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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/19/2017	.	
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The Committee on Judiciary (Bracy) recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause
and insert:

Section 1. Subsection (13) of section 718.111, Florida
Statutes, is 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



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

40 1. An association with total annual revenues of \$150,000 or



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41 more, but less than \$300,000, shall prepare compiled financial
42 statements.

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

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

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

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

55 2.3. A report of cash receipts and disbursements must
56 disclose the amount of receipts by accounts and receipt
57 classifications and the amount of expenses by accounts and
58 expense classifications, including, but not limited to, the
59 following, as applicable: costs for security, professional and
60 management fees and expenses, taxes, costs for recreation
61 facilities, expenses for refuse collection and utility services,
62 expenses for lawn care, costs for building maintenance and
63 repair, insurance costs, administration and salary expenses, and
64 reserves accumulated and expended for capital expenditures,
65 deferred maintenance, and any other category for which the
66 association maintains reserves.

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

69 1. Compiled, reviewed, or audited financial statements, if



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70 the association is required to prepare a report of cash receipts
71 and expenditures;

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

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

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

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

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

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

88
89 Such meeting and approval must occur before the end of the
90 fiscal year and is effective only for the fiscal year in which
91 the vote is taken, except that the approval may also be
92 effective for the following fiscal year. If the developer has
93 not turned over control of the association, all unit owners,
94 including the developer, may vote on issues related to the
95 preparation of the association's financial reports, from the
96 date of incorporation of the association through the end of the
97 second fiscal year after the fiscal year in which the
98 certificate of a surveyor and mapper is recorded pursuant to s.



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99 718.104(4) (e) or an instrument that transfers title to a unit in
100 the condominium which is not accompanied by a recorded
101 assignment of developer rights in favor of the grantee of such
102 unit is recorded, whichever occurs first. Thereafter, all unit
103 owners except the developer may vote on such issues until
104 control is turned over to the association by the developer. Any
105 audit or review prepared under this section shall be paid for by
106 the developer if done before turnover of control of the
107 association. ~~An association may not waive the financial~~
108 ~~reporting requirements of this section for more than 3~~
109 ~~consecutive years.~~

110 Section 2. Paragraphs (b) and (c) of subsection (4) of
111 section 719.104, Florida Statutes, are amended to read:

112 719.104 Cooperatives; access to units; records; financial
113 reports; assessments; purchase of leases.—

114 (4) FINANCIAL REPORT.—

115 (b) Except as provided in paragraph (c), an association
116 whose total annual revenues meet the criteria of this paragraph
117 shall prepare or cause to be prepared a complete set of
118 financial statements according to the generally accepted
119 accounting principles adopted by the Board of Accountancy. The
120 financial statements shall be as follows:

121 1. An association with total annual revenues between
122 \$150,000 and \$299,999 shall prepare a compiled financial
123 statement.

124 2. An association with total annual revenues between
125 \$300,000 and \$499,999 shall prepare a reviewed financial
126 statement.

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



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128 more shall prepare an audited financial statement.

129 4. The requirement to have the financial statement
130 compiled, reviewed, or audited does not apply to an association
131 if a majority of the voting interests of the association present
132 at a duly called meeting of the association have voted to waive
133 this requirement for the fiscal year. In an association in which
134 turnover of control by the developer has not occurred, the
135 developer may vote to waive the audit requirement for the first
136 2 years of operation of the association, after which time waiver
137 of an applicable audit requirement shall be by a majority of
138 voting interests other than the developer. The meeting shall be
139 held prior to the end of the fiscal year, and the waiver shall
140 be effective for only one fiscal year. ~~An association may not
141 waive the financial reporting requirements of this section for
142 more than 3 consecutive years.~~

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

146 ~~2. An association in a community of fewer than 50 units,
147 regardless of the association's annual revenues, shall prepare a
148 report of cash receipts and expenditures in lieu of the
149 financial statements required by paragraph (b), unless the
150 declaration or other recorded governing documents provide
151 otherwise.~~

152 2.3. A report of cash receipts and expenditures must
153 disclose the amount of receipts by accounts and receipt
154 classifications and the amount of expenses by accounts and
155 expense classifications, including the following, as applicable:
156 costs for security, professional, and management fees and



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157 expenses; taxes; costs for recreation facilities; expenses for
158 refuse collection and utility services; expenses for lawn care;
159 costs for building maintenance and repair; insurance costs;
160 administration and salary expenses; and reserves, if maintained
161 by the association.

162 Section 3. Paragraph (b) of subsection (7) of section
163 720.303, Florida Statutes, is amended to read:

164 720.303 Association powers and duties; meetings of board;
165 official records; budgets; financial reporting; association
166 funds; recalls.—

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

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

183 ~~2. An association in a community of fewer than 50 parcels,~~
184 ~~regardless of the association's annual revenues, may prepare a~~
185 ~~report of cash receipts and expenditures in lieu of financial~~



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186 ~~statements required by paragraph (a) unless the governing~~
187 ~~documents provide otherwise.~~

188 2.3. A report of cash receipts and disbursement must
189 disclose the amount of receipts by accounts and receipt
190 classifications and the amount of expenses by accounts and
191 expense classifications, including, but not limited to, the
192 following, as applicable: costs for security, professional, and
193 management fees and expenses; taxes; costs for recreation
194 facilities; expenses for refuse collection and utility services;
195 expenses for lawn care; costs for building maintenance and
196 repair; insurance costs; administration and salary expenses; and
197 reserves if maintained by the association.

198
199 ===== T I T L E A M E N D M E N T =====

200 And the title is amended as follows:

201 Delete everything before the enacting clause
202 and insert:

203 A bill to be entitled
204 An act relating to condominium, cooperative, and
205 homeowners' associations; amending ss. 718.111,
206 719.104, and 720.303, F.S.; deleting exemptions for
207 certain associations from specified reporting
208 requirements; deleting provisions prohibiting certain
209 associations from waiving certain financial reporting
210 requirements for more than 3 years; providing an
211 effective date.