



Year End Financial Reporting For Condominiums

By Association Property Management

Condominium Associations are required by FS Chapter 718.111 (13) to provide their membership with year end financial reports. In the last few years, sections of the statute were changed and in some cases are now more restrictive and complicated. In order to comply with the statutes and with this important Board of Directors duty, the following is a review of the financial reporting requirements for condominium associations governed by FS Chapter 718:

FS Chapter 718.111 (13) Financial Reporting – requires that associations within 90 days at the end of the fiscal year prepare and provide to their members a financial report (the condominium association may contract with a third party prepare). After this is completed, the association has 120 days after the fiscal year to provide a copy of this report to each member. In the past, the statute required the association to mail or deliver each member a copy, no matter what. The statute now helps associations save money with labor, copies and postage, as the statute allows for notice to the members that the report is complete and is available upon request.

The division requires the disclosure of at least a summary of the association's reserves, including information as to whether such reserves are being funded at a level sufficient to prevent the need for a special assessment and, if not, the amount of assessments necessary to bring the reserves up to the level necessary to avoid a special assessment. The person preparing the financial reports shall be entitled to rely on an inspection report or the manner by which the association estimated each reserve item to meet the fiscal and fiduciary standards of this chapter.

A condominium association which operates less than 50 units, regardless of the association's annual revenues, shall prepare a report of cash receipts and expenditures in lieu of financial statements. All reports are to be in accordance with generally accepted accounting principles. The administrative rules now define this to mean Accrual Accounting.

The level of financial reporting for condominium associations is based on total annual revenues and is as follows:

1. An association with total annual revenues of less than \$100,000 shall prepare a report of cash receipts and expenditures.

2. An association with total annual revenues of \$100,000 or more, but less than \$200,000, shall prepare compiled financial statements.
3. An association with total annual revenues of at least \$200,000, but less than \$400,000, shall prepare reviewed financial statements.
4. An association with total annual revenues of \$400,000 or more shall prepare audited financial statements.

The Board of Directors is allowed to provide for a higher level of reporting with or without a meeting of the membership to approve this. Generally, this higher level of reporting will have a higher cost which could impact your budget. This approval and/or meeting would have to be held prior to the end of the fiscal year and only be effective for that particular year.

Finally, an association may not waive the financial reporting requirements of this section of FS Chapter 718.111 (13) for more than 3 consecutive years. Review with your association attorney on the proper procedure and time limits on how to waive these reporting requirements.

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