Balance sheet and income statement

The monthly reporting pair. Two statements, produced together, that tell a board what the association owns and owes on one date, and what it earned and spent over a period.

This is a working document. Fill in every bracketed placeholder. Delete the account lines your association does not use. Keep the order and the fund columns.

How to use this

1. Set the two headers first. Get the association's exact legal name, the statement date, and the period. A statement with a vague date is not evidence of anything.
2. Decide the fund columns. Operating and reserve are separate columns on both statements. This is section 2, and it is the part boards most often get wrong.
3. State the basis of accounting and the reserve funding convention in both headers, before you enter a single number. The basis is cash, modified accrual, or accrual, and it changes what every receivable, prepaid, and accrued line on the statements means. The convention decides whether the reserve assessment is revenue of the reserve fund or revenue of the operating fund swept across. Neither is optional, and neither can be inferred by a reader. See sections 3.1 and 4.
4. Work down the balance sheet, account by account. Enter the balance as of the last day of the period.
5. Work down the income statement. Enter current-period actual, current-period budget, year-to-date actual, year-to-date budget, and the full-year budget. Let the variances calculate.
6. Run the proof checks in sections 3.6 and 4.7. If a check fails, the statements are not finished. Do not distribute them and explain the difference at the meeting.
7. Complete the preparer block in section 12 and attach the supporting schedules listed in section 7.

Three terms carry weight, so use them accurately:

- **Unaudited.** Every interim statement is unaudited. Say so on the face of it.
- **Fund.** Operating money and reserve money are different money. The statement has to show that.
- **Basis of accounting.** Cash, modified accrual, or accrual. The same association, the same month, and the same bank balance produce materially different statements on each basis. State it in both headers.

1. What the two statements do

	Balance sheet	Income statement
Also called	Statement of financial position	Statement of revenues and expenses, statement of revenues, expenses, and changes in fund balances, profit and loss

	Balance sheet	Income statement
Answers	What does the association own and owe right now	What did it collect and spend over the period
Covers	A single date	A range of dates
Compared against	The prior period or prior year end	The adopted budget
Ties to	The bank reconciliations and the aged receivable	The general ledger and the budget

Use the name owners recognize. In the association financial statements measured for this template, once the community development district filings that sit in the same document set are excluded, 91 associations used “balance sheet” and none used “statement of financial position.” Leave those district filings in and the count is 94 to 1. Both names are correct. The familiar one serves the reader better.

2. Fund presentation, and why it is not optional

Present operating and reserve activity in separate columns, with a combined total, on both statements.

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                                          Operating      Reserve
Total  Prior year end
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Only about 31% of the balance sheets measured for this template did this. It should be near 100% for any association that holds reserves, and here is why that is a legal point rather than a stylistic one.

- **Condominium.** All funds collected must be maintained separately in the association’s name. Reserve funds may be commingled with operating funds **for investment purposes only**, must be accounted for separately, and the commingled account may not at any time fall below the amount identified as reserve funds. § 718.111(14), Fla. Stat. A balance sheet with a single undifferentiated cash line cannot demonstrate that last requirement, which means the association cannot prove compliance from its own books.
- **Condominium reserve use.** Reserve funds and the interest on them stay in the reserve accounts and may be used only for authorized reserve expenditures, unless another use is approved in advance by a majority of **all** the total voting interests. For a budget adopted on or after December 31, 2024, a unit-owner-controlled association required to obtain a structural integrity reserve study may not vote to use reserve funds for any purpose other than replacement or deferred maintenance of the components listed in § 718.112(2)(g). § 718.112(2)(f)3., Fla. Stat.
- **Homeowners’ association.** Where reserve accounts were established by member vote, reserve funds and interest remain in the reserve accounts and are used only for authorized reserve expenditures unless another use is approved in advance by a majority vote at a meeting at which a quorum is present. § 720.303(6)(h), Fla. Stat. Separately, § 720.303(8)(a) bars commingling of reserve and operating funds before turnover, except that reserve funds may be jointly invested if accounted for separately.
- **Cooperative.** Reserve treatment follows § 719.106(1)(j) and (k), Fla. Stat.

A restricted fund that cannot be seen on the statement is a restriction nobody can enforce. Show the columns.

If the association operates more than one condominium, keep separate accounting records for each condominium it operates. § 718.111(12)(a)11., Fla. Stat. Add columns or a supporting schedule; do not merge them into one set of books.

3. Balance sheet

3.1 Header

> **[ASSOCIATION LEGAL NAME], Inc.** Balance sheet As of [MONTH] [DD], [YYYY] Basis of accounting: [accrual / modified accrual / cash] [Unaudited] [Prepared by management] [Compiled, see accountant's report]

State the basis of accounting on the face of the statement. A reader cannot interpret accounts receivable, prepaid assessments, or accrued expenses without knowing whether the books are on the cash or the accrual basis. If the statement shows receivables and payables, it is not on the cash basis, and saying so removes the ambiguity.

3.2 Assets

Account	Operating	Reserve	Total	Prior year end
Current assets				
Cash, operating, [BANK NAME] x[LAST 4]	[$]		[$]	[$]
Cash, money market, [BANK NAME] x[LAST 4]	[$]		[$]	[$]
Petty cash	[$]		[$]	[$]
Cash, reserve, [BANK NAME] x[LAST 4]		[$]	[$]	[$]
Certificate of deposit, reserve, matures [MM/DD/YYYY], [X.XX]%		[$]	[$]	[$]
Investments, reserve, [DESCRIBE]		[$]	[$]	[$]

Account	Operating	Reserve	Total	Prior year end
Assessments receivable	[$]	[$]	[$]	[$]
Special assessment receivable	[$]	[$]	[$]	[$]
Allowance for doubtful accounts	([$])	([$])	([$])	([$])
Other receivables, [FINES / TRANSFER FEES / INSURANCE CLAIM]	[$]		[$]	[$]
Prepaid insurance	[$]		[$]	[$]
Prepaid expenses, other	[$]		[$]	[$]
Due from other fund	[$]	[$]	[$]	[$]
Total current assets	**[$]**	**[$]**	**[$]**	**[$]**
Other assets				
Utility and other deposits	[$]		[$]	[$]
Property and equipment, at cost	[$]		[$]	[$]
Less accumulated depreciation	([$])		([$])	([$])
Total other assets	**[$]**	**[$]**	**[$]**	**[$]**
Total assets	**[$]**	**[$]**	**[$]**	**[$]**

Account reference. The frequency column shows how often each account appeared across the association financial statements measured for this template.

Account	Seen in	What belongs here, and what to watch
Cash, operating	44%	Name the bank and the last four digits. An owner and an auditor both need to match the line to a statement.
Cash, money market	26%	If it holds reserve money, it belongs in the reserve column regardless of the account type.
Petty cash	16%	Should be small, fixed, and reconciled to receipts. A growing petty cash balance is a red flag.
Cash, reserve	37%	One row per reserve account. Never fold reserve cash into the operating cash line.
Certificates of deposit and investments	Common where reserves are material	Show maturity and rate. A board cannot plan a roof project against money locked up for 18 months.
Assessments receivable	56%	Must agree to the aged receivable trial balance to the penny, every month.
Allowance for doubtful accounts	33%	A contra-asset, shown as a negative. On accrual-basis books, no allowance means assets are overstated by whatever will never be collected.
Prepaid insurance	38%	Usually the largest prepaid. Amortize it monthly on a schedule. If the premium is financed, this line and the premium finance payable must decline together.
Prepaid expenses, other	44%	Annual contracts, licenses, and permits paid up front.
Due from other fund	25%	The receivable side of an

Account	Seen in	What belongs here, and what to watch
		interfund transaction. It must net to zero against “Due to other fund” in the total column.
Utility and other deposits	36%	Refundable deposits held by a utility or a landlord. Not an expense.
Property and equipment	18%	Only where the association owns a clubhouse, land, vehicles, or equipment. Common elements owned by the members are not association assets.

