disclose the amount of receipts by accounts and receipt  
167 classifications and the amount of expenses by accounts and  
168 expense classifications, including, but not limited to, the  
169 following, as applicable: costs for security, professional, and  
170 management fees and expenses; taxes; costs for recreation  
171 facilities; expenses for refuse collection and utility services;  
172 expenses for lawn care; costs for building maintenance and  
173 repair; insurance costs; administration and salary expenses; and  
174 reserves if maintained by the association.

175  
176 ===== T I T L E A M E N D M E N T =====

177 And the title is amended as follows:

178 Delete line 139

179 and insert:

180 adopt rules; amending ss. 718.111 and 719.104, F.S.;

181 deleting provisions requiring certain associations to

182 prepare a financial report; deleting provisions

183 limiting the number of years an association may waive

184 financial reporting requirements; amending s. 720.303,

185 F.S.; deleting a provision authorizing a certain



650756

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association to prepare a specified report; providing  
an effective date.