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FOR BOARDS · COMMUNITY ASSOCIATION MANAGERS · ASSOCIATION BOOKKEEPERS

Audit Preparation Guide for Florida Community Associations

What Florida law requires of your HOA or condominium association financial reporting, what your CPA will ask for, and how well-prepared associations get their reports done on time and at lower cost.

Preparation decides how your audit goes

Every year, thousands of Florida associations hand their books to a CPA and wait. Some get a clean, finished report back in five or six weeks. Others are still chasing a bank confirmation three months later while the board is asking where the financial report is.

The difference is rarely the auditor. In our experience it is almost always preparation: whether the engagement letter was signed before year end, whether the bank signature cards were current, whether the year-end close was complete before fieldwork started. None of that is complicated. Most of it costs nothing. But it has to happen in the right order, and somebody has to own each piece.

This guide walks through that sequence in plain language. It covers what Florida law actually requires of your association, what an audit is (and is not), the records your CPA will request, the handful of problems that stall most association audits, and the habits that keep an association audit-ready all year.

Who should read this

Board members and treasurers. You sign the engagement letter and the representation letter, and the statutory reporting duty sits with the board. Pages 4 and 5 tell you what the law requires and when. The FAQ on page 9 answers several questions board members often ask.

Community association managers. You coordinate the process and take the blame when it drags. The timeline on page 5 and the stall list on page 8 are written for you.

Bookkeepers and accounting staff. You build the document package. The checklist on pages 6 and 7 is an audit request list, organized so you can start assembling it before the auditor asks.

A note on the word “audit”

Boards often say “audit” to mean any year-end CPA report. Florida law recognizes four different levels of financial reporting for associations, and the differences matter for cost, depth, and what the report actually tells you. That is where we start, on the next page.

Audit, review, compilation: what you are actually buying

An **audit** is an examination. The CPA confirms cash and loan balances directly with your banks, tests a sample of expenses against invoices and contracts, evaluates internal controls, and checks the statements and footnotes against GAAP. The result is an opinion: reasonable assurance that the financial statements are not materially misstated. It is the highest level of assurance a CPA can give. The final product is a complete set of financial statements and notes, together with the auditor's opinion.

A **review** is narrower. The CPA performs analytical procedures and asks questions of management, then expresses limited assurance: nothing came to the CPA's attention suggesting the statements need material changes. There is no bank confirmation and no transaction testing. The final product is complete financial statements and notes, with the CPA's review report.

A **compilation** is assembly. The CPA puts your records into proper financial statement form without expressing any assurance. The final product is financial statements in proper form, with the CPA's compilation report.

A **report of cash receipts and expenditures** is simpler still: a summary of money in and money out for the smallest associations. A CPA is not required to prepare this report.

What the CPA does	Audit	Review	Compilation
Puts statements in proper GAAP form	✓	✓	✓
Analytical review of revenues and expenses	✓	✓	—
Inquiries of management and written representations	✓	✓	—
Confirms cash and loan balances with banks	✓	—	—
Tests expenses against invoices and contracts	✓	—	—
Evaluates internal controls	✓	—	—
Issues an opinion on the financial statements	✓	—	—
Assurance level	**Reasonable**	**Limited**	**None**

What an audit is not

An audit is designed to detect material misstatement, not to guarantee that no fraud occurred; fraud below materiality can go undetected even in a well-performed audit. If the board suspects theft, it should raise that with your CPA to determine the appropriate engagement type. Strong monthly controls (page 9) are the better defense.

What Florida law requires, and when

Your association's annual revenue sets the minimum reporting level. The tiers are the same for homeowners' associations under section 720.303(7), Florida Statutes, and condominium associations under section 718.111(13):

Total annual revenues	Minimum year-end report[2]
Under **$150,000**	Report of cash receipts and expenditures
$150,000 to less than **$300,000**	Compiled financial statements
$300,000 to less than **$500,000**	Reviewed financial statements
$500,000 or more	Audited financial statements
HOA with **1,000** or more parcels[1]	Audited financial statements, regardless of revenue

[1] The 1,000-parcel rule was added by Florida House Bill 1203, effective July 1, 2024.

[2] Your governing documents may require a higher level.

The deadlines

Within **90 days after fiscal year end**, or the date set in the bylaws, the association must either complete the report itself or have a third party under contract to prepare and complete it. If you engage a CPA, a signed engagement letter satisfies this deadline; the finished report may arrive later.

Delivery to members is due within **21 days** after the association completes the report or receives it from the CPA, and no later than **120 days after year end for an HOA** or **180 days for a condominium**, whichever comes first. For a December 31 year end, those outside limits are April 30 and June 29.

What members receive differs by chapter. An HOA may provide a copy of the report or a written notice that a copy is available on request at no charge. A condominium must deliver a copy, or a notice that a copy will be provided without charge within 5 business days of a written request, and an officer or director must execute an affidavit evidencing compliance with the delivery requirement.