3.3 Liabilities

Account	Operating	Reserve	Total	Prior year end
Current liabilities				
Accounts payable	[$]	[$]	[$]	[$]
Accrued expenses	[$]		[$]	[$]
Prepaid owner assessments	[$]		[$]	[$]
Deferred assessments, [DESCRIBE]	[$]	[$]	[$]	[$]
Owner deposits held, [ARC / CONSTRUCTION / OTHER]	[$]		[$]	[$]
Security deposits	[$]		[$]	[$]
Payroll and payroll taxes payable	[$]		[$]	[$]
Sales and use tax payable	[$]		[$]	[$]

Account	Operating	Reserve	Total	Prior year end
Insurance premium finance payable	[$]		[$]	[$]
Suspense	[$]		[$]	[$]
Current portion of note payable	[$]	[$]	[$]	[$]
Due to other fund	[$]	[$]	[$]	[$]
Total current liabilities	**[$]**	**[$]**	**[$]**	**[$]**
Long-term liabilities				
Note payable, [LENDER], net of current portion	[$]	[$]	[$]	[$]
Line of credit, [LENDER]	[$]	[$]	[$]	[$]
Total long-term liabilities	**[$]**	**[$]**	**[$]**	**[$]**
Total liabilities	**[$]**	**[$]**	**[$]**	**[$]**

Account reference.

Account	Seen in	What belongs here, and what to watch
Accounts payable	68%	The most common liability in the corpus. It should agree to the open payables listing.
Accrued expenses	34%	Costs incurred but not yet invoiced. Utilities and legal fees are the usual ones.
Prepaid owner assessments	48%	Money received but not yet earned. It is a liability, not revenue, until the period it covers arrives.

Account	Seen in	What belongs here, and what to watch
Deferred assessments	19%	Special assessment proceeds collected for work not yet performed.
Owner deposits held	Uncommon	For a Florida HOA, a deposit collected from a member, including a construction deposit, must be maintained separately and may not be commingled with any other association funds. The member may request an accounting, which must be provided within 7 days, and unused funds must be remitted within 30 days after the project is complete. § 720.303(8)(d), Fla. Stat. Show it as a distinct liability, and hold it in a distinct account.
Insurance premium finance payable	14%	Pairs with prepaid insurance. Both should amortize on schedule. If prepaid insurance is falling and the note is not, someone has missed a payment.
Suspense	10%	Should be zero at month end. A balance means a receipt or a disbursement nobody has identified. Clear it before the statements go out.
Note payable, line of credit	12%	Split current and long-term. Disclose the lender, rate, maturity, and any collateral in the notes or in a footnote on the statement.
Due to other fund	25%	The payable side of an interfund transaction. See section 3.5.

3.4 Fund balances

Account	Operating	Reserve	Total	Prior year end
Fund balance, beginning of year	[$]	[$]	[$]	[$]
Net income (loss), year to date	[$]	[$]	[$]	[$]
Capital contributions received	[$]		[$]	[$]
Fund balance, end of period	**[$]**	**[$]**	**[$]**	**[$]**
Total liabilities and fund balances	**[$]**	**[$]**	**[$]**	**[$]**

Call the equity section **fund balances**, and split it by fund. Do not call it retained earnings.

Forty-one percent of the balance sheets measured used “retained earnings.” That label is the for-profit default in general-purpose accounting software, and it is wrong for a community association in two ways. An association is not accumulating earnings for owners to take out; it is holding member money for member purposes. More importantly, “retained earnings” is a single number, and the whole point of the fund presentation is that the reserve portion is restricted and the operating portion is not. Only 10% of the corpus used “operating fund balance” and only 7% used “reserve fund balance,” which are the correct labels.

If your accounting system will not rename the account, rename it in the report layout. This is presentation, not bookkeeping.

3.5 The interfund rule

“Due from other fund” and “Due to other fund” record money one fund owes the other, most often because an operating account paid a reserve expense or a reserve account temporarily covered an operating shortfall.

Four rules:

1. The two accounts must be equal in amount, dollar for dollar. One is an asset of the fund that is owed, the other is a liability of the fund that owes, so they eliminate against each other and the combined total column shows zero on both rows. Do not add them together and look for zero; as presented on the balance sheet both are positive numbers, and their sum is twice the balance. Compare them, and if the two amounts differ, one side of the entry was never made.
2. **These two rows are the only place the total column is not a plain cross-foot.** Every other row on the balance sheet totals across: operating plus reserve equals total. On these two rows the total column carries zero, because the balance is internal to the association and the total

column is the combined entity. The consequence is arithmetic and it surprises people: in the total column, total current assets, total assets, total current liabilities, and total liabilities each come out lower than the sum of the two fund columns, by exactly the interfund balance. Both sides drop by the same amount, so total assets still equals total liabilities and fund balances and check 1 still passes. This is check 11.

3. An interfund balance is a loan, not a transfer. It has to be repaid, and the board should know when. A reserve-to-operating balance that persists month after month is reserve money being spent on operations, which is the thing §§ 718.112(2)(f)3. and 720.303(6)(h), Fla. Stat., restrict.
4. Put the interfund balance on the board's agenda whenever it exceeds [$ AMOUNT] or has been outstanding more than [NUMBER] days. Fill in those two thresholds and hold to them.

3.6 Balance sheet proof checks

Run all eleven before the statements leave your desk. Every check below is computed from the tables in sections 3.2, 3.3, and 3.4, except where it names an outside schedule.

#	Check	Result
1	Total assets equals total liabilities and fund balances, in every column	[pass / fail]
2	Each cash line agrees to that account's bank reconciliation for the same date	[pass / fail]
3	Assessments receivable agrees to the aged receivable trial balance total. Mark n-a on cash-basis books, which present no receivable; the aged trial balance still belongs in the package under section 7	[pass / fail / n-a]
4	Accounts payable agrees to the open payables listing total. Mark n-a on cash-basis books, which present no payable; the open payables listing still belongs in the package under section 7	[pass / fail / n-a]
5	Due from other fund equals due to other fund, dollar for dollar, and both eliminate to zero in the total column	[pass / fail]
6	Suspense is zero	[pass / fail]

#	Check	Result
7	Reserve cash, certificates of deposit, and investments, from section 3.2, equal the reserve fund balance, end of period, from section 3.4, plus total reserve liabilities from section 3.3, less reserve assessments receivable and reserve special assessment receivable net of the reserve share of the allowance for doubtful accounts, less due from other fund in the reserve column, all from section 3.2	[pass / fail]
8	Reserve cash, certificates of deposit, and investments equal that same amount computed with the due from other fund term left out, which is another way of saying the reserve column carries no due from other fund. Where it carries one, reserve cash and investments fall short of that amount by exactly the interfund balance	[pass / fail]
9	Fund balance beginning, plus year-to-date net income, plus capital contributions received, equals fund balance ending, per fund	[pass / fail]
10	Condominium holding operating and reserve money in one account: that account's balance is not less than the reserve funds the association's own reserve accounting identifies as sitting in it. Start from the reserve roll-forward ending balance in section 5, subtract reserve assessments receivable net of allowance on accrual-	[pass / fail / n-a]

#	Check	Result
	basis books because that part is in nobody's account, allocate what remains across the accounts that actually hold reserve money, and compare that account's share to its bank balance	
11	Every row except due from other fund and due to other fund cross-foots: operating plus reserve equals total. Those two rows carry zero in the total column, so in that column total assets and total liabilities are each lower than the sum of the fund columns by exactly the interfund balance	[pass / fail]

Checks 7, 8, and 10 each deserve a note, because they are three different tests and they are routinely collapsed into one. Check 11 is explained in section 3.5, rule 2.

Check 7 is an identity, and it holds on every basis of accounting. Read down the reserve column: it contains cash and investments, receivables, an allowance, possibly a due from other fund, against reserve liabilities and the reserve fund balance. Subtract every reserve-column asset that is not cash or investments, add every reserve-column liability, and what is left has to be the cash. On cash-basis books there are no reserve receivables and no allowance, so those terms are zero and the check reduces to reserve cash and investments equal the reserve fund balance plus any reserve liabilities. Stating it as the shorter "reserve cash equals the reserve fund balance" makes it fail on accrual books at any association that bills a reserve assessment and carries an allowance against it, which is to say at a correctly kept association. When check 7 differs, a reserve-column line is missing, misclassified, or sitting in the wrong column.

