

Amendment No.

CHAMBER ACTION

Senate

House

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1 Representative Bracy offered the following:

2
3 **Substitute Amendment for Amendment (873675) (with title**
4 **amendment)**

5 Between lines 990 and 991, insert:

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

8 718.111 The association.—

9 (13) FINANCIAL REPORTING.—Within 90 days after the end of
10 the fiscal year, or annually on a date provided in the bylaws,
11 the association shall prepare and complete, or contract for the
12 preparation and completion of, a financial report for the
13 preceding fiscal year. Within 21 days after the final financial
14 report is completed by the association or received from the

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

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

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

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

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

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

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

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

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66 deferred maintenance, and any other category for which the
67 association maintains reserves.

68 (c) An association may prepare, without a meeting of or
69 approval by the unit owners:

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

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

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

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

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

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

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

89

90 Such meeting and approval must occur before the end of the
91 fiscal year and is effective only for the fiscal year in which

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

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

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118 days. If the association further fails to provide the copy of
119 the financial report, the association must provide a copy of the
120 financial report to the division within 7 business days.
121 Additionally, the association must provide a copy of the
122 financial report to the division for the 2 subsequent fiscal
123 years within 21 days after the final financial report is
124 completed by the association or received from the third party
125 and may not waive the financial reporting requirement as
126 provided in paragraph (d). The division shall maintain the
127 financial reports and provide a copy of the financial reports to
128 members of the public upon request.

129 Section 20. Subsection (4) of section 719.104, Florida
130 Statutes, is amended to read:

131 719.104 Cooperatives; access to units; records; financial
132 reports; assessments; purchase of leases.-

133 (4) FINANCIAL REPORT.-

134 (a) Within 90 days following the end of the fiscal or
135 calendar year or annually on such date as provided in the bylaws
136 of the association, the board of administration shall prepare
137 and complete, or contract with a third party to prepare and
138 complete, a financial report covering the preceding fiscal or
139 calendar year. Within 21 days after the financial report is
140 completed by the association or received from the third party,
141 but no later than 120 days after the end of the fiscal year,
142 calendar year, or other date provided in the bylaws, the
143 association shall provide each member with a copy of the annual

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144 financial report or a written notice that a copy of the
145 financial report is available upon request at no charge to the
146 member. The division shall adopt rules setting forth uniform
147 accounting principles, standards, and reporting requirements.

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

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

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

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

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

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170 of an applicable audit requirement shall be by a majority of
171 voting interests other than the developer. The meeting shall be
172 held prior to the end of the fiscal year, and the waiver shall
173 be effective for only one fiscal year. ~~An association may not
174 waive the financial reporting requirements of this section for
175 more than 3 consecutive years.~~

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

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

185 ~~2.3.~~ A report of cash receipts and expenditures must
186 disclose the amount of receipts by accounts and receipt
187 classifications and the amount of expenses by accounts and
188 expense classifications, including the following, as applicable:
189 costs for security, professional, and management fees and
190 expenses; taxes; costs for recreation facilities; expenses for
191 refuse collection and utility services; expenses for lawn care;
192 costs for building maintenance and repair; insurance costs;
193 administration and salary expenses; and reserves, if maintained
194 by the association.

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195 (d) If at least 20 percent of the unit owners petition the
196 board for a greater level of financial reporting than that
197 required by this section, the association shall duly notice and
198 hold a membership meeting within 30 days after receipt of the
199 petition to vote on raising the level of reporting for that
200 fiscal year. Upon approval by a majority of the voting interests
201 represented at a meeting at which a quorum of unit owners is
202 present, the association shall prepare an amended budget or
203 shall adopt a special assessment to pay for the financial report
204 regardless of any provision to the contrary in the declaration
205 or other recorded governing documents. In addition, the
206 association shall provide within 90 days after the meeting or
207 the end of the fiscal year, whichever occurs later:

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

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

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

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

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

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

224 3. A report of cash receipts and expenditures, a compiled
225 financial statement, or a reviewed financial statement in lieu
226 of an audited financial statement.

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

245 Section 21. Subsection (7) of section 720.303, Florida
246 Statutes, is amended to read:

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247 720.303 Association powers and duties; meetings of board;
248 official records; budgets; financial reporting; association
249 funds; recalls.—

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

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

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

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272 2. An association with total annual revenues of at least
273 \$300,000, but less than \$500,000, shall prepare reviewed
274 financial statements.

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

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

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

285 ~~2.3.~~ A report of cash receipts and disbursement must
286 disclose the amount of receipts by accounts and receipt
287 classifications and the amount of expenses by accounts and
288 expense classifications, including, but not limited to, the
289 following, as applicable: costs for security, professional, and
290 management fees and expenses; taxes; costs for recreation
291 facilities; expenses for refuse collection and utility services;
292 expenses for lawn care; costs for building maintenance and
293 repair; insurance costs; administration and salary expenses; and
294 reserves if maintained by the association.

295 (c) If 20 percent of the parcel owners petition the board
296 for a level of financial reporting higher than that required by
297 this section, the association shall duly notice and hold a

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298 meeting of members within 30 days of receipt of the petition for
299 the purpose of voting on raising the level of reporting for that
300 fiscal year. Upon approval of a majority of the total voting
301 interests of the parcel owners, the association shall prepare or
302 cause to be prepared, shall amend the budget or adopt a special
303 assessment to pay for the financial report regardless of any
304 provision to the contrary in the governing documents, and shall
305 provide within 90 days of the meeting or the end of the fiscal
306 year, whichever occurs later:

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

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

313 3. Audited financial statements if the association is
314 otherwise required to prepare reviewed financial statements.

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

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

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

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

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

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345
346 **T I T L E A M E N D M E N T**

347 Remove line 100 and insert:

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348 short title; amending s. 718.111, F.S.; deleting a
349 provision authorizing certain associations to prepare
350 a report of cash receipts and expenditures in lieu of
351 certain financial statements; deleting a provision
352 prohibiting the waiver of financial reporting
353 requirements for more than a specified period;
354 providing a remedy for an association's failure to
355 provide a unit owner with a copy of the financial
356 report; requiring the Division of Florida
357 Condominiums, Timeshares, and Mobile Homes to maintain
358 and provide copies of financial reports; amending s.
359 719.104, F.S.; deleting a provision prohibiting the
360 waiver of financial reporting requirements for more
361 than a specified period; deleting a provision
362 authorizing cooperative associations to prepare a
363 report of cash receipts and expenditures in lieu of
364 certain financial statements; providing a remedy for
365 an association's failure to provide a unit owner with
366 a copy of the financial report; requiring the division
367 to maintain and provide copies of financial reports;
368 amending s. 720.303, F.S.; deleting a provision
369 authorizing associations to prepare a report of cash
370 receipts and expenditures in lieu of certain financial
371 statements; providing a remedy for an association's
372 failure to provide a member with a copy of the
373 financial report; requiring the division to maintain

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374 | and provide copies of financial reports; providing an
375 | effective date.

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