COCOA CABANAS CONDOMINIUM ASSOCIATION

BOARD RESOLUTION NO. [_1__]

A Resolution of the Board of Directors of Cocoa Cabanas Condominium Association Establishing a Reserve Interest Allocation Policy

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ADOPTED this 5 day of November 2026

WHEREAS, Cocoa Cabanas Condominium Association (the "Association") is a Florida not-for-profit corporation organized and existing pursuant to Chapter 617, Florida Statutes, and operates as a condominium association subject to the provisions of Chapter 718, Florida Statutes (the "Condominium Act"); and

WHEREAS, the Association maintains reserve accounts as required by and in accordance with Section 718.112(2)(f), Florida Statutes, and Rule 61B-22.005, Florida Administrative Code, to fund the repair, replacement, and deferred maintenance of common elements and association property; and

WHEREAS, the Association's reserve accounts generate interest income over time, and the Board of Directors has determined that a formal, consistent, and documented policy governing the allocation of such interest income is necessary for sound fiscal governance, audit readiness, and consistent cash-basis recordkeeping in accordance with the Association's financial reporting obligations under Section 718.111(13)(a), Florida Statutes; and

WHEREAS, the Association currently maintains multiple reserve components, and the Board has identified the Deferred Maintenance reserve component as the component most appropriately aligned with the long-term stewardship purpose served by reserve interest earnings; and

WHEREAS, Section 718.112(2)(f), Florida Statutes, requires that reserve funds be maintained in separate accounts and that such funds, including any interest accrued thereon, be used only for authorized reserve purposes unless redirected by the requisite vote of unit owners; and

WHEREAS, the Board of Directors, pursuant to its authority under Section 718.111(1), Florida Statutes, and the Association's Declaration of Condominium and Bylaws, is authorized to establish financial policies and adopt resolutions governing the administration of association funds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Cocoa Cabanas Condominium Association, duly assembled and constituting a quorum, as follows:

SECTION 1 – PURPOSE

The purpose of this Resolution is to establish a uniform, transparent, and auditable policy for the allocation of all interest income earned on the Association's reserve funds. The Board of Directors finds that directing all reserve interest income to the Deferred Maintenance reserve component best serves the long-term financial health of the Association, supports the preservation and maintenance of common elements and association property, and promotes consistency in financial reporting and fiduciary accountability.

SECTION 2 – AUTHORITY

This Resolution is adopted pursuant to the following authority:

(a) Section 718.111(1), Florida Statutes, which vests in the Board of Directors the powers and duties necessary for the administration and governance of the Association, including the authority to establish financial policies governing association funds;

(b) Section 718.112(2)(f), Florida Statutes, which sets forth the requirements and restrictions applicable to reserve accounts maintained by condominium associations, including the treatment of interest accrued thereon;

(c) Rule 61B-22.005, Florida Administrative Code, which governs reserve account funding, accounting, and administration for Florida condominium associations; and

(d) The Association's Declaration of Condominium and Bylaws, which authorize the Board of Directors to administer and manage the financial affairs of the Association.

This Resolution does not constitute a vote to waive or reduce reserve funding, as contemplated by Section 718.112(2)(f)(2), Florida Statutes. This Resolution directs interest income within the reserve

fund structure for an authorized reserve purpose and accordingly does not require a vote of the unit owners.

SECTION 3 – POLICY: ALLOCATION OF RESERVE INTEREST

Commencing January 1, 2027 (the first day of Calendar and Fiscal Year 2027), and for each calendar and fiscal year thereafter unless amended by subsequent resolution of the Board of Directors, ALL interest income earned on any and all of the Association's reserve accounts — regardless of which individual reserve component account the interest accrues to — shall be allocated exclusively to the Deferred Maintenance reserve component. In furtherance of this policy:

(a) **Transfer Frequency.** Interest income shall be transferred to the Deferred Maintenance reserve component on a monthly basis, or at such other frequency as determined by the Treasurer in the exercise of reasonable fiduciary discretion, provided that all such transfers shall be completed no less frequently than quarterly;

(b) **Scope of Application.** This policy applies to all interest income arising from savings accounts, money market accounts, certificates of deposit, U.S. Treasury instruments, and any other investment vehicle in which reserve funds are held, irrespective of the reserve component associated with the originating account; and

(c) **Prohibition on Operating Fund Diversion.** No reserve interest income shall be redirected to the Association's operating fund without a separate duly adopted resolution of the Board of Directors and, where required by applicable law, the approval of the requisite percentage of unit owners in accordance with Section 718.112(2)(f), Florida Statutes.