Check 8 is the substantive test, and it can only fail downward. If check 7 holds, reserve cash and investments are already equal to the check 8 amount less the reserve column's due from other fund, so the only line that can separate the two is that receivable, and it can never push the cash above the amount. Any difference is therefore exactly the interfund balance, and that balance is reserve money the operating fund is holding rather than money in a reserve account. Report the amount and how long it has been outstanding to the board. See section 3.5.

Check 10 is the statute, and it is narrower than either. For a condominium, reserve funds may be commingled with operating funds for investment purposes only, and a commingled account may not at any time be less than the amount identified as reserve funds. § 718.111(14), Fla. Stat. Read the operative phrase carefully, because both of the obvious readings are wrong. It is not the annual reserve contribution in the adopted budget; that is one year of funding, not the accumulated balance, and an account holding only this year's contribution while the association has accumulated years of reserves is plainly below the amount identified. It is also not the reserve fund balance in section 3.4 as it stands on accrual-basis books, because that figure includes reserve assessments billed and not yet collected, which no bank account holds. What the statute tests is an account balance against the reserve money that account is carrying, as the association's own separate reserve accounting identifies it. Build that number from the reserve roll-forward ending balance in section 5, which ties to section 3.4 and therefore carries the same receivables, reduced on accrual-basis books by reserve assessments receivable net of allowance. That reduction is the one check 7 already computes, and what it leaves is the reserve cash and investments total, which you then allocate across the accounts holding it. Run check 10 against the bank balance for the commingled account and that allocated figure, and mark it n-a where no account holds both kinds of money. Checks 7 and 8 are what keep the books in a state where check 10 can be answered from them at all.

4. Income statement

Choose the reserve funding convention before you enter a number, and state it in the header. There are two defensible ways to move the reserve assessment into the reserve fund. They produce different statements, and mixing them counts the same dollars twice. Pick one, state it, and use it every month.

Convention A, direct allocation. This is the template's default, and the tables below are built on it. The reserve portion of each owner's assessment is revenue of the reserve fund the moment it is billed, on the line "Assessments, reserve" in section 4.3. The operating fund never recognizes that money, so the operating fund has nothing to contribute and nothing to transfer. There is no reserve contribution expense anywhere on the statement. The combined total column is operating plus reserve, with nothing to eliminate.

Convention B, sweep. The full assessment is revenue of the operating fund, and the operating fund then transfers the reserve portion across. If your accounting system bills one assessment to one revenue account and moves the reserve share by journal entry, this is what you are already doing. Using it correctly takes three changes to the tables below:

1. In section 4.3, put the reserve billing in operating revenue on a line named "Assessments, reserve portion, to be swept," and delete "Assessments, reserve" from the reserve fund block.
2. In the totals table in section 4.4, add "Transfer to reserve fund" **below** total operating expenses as a non-operating item, and deduct it in arriving at operating net income. It is not an operating expense. It is not a cost of running the association, it is money changing funds. It does reduce the operating fund balance, which is why it has to fall inside operating net income and not below it, or section 3.4 will not agree.
3. In the reserve fund block in section 4.3, show "Transfer in from operating fund" rather than assessment revenue, and use the two elimination rows in section 4.6, one against combined revenue and one against combined expenses, each equal to the transfer. Without them the combined column recognizes the same dollars as operating revenue and again as reserve revenue, and counts the transfer as both an operating cost and a reserve one.

Exactly one convention is live at a time, and the other one's lines do not exist on your statement. Name them so nobody adds them back by habit.

Line	Under convention A	Under convention B
Assessments, reserve, in the	Used	Not used, delete the row

Line	Under convention A	Under convention B
reserve fund block of section 4.3		
Assessments, reserve portion, to be swept, in operating revenue in section 4.3	Not used, do not add the row	Used
Transfer in from operating fund, in the reserve fund block of section 4.3	Not used, do not add the row	Used
Transfer to reserve fund, below total operating expenses in section 4.4	Not used, do not add the row	Used
The two interfund elimination rows and the transfer row in section 4.6	Not used, delete all three	Used
Reserve contribution expense, in any operating expense group in section 4.4	Never used	Never used

If a statement carries a line from both columns in the same period, the reserve funding has been recorded twice and section 4.7 check 1 will show it.

A reserve contribution is never an operating expense, under either convention. It is either revenue the operating fund never earned, which is convention A, or a transfer out of the operating fund, which is convention B. Booking it as an expense while also booking the reserve assessment as reserve revenue debits operating with no legitimate offsetting credit, credits the reserve fund twice, and understates the combined result by the entire reserve contribution. An association funding its reserves correctly then reads as running a deficit.

State the choice on the face of the statement, the same way section 3.1 forces the basis of accounting onto the balance sheet. If the association changes conventions, change it at the start of a fiscal year, restate the comparative columns, and say so in the notes.

4.1 Header

> **[ASSOCIATION LEGAL NAME], Inc.** Statement of revenues and expenses For the [one month / three months / period] ending [MONTH] [DD], [YYYY] Basis of accounting: [accrual / modified accrual / cash] Reserve funding convention: [A, direct allocation / B, sweep with elimination] [Unaudited]

Both fields belong here, not only on the balance sheet. The basis decides whether “Assessments, operating” is what the association billed or what it collected, which is the difference between a revenue line that ties to the aged receivable and one that ties to the bank. The convention decides whether the reserve column holds assessment revenue or a transfer in. A reader who has to guess at either one cannot use the statement.

4.2 Column layout

Use seven money columns. This is the format the strongest packages in the corpus use, and it is the only layout that answers both questions a board asks: how did we do this month, and where are we for the year.

Column	Contents
1	Current period actual
2	Current period budget
3	Current period variance, favorable (unfavorable)
4	Year-to-date actual
5	Year-to-date budget
6	Year-to-date variance, favorable (unfavorable)
7	Annual budget

Variance convention: state it once on the statement and never change it. The clearest is **favorable (unfavorable)**, so a positive number always means the association is better off, whether the line is revenue or expense. Under that convention, revenue over budget is positive and expense over budget is negative. Whichever convention you adopt, put it in the column heading rather than leaving the reader to infer it from the signs.

One hundred twenty-two associations in the corpus referenced a budget, but only 64 showed a variance column. An income statement without the budget beside it tells a board what happened but not whether it was supposed to happen.

4.3 Revenue

Account	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
Operating fund							
Assessments, operating	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Late fees and interest	[$]	[$]	[$]	[$]	[$]	[$]	[$]

Account	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
on delinquent accounts							
Fines and violation income	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Application, transfer, screening, and estoppel fees	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Clubhouse and amenity rental income	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Laundry, vending, and storage income	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Interest income, operating	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Other income, [DESCRIBE]	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Special assessment income, [PROJECT], operating purpose	[$]	[$]	[$]	[$]	[$]	[$]	[$]

Account	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
Total operating revenue	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**
Reserve fund							
Assessments, reserve	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Interest income, reserve	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Special assessment income, [PROJECT], reserve component	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Total reserve revenue	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**
Total revenue, before interfund elimination	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**

The last row is the arithmetic sum of the two fund totals above it. Under convention A that sum is already the combined revenue. Under convention B it double counts the swept reserve dollars once, and section 4.6 removes them on the elimination line. Do not net the elimination inside this table; a fund column has to show what that fund actually recognized.

Four rules for the revenue section.

- **Reserve assessments belong to the reserve fund, and the convention decides how they get there.** Under convention A, which is what the table above shows, they are recognized in the reserve column and never in operating revenue. Under convention B they are recognized in operating revenue and swept out by a transfer, with the two elimination rows described at the top of section 4 and presented in section 4.6. What is never correct under either convention is recognizing the reserve assessment as reserve revenue and also charging the operating fund a reserve contribution expense for the same dollars. Twenty-two percent of the corpus showed a reserve assessment or reserve contribution line at all, which is low given that most of these associations collect one.

