

Amendment No. 1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	—	(Y/N)
ADOPTED AS AMENDED	—	(Y/N)
ADOPTED W/O OBJECTION	—	(Y/N)
FAILED TO ADOPT	—	(Y/N)
WITHDRAWN	—	(Y/N)
OTHER	—	

1 Committee/Subcommittee hearing bill: Business & Professions
2 Subcommittee

3 Representative Bracy offered the following:

4
5 **Amendment (with title amendment)**

6 Remove everything after the enacting clause and insert:

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

9 718.111 The association.—

10 (13) FINANCIAL REPORTING.—Within 90 days after the end of
11 the fiscal year, or annually on a date provided in the bylaws,
12 the association shall prepare and complete, or contract for the
13 preparation and completion of, a financial report for the
14 preceding fiscal year. Within 21 days after the final financial
15 report is completed by the association or received from the
16 third party, but not later than 120 days after the end of the
17 fiscal year or other date as provided in the bylaws, the

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Published On: 1/25/2016 5:26:06 PM

Amendment No. 1

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

37 (a) An association that meets the criteria of this
38 paragraph shall prepare a complete set of financial statements
39 in accordance with generally accepted accounting principles. The
40 financial statements must be based upon the association's total
41 annual revenues, as follows:

42 1. An association with total annual revenues of \$150,000
43 or more, but less than \$300,000, shall prepare compiled

Amendment No. 1

44 financial statements.

45 2. An association with total annual revenues of at least
46 \$300,000, but less than \$500,000, shall prepare reviewed
47 financial statements.

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

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

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

57 ~~2.3.~~ A report of cash receipts and disbursements must
58 disclose the amount of receipts by accounts and receipt
59 classifications and the amount of expenses by accounts and
60 expense classifications, including, but not limited to, the
61 following, as applicable: costs for security, professional and
62 management fees and expenses, taxes, costs for recreation
63 facilities, expenses for refuse collection and utility services,
64 expenses for lawn care, costs for building maintenance and
65 repair, insurance costs, administration and salary expenses, and
66 reserves accumulated and expended for capital expenditures,
67 deferred maintenance, and any other category for which the
68 association maintains reserves.

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

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Published On: 1/25/2016 5:26:06 PM

Amendment No. 1

70 approval by the unit owners:

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

74 2. Reviewed or audited financial statements, if the
75 association is required to prepare compiled financial
76 statements; or

77 3. Audited financial statements if the association is
78 required to prepare reviewed financial statements.

79 (d) If approved by a majority of the voting interests
80 present at a properly called meeting of the association, an
81 association may prepare:

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

84 2. A report of cash receipts and expenditures or a
85 compiled financial statement in lieu of a reviewed or audited
86 financial statement; or

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

90

91 Such meeting and approval must occur before the end of the
92 fiscal year and is effective only for the fiscal year in which
93 the vote is taken, except that the approval may also be
94 effective for the following fiscal year. If the developer has
95 not turned over control of the association, all unit owners,

Amendment No. 1

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

112 (e) If an association has not provided the unit owner with
113 a copy of the financial report after receipt of a written
114 request within the time required pursuant to this section, the
115 unit owner may contact the division to report the association's
116 failure to comply. Upon notification, the division shall
117 contact the association to request the association provide the
118 copy of the financial report to the unit owner within 5 business
119 days. If the association further fails to provide the copy of
120 the financial report, the association shall be required to
121 provide a copy of the financial report to the division within 7

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Published On: 1/25/2016 5:26:06 PM

Amendment No. 1

122 business days. Additionally, the association shall provide a
123 copy of the financial report to the Division for the 2
124 subsequent fiscal years within 21 days after the final financial
125 report is completed by the association or received from the
126 third party and may not waive the financial reporting
127 requirement as provided in paragraph (d). The Division shall
128 maintain the financial reports and provide a copy of the
129 financial reports to members of the public upon request.

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

132 719.104 Cooperatives; access to units; records; financial
133 reports; assessments; purchase of leases.-

134 (4) FINANCIAL REPORT.-

135 (a) Within 90 days following the end of the fiscal or
136 calendar year or annually on such date as provided in the bylaws
137 of the association, the board of administration shall prepare
138 and complete, or contract with a third party to prepare and
139 complete, a financial report covering the preceding fiscal or
140 calendar year. Within 21 days after the financial report is
141 completed by the association or received from the third party,
142 but no later than 120 days after the end of the fiscal year,
143 calendar year, or other date provided in the bylaws, the
144 association shall provide each member with a copy of the annual
145 financial report or a written notice that a copy of the
146 financial report is available upon request at no charge to the
147 member. The division shall adopt rules setting forth uniform

Amendment No. 1

148 accounting principles, standards, and reporting requirements.

