

SIMPLIFIED ACCOUNTING GUIDELINES FOR ESTATE AND CONSERVATOR ACCOUNTS

BACKGROUND INFORMATION. The following information is provided to assist you in preparing an inventory and account of an estate or conservatorship. The purpose is to present financial information in a format which is meaningful to the interested parties. The inventory and account should be understood by persons who are not accountants or lawyers. The information should be presented in a simple but complete format to help everyone understand the administration of the estate or conservatorship. Parties should easily be able to determine what came into the estate or conservatorship, what went out, and what is left at the end of the accounting period.

GENERAL INSTRUCTIONS

First, provide all the requested identifying information for the case, the deceased, the personal representative, or the protected person and the conservator.

Number of this Accounting: Number the account you are submitting (1st, 2nd, 3rd, and so forth). The last account (when the minor has reached age 18, or the adult dies, or the conservatorship is ended, or the administration of the estate is closed) should be numbered and called "Final" (for example: the Third and Final).

Time period: Write the dates for which this accounting was prepared (for example: March 1, 2008 to February 28, 2009).

Bond: Attach a photocopy of the bond which you filed when you were appointed personal representative or conservator and any subsequently filed bond.

Book value: A carrying (book) value is to be assigned to each asset and is generally the date of death value for an estate or the value on the date of appointment of the conservator. It is important to carry each asset at its book value so that the schedules will balance ($A-B=C$). However, to disclose the investment performance of the fiduciary, market values at the end of the accounting period must be shown on Schedule C.

If an asset is sold at a gain over the book value, the details of the sale should be listed on Schedule A and the amount of the gain entered in the right column. If an asset is sold at a loss under the book value, the details of the sale should be listed on Schedule B and the amount of the loss entered in the right column.

List the market value of each item on Schedule C in a column next to the carrying (book) value or on a separate schedule. For assets without readily ascertainable market values, such as real estate, patent and copyright interests, oil well interests, close corporation stock and the like, the basis of the evaluation must be stated (e.g., appraisal on a specified date, assessed value, tax value, book value, nominal value, etc.). Book values should not be changed except in accordance with fiduciary accounting

standards. For detailed information on fiduciary accounting standards, see English & Whitman, *Fiduciary Accounting and Trust Administration Guide*, 2d ed, www.ALI-ABA.org Digital Library.

ACCOUNT SUMMARY:

INSTRUCTIONS: First complete Schedules A through C. Then, write the final amounts from each Schedule in the Account Summary.

SCHEDULE A: RECEIPTS AND INCOME

First item - If this is the First Account of an estate, enter the Inventory total of only the personal property you submitted when you were appointed. If it is the First Account of a conservatorship, use the Inventory total of both personal property and real estate. If this is the Second Account or any other account, use the same information you used as the ending total book value balance for the previous Account. You can copy the ending balance from the previous account and write the amount as the first item in Schedule A.

Increases to the estate or conservatorship may include assets you did not know about at time of filing of the Inventory or the last accounting but now you do. You may want to make corrections to values of assets you reported on your Inventory. You should list increases or corrections as the next item on Schedule A and add them to the total.

For most assets it is not necessary to make an adjustment on Schedule A for changes in market values of the assets. You do not need to obtain appraisals (or otherwise incur unnecessary expenses) to adjust an asset's value for an account. However, if you are aware of a change in market value of an asset, you must state it next to the book value in Schedule C or in an additional schedule.

List on Schedule A only items which represent income or additions to the estate or conservatorship during this account period.

Itemize all money received by:

- 1) Date of receipt,
- 2) Payer,
- 3) Description by type of receipt (interest income, dividends, social security, and so forth), and other details to identify the income source (such as account numbers), and amount.

List items chronologically. If there are repetitive items, they may be organized by category and listed chronologically within the category. Or, if you have a lot of receipts, you may group receipts together. For example, report the total interest earned from one particular account on one line. However, if you group the receipts together and list them in one line, you must keep a back-up schedule detailing the money received under each group and attach a copy of the back-up schedule to the Account.

Write the details of sales of property with gains. This includes:

- 1) The date of sale,
- 2) Purchaser (person sold to),
- 3) Description of what was sold, and
- 4) The amount of the gain (sale price minus fees, and minus the carrying (book) value of the asset as reported in the previous Account or Inventory).

Note: If you sold an asset but had no gain and no loss, you must still report the transaction and list the gain as zero.

Number each item sequentially within each schedule.

After you finish Schedule A, put the total at the bottom of the page and in the Summary on page 1.

SCHEDULE B: PAYMENTS OF DEBTS, ADMINISTRATIONS EXPENSES, TAXES AND DISTRIBUTIONS DURING THIS ACCOUNT PERIOD:

Now you need to list money you spent on behalf of the estate or conservatorship during the Account period. Only include items which are expenses. List the following:

- 1) Date,
- 2) Person you paid,
- 3) Purpose of expense, and
- 4) Amount.

Note: If the expense is unusual or appears questionable, you should provide additional information in a note attached to Schedule B.