- **Interest follows the principal.** Interest earned on reserve money is reserve revenue. This is not a preference; for a Florida condominium, reserve interest is subject to the same use restriction as the reserve principal. § 718.112(2)(f)3., Fla. Stat. For an HOA with statutory reserves, the same is true under § 720.303(6)(h), Fla. Stat.
- **A special assessment gets its own revenue line, inside the fund that will spend the money.** Thirty-seven percent of the corpus showed special assessment income. This template presents two funds, operating and reserve, because those are the two Florida law separates and restricts, and it presents special assessment activity inside one of them rather than as a third fund. A special assessment levied for an operating purpose, an insurance deductible, an uninsured loss, a legal matter, a shortfall, is operating revenue, and its project costs go in the special assessment project group in section 4.4. A special assessment levied to replace, or to fund the deferred maintenance of, a reserve component is reserve revenue, and its spending goes in section 4.5 against that named component, where the reserve schedule can see it. Either way it is a named line and never folded into regular assessment revenue, which would make a one-time collection look like recurring income and make next year's budget look easy. The receivable side sits in section 3.2 and the unearned portion in deferred assessments in section 3.3, in the same fund column as the revenue.
- **Assessment revenue is the amount billed, not the amount collected**, on accrual-basis books. The gap between the two is the receivable, and that is what the aged trial balance is for.

4.4 Operating expenses

Group the expenses. The group headings below are the ones that actually appear in Florida association financial statements, with the share of budgets in which each grouping was observed. Delete groups you do not use, and keep the line names your owners already recognize.

Administrative and professional

Account	Seen in	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
Management fees	30%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Insurance, property	73% combined	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Insurance, general liability		[$]	[$]	[$]	[$]	[$]	[$]	[$]

Account	Seen in	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
Insurance, directors and officers		[$]	[$]	[$]	[$]	[$]	[$]	[$]
Insurance, flood		[$]	[$]	[$]	[$]	[$]	[$]	[$]
Insurance, fidelity bond		[$]	[$]	[$]	[$]	[$]	[$]	[$]
Legal fees, general	66%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Legal fees, collections		[$]	[$]	[$]	[$]	[$]	[$]	[$]
Accounting, audit, review, and tax preparation	46%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Licenses, permits, division fees, annual report	53%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Website, owner portal, and software subscriptions	52%	[$]	[$]	[$]	[$]	[$]	[$]	[$]

Account	Seen in	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
Telephone and internet	28%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Office supplies, printing, and copies	35%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Postage and delivery	41%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Bank charges and merchant fees	28%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Payroll, salaries, and payroll taxes	18%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Income and tangible personal property taxes	26%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Director education, seminars, and travel	8%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Bad debt expense	21%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Total administ		**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**

Account	Seen in	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
rative and professional								

Insurance is the most-observed expense line in the corpus after general repairs and maintenance, and it is almost always presented as one blended number. Break it into policy lines. When the renewal arrives with a 40% increase, a board with five insurance lines can tell owners which policy moved and why. A board with one line can only tell them the number went up.

Utilities

Account	Seen in	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
Electricity, common areas and street lighting	56%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Water and sewer	55%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Trash, recycling, and waste removal	40%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Bulk cable, internet, and telecommunications	41%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Natural gas or propane	5%	[$]	[$]	[$]	[$]	[$]	[$]	[$]

Account	Seen in	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
Total utilities		**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**

Grounds and landscape

Account	Seen in	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
Landscape maintenance contract	67%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Lake, pond, canal, and waterway management	54%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Irrigation and sprinkler repair	50%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Tree trimming and arborist	28%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Mulch and seasonal annuals	17%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Pest control, exterminating, and termite	29%	[$]	[$]	[$]	[$]	[$]	[$]	[$]

Account	Seen in	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
bond								
Common area lighting	21%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Total grounds and landscape		**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**

Lake, pond, and waterway management appears in more Florida association financials than pool service does. If you are adapting a generic national chart of accounts, this line will be missing from it, and in Florida it is a top-ten expense.

Buildings and common areas

Account	Seen in	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
General repairs and maintenance	81%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Janitorial services and supplies	34%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Roof repairs, non-reserve	39%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Painting and touch-up, non-reserve	30%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Pressure washing	11%	[$]	[$]	[$]	[$]	[$]	[$]	[$]

Account	Seen in	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
Pavement, asphalt, and seal coating, non-reserve	24%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
HVAC and air conditioning	10%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Elevator service contract and inspection	7%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Fire alarm, sprinkler, extinguisher, and backflow	14%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Total buildings and common areas		**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**

Roof repair, painting, and paving each appear on this list because associations do incur small non-reserve repairs in those categories. Draw the line and write it down: repairs that keep a component running for its remaining life are operating expenses; replacement or the deferred maintenance the reserve schedule funds comes out of reserves. Recording a reserve-funded project as an operating expense understates reserves and overstates the operating deficit at the same time.

Amenities and recreation

Account	Seen in	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
Pool service, chemicals, and repairs	39%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Clubhouse, cabana, and amenity maintenance	38%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Recreation facility lease or fees, [DESCRIBE]		[$]	[$]	[$]	[$]	[$]	[$]	[$]
Total amenities and recreation		**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**

For a Florida HOA, the budget must set out separately all fees or charges paid for recreational amenities, whether the amenity is owned by the association, the developer, or another person. § 720.303(6)(a), Fla. Stat. Carry that same separation onto the income statement so the budget and the actuals line up.

Security and access control

Account	Seen in	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
Security patrol or guard service	30%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Gate operator and	31%	[$]	[$]	[$]	[$]	[$]	[$]	[$]

Account	Seen in	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
access control								
Camera system and monitoring		[$]	[$]	[$]	[$]	[$]	[$]	[$]
Total security and access control		**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**

Contingency and non-recurring

Account	Seen in	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
Contingency	16%	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Storm preparation and cleanup		[$]	[$]	[$]	[$]	[$]	[$]	[$]
Insurance deductible and uninsured loss		[$]	[$]	[$]	[$]	[$]	[$]	[$]
Total contingency and non-recurring		**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**

Contingency is a budget line. It should rarely carry actual activity. If real invoices are being coded to contingency month after month, the chart of accounts is hiding something a board should be able to see by name.

Special assessment project costs

Include this group only where a special assessment was levied for an operating purpose, and repeat it for each project. Where the assessment funds a reserve component, its spending belongs in section 4.5 against that component, not here, and this group stays empty. There is no frequency column because the corpus does not present project costs consistently enough to measure.

Account	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
[PROJECT], contractor and materials	[$]	[$]	[$]	[$]	[$]	[$]	[$]
[PROJECT], engineering, permitting, and inspection	[$]	[$]	[$]	[$]	[$]	[$]	[$]
[PROJECT], legal and administrative	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Total special assessment project costs	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**

The budget columns for a special assessment project are the approved project budget spread over the periods the work is expected to run, not a line in the annual operating budget. Say which in a footnote so a reader does not go looking for the number in the adopted budget and fail to find it.

Totals

Total operating expenses is the sum of every operating group above, including the special assessment project costs when that group is used.

Line	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
Total operating	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**

Line	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
expenses							
Operating net income (loss)	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**

Operating net income (loss) is total operating revenue from section 4.3 less total operating expenses on the line above. Under convention B, deduct the transfer to reserve fund as well. The transfer genuinely reduces the operating fund balance, so leaving it out would put operating net income here at odds with the net income (loss), year to date row in section 3.4 and would break check 4 in section 4.7.

There is no reserve contribution line here, and that is deliberate. Under convention A the operating fund never recognized the reserve assessment as revenue, so it has nothing to contribute, and a contribution expense would be a debit with no legitimate credit behind it.

If the association adopted convention B, insert one line between the two rows above, named **Transfer to reserve fund**, and treat it as non-operating. It sits below total operating expenses, outside every expense group, and above operating net income, and it carries the matching “Transfer in from operating fund” in section 4.3 and the two elimination rows in section 4.6. Whichever convention applies, never code a reserve contribution into one of the operating expense groups. It is not a cost of operating the property, and burying it there makes the operating result look worse than it is and the expense budget look larger than it is.

4.5 Reserve fund activity

Reserve expenditures do not belong in the operating expense groups above. Present them by reserve component.

