

# **Hammocks Cape Haze**

## **Records Retention Policy and Procedures**

The Florida condominium statutes are very specific about what records an association must keep and for how long. One Board member (typically the Secretary), working with the office manager and CAM will be responsible for ensuring that the association's records comply with Florida State Statute 718.111(12) at all times.

### **Key Items Required to Keep:**

1. All plans, permits, warranties and other items the developer provided to the association upon turnover.
2. The Declaration of Condominium and any approved amendments.
3. The Bylaws and any approved amendments.
4. The Articles of Incorporation and any approved amendments.
5. The current Rules & Regulations (old versions do not need to be maintained)
6. Meeting minutes of all association meetings for the last seven years.
7. Any audio or video recordings of association meetings (at least until the minutes from the meeting has been approved)
8. A current roster of all homeowners' unit numbers, mailing addresses and telephone numbers.
9. A current roster of all homeowners' email addresses and fax numbers if the owner has consented to receive notice by electronic transmission. This information is not available to other homeowners unless the homeowner has consented to receive notices by electronic transmission.
10. Current insurance policies (old policies do not need to be maintained)
11. Every contract to which the association is or was a party (including management, janitorial and landscaping contracts, to name a few) over the last seven years.
12. All accounting records of the association for the last seven years. Details surrounding accounting record retention will be discussed separately. (see below).
13. Ballots, sign-in sheets, voting proxies and any other documents related to a homeowner vote for one year from the date of the vote.
14. A copy of the current question and answer sheet referenced in Florida Statute 718.504. A sample of this sheet is available from the Florida Department of Business Regulation (Form CO 6000-4).
15. All other pertinent records of the association.

The association's official records must be available for homeowner viewing. Homeowners have the right to view and photocopy all of the association's official records with the exception of (1) documents protected by lawyer-client privilege; (2) information associated with the sale of a unit; (3) homeowner medical records and other confidential information such as Social Security Numbers; (4) association security information; and (5) personnel records (if the association has employees). If the homeowner requests a hard copy of a specific record, the Association may charge the homeowner its actual costs to prepare those records for the homeowner. It is very

important that the association comply with requests from homeowners to view association records as failure to do so can lead to monetary damages.

The Associations will follow these guidelines to ensure that the association's records are protected and also easily accessible for viewing by homeowners. Official record transparency ensures homeowners confidence in the Board's ability to successfully manage the association.

1. Keep hard copies of the Declaration of Condominium, Bylaws, Rules & Regulations, meeting minutes, and budget with maintenance fee schedule available for homeowners and prospective buyers at all times. Establish a reasonable fee schedule for these items ahead of time based on production costs and ensure these fees are enforced consistently.
2. If the association has a website, keep all of the association's records on the website for homeowners to access at their convenience. Not only does this provide complete transparency but it also provides a web-based backup of the official records so there is no concern about them being destroyed due to theft or natural disaster.
3. Keep binders with hard copies of all of the association's records on property. A simple way to do this is to have binders for each key item (e.g. meeting minutes, contracts, historical budgets, etc.).
4. Keep a binder with all Board member meeting packets (the information provided to each Board member prior to a meeting). All of this information is considered official records of the association.
5. Keep electronic copies of all association records on one designated association computer and backup all of these records routinely onto an external hard drive maintained by one of the Board members.

Additional Items to keep in both hard and soft copy include:

1. Any opinions provided by the association's attorney. Often these are kept in the email of the Board member that asked the question and, therefore, when new Board members join, they waste association resources by asking the same questions again.
2. Any email communications where a quorum of Board members discuss or take a vote on an association issue. Email communication between a quorum of Board members should be limited as much as possible as these email chains technically constitute a Board meeting which must be open to homeowners. However, in certain circumstances this cannot be avoided. Therefore it is recommended to use email to communicate to a quorum of the Board as little as possible and to keep copies of those communications for homeowner review.

**The Hammocks Cape Haze Preserve Association, Inc. Record Retention Policy addressing Accounting Records**

In addition to retaining and maintaining the official records of the Hammocks Cape Haze Preserve Association, Inc., it is required the Association maintain and retain accounting records pursuant to Florida Statute 718.111(12)(a)(11).

