LEGAL

Year End Financial Reporting

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The law has been changed for year-end financial reporting.

There was an obvious glitch in the 2024 statute; requiring the condominium association to deliver a copy of its most recent financial report to each unit owner, and then also send a notice that they were entitled to a free copy of the document they had just received made no sense. This part of the statute was amended effective July 1, 2025. The law now requires that associations only do one or the other—deliver the report or deliver a notice—not both. Other changes were made as well.

The statute now also lengthens the time that the financial report must be made available to the owners from 120 days to 180 days. Specifically, it provides that within 21 days after the final financial report is completed by the association or received from a third party preparer (typically a CPA), but not later than 180 days after the end of the fiscal year or other date as provided in the bylaws, the association shall deliver to each unit owner by United States mail or personal delivery at the mailing address, property address, e-mail address, or facsimile number provided to fulfill the association's notice requirements, a copy of the most recent financial report, "or" a notice that a copy of the most recent financial report will be, as required by the owner, mailed, hand delivered, or electronically delivered via the Internet to the unit owner, without charge, within 5 business days after receipt of a written request from the unit owner. The statute was also amended in 2025 that the association must prove its method of delivery by an affidavit.

Posting the year-end report on the association's website is not sufficient delivery. Effective January 1, 2026, any association operating a condominium of 25 units or more will be required to have a website up and running, and the year-end financial report will have to be posted on the website. This is currently the law for associations operating condominiums of 150 units or more. However, unless the law is changed again, the posting on the website will not supplant the requirement for delivering the report or notice that it is available within the statutory deadline.

For associations with revenues exceeding $500,000 an audit is required. If revenues are between $300,000 and $500,000, a review is sufficient. Revenues between $150,000 and $300,000 only require a compilation. Associations with revenues of less than $150,000 can prepare a cash statement of receipts and expenditure.

The law permits associations to take an owner vote to lower the level of financial reporting. This vote cannot be taken for more than one consecutive year. For example, if your community defaults to an audit requirement under the statute, an audit waiver vote could only be taken every other year. This vote requires approval of a majority of all voting interests, the vote must be taken before the end of the fiscal year and is only for the fiscal year in which the vote is taken.

Mark Friedman, B.C.S. is recognized by the Florida Bar as a specialist in Condominium and Planned Development Law. This article is meant for educational purposes only and is not meant as legal advice. If you have any questions about your year-end financial report, please consult with your community association attorney. Mr. Friedman may be reached at MFriedman@BeckerLawyers.com.