Component	Cur. actual	YTD actual	Annual budget	Remaining budget
[ROOF]	[$]	[$]	[$]	[$]
[EXTERIOR PAINTING]	[$]	[$]	[$]	[$]
[PAVEMENT RESURFACING]	[$]	[$]	[$]	[$]
[COMPONENT]	[$]	[$]	[$]	[$]
Total reserve expenditures	**[$]**	**[$]**	**[$]**	**[$]**
Reserve net	**[$]**	**[$]**		

Component	Cur. actual	YTD actual	Annual budget	Remaining budget
income (loss)				

The Reserve net income (loss) row is not computed from the table it sits in. This table is headed by component and carries expenditures only, so the revenue half has to be brought across: the row is **total reserve revenue from section 4.3, less total reserve expenditures on the line above**. Under convention A that reserve revenue is the reserve assessment, reserve interest, and any special assessment levied for a reserve component. Under convention B it is the transfer in from the operating fund plus reserve interest. The current actual column uses current-period figures and the year-to-date column uses year-to-date figures; leave the annual budget and remaining budget cells on this row blank, because a net figure against a spending budget is not a meaningful number.

Remaining budget on every component row is the annual budget for that component less its year-to-date actual, and the total row is the sum of the component rows in each of the four columns. A negative remaining budget is a component spent past its authorization, and it needs a board answer before the statements go out, not after.

Every reserve disbursement should be traceable to a named component in the reserve schedule. A reserve expenditure that does not match a component is either a miscoded operating expense or an unauthorized use of restricted funds, and both need an answer before the statements are distributed.

4.6 Combined totals

Sections 4.3, 4.4, and 4.5 each total inside one fund. The board also reads one bottom line, so present it, and present the two subtotals it is built from. This is the block the first proof check in section 4.7 runs against, and without it that check has nothing to compute.

Line	Source	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
Total operating revenue	4.3	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Total reserve revenue	4.3	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Less interfund transfer, eliminated in the combine	4.4	([$])	([$])	([$])	([$])	([$])	([$])	([$])

Line	Source	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
d column, convention B only								
Total revenue, combined		**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**
Total operating expenses	4.4	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Transfer to reserve fund, non-operating, convention B only	4.4	[$]	[$]	[$]	[$]	[$]	[$]	[$]
Total reserve expenditures	4.5	[$]			[$]			[$]
Less interfund transfer, eliminated in the combined column, convention B only	4.4	([$])	([$])	([$])	([$])	([$])	([$])	([$])

Line	Source	Cur. actual	Cur. budget	Cur. var.	YTD actual	YTD budget	YTD var.	Annual budget
Total expenses, combined		**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**
Net income (loss), combined		**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**	**[$]**

Three rules for filling it.

1. **Under convention A, delete the three convention B rows.** There is no transfer, nothing to eliminate, and the combined total is simply operating plus reserve. Under convention B the transfer appears twice, once as reserve revenue in section 4.3 and once as a non-operating item below operating expenses in section 4.4, so it is removed from both sides here. Because it is removed from both, it cannot change combined net income, which is the point: moving money between funds is not a result. The transfer row in this block is the same figure section 4.4 deducts in arriving at operating net income. It appears here on its own line because the combined expense total is built from the group totals above it, not from operating net income, so the transfer has to be added in before it can be taken back out.
2. **Reserve expenditures carry only the columns section 4.5 provides**, which are current actual, year-to-date actual, and annual budget. Where the association budgets reserve spending by period, fill the current and year-to-date budget cells with the periodic share and complete the row. Where it budgets reserves annually only, leave those two cells blank on the reserve expenditure row and on the combined rows beneath it, and run check 1 on the columns you populated. Never put an actual in a budget cell to make a row foot.
3. **Net income (loss), combined, must equal operating net income from section 4.4 plus reserve net income from section 4.5.** Compute it both ways. That is check 1.

4.7 Income statement proof checks

#	Check	Result
1	In section 4.6, total revenue combined less total expenses combined equals net income combined, in every money column that section populates; and that figure equals operating net income from section 4.4 plus reserve net income from	[pass / fail]

#	Check	Result
	section 4.5	
2	Every total on the statement foots to the lines above it: total operating revenue and total reserve revenue to their revenue lines in section 4.3; each group total in section 4.4 to its own accounts; total operating expenses to the seven group totals plus special assessment project costs where that group is used; total reserve expenditures to the component rows in section 4.5; and each combined subtotal in section 4.6 to the rows feeding it	[pass / fail]
3	Year-to-date actual agrees to the general ledger for the same period	[pass / fail]
4	Year-to-date net income per fund, from sections 4.4 and 4.5, agrees to the net income (loss), year to date row in section 3.4, fund column for fund column, and the combined figure agrees to that row's total column	[pass / fail]
5	Convention B only: the transfer to reserve fund in section 4.4 equals the transfer in from operating fund in section 4.3, and each elimination line in section 4.6 equals both. Under convention A there is no transfer line, and this check is n-a	[pass / fail / n-a]
6	Annual budget column agrees to the adopted budget, line for line. Special assessment project costs are the exception; they agree to the approved project budget instead	[pass / fail]

#	Check	Result
7	Special assessment revenue recognized on the project to date, plus the deferred assessments balance for that project in section 3.3, equals the total special assessment billed for the project to date on accrual-basis books, or collected to date on cash-basis books. Take revenue recognized to date from the year-to-date column in section 4.3 where the project began in the current fiscal year, and from the project's own inception-to-date schedule where it spans fiscal years, because the year-to-date column resets and the deferred liability does not. Mark n-a where no special assessment is outstanding	[pass / fail / n-a]
8	Every variance over [$ AMOUNT] or [XX]% has a written explanation	[pass / fail]

Check 1 is the one that catches a broken reserve convention. Under convention A the combined total is operating plus reserve with nothing removed. Under convention B it is operating plus reserve less the eliminations in section 4.6. If the combined net income is short by exactly the reserve funding for the period, the statement is charging operating a contribution it never earned the revenue to make.

Check 7 is the one that catches a special assessment being spent faster than it is being earned. The deferred assessments liability in section 3.3 is what the association has taken in and not yet performed against. When it goes to zero while the project is half built, the money for the second half is coming from somewhere else.

Set the two thresholds in check 8 once and keep them. A variance report where everything is flagged is the same as one where nothing is.

5. Reserve fund roll-forward

Attach this every month. It is the schedule that shows whether the restricted money is intact.

Component	Beginning balance	Contributions or transfers in	Interest	Expenditures	Transfers between components	Ending balance
[ROOF]	[$]	[$]	[$]	([$])	[$]	[$]
[EXTERIOR PAINTING]	[$]	[$]	[$]	([$])	[$]	[$]
[PAVEMENT RESURFACING]	[$]	[$]	[$]	([$])	[$]	[$]
[COMPONENT]	[$]	[$]	[$]	([$])	[$]	[$]
Total	**[$]**	**[$]**	**[$]**	**([$])**	**[$]**	**[$]**

Fill the contributions or transfers in and the interest columns on the same basis as the statements, using the amounts recognized as reserve revenue in section 4.3 rather than the amounts deposited. On accrual-basis books a reserve assessment billed and not yet collected belongs in this column, and the uncollected part shows up on the balance sheet as a reserve assessments receivable rather than as reserve cash. A roll-forward built from bank deposits instead will not tie on accrual books, and the difference will be that receivable. Fill expenditures with the amounts in section 4.5. Run every column year to date, so the beginning balance column is the reserve fund balance, beginning of year, from section 3.4, and the contributions, interest, and expenditure columns are the year-to-date figures rather than the current-period ones. That makes tie 1 below and check 9 in section 3.6 two readings of the same arithmetic. Where the board also wants a current-month view, attach it as a second copy of this schedule rather than mixing periods inside one.

Three ties, and the second one needs the accrual adjustment spelled out.

1. The ending balance total must equal the reserve fund balance, end of period, in section 3.4. The beginning balance total must equal the reserve fund balance, beginning of year, in the same table, and the contributions, interest, and expenditure columns, taking expenditures as negative, must sum to the reserve net income (loss), year to date, in section 4.5.
2. Reserve cash, certificates of deposit, and investments in section 3.2 must equal that same total, plus total reserve liabilities from section 3.3, less reserve assessments receivable and reserve special assessment receivable net of the reserve share of the allowance for doubtful accounts, less any due from other fund in the reserve column. On cash-basis books there are no reserve receivables and no allowance, so the middle terms drop out. This is checks 7 and 8 in section 3.6, run from the roll-forward side rather than the balance sheet side, and it holds on either basis. Stating the second tie as bare cash against fund balance makes it fail on accrual books at an association that is fully compliant.
3. The transfers between components column must total zero. Moving money from one component to another changes neither the reserve total nor the reserve fund balance, so a total

other than zero on that column means a contribution, an expenditure, or an interest allocation has been recorded in the wrong column, and ties 1 and 2 will both be off by that amount.