All accounting records of a condominium association must be maintained for at least 7 years. To be prudent, an association may decide to keep all association records since developer turnover. If The Hammocks Cape Haze does not have sufficient storage space for hard copy records, it is recommended that records be scanned electronically and/or to investigate companies that will store hard copy records. Note these services are relatively inexpensive and serve to both reduce clutter and protect the association's records from fire, theft, or natural disaster.

Since the three Associations at Hammocks Cape Haze uses a professional management company at this time for accounting purposes – it is the understanding of the Association the bulk of the associations' accounting records will be maintained and retained through the use of high-end accounting software. If necessary, the Board may need to budget additional funds to pay for this service.

**Items to be maintained as outlined in Florida State Statutes:**

**1. Accurate, itemized, and detailed records of all receipts and expenditures.**

The Florida Statutes leave it to each condominium to determine exactly what is necessary to keep, and in what format, in order to meet this requirement. As part of the association's routine bookkeeping, all monies received and spent will be entered into the association's accounting software. Generally, these programs allow the user to enter a description of each deposit or expense. A detailed descriptions for each entry including the parties involved and the reason that the funds were received or paid is necessary. In addition, it is recommended to keep all of the following either electronically or in hard copy:

- Copies of all checks received and written by the association
- Copies of all monthly bank statements for all association bank accounts
- Copies of all "lockbox" payment detail if this service is used by the association
- Copies of all final invoices paid by the association (typically these invoices are kept with the copy of the check that paid the invoice)
- Copies of all reconciliation reports (showing that the bank statements and the association's bookkeeping reconcile each month-end)

**2. A current account and a monthly, bimonthly, or quarterly statement of the account for each unit designating the name of the unit owner, the due date and amount of each assessment, the amount paid on the account, and the balance due.**

This refers to the balances owed by each homeowner for their maintenance fees. This information should already be maintained in the association's accounting system and there is nothing else special that needs to be done. These balances should include any accrued late fees or interest. It is also recommended to keep any other amounts owed to the association (e.g. fines, charges backs for work completed by the association on behalf of the homeowner) on a separate ledger for each homeowner as the association may only lien and foreclose on a unit for past due maintenance fees (and associated late fees/ interest). This makes it easier for the association to provide accurate account balances to the association's attorney (during collection efforts) or

prospective buyers. Along with this requirement, it is recommended that the association maintain monthly A/R aging summaries (showing those units that are 30, 60 or 90 days past due).

**3. All audits, reviews, accounting statements, and financial reports of the association or condominium.**

According to Florida Statute 718.111(13), each association must produce a **year-end financial report** within 90 days of fiscal year-end. The type of report required is as follows:

- An association with total annual revenues of \$500,000 or more shall prepare GAAP audited financial statements with exceptions..

Details on how to prepare the above financial report are provided in Rule 61B-22.006 of the **Florida Administrative Code**. The Florida Statutes allow the voting interests of the association to approve a report of cash receipts and expenditures, compiled financial statements or reviewed financial statements in lieu of audited financial statements.

Along with the above described report, it is recommended that the association maintain copies of balance sheets and income statements for each month-end that have been approved by the Board.

**4. All contracts for work to be performed. Bids for work to be performed are also considered official records and must be maintained by the association.**

This requirement is relatively self-explanatory; however, there are some simple ways to keep track of all of this information in an organized fashion. All long term contracts approved by the association must be kept together for reference. It may be helpful to keep a list of all contracts including their maturity dates and renewal/ termination provisions. As mentioned above, all other contracts/ invoices can easily be kept along with a copy of the check that was issued by the association to pay the contract/ invoice. Lastly, all bids that were received for work must be kept as well. It is recommended to keep these separate from those bids that were actually approved to avoid confusion.

Each board packet typically includes all bids related to agenda items so maintaining the packets would comply with the above contracts requirement. These packets also typically include recent financial statements, minutes from the previous meeting, the meeting agenda, and more of the items that are considered part of the official records of the association.

***Adopted by Master Association: October 21, 2017***

***Adopted by Preserve Association: October 23, 2017***

***Adopted by Villa Association:***