

By the Committee on Regulated Industries; and Senator Ring

580-02948-16

20161292c1

1 A bill to be entitled

2 An act relating to community associations; amending
3 ss. 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; requiring certain
7 condominium, cooperative, and homeowners' associations
8 to provide financial reports to the Division of
9 Florida Condominiums, Timeshares, and Mobile Homes
10 under certain circumstances; providing an effective
11 date.

12
13 Be It Enacted by the Legislature of the State of Florida:

14
15 Section 1. Paragraph (b) of subsection (13) of section
16 718.111, Florida Statutes, is amended, and paragraph (e) is
17 added to that subsection 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. The division shall adopt

580-02948-16

20161292c1

33 rules setting forth uniform accounting principles and standards
34 to be used by all associations and addressing the financial
35 reporting requirements for multicondominium associations. The
36 rules must include, but not be limited to, standards for
37 presenting a summary of association reserves, including a good
38 faith estimate disclosing the annual amount of reserve funds
39 that would be necessary for the association to fully fund
40 reserves for each reserve item based on the straight-line
41 accounting method. This disclosure is not applicable to reserves
42 funded via the pooling method. In adopting such rules, the
43 division shall consider the number of members and annual
44 revenues of an association. Financial reports shall be prepared
45 as follows:

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

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

53 2.3. A report of cash receipts and disbursements must
54 disclose the amount of receipts by accounts and receipt
55 classifications and the amount of expenses by accounts and
56 expense classifications, including, but not limited to, the
57 following, as applicable: costs for security, professional and
58 management fees and expenses, taxes, costs for recreation
59 facilities, expenses for refuse collection and utility services,
60 expenses for lawn care, costs for building maintenance and
61 repair, insurance costs, administration and salary expenses, and

580-02948-16

20161292c1

62 reserves accumulated and expended for capital expenditures,
63 deferred maintenance, and any other category for which the
64 association maintains reserves.

65 (e) If an association has not provided the unit owner with
66 a copy of the financial report within the time required pursuant
67 to this section, after receipt of a written request from the
68 unit owner, the unit owner may notify the division of the
69 association's failure to provide the financial report. The
70 division shall contact the association to request the
71 association to provide the copy of the financial report to the
72 unit owner within 5 working days after notification to the
73 division by the unit owner. If the association further fails to
74 provide the copy of the financial report, the association shall
75 be required to provide a copy of the financial report to the
76 division within 7 working days after such notification.
77 Additionally, the association shall provide a copy of the
78 financial report to the division for the 2 subsequent fiscal
79 years within 21 days after the final financial report is
80 completed by the association or received from the third party
81 and shall notify the unit owners that the financial report has
82 been filed with the division. The division shall maintain the
83 financial reports and provide a copy of the financial reports to
84 members of the public upon request.

85 Section 2. Paragraph (c) of subsection (4) of section
86 719.104, Florida Statutes, is amended, and paragraph (f) is
87 added to that subsection to read:

88 719.104 Cooperatives; access to units; records; financial
89 reports; assessments; purchase of leases.-

90 (4) FINANCIAL REPORT.-

580-02948-16

20161292c1

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

94 ~~2. An association in a community of fewer than 50 units,~~
95 ~~regardless of the association's annual revenues, shall prepare a~~
96 ~~report of cash receipts and expenditures in lieu of the~~
97 ~~financial statements required by paragraph (b), unless the~~
98 ~~declaration or other recorded governing documents provide~~
99 ~~otherwise.~~

100 2.3. A report of cash receipts and expenditures must
101 disclose the amount of receipts by accounts and receipt
102 classifications and the amount of expenses by accounts and
103 expense classifications, including the following, as applicable:
104 costs for security, professional, and management fees and
105 expenses; taxes; costs for recreation facilities; expenses for
106 refuse collection and utility services; expenses for lawn care;
107 costs for building maintenance and repair; insurance costs;
108 administration and salary expenses; and reserves, if maintained
109 by the association.

110 (f) If an association has not provided the unit owner with
111 a copy of the financial report within the time required as
112 provided in paragraph (a), after receipt of a written request
113 from the unit owner, the unit owner may notify the division of
114 the association's failure to provide the financial report. The
115 division shall contact the association to request the
116 association to provide the copy of the financial report to the
117 unit owner within 5 working days after notification to the
118 division by the unit owner. If the association further fails to
119 provide the copy of the financial report, the association shall

580-02948-16

20161292c1

120 be required to provide a copy of the financial report to the
121 division within 7 working days after such notification.
122 Additionally, the association shall provide a copy of the
123 financial report to the division for the 2 subsequent fiscal
124 years within 21 days after the final financial report is
125 completed by the association or received from the third party
126 and shall notify the unit owners that the financial report has
127 been filed with the division. The division shall maintain the
128 financial reports and provide a copy of the financial reports to
129 members of the public upon request.

130 Section 3. Paragraph (b) of subsection (7) of section
131 720.303, Florida Statutes, is amended, and paragraph (e) is
132 added to that subsection to read:

133 720.303 Association powers and duties; meetings of board;
134 official records; budgets; financial reporting; association
135 funds; recalls.—

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

580-02948-16

20161292c1

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

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

157 2.3. A report of cash receipts and disbursement must
158 disclose the amount of receipts by accounts and receipt
159 classifications and the amount of expenses by accounts and
160 expense classifications, including, but not limited to, the
161 following, as applicable: costs for security, professional, and
162 management fees and expenses; taxes; costs for recreation
163 facilities; expenses for refuse collection and utility services;
164 expenses for lawn care; costs for building maintenance and
165 repair; insurance costs; administration and salary expenses; and
166 reserves if maintained by the association.

167 (e) If an association has not provided the unit owner with
168 a copy of the financial report within the time required pursuant
169 to this section, after receipt of a written request from the
170 unit owner, the unit owner may notify the division of the
171 association's failure to comply. The division shall contact the
172 association to request the association to provide the copy of
173 the financial report to the unit owner within 5 full business
174 days after notification to the division by the unit owner. If
175 the association further fails to provide the copy of the
176 financial report, the association shall be required to provide a
177 copy of the financial report to the division within 7 full

580-02948-16

20161292c1

178 business days after such notification. Additionally, the
179 association shall provide a copy of the financial report to the
180 division for the 2 subsequent fiscal years within 21 days after
181 the final financial report is completed by the association or
182 received from the third party and shall notify the unit owners
183 that the financial report has been filed with the division. The
184 division shall maintain the financial reports and provide a copy
185 of the financial reports to members of the public upon request.

186 Section 4. This act shall take effect July 1, 2016.