Only about 4% of the associations measured produced a schedule explicitly titled as a change in reserve funds, which makes it one of the most under-included schedules relative to its importance. Reserves are usually the largest restricted asset an association holds, and this one page is the only routine document that proves the restriction is being honored.

If your association pools reserves rather than tracking each component separately, present the pool as one column and attach the pooled cash-flow projection from the current reserve study. A vote of the members is not required for a condominium board to change between pooled and straight-line accounting for reserves. § 718.112(2)(f)4., Fla. Stat.

6. Statutory expense classifications, cross-check

A Florida association with total annual revenues under $150,000 prepares a report of cash receipts and expenditures rather than financial statements, and the statute names the classifications that report must disclose. §§ 718.111(13)(b)2., 720.303(7)(b)2., and 719.104(4)(c)2., Fla. Stat. The three lists are close to identical.

Even if your association is above that threshold, this is a useful completeness check. Map your accounts onto each statutory classification and confirm nothing is missing.

Two rules make the mapping a control total rather than a checklist. **Assign every expense account in section 4.4 and every reserve component in section 4.5 to exactly one classification.** An account that appears under two classifications is counted twice, and an account that appears under none is invisible. The statutory lists are prefaced by “including, but not limited to,” so accounts that fit none of the ten belong in an “other expenses, by account” line rather than being forced into the nearest heading. **Then foot it.** The amounts reported under the classifications, plus that other line, must equal total operating expenses from section 4.4 plus total reserve expenditures from section 4.5, for the same period. Under convention B, leave the transfer to reserve fund out of both sides; it sits below total operating expenses precisely because it is not an expense, and adding it here would count the reserve funding once as a transfer and again as a reserve expenditure. The statute asks for expenses by accounts and by expense classifications, so both cuts of the same total have to agree. §§ 718.111(13)(b)2., 720.303(7)(b)2., and 719.104(4)(c)2., Fla. Stat.

Statutory classification	Your account or group	Amount	Covered
Costs for security	[ ]	[$]	[yes / no / n-a]
Professional and management fees and expenses	[ ]	[$]	[yes / no / n-a]
Taxes	[ ]	[$]	[yes / no / n-a]
Costs for recreation facilities	[ ]	[$]	[yes / no / n-a]
Expenses for refuse	[ ]	[$]	[yes / no / n-a]

Statutory classification	Your account or group	Amount	Covered
collection and utility services			
Expenses for lawn care	[ ]	[$]	[yes / no / n-a]
Costs for building maintenance and repair	[ ]	[$]	[yes / no / n-a]
Insurance costs	[ ]	[$]	[yes / no / n-a]
Administration and salary expenses	[ ]	[$]	[yes / no / n-a]
Reserves expended, by category	[ ]	[$]	[yes / no / n-a]
Other expenses, by account, not falling in a classification above	[ ]	[$]	[yes / no / n-a]
Memorandum, not part of the total: reserves accumulated, by category	[ ]	[$]	[yes / no / n-a]
Total, which must equal total operating expenses plus total reserve expenditures		**[$]**	[pass / fail]

The reserve rows are split on purpose. The statute names “reserves accumulated and expended” in a single breath, but accumulation is a receipt and expenditure is an expense, and adding both to one expense column would overstate expenses by the entire year’s reserve funding. Report expenditures in the total and carry accumulation as the memorandum line, which is also where the receipt side of the same statutory item is disclosed. For a condominium the item reads reserves accumulated and expended for capital expenditures, deferred maintenance, and any other category for which the association maintains reserves. § 718.111(13)(b)2., Fla. Stat. For an HOA and a cooperative it is stated more briefly as reserves if maintained by the association. §§ 720.303(7)(b)2. and 719.104(4)(c)2., Fla. Stat.

7. What goes in the package with these two statements

The balance sheet and the income statement are the pair a board reads. They are not sufficient on their own, because neither one shows whether the cash actually exists, who owes what, or what the association has committed to pay.

Schedule	Include	Observed in the corpus	Why it matters
Balance sheet	Always	52% of associations	Section 3
Statement of revenues and expenses, with budget	Always	54% combined	Section 4
Schedule of changes in reserve funds	Always, if reserves are held	4%	Section 5
Accounts receivable aged trial balance	Always	40%	Ties to the receivable line and shows delinquency by age
Accounts payable, open payables listing	Monthly	6%	Shows what the association owes but has not paid
Bank reconciliations, every account	Monthly	5%	The only proof the cash on the balance sheet is real
Prepaid owner assessments detail	Monthly, if material	6%	Supports the prepaid assessments liability
Prepaid insurance amortization schedule	Monthly, if premiums are financed	Common where financed	Keeps the prepaid and the finance note in step
General ledger detail	Monthly or on request	14%	Lets a director trace any number to a transaction

The gap in the middle column is the finding. Balance sheets and income statements are near-universal. The reserve schedule, the payables listing, and the bank reconciliations are not, and those are exactly the three that expose the problems a board most needs to see. A board receiving only the first two statements is not being under-served relative to common practice. It is being under-served relative to what a complete package contains.

An accounts receivable schedule at the unit level is not merely good practice for a condominium or a cooperative. The association's accounting records must include a current account and a monthly, bimonthly, or quarterly statement of the account for each unit, showing the owner's name, the due date and amount of each assessment, the amount paid on the account, and the balance due. §§ 718.111(12)(a)11.c. and 719.104(2)(a)9.b., Fla. Stat.

8. Month-end close checklist

Work down it in order. Nothing below is optional, and the sequence matters: reconciliations before statements, statements before distribution.

#	Step	Done by	Date
1	All deposits and disbursements for the period posted	[ ]	[ ]
2	Every bank and investment account reconciled to the statement	[ ]	[ ]
3	Suspense cleared to zero	[ ]	[ ]
4	Aged receivable reviewed, allowance for doubtful accounts updated	[ ]	[ ]
5	Prepaid insurance and other prepaids amortized for the month	[ ]	[ ]
6	Accruals posted for invoices received after cutoff	[ ]	[ ]
7	Interfund balances reviewed, agreed dollar for dollar, and eliminated in the total column	[ ]	[ ]
8	Reserve funding posted under the stated convention, and the reserve roll-forward updated	[ ]	[ ]
9	Reserve expenditures traced to named components	[ ]	[ ]
10	Balance sheet proof checks, section 3.6, all pass	[ ]	[ ]

#	Step	Done by	Date
11	Income statement proof checks, section 4.7, all pass	[ ]	[ ]
12	Variance explanations written for every flagged line	[ ]	[ ]
13	Package assembled per section 7 and delivered to the board	[ ]	[ ]

9. What Florida actually requires

Everything in this section was read from the statute text, not from common practice. Where the two differ, the statute is what a court, a division investigator, or an auditor will apply.

9.1 The records these statements are built from

An association must maintain accounting records. For a condominium those records must include, at a minimum, accurate, itemized, and detailed records of all receipts and expenditures including all bank statements and ledgers; all invoices, transaction receipts, or deposit slips substantiating any receipt or expenditure; a current account and a periodic statement of account for each unit; all audits, reviews, accounting statements, structural integrity reserve studies, and financial reports; and all contracts for work to be performed. § 718.111(12)(a)11., Fla. Stat. Structural integrity reserve studies must be kept for at least 15 years. Knowingly or intentionally destroying those records, or failing to create or maintain them, with intent to cause harm to the association or its members carries personal exposure to a civil penalty under § 718.501(1)(e), Fla. Stat.

The cooperative equivalent is § 719.104(2)(a)9., Fla. Stat., which requires the same itemized receipts and expenditures and the same per-unit account statement.

9.2 Funds must be separate, and the statement must show it

For a condominium: all funds collected must be maintained separately in the association's name; reserve funds may be commingled with operating funds for investment purposes only; commingled operating and reserve funds must be accounted for separately; and a commingled account may not at any time be less than the amount identified as reserve funds. A manager or management company may not commingle association funds with their own funds or with another association's funds. § 718.111(14), Fla. Stat.