149 (b) Except as provided in paragraph (c), an association
150 whose total annual revenues meet the criteria of this paragraph
151 shall prepare or cause to be prepared a complete set of
152 financial statements according to the generally accepted
153 accounting principles adopted by the Board of Accountancy. The
154 financial statements shall be as follows:

155 1. An association with total annual revenues between
156 \$150,000 and \$299,999 shall prepare a compiled financial
157 statement.

158 2. An association with total annual revenues between
159 \$300,000 and \$499,999 shall prepare a reviewed financial
160 statement.

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

163 4. The requirement to have the financial statement
164 compiled, reviewed, or audited does not apply to an association
165 if a majority of the voting interests of the association present
166 at a duly called meeting of the association have voted to waive
167 this requirement for the fiscal year. In an association in which
168 turnover of control by the developer has not occurred, the
169 developer may vote to waive the audit requirement for the first
170 2 years of operation of the association, after which time waiver
171 of an applicable audit requirement shall be by a majority of
172 voting interests other than the developer. The meeting shall be
173 held prior to the end of the fiscal year, and the waiver shall

Amendment No. 1

174 be effective for only one fiscal year. An association may not
175 waive the financial reporting requirements of this section for
176 more than 3 consecutive years.

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

180 ~~2. An association in a community of fewer than 50 units,~~
181 ~~regardless of the association's annual revenues, shall prepare a~~
182 ~~report of cash receipts and expenditures in lieu of the~~
183 ~~financial statements required by paragraph (b), unless the~~
184 ~~declaration or other recorded governing documents provide~~
185 ~~otherwise.~~

186 ~~2.3.~~ A report of cash receipts and expenditures must
187 disclose the amount of receipts by accounts and receipt
188 classifications and the amount of expenses by accounts and
189 expense classifications, including the following, as applicable:
190 costs for security, professional, and management fees and
191 expenses; taxes; costs for recreation facilities; expenses for
192 refuse collection and utility services; expenses for lawn care;
193 costs for building maintenance and repair; insurance costs;
194 administration and salary expenses; and reserves, if maintained
195 by the association.

196 (d) If at least 20 percent of the unit owners petition the
197 board for a greater level of financial reporting than that
198 required by this section, the association shall duly notice and
199 hold a membership meeting within 30 days after receipt of the

Amendment No. 1

200 petition to vote on raising the level of reporting for that
201 fiscal year. Upon approval by a majority of the voting interests
202 represented at a meeting at which a quorum of unit owners is
203 present, the association shall prepare an amended budget or
204 shall adopt a special assessment to pay for the financial report
205 regardless of any provision to the contrary in the declaration
206 or other recorded governing documents. In addition, the
207 association shall provide within 90 days after the meeting or
208 the end of the fiscal year, whichever occurs later:

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

212 2. Reviewed or audited financial statements, if the
213 association is otherwise required to prepare compiled financial
214 statements; or

215 3. Audited financial statements, if the association is
216 otherwise required to prepare reviewed financial statements.

217 (e) If approved by a majority of the voting interests
218 present at a properly called meeting of the association, an
219 association may prepare or cause to be prepared:

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

222 2. A report of cash receipts and expenditures or a
223 compiled financial statement in lieu of a reviewed or audited
224 financial statement; or

225 3. A report of cash receipts and expenditures, a compiled

Amendment No. 1

226 financial statement, or a reviewed financial statement in lieu
227 of an audited financial statement.

228 (f) If an association has not provided the unit owner with
229 a copy of the financial report after receipt of a written
230 request within the time required as provided in paragraph (a),
231 the unit owner may contact the division to report the
232 association's failure to comply. Upon notification, the
233 division shall contact the association to request the
234 association provide the copy of the financial report to the unit
235 owner within 5 business days. If the association further fails
236 to provide the copy of the financial report, the association
237 shall be required to provide a copy of the financial report to
238 the division within 7 business days. Additionally, the
239 association shall provide a copy of the financial report to the
240 Division for the 2 subsequent fiscal years within 21 days after
241 the final financial report is completed by the association or
242 received from the third party and may not waive the financial
243 reporting requirement as provided in paragraph (b) or paragraph
244 (e). The Division shall maintain the financial reports and
245 provide a copy of the financial reports to members of the public
246 upon request.

