



## **Year End Financial Reporting for HOA's**

### **By Associated Property Management**

There are still Homeowners Associations that are not providing their members with the proper year end financial reporting that is required by FS Chapter 720. In order to comply with the statutes and with this important duty, the following is a review of the financial reporting requirements for associations governed by FS Chapter 720.

**FS Chapter 720.303 (7) 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 association may contract with a third party to prepare). After this is complete 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 each member a copy, no matter what. The statute now helps associations save money with labor, copies and postage, the statute allows for notice to the members that the report is complete and available.

Except for associations with fewer than 50 parcels (lots, units, etc.) all reports are to be in accordance with generally accepted accounting principles. (When you ask a CPA what this means, they all say that this is Accrual Accounting.) Associations with fewer than 50 parcels, regardless of their total revenues may prepare a report of cash receipts and expenditures in lieu of financial statements. Associations of this size may be required by their documents to provide a higher level of reporting.

The level of financial reporting for community 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 statute does allow the membership the ability to vote on whether or not to raise the level of reporting; if petitioned by 20% of the membership, holding a meeting within 30 days of receipt of the petition and a majority of the total membership voting on this proposed level of higher reporting. Please review with your association attorney on any procedure and time limits on how to waive these requirements.

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