For an HOA: association funds held by a developer must be maintained separately in the association's name, and reserve and operating funds may not be commingled before turnover, except that reserve funds may be jointly invested if accounted for separately. § 720.303(8)(a), Fla. Stat. Member deposits collected for any reason, including construction deposits, must be maintained separately and may not be commingled with any other association funds, with an accounting due to the member within 7 days of request and unused funds remitted within 30 days after completion. § 720.303(8)(d), Fla. Stat.

9.3 Restricted use of reserve funds

Condominium: reserve funds and any interest accruing on them stay in the reserve accounts and may be used only for authorized reserve expenditures unless another use is approved in advance by a majority of all the total voting interests. For a budget adopted on or after December 31, 2024, members of a unit-owner-controlled association that must obtain a structural integrity reserve study may not vote to use reserve funds or the interest on them for any purpose other than replacement or deferred maintenance of the components listed in § 718.112(2)(g), Fla. Stat. § 718.112(2)(f)3., Fla. Stat.

Homeowners' association: where reserve accounts were established by member approval under § 720.303(6)(d), Fla. Stat., reserve funds and interest remain in the reserve accounts and are used only for authorized reserve expenditures unless approved in advance by a majority vote at a meeting at which a quorum is present. § 720.303(6)(h), Fla. Stat.

Note the difference in the vote standard, because it is routinely conflated. The condominium standard is a majority of **all the total voting interests**. The HOA standard is a majority **at a meeting at which a quorum is present**. Applying the HOA standard to a condominium produces an authorization that did not legally happen.

9.4 The annual financial report, and which tier applies

The monthly statements in this template are internal management reporting. No statute prescribes their contents. The annual financial report is different: its level is set by revenue, and delivery is on a deadline.

Total annual revenue	Report required
Less than $150,000	Report of cash receipts and expenditures
$150,000 or more but less than $300,000	Compiled financial statements
$300,000 or more but less than $500,000	Reviewed financial statements
$500,000 or more	Audited financial statements

Verified at § 718.111(13)(a) and (b), § 720.303(7)(a) and (b), and § 719.104(4)(b) and (c), Fla. Stat. Chapter 719 states the same dollar bands as ranges rather than thresholds.

One additional trigger applies only to homeowners' associations. An association with at least 1,000 parcels must prepare audited financial statements regardless of total annual revenue. § 720.303(7)(a)4., Fla. Stat. There is no equivalent unit-count trigger in chapter 718 or chapter 719.

9.5 Deadlines, which are not the same across the three chapters

	Prepare and complete	Deliver to owners
Condominium	Within 90 days after fiscal year end, or annually on a date in the bylaws	Within 21 days after the report is completed, but not later than **180 days** after fiscal year end
Homeowners' association	Within 90 days after fiscal year	Within 21 days after the report

	Prepare and complete	Deliver to owners
	end, or annually on the date in the bylaws	is completed, but not later than **120 days** after fiscal year end
Cooperative	Within 90 days after fiscal or calendar year end, or annually on a date in the bylaws	Within 21 days after the report is completed, but no later than **120 days** after year end

§ 718.111(13), § 720.303(7), and § 719.104(4)(a), Fla. Stat. Applying the condominium's 180 days to an HOA or a cooperative is a real compliance failure, not a rounding difference.

Delivery can be satisfied either by sending the report or by sending a notice that a copy is available on request at no charge, on the terms each chapter sets. For a **condominium**, evidence of compliance with the delivery requirement must be made by an affidavit executed by an officer or a director of the association. § 718.111(13), Fla. Stat. Put that affidavit in the official records the year you deliver, not the year someone asks for it.

9.6 Changing the level of reporting

Upward, by petition. This route belongs to homeowners' associations and cooperatives, not condominiums. If 20% of parcel owners in an HOA, or 20% of unit owners in a cooperative, petition the board for a higher level of reporting, the association must notice and hold a members' meeting within 30 days of receiving the petition to vote on it. Chapter 718 has no petition provision at all; a condominium gets to a higher level through § 718.111(13)(c) instead, which the board may do on its own. On approval, the association must amend the budget or adopt a special assessment to pay for the report regardless of any contrary provision in the governing documents, and produce the higher-level report within 90 days after the meeting or the end of the fiscal year, whichever is later. § 720.303(7)(c) and § 719.104(4)(d), Fla. Stat. Note that the HOA provision requires approval by a majority of the total voting interests, while the cooperative provision requires a majority of the voting interests represented at a meeting at which a quorum is present.

Downward, by vote. A majority vote can substitute a lower level of report for the one otherwise required. §§ 718.111(13)(d), 720.303(7)(d), and 719.104(4)(e), Fla. Stat. The constraints are not the same across the three chapters, so read your own.

- **Consecutive years.** Chapters 718 and 720 each bar preparing the reduced report for **consecutive fiscal years**. §§ 718.111(13)(d) and 720.303(7)(d), Fla. Stat. Chapter 719 contains no consecutive-year prohibition; the word does not appear in § 719.104 at all. Do not tell a cooperative board it is barred from a second year in a row under this paragraph, and do not tell a condominium or HOA board it is permitted.
- **Vote standard and timing.** For a condominium, the meeting and approval must occur before the end of the fiscal year, are effective only for the fiscal year in which the vote is taken, and require a majority vote of **all** the voting interests of the association. § 718.111(13)(d), Fla. Stat. For an HOA and for a cooperative, the standard is a majority of the voting interests **present** at a properly called meeting. §§ 720.303(7)(d) and 719.104(4)(e), Fla. Stat.
- **The separate cooperative waiver.** Chapter 719 also lets a majority of the voting interests present at a duly called meeting waive the requirement to have the financial statement

compiled, reviewed, or audited. That meeting must be held before the end of the fiscal year, and the waiver is effective for **only one fiscal year**, so it has to be taken again each year rather than being barred in the second. Before turnover, the developer may waive the audit requirement for the association's first two years of operation, after which the waiver is by a majority of the voting interests other than the developer. § 719.104(4)(b)4., Fla. Stat.

Upward, without a vote, in a condominium only. A condominium association may prepare a higher level of report **without a meeting of or approval by the unit owners**. § 718.111(13)(c), Fla. Stat.

Chapter 720 has no equivalent. Subsection (7) runs (a) through (d), and none of them is a voluntary board-level upgrade. The only route to a higher level of reporting in an HOA is the 20-percent petition described above, which requires a noticed members' meeting within 30 days and approval by a majority of the total voting interests. § 720.303(7)(c), Fla. Stat. Reading (7)(c) as permission for a board to upgrade on its own inverts what it says. Chapter 719 is the same in this respect: § 719.104(4) provides the petition route in paragraph (d) and no voluntary upgrade paragraph.

9.7 The two HOA statements that belong on the financial report

This is the item most often placed wrongly. For a Florida homeowners' association, these statements attach to **each financial report for the preceding fiscal year** required by § 720.303(7), Fla. Stat., not to the budget. Common practice puts them on the budget. Put them on both, and understand that budget-only placement does not satisfy the statute.

If the budget does not provide for reserve accounts under § 720.303(6)(d), Fla. Stat., or the governing documents do not obligate the developer to create reserves, and the association is responsible for repair and maintenance of capital improvements that may result in a special assessment if reserves are not provided or not fully funded, the financial report must contain the following in conspicuous type. § 720.303(6)(c)1., Fla. Stat.

> THE BUDGET OF THE ASSOCIATION DOES NOT PROVIDE FOR FULLY FUNDED RESERVE ACCOUNTS FOR CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE THAT MAY RESULT IN SPECIAL ASSESSMENTS REGARDING THOSE ITEMS. OWNERS MAY ELECT TO PROVIDE FOR FULLY FUNDED RESERVE ACCOUNTS UNDER SECTION 720.303(6), FLORIDA STATUTES, UPON OBTAINING THE APPROVAL OF A MAJORITY OF THE TOTAL VOTING INTERESTS OF THE ASSOCIATION BY VOTE OF THE MEMBERS AT A MEETING OR BY WRITTEN CONSENT.