Voting to change the reporting level

Members can vote to accept a lower-level report than revenue would require. In an HOA, a waiver passes by a majority of the voting interests present at a properly called meeting. In a condominium, it takes a majority of all the association's voting interests, and the vote must happen before the fiscal year ends. Either way, a waiver covers one fiscal year, and neither type of association may waive down for consecutive years.

Moving up works differently. A condominium board may prepare a higher-level report with no member meeting and no vote. In an HOA, 20 percent of parcel owners must petition the board, and raising the level then takes a majority of the total voting interests.

Condominium and HOA are not the same audit

Condominium and cooperative associations operate under Chapters 718 and 719, which now require a structural integrity reserve study (SIRS) for buildings three habitable stories or higher, and the audit interacts with those reserve disclosures. HOAs under Chapter 720 have no SIRS requirement, and HOA reserve funding depends on how the reserves were established and on member votes.

A timeline that meets the statutory deadlines

The dates below assume a December 31 fiscal year end. Half the work happens before the auditor ever imports the trial balance.

1

OCTOBER - NOVEMBER

Engage the CPA before year end

Get the engagement letter signed and returned before December 31. The firm can plan your job into its schedule, and your manager knows who is auditing. Signing early also puts you safely inside the statutory 90-day requirement, which is satisfied by having a CPA under contract. Associations that wait until February join the back of a long line.

2

JANUARY

Close the year completely

Every bank account reconciled, receivable and payable agings tied to the balance sheet, transactions coded to operating or reserve funds, and the general ledger closed. Verify that bank signature cards were updated for any signer changes during the year. A complete close is the single biggest time-saver in the whole process.

3

JANUARY - FEBRUARY

Gather the document package, then fieldwork

The auditor will request a list of documents from you, sometimes referred to as the PBC list; see the complete request list on pages 6 and 7. The auditor then performs fieldwork, including reconciling accounts, testing transactions, reading minutes, and asking questions as they come up.

4

FEBRUARY - MARCH

Review the draft and sign the representation letter

The board reviews draft statements and any proposed adjustments, then the officers your CPA designates (typically the president and treasurer, along with the manager) sign the representation letter. No CPA can release a final report without it, so do not let it sit in an inbox.

5

DELIVERY BY APRIL 30 (HOA), JUNE 29 (CONDOMINIUM)

Final report issued and delivered to members

Aim to have the report in hand by March 31. Members must then receive a copy, or a notice of availability, within 21 days after you receive it, and no later than 120 days after year end for an HOA or 180 days for a condominium. In a condominium, an officer or director signs an affidavit evidencing delivery.

Board and governance records

These records are typically kept by the board, the manager, or the association's attorney. They give the auditor the legal and decision-making context behind the numbers. Most do not change year to year, so a returning auditor will only ask for updates.

Governing and legal documents

- [ ] Articles of incorporation, bylaws, and declaration (CC&Rs), including all amendments
- [ ] Board and member meeting minutes for the full year, plus any meetings held after year end
- [ ] Current budget approved by the board (operating and reserve)
- [ ] Management agreement and any major vendor contracts signed or amended during the year
- [ ] Loan agreements, promissory notes, and the most recent lender statements
- [ ] Insurance policies and certificates: property, liability, directors & officers, and crime/fidelity
- [ ] Correspondence with the association's attorney about pending or threatened litigation
- [ ] Special assessment resolutions, if any were adopted

Prior-year and carryover items

- [ ] Prior year audit, review, or compilation report, if changing auditors
- [ ] Prior year federal and state tax returns (Form 1120-H or 1120)
- [ ] Management letter or auditor recommendations from last year, and notes on what the board did about them
- [ ] Reserve study, if the association has one, and the board's adoption of it (for condominiums three habitable stories or higher, the SIRS)
- [ ] Permission to communicate with the prior auditor, if you changed firms

Why the minutes matter so much

Auditors read your minutes line by line. Board approvals of contracts, write-offs, reserve expenditures, transfers between funds, and over-budget spending all need to appear there, because the minutes are the evidence that the board authorized what the ledger shows. Thin minutes generate a long list of follow-up questions; thorough minutes answer those questions before they are asked.

Financial records from the manager or bookkeeper

This is the accounting package. On a well-run engagement it arrives in one organized delivery, uploaded shortly after the year-end close and labeled to match the request list.