SECTION 4 – ACCOUNTING TREATMENT

The Association maintains internally prepared financial statements consisting of a Profit & Loss Statement and a Balance Sheet, with reserve fund component balances presented in the Equity section of the Balance Sheet. The Association's management agent and/or officers shall record all reserve interest income in accordance with the following accounting treatment:

(a) Interest received on reserve accounts shall be recorded as Reserve Fund income on the Profit & Loss Statement in the period received, and shall not be recorded as income of the operating fund;

(b) At period-end, a standard closing entry shall transfer the full balance of the reserve interest income account from the Profit & Loss Statement to the Reserve Fund – Deferred Maintenance

component in the Equity section of the Balance Sheet, increasing that component's balance by the full amount of interest received for the period;

(c) If interest is initially posted to a general reserve interest income account rather than directly to a Deferred Maintenance income account, an internal reallocation entry shall be recorded within the Equity section of the Balance Sheet to transfer the full amount to the Reserve Fund – Deferred Maintenance component. No cash shall move between bank accounts as a result of any closing or reallocation entry — such entries are bookkeeping allocations entirely within the Reserve Fund; and

(d) The allocation methodology established by this Resolution shall be applied consistently from period to period and shall be disclosed in the Association's internally prepared financial statements in the manner described in Section 5 of this Resolution.

SECTION 5 – REQUIRED DISCLOSURE IN INTERNALLY PREPARED FINANCIAL STATEMENTS

The Association maintains internally prepared financial statements consisting of a Profit & Loss Statement and a Balance Sheet. Reserve fund component balances, including Deferred Maintenance, are presented in the Equity section of the Balance Sheet. Commencing with the financial statements prepared for the fiscal year beginning January 1, 2027, and for each fiscal year thereafter during which this Resolution remains in effect, the Association's internally prepared financial statements shall include a disclosure substantially in the following form:

RESERVE FUND INTEREST ALLOCATION POLICY DISCLOSURE

Effective January 1, 2027, the Board of Directors of Cocoa Cabanas Condominium Association adopted a policy pursuant to which all interest income received on the Association's reserve accounts is allocated exclusively to the Deferred Maintenance reserve component, regardless of the reserve component account in which the interest is initially received. This policy was established by Board Resolution No. [__], adopted [date], pursuant to the Board's authority under Section 718.111(1) and Section 718.112(2)(f), Florida Statutes.

Accounting Treatment: *Interest received is recorded as Reserve Fund income on the Profit & Loss Statement in the period received. At period-end, a standard closing entry transfers the balance of the reserve interest income account from the Profit & Loss Statement to the Reserve Fund – Deferred Maintenance component in the Equity section of the Balance Sheet, increasing that component's balance by the full amount of interest received for the period. If interest is initially posted to a general reserve income account, an internal reallocation entry within the Equity section transfers the full balance to the Deferred Maintenance component. No cash moves between bank accounts as a result of the closing or reallocation entry; it is a*

bookkeeping allocation entirely within the Reserve Fund. This allocation does not constitute a waiver or reduction of any other reserve component funding obligation. The policy remains in effect until amended or rescinded by the Board of Directors.

The Association's officers shall ensure that this Resolution is retained in the Association's official records and that the disclosure described above is included in each Annual Cash Receipts and Expenditures Report prepared pursuant to Section 718.111(13)(a), Florida Statutes, for fiscal years beginning on or after January 1, 2027. In the event the Association's annual revenues increase to a level requiring CPA-prepared financial statements under Section 718.111(13), Florida Statutes, the officers shall provide a copy of this Resolution to the Association's accountant to ensure the required disclosure is incorporated into such statements.

SECTION 6 – EFFECTIVE DATE

This Resolution shall take effect on January 1, 2027, and shall remain in full force and effect unless and until amended or rescinded by a subsequent resolution duly adopted by the Board of Directors of the Association. All prior practices or informal policies of the Association inconsistent with the provisions of this Resolution are hereby superseded as of the effective date.

SECTION 7 – RATIFICATION

All prior acts, decisions, and undertakings of the officers and directors of the Association that are consistent with the purposes and intent of this Resolution are hereby ratified, confirmed, and approved.

SECTION 8 – SEVERABILITY

If any provision of this Resolution, or the application of any provision to any person or circumstance, is found by a court of competent jurisdiction or other authorized tribunal to be invalid, illegal, or unenforceable for any reason, such invalidity, illegality, or unenforceability shall not affect the validity, legality, or enforceability of any other provision of this Resolution or the application of such provision to any other person or circumstance. The remaining provisions of this Resolution shall continue in full force and effect as if the invalid, illegal, or unenforceable provision had never been included herein.

CERTIFICATE OF SECRETARY

I, the undersigned Secretary of Cocoa Cabanas Condominium Association, hereby certify that the foregoing Resolution was duly adopted by the Board of Directors of the Association at a [regular / special] meeting duly noticed and held on the 5 *day of* November *20*26 *at which a quorum of the Board of Directors was present and acting throughout, and that the foregoing Resolution has not been modified, amended, or rescinded and remains in full force and effect as of the date of this Certificate.*

PRESIDENT:

VICE PRESIDENT:

SECRETARY/TREASURER: