

By the Committee on Judiciary; and Senator Bracy

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1 A bill to be entitled
2 An act relating to condominium, cooperative, and
3 homeowners' associations; amending ss. 718.111,
4 719.104, and 720.303, F.S.; deleting exemptions for
5 certain associations from specified reporting
6 requirements; deleting provisions prohibiting certain
7 associations from waiving certain financial reporting
8 requirements for more than 3 years; providing an
9 effective date.

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11 Be It Enacted by the Legislature of the State of Florida:

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

15 718.111 The association.—

16 (13) FINANCIAL REPORTING.—Within 90 days after the end of
17 the fiscal year, or annually on a date provided in the bylaws,
18 the association shall prepare and complete, or contract for the
19 preparation and completion of, a financial report for the
20 preceding fiscal year. Within 21 days after the final financial
21 report is completed by the association or received from the
22 third party, but not later than 120 days after the end of the
23 fiscal year or other date as provided in the bylaws, the
24 association shall mail to each unit owner at the address last
25 furnished to the association by the unit owner, or hand deliver
26 to each unit owner, a copy of the financial report or a notice
27 that a copy of the financial report will be mailed or hand
28 delivered to the unit owner, without charge, upon receipt of a
29 written request from the unit owner. The division shall adopt

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

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

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

51 2. An association with total annual revenues of at least
52 \$300,000, but less than \$500,000, shall prepare reviewed
53 financial statements.

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

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

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

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

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

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

80 2. Reviewed or audited financial statements, if the
81 association is required to prepare compiled financial
82 statements; or

83 3. Audited financial statements if the association is
84 required to prepare reviewed financial statements.

85 (d) If approved by a majority of the voting interests
86 present at a properly called meeting of the association, an
87 association may prepare:

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

90 2. A report of cash receipts and expenditures or a compiled
91 financial statement in lieu of a reviewed or audited financial
92 statement; or

93 3. A report of cash receipts and expenditures, a compiled
94 financial statement, or a reviewed financial statement in lieu
95 of an audited financial statement.

96

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

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117 ~~consecutive years.~~

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

120 719.104 Cooperatives; access to units; records; financial
121 reports; assessments; purchase of leases.—

122 (4) FINANCIAL REPORT.—

123 (b) Except as provided in paragraph (c), an association
124 whose total annual revenues meet the criteria of this paragraph
125 shall prepare or cause to be prepared a complete set of
126 financial statements according to the generally accepted
127 accounting principles adopted by the Board of Accountancy. The
128 financial statements shall be as follows:

129 1. An association with total annual revenues between
130 \$150,000 and \$299,999 shall prepare a compiled financial
131 statement.

132 2. An association with total annual revenues between
133 \$300,000 and \$499,999 shall prepare a reviewed financial
134 statement.

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

137 4. The requirement to have the financial statement
138 compiled, reviewed, or audited does not apply to an association
139 if a majority of the voting interests of the association present
140 at a duly called meeting of the association have voted to waive
141 this requirement for the fiscal year. In an association in which
142 turnover of control by the developer has not occurred, the
143 developer may vote to waive the audit requirement for the first
144 2 years of operation of the association, after which time waiver
145 of an applicable audit requirement shall be by a majority of

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146 voting interests other than the developer. The meeting shall be
147 held prior to the end of the fiscal year, and the waiver shall
148 be effective for only one fiscal year. ~~An association may not~~
149 ~~waive the financial reporting requirements of this section for~~
150 ~~more than 3 consecutive years.~~

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

154 ~~2. An association in a community of fewer than 50 units,~~
155 ~~regardless of the association's annual revenues, shall prepare a~~
156 ~~report of cash receipts and expenditures in lieu of the~~
157 ~~financial statements required by paragraph (b), unless the~~
158 ~~declaration or other recorded governing documents provide~~
159 ~~otherwise.~~

160 2.3. A report of cash receipts and expenditures must
161 disclose the amount of receipts by accounts and receipt
162 classifications and the amount of expenses by accounts and
163 expense classifications, including the following, as applicable:
164 costs for security, professional, and management fees and
165 expenses; taxes; costs for recreation facilities; expenses for
166 refuse collection and utility services; expenses for lawn care;
167 costs for building maintenance and repair; insurance costs;
168 administration and salary expenses; and reserves, if maintained
169 by the association.

170 Section 3. Paragraph (b) of subsection (7) of section
171 720.303, Florida Statutes, is amended to read:

172 720.303 Association powers and duties; meetings of board;
173 official records; budgets; financial reporting; association
174 funds; recalls.-

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

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

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

196 2.3. A report of cash receipts and disbursement must
197 disclose the amount of receipts by accounts and receipt
198 classifications and the amount of expenses by accounts and
199 expense classifications, including, but not limited to, the
200 following, as applicable: costs for security, professional, and
201 management fees and expenses; taxes; costs for recreation
202 facilities; expenses for refuse collection and utility services;
203 expenses for lawn care; costs for building maintenance and

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204 repair; insurance costs; administration and salary expenses; and
205 reserves if maintained by the association.

206 Section 4. This act shall take effect July 1, 2017.