

# Legal Best Practices in Budgeting and Fiscal Planning

Here are 5 tips to stay in compliance with legal requirements:

1. Follow the Statutory Budget Form
2. Have a Realistic Budget (Do Not Intentionally Lowball)
3. Do a Proper Reserve Study
4. Anticipate the Unexpected
5. Amend Governing Document Impediments

## Background

Condominium, Cooperative and Homeowner Associations must prepare financial reports each year. Condominium Associations and Homeowner Associations must prepare financial statements for the prior fiscal year no later than 90 days after the end of the fiscal year, or such other date as may be stated in the bylaws. Cooperative Associations must prepare financial statements for the prior fiscal year no later than 90 days after the end of the fiscal year.

Condo and homeowner associations must provide copies of the financial report, if requested, to its members at no charge. Cooperative associations must mail or deliver copies of the financial statements to its members no later than 90 days after the end of the fiscal year. A Cooperative Association that is not required to prepare financial statements must prepare and either mail or hand-deliver to its members a complete financial report of receipts and expenditures for the previous 12 months or alternatively, provide a complete set of financial statements for the previous 12 months, not later than 60 days after the end of the fiscal year, calendar year or such other time as may be stated in the bylaws.

Filing requirements vary by annual revenue levels, as follows:

- Under \$100,000 and all communities under 50 units: Report on cash receipts and expenditures
- \$100,000 to \$200,000: Prepare compiled financial statements
- \$200,000 to \$400,000: Prepare reviewed financial statements
- \$400,000 or more: Prepare audited financial statements

Associations may reduce (but not eliminate) the level of financial reporting described above if a majority of the owners present at a properly noticed meeting vote to do so. If the bylaws mandate a certain level of financial reporting each year, the bylaws must be followed regardless of revenue levels and cannot vote to reduce this level without amending the bylaws.



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Mr. Rubinstein concentrates his practice in Community Association Law. He has handled claims and litigation supervision nationwide in insurance defense, condominium fair housing, construction defects, real estate, corporate and commercial law. Mr. Rubinstein was a contributing author to Florida Condominium Law & Practice. He has written numerous articles and has appeared locally on Radio Station WCVG's "Legally Speaking." Mr. Rubinstein has lectured at the Community Associations Institute's Annual Trade Show and was the condominium columnist for the Hollywood Sun-Tattler newspaper.