List items chronologically. If there are repetitive items, they may be organized by category and listed chronologically within the category. If you have many transactions to report, you can group them into categories and report them on one line. For example, all expenses for nursing care may be shown on one line. These categories must be specific. Categories such as "miscellaneous" and "cash" are not acceptable. Grouped expenses must also list purpose and payee. In addition, if you group the receipts together, you must keep a back-up schedule detailing the money received under each group and attach a copy of the back-up schedule to the Account.

Distributions to beneficiaries or the protected person are also reported on Schedule B. Describe each by date, payee, purpose, and amount.

List all losses on sales of property and show:

- 1) The date,
- 2) The purchaser,
- 3) Description of the transaction, and
- 4) The amount of loss. Loss means price minus fees and minus the carrying (book) value of the asset (the value of the asset as you reported it in the previous Account or Inventory).

Note: If you sold an asset at neither a gain nor a loss, report the transaction and show a gain of zero in Schedule A.

For most assets you do not need to make an adjustment on Schedule B for changes in market value of assets, but you should disclose a significant loss in value in a note at the bottom of Schedule C. For example you cannot take depreciation adjustments. However, if you are aware of a change in market value of an asset, you must state it next to the book value in Schedule C or in an additional schedule.

Number each item sequentially within each schedule.

After you finish Schedule B, put the total at the bottom of the page and in the Summary on page 1.

SCHEDULE C: BALANCE OF ASSETS ON HAND:

List everything remaining in the estate or conservatorship at the end of the accounting period. This is the state of all assets after all the transactions of the Account have occurred.

List all assets that exist at the end of the account period. Be specific so that the assets can be identified and located (account *type*, banks, property addresses). As with the Inventory, also include any debts owed or liens on the assets, like a house or automobile. Include the following information about the debt or lien:

- 1) Payee Name,
- 2) Principal balance,
- 3) Interest rate.

If it is an Account of a conservatorship, include any real estate retained at the end of the accounting period in Schedule C.

Number each item sequentially within each schedule.

A conservator's account must include any real estate owned at the end of the accounting period in Schedule C.

In the case of a Final Account the balance of Schedule C will be zero.

After you finish Schedule C, put the total at the bottom of the page and in the Summary on page 1.

GO BACK TO THE ACCOUNT SUMMARY:

Now that you have completed Schedules A through C, check to be sure you filled in the blanks on the Account Summary as follows:

Enter the total receipts and income during the account period from the total at the bottom of Schedule A;

Subtract the payments of debts, administration expenses, taxes and distributions from the total at the bottom of Schedule B;

The total should be the same as the total carrying (book) value you entered at the bottom of Schedule C.

CONSERVATOR'S ACCOUNT:

In addition to the financial reporting, a conservator must also provide a listing of services provided to the protected person, such as Meals on Wheels, housekeeping, transport to adult day care, etc. Include the name of the provider, frequency and cost.

The conservator must also state in the Account any recommended changes in the plan of services, the scope of any limited conservatorship and an opinion as to the continued need for conservatorship.

COMMON ERRORS:

Addition. The total at the bottom of each list must be the same as the amount you put on the Account Summary, page 1. Double-check all the totals on your lists.

An incorrect beginning balance. The beginning balance must match the ending balance of the previous Account or Inventory. If the ending balance of the previous Account or the Inventory was wrong, use it anyway, and make corrections on Schedule A for gains or Schedule B for losses, and explain what you are doing.

Value of assets on Schedule C. The book value (carrying value) and also the market value of all assets must be included on Schedule C.

Omission of expenses on Schedule B that were not paid by check. Generally, you should not make cash withdrawals. You should use checks whenever possible to document the expenses. If you do pay for something other than by check, save all vouchers, receipts, statements, and other supporting documentation to prove the transaction, in case of questioning or audit. This includes bank charges and cash withdrawals.

Surety Bond increase. A bond with surety should be set to cover the assets of one accounting period (generally one year). Often, the fiduciary fails to ask for a bond increase when the estate or conservatorship assets have increased from what they were the previous year.

How to describe an expense. "Reimbursement" is not an adequate description for a disbursement. You must state the purpose of the expense, not just that you were paid

back. If an expense is incurred pursuant to a Court order, the description of the disbursement should say this, and the date of the Court order.

Unusual expenditures with no explanation may be questioned. If there has been an unusual expenditure and/or a substantial change in the expenditures when compared to a prior account, you should provide a written explanation along with the Account.

Payments to credit cards and other similar disbursements may be questioned. You should state whether the expenditure was made on existing charges before you took over this administration. If you are using credit cards, you must report the expenditures made on credit in detail. The court might require you to submit credit card statements for the accounting period and/or from the time you were appointed.

All Computer generated schedules should be prepared with type (font) large enough to be easily read (not less than 12 point type size).

Keep all account statements and credit card statements from the time you were appointed in case you need to provide these to the court.

For more information refer to G.L. 190B, sec. 3-1001, 5-418, and Uniform Probate Court Practice XV.