Year-end financial reports

- ☐ Balance sheet and income statement for the final month of the year, by fund (operating and reserve)
- ☐ Budget-to-actual comparison for the full year
- ☐ General ledger for the entire year
- ☐ Check register for the entire year, in check-number order
- ☐ Trial balance at year end, plus any journal entries made during the close

Cash and banking

- ☐ Bank statements for every account, all twelve months: operating, reserve, money market, CDs, investments (may be a single combined statement)
- ☐ Bank reconciliations for every account, with outstanding items listed
- ☐ Current authorized signer list for each account
- ☐ Documentation for transfers between accounts or funds during the year

Receivables and payables

- ☐ Aged owner receivable (delinquency) report that ties to the balance sheet
- ☐ Prepaid assessments report
- ☐ Collection status detail: accounts with attorneys, liens filed, payment plans, write-offs approved by the board
- ☐ Accounts payable aging at year end
- ☐ Paid and unpaid vendor invoices for the year, plus invoices received after year end for current-year work

Reserves, capital projects, and insurance

- ☐ Reserve activity schedule by component or pooled balance, including funding calculations
- ☐ Reserve expenditure detail with invoices and required board or membership approvals
- ☐ Documentation of any reserve funding waiver, reduction, or transfer
- ☐ Schedule of capital additions and major projects, with contracts, invoices, and approvals
- ☐ Insurance claims filed or settled during the year, including proceeds, deductibles, repair costs, and current status

Prepaids, payroll, and other support

- ☐ Prepaid expenses schedule with supporting invoices (primarily insurance policies)
- ☐ Quarterly payroll returns (Form 941) and year-end Form W-3, if the association has employees

After year end

- ☐ General ledger, check register, and bank statements for the month(s) after year end, through the date of the audit
- ☐ Subsequent collections applied to year-end owner balances

AVOIDABLE DELAYS

Issues that stall association audits

These come up again and again, and every one is preventable.

1 Engagement letter signed late

December 31 year ends pile up on every CPA's desk at once. An association that signs in February gets February's leftover capacity.

FIX Approve and return the engagement letter before your fiscal year ends.

2 Books kept on a cash basis

Year-end statements are prepared on the accrual basis under GAAP. Cash-basis books need adjusting entries for assessments receivable, prepaid assessments, and unpaid bills, and every adjustment adds questions.

FIX Ask your bookkeeper to record receivables and payables monthly, or at minimum at year end before the package goes out.

3 Unreconciled or partly reconciled accounts

A reconciliation that does not tie to the bank statement and the balance sheet means the auditor has to chase the difference.

FIX Reconcile every account every month, and have someone who does not handle cash review the reconciliation.

4 Missing invoices and undocumented approvals

Sampled expenses need a matching invoice and evidence of approval. Every missing document becomes an open item somebody has to track down.

FIX File invoices as they are paid. Record board approval of large or over-budget spending in the minutes.

5 Operating and reserve activity tangled together

Reserve expenses paid from operating and never reimbursed, or transfers with no paper trail, force the auditor to rebuild the interfund balance.

FIX Keep separate bank accounts, code every transaction to a fund in the general ledger, and reconcile interfund balances monthly.

6 The representation letter sits unsigned

The final report cannot be released without it. Hesitation at the finish line quietly adds weeks.

FIX Put it on a board agenda in advance. New directors can sign; see the FAQ on the next page.

STAYING READY

Questions for the board to ask every month

The easiest audits happen at associations that never need a January catch-up. They keep the books audit-ready all year, mostly through a steady monthly review. Put these questions to your monthly financial package:

- [ ] Does every bank reconciliation tie to both the bank statement and the balance sheet?
- [ ] Are operating and reserve funds separately stated, in separate accounts?
- [ ] Does the delinquency report tie to the balance sheet, and is the collection policy being followed?
- [ ] Does the payables aging include all known unpaid bills?
- [ ] Were all reserve expenditures, including change orders, approved by the board and recorded in the minutes?
- [ ] Was any over-budget spending approved and documented?
- [ ] Has the association borrowed from reserves for operating needs, and if so, is there a documented repayment plan?
- [ ] Do loan balances tie to the lender's statements?

COMMON QUESTIONS FROM BOARDS

I just joined the board. Should I really sign the representation letter?

Yes. The letter's assertions are made to the best knowledge and belief of the person signing, so a new director is not vouching for events before their time. Ask your CPA to walk the board through it; it is a routine document, not a trap.

Our revenue requires an audit. Can the members vote it down?

Usually, within limits: the vote must meet the threshold for your chapter, it covers one fiscal year, and it cannot be repeated in consecutive years (see page 4). Also consider what you give up. Lenders, buyers, and title companies increasingly ask for audited statements, and an audit is the only one of these reports in which the CPA confirms balances directly with third parties.

Does good preparation actually lower the fee?

Over time, yes. Auditors price engagements partly on expected effort. Clean reconciliations, organized documents, and strong controls reduce testing and follow-up. Weak controls do the opposite: the auditor must expand procedures to compensate, and that costs hours.

ABOUT THE FIRM

Coastal Clarity Assurance is a Florida CPA firm that concentrates on one thing: audit, review, and compilation services for community associations across Florida.

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This guide provides general information for Florida community associations and is not accounting, legal, or tax advice for any particular association. Statutory references are to the 2025 Florida Statutes, sections 718.111(13) and 720.303(7), and are current as of August 2026. The Legislature amends Chapters 718 and 720 frequently; confirm current requirements with your CPA or association counsel before acting. Coastal Clarity Assurance is the brand name of Grissom CPA, PLLC, a Florida licensed CPA firm.