If the budget does provide funding accounts for deferred expenditures but those accounts were not created under § 720.303(6)(d), Fla. Stat., the financial report must also contain the following in conspicuous type. § 720.303(6)(c)2., Fla. Stat.

> THE BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY DEFERRED EXPENDITURE ACCOUNTS, INCLUDING CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE, SUBJECT TO LIMITS ON FUNDING CONTAINED IN OUR GOVERNING DOCUMENTS. BECAUSE THE OWNERS HAVE NOT ELECTED TO PROVIDE FOR RESERVE ACCOUNTS UNDER SECTION 720.303(6), FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR ARE RESERVES CALCULATED IN ACCORDANCE WITH THAT STATUTE.

Reproduce the wording exactly. Conspicuous type means it must stand out from the surrounding text, so do not set it in the same size and weight as the notes.

9.8 Reserve disclosure in the condominium annual report

The division is directed to adopt rules setting uniform accounting principles and standards for associations, and those rules must include standards for presenting a summary of association reserves, including a good faith estimate disclosing the annual amount of reserve funds that would be necessary to fully fund reserves for each reserve item based on the straight-line accounting method. That disclosure does not apply to reserves funded by the pooling method. § 718.111(13), Fla. Stat.

Ask your CPA whether your annual report carries that summary. It is a common omission, and it is the disclosure that tells an owner how far short of full funding the association is.

9.9 Debit cards, which show up in the ledger

A condominium association and its officers, directors, employees, and agents may not use a debit card issued in the name of the association, or billed directly to the association, to pay any association expense. Using one for an expense that is not a lawful obligation of the association is theft under § 812.014, Fla. Stat., and requires removal from office. § 718.111(15), Fla. Stat.

If you are closing the books for a condominium and debit card transactions are appearing in the general ledger, that is not a coding question. Raise it with the board and with counsel.

9.10 What this template does not assert

The Florida Division of Florida Condominiums, Timeshares, and Mobile Homes adopts the uniform accounting rules referenced in § 718.111(13) and § 719.104(4)(a), Fla. Stat., in chapter 61B-22 of the Florida Administrative Code. The full rule text was not available to verify against when this template was written, so nothing here states what those rules require beyond what the statutes themselves say. Have your CPA or counsel confirm the current chapter 61B-22 text before relying on any presentation detail for a condominium annual report.

10. Where common practice goes wrong

Each item below is a measured gap between what association financial statements commonly do and what is correct.

1. **One cash line, no fund columns.** Only 31% of the balance sheets measured separated operating and reserve. Without the columns the association cannot demonstrate the fund separation §§ 718.111(14) and 720.303(6)(h), Fla. Stat., require, and a board cannot see whether reserve money is intact.
2. **Equity called retained earnings.** Used by 41%. It is the software default, it implies earnings owners can take, and it collapses restricted and unrestricted money into one figure. Only 10% used “operating fund balance” and 7% used “reserve fund balance.”
3. **No allowance for doubtful accounts.** Missing from two-thirds of the balance sheets measured. On accrual-basis books that overstates assets by the amount that will never be collected, and it flatters the fund balance by the same amount.
4. **A budget with no variance column.** One hundred twenty-two associations referenced a budget; 64 showed a variance. The comparison is the point of the statement.

5. **No aged receivable in the package.** Present in 40%. For a condominium and a cooperative the underlying per-unit account is required by statute. §§ 718.111(12)(a)11.c. and 719.104(2)(a)9.b., Fla. Stat.
6. **No bank reconciliations in the package.** Present in 5%. A cash balance nobody has reconciled is an assertion, not a fact.
7. **No payables listing.** Present in 6%. A board that cannot see what the association owes cannot govern spending.
8. **No reserve roll-forward.** Present in 4%. Reserves are usually the largest restricted asset, and this schedule is the only routine proof the restriction is being honored.
9. **Reserve assessments booked as operating revenue with nothing swept out.** Only 22% showed a reserve assessment or contribution line at all. Recognizing restricted collections as general operating revenue and stopping there makes the operating result look better than it is and puts the money one journal entry away from being spent. Convention B recognizes them in operating on purpose, but it does not stop there: the transfer out, the transfer in, and the elimination all have to be posted in the same period.
10. **The reserve contribution booked as an operating expense while the reserve assessment is also booked as reserve revenue.** This is the most expensive error on the list because it looks tidy. The same dollars become both revenue and expense, the reserve fund is credited twice, and the combined bottom line is understated by the full amount of the reserve funding. Section 4 sets out the two conventions that avoid it.
11. **Interest on reserves credited to operating.** For a Florida condominium and for an HOA with statutory reserves, reserve interest carries the same restriction as the reserve principal. §§ 718.112(2)(f)3. and 720.303(6)(h), Fla. Stat.
12. **A permanent interfund balance.** An interfund receivable that never clears is reserve money funding operations under a different name.
13. **A suspense balance carried forward.** Present in 10% of the balance sheets measured, and it should be zero at every month end.
14. **No basis of accounting stated, and no “unaudited” label.** A month-end statement with neither can be quoted by an owner as though a CPA stood behind it.
15. **The supplementary information on future major repairs and replacements omitted from the annual report.** It appeared in 22 of the 23 associations whose reports included an auditor’s report, so a CPA report that lacks it is the outlier. It is where an outside reader learns whether reserves are adequate. If it is missing, ask why.

11. Distribution and records

Interim financial statements are part of the association’s official records and are available to owners on request under the applicable records statute. §§ 718.111(12), 720.303(4) and (5), and 719.104(2), Fla. Stat.

Item	Value
Package delivered to the board on	[MM/DD/YYYY]
Reviewed at the board meeting on	[MM/DD/YYYY]
Posted to the owner portal or website on	[MM/DD/YYYY]

Item	Value
Retained in the official records at	[LOCATION]
Annual financial report tier for this fiscal year	[cash receipts and expenditures / compiled / reviewed / audited]
Basis for that tier	[total annual revenue of $ / at least 1,000 parcels / member vote]
Annual report due to owners by	[MM/DD/YYYY]

Redact before any statement or schedule leaves the association. An aged receivable identifies who is behind on assessments. Bank statements and reconciliations carry account numbers. Decide once, in writing, which schedules are distributed with the board package, which are available on request under the records statute, and which are shown only in the meeting, and apply the same rule to every director and every owner.

12. Preparer and review

Role	Name	Date
Prepared by	[NAME, TITLE]	[MM/DD/YYYY]
Reviewed by treasurer	[NAME]	[MM/DD/YYYY]
Presented to the board	[MEETING DATE]	[MM/DD/YYYY]
Accepted by the board	[YES / NO]	[MM/DD/YYYY]

A board accepting the financial statements is recording that it received and reviewed them. It is not an audit, and it is not approval of every transaction inside them. If a director has an unresolved question, note it in the minutes rather than accepting the statements as though there were none.

13. Using this outside Florida

The account structure, the fund columns, the seven-column income statement, the proof checks, and the close checklist transfer to any state. The statutory content does not.

Before using this outside Florida, re-derive these eight items from your own state's statutes and your governing documents:

1. Whether reserves are mandatory, permissive, or unaddressed.
2. Whether reserve funds are legally restricted, and what vote releases them.
3. Whether operating and reserve funds may be commingled, and on what conditions.
4. Whether an annual financial report is required, and what sets its level.
5. The deadline to prepare it and the deadline to deliver it to owners.
6. What accounting records the association must maintain, and for how long.

7. Any required disclosure language on the report, and how it must be typeset.
8. Whether members can vote the reporting level up or down, and by what margin.

The corpus behind this template is entirely Florida. Every frequency quoted is a Florida frequency, and at least two of the account lines, lake and waterway management and storm preparation, reflect Florida conditions rather than a national norm.

Disclaimer

This template is a starting point, not accounting, tax, or legal advice. It does not create an accountant-client or attorney-client relationship. Your association's declaration, bylaws, and articles govern, and where they conflict with this document, they control. Florida statutes and administrative rules change, and the citations here were verified as of the date this template was prepared. Every association's facts differ, and the correct presentation depends on your basis of accounting, your fiscal year, your reserve structure, and your governing documents. Have a Florida CPA and, where the question is legal rather than accounting, Florida counsel review this before your board adopts it or relies on it.