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

249 720.303 Association powers and duties; meetings of board;
250 official records; budgets; financial reporting; association
251 funds; recalls.—

250827 - h1405-strike.docx

Published On: 1/25/2016 5:26:06 PM

Amendment No. 1

252 (7) FINANCIAL REPORTING.—Within 90 days after the end of
253 the fiscal year, or annually on the date provided in the bylaws,
254 the association shall prepare and complete, or contract with a
255 third party for the preparation and completion of, a financial
256 report for the preceding fiscal year. Within 21 days after the
257 final financial report is completed by the association or
258 received from the third party, but not later than 120 days after
259 the end of the fiscal year or other date as provided in the
260 bylaws, the association shall, within the time limits set forth
261 in subsection (5), provide each member with a copy of the annual
262 financial report or a written notice that a copy of the
263 financial report is available upon request at no charge to the
264 member. Financial reports shall be prepared as follows:

265 (a) An association that meets the criteria of this
266 paragraph shall prepare or cause to be prepared a complete set
267 of financial statements in accordance with generally accepted
268 accounting principles as adopted by the Board of Accountancy.
269 The financial statements shall be based upon the association's
270 total annual revenues, as follows:

271 1. An association with total annual revenues of \$150,000
272 or more, but less than \$300,000, shall prepare compiled
273 financial statements.

274 2. An association with total annual revenues of at least
275 \$300,000, but less than \$500,000, shall prepare reviewed
276 financial statements.

277 3. An association with total annual revenues of \$500,000

Amendment No. 1

278 or more shall prepare audited financial statements.

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

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

287 2.3. A report of cash receipts and disbursement must
288 disclose the amount of receipts by accounts and receipt
289 classifications and the amount of expenses by accounts and
290 expense classifications, including, but not limited to, the
291 following, as applicable: costs for security, professional, and
292 management fees and expenses; taxes; costs for recreation
293 facilities; expenses for refuse collection and utility services;
294 expenses for lawn care; costs for building maintenance and
295 repair; insurance costs; administration and salary expenses; and
296 reserves if maintained by the association.

297 (c) If 20 percent of the parcel owners petition the board
298 for a level of financial reporting higher than that required by
299 this section, the association shall duly notice and hold a
300 meeting of members within 30 days of receipt of the petition for
301 the purpose of voting on raising the level of reporting for that
302 fiscal year. Upon approval of a majority of the total voting
303 interests of the parcel owners, the association shall prepare or

250827 - h1405-strike.docx

Published On: 1/25/2016 5:26:06 PM

Amendment No. 1

304 cause to be prepared, shall amend the budget or adopt a special
305 assessment to pay for the financial report regardless of any
306 provision to the contrary in the governing documents, and shall
307 provide within 90 days of the meeting or the end of the fiscal
308 year, whichever occurs later:

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

312 2. Reviewed or audited financial statements, if the
313 association is otherwise required to prepare compiled financial
314 statements; or

315 3. Audited financial statements if the association is
316 otherwise required to prepare reviewed financial statements.

317 (d) If approved by a majority of the voting interests
318 present at a properly called meeting of the association, an
319 association may prepare or cause to be prepared:

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

322 2. A report of cash receipts and expenditures or a
323 compiled financial statement in lieu of a reviewed or audited
324 financial statement; or

325 3. A report of cash receipts and expenditures, a compiled
326 financial statement, or a reviewed financial statement in lieu
327 of an audited financial statement.

328 (e) If an association has not provided the unit owner with
329 a copy of the financial report after receipt of a written

Amendment No. 1

330 request within the time required pursuant to this section, the
331 unit owner may contact the division to report the association's
332 failure to comply. Upon notification, the division shall contact
333 the association to request the association provide the copy of
334 the financial report to the unit owner within 5 business days.
335 If the association further fails to provide the copy of the
336 financial report, the association shall be required to provide a
337 copy of the financial report to the division within 7 business
338 days. Additionally, the association shall provide a copy of the
339 financial report to the Division for the 2 subsequent fiscal
340 years within 21 days after the final financial report is
341 completed by the association or received from the third party
342 and may not waive the financial reporting requirement as
343 provided in paragraph (d). The Division shall maintain the
344 financial reports and provide a copy of the financial reports to
345 members of the public upon request.

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

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348
349 **T I T L E A M E N D M E N T**

350 Remove lines 2-11 and insert:

351 A bill to be entitled

352 An act relating to community associations; amending ss.
353 718.111, 719.104, and 720.303, F.S.; requiring certain
354 condominium, cooperative, and homeowners' associations to
355 provide financial reports to the Division of Florida

Amendment No. 1

356 Condominiums, Timeshares, and Mobile Homes under certain
357 circumstances; deleting a provision authorizing certain
358 associations to prepare a report of cash receipts and
359 expenditures in lieu of certain financial statements;
360 providing an effective date.