



How to Prepare The Financial Accounting Segment of the Property Management Annual Report

GUARDIAN ASSISTANCE NETWORK

The Guardian Assistance Network is a Program of
the Unified Court System of the State of New York

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Explanatory Note

Mental Hygiene Law, Article 81 refers to the person for whom you are appointed guardian as the "incapacitated person", in short "the IP". Some of the persons referred to, their advocates and others may consider this term offensive in that it defines them by their physical or mental health disabilities or functional limitations, which denies them dignity and full participation in society. GAN respects and supports this stance.

In this "Guide to Prepare the Financial Accounting Segment of Your Property Management Annual Report" we alternately use both terms, "the person for whom you are a guardian" and "the IP". We consider it useful to familiarize lay guardians with the term "IP" as it is used in the "Order and Judgment Appointing Guardian" and other guardianship materials.

Introduction

The following is a practical guide instructing property management guardians how to prepare the financial accounting segment of their Annual Report. This is an additional resource that expands on the annual report information provided in GAN's "Online Article 81 Lay Guardian Training Program," the mandatory guardianship training. Guardians who have not taken the mandatory training yet, please do so first and then return to this guide if it is relevant to your guardianship. See the Online Article 81 Lay Guardian Training Program at: ww2.nycourts.gov/ip/gan/training.shtml.

Remember that there are two major types of guardianship: personal needs and property management. This guide applies to property guardians, or to personal needs guardians who wish to learn more about the financial reporting obligations of their property co-guardian.

Recently appointed guardians should review their "Order and Judgment Appointing Guardian" (here we refer to it as "Order and Judgment") to verify that they are appointed as property guardian. A common misunderstanding is that property guardians are appointed only where the person for whom you are a guardian (referred to in your Order and Judgment as the "incapacitated person" or "the IP") owns real property, such as a building or land, or has substantial investments. However, a property guardian can be appointed to manage any or all the IP's assets and finances, which can include even small bank accounts and monthly income such as the IP's Social Security benefits, pension, Supplemental Security Income payments, or any other. Property guardians must account for the use of those funds in the Annual Report accounting segment reviewed here.

General Points About Guardianship Reports

Preparing and filing guardianship reports is often the duty that most worries new guardians. It is a new task that may seem unfamiliar and complicated. However, once you learn the information required in the reports you will see that it is a doable task.

Gan's "Online Article 81 Lay Guardian Training Program" covers in detail the three general types of guardianship reports, the Initial, Annual and Final reports, all equally important. You can also find a refresher about reports in GAN's Manual "Guide to Guardianship for Lay Guardians", Chapters 6 and 7. A few brief points about the Initial Report and Annual Report are worth emphasizing here.

Initial Report or 90-Days Report: This is a one-time report where you present a picture of the person for whom you are a guardian during the first ninety days of guardianship, starting with the date of your Commission. The Commission is the document signed by the County Clerk that authorizes the guardian to exercise the powers granted in the Order and Judgment. In the Initial Report, due by the end of that period, you describe the person's conditions, circumstances and environment, their assets and finances, the steps taken to meet their needs during that period, and your plans to ensure their future health, safety and well-being.

Annual Report: In this yearly report guardians describe the activities of the prior calendar year period. It has two main parts, personal needs and property management.

Personal Needs guardians describe the treatments and services received by the person for whom you are a guardian, updates on their medical and social condition, and on any other personal aspects.

Property Management Guardians Report on the financial transactions made on behalf of the person and the balance of their assets. This information is detailed in a “financial accounting”, subject of this guide.

There are forms available for each type of report, with questions that guide you to provide the required information. All forms basically request the same information, but they vary slightly county by county. Use the form provided for your county, or any form provided by your Court Examiner, the professional assigned by the Court to review your reports and whose name and contact information is in the Order and Judgment. You should use the same type of form every year.

You will find web links to the Annual Report forms for every New York State County on the GAN website. You may also get the form used in your county of appointment from either the Supreme Court Guardianship Department, if there is one, or from Guardianship Clerk.

Your first annual report covers the period from the *date of the Order and Judgment Appointing Guardian through December 31st of that same year*. It is not a continuation of your Initial Report, so it does not begin where your Initial Report period ended. Instead, it begins earlier than the Initial Report, as it is a different type of report.

After the first annual report, *all subsequent annual reports will cover the prior full calendar year* and are submitted throughout the duration of the guardianship.

Annual reports are due by May 31st following the year reported on. So, the 2021 Annual Report is due by May 31st of the year 2022 and the report for year 2022 is due by May 31st, 2023. This is similar to the income tax returns, which are due every April but relate to the income received during the prior calendar year. May 31st is the absolute deadline, but you can start preparing your reports any time after January 1st, as soon as you have all the necessary information.

You should not wait until May to begin your reports or to seek assistance.

The Financial Accounting Segment of the Annual Report

Preliminary Notes

The financial accounting is a major segment of the property management Annual Report. In the financial accounting the property management guardian must provide detailed statements of all the IP’s income, assets and other funds received, and of all expenditures and payments made on the IP’s behalf during the year. All use of the income and financial resources must be to maintain and support the IP and for their benefit. The assigned Court Examiner reviews the accounting for accuracy and propriety of expenses and will request back-up documentation, such as canceled checks, bank statements, brokerage statements, bills, invoices, receipts, etc., anything that verifies assets received and managed, and expenditures. Therefore, it is essential that guardians keep detailed and accurate records of all transactions.

To even begin preparing this yearly financial accounting you **MUST** have at hand and organized all the back-up papers and documents for the report period. Guardians must save and organize these documents throughout the year. You should avoid having to hurriedly look for them nearly a year-and-a half year later when the report is due, and papers may have been misplaced or lost.

Both the property management and the personal needs sections of all annual report forms have subsections called "Schedules" that request particular information. These are labeled by letters or letters and numbers, such as Schedule A, Schedule B and Schedule C, or Schedule A1, Schedule A2 and then B, C, etc. But the various forms used in different counties often assign a different letter or letters and numbers to schedules that request similar information.

The Accounting Schedules

The accounting segment of ALL report forms has seven (7) required Schedules that ask for the same specific information although, as mentioned, the letters or letters and numbers by which the schedules are called will differ in the various report forms used throughout the state.

This accounting guide will review the seven schedules and to avoid confusion, will refer to these as FIRST SCHEDULE to SEVENTH SCHEDULE and by a full title that indicates the content or information requested in each, not by letters or numbers as these are named in the various report forms used.

The guide will offer instructions along with examples and a sample of each schedule described.

The seven (7) required schedules in every annual report accounting segment, here reviewed individually, are:

- **First Schedule:** Assets or Principal on Hand at the Start of the Period - Date of Appointment (if this is the first accounting) *or* Ending Balance as of Last Annual Accounting
- **Second Schedule:** Income Received
- **Third Schedule:** Increases To Principal, *also titled* Additional Principal, *or also titled* Assets Received During The Accounting Period
- **Fourth Schedule:** Disbursements, *also titled* Moneys Paid Out, *or also titled* Expenditures
- **Fifth Schedule:** Decrease To Principal, *also titled* Losses Incurred During Accounting Period
- **Sixth Schedule:** Summary/ Recapitulation
- **Seventh Schedule:** Assets or Principal on Hand at End of the Period.

On GAN's website, you will find a sample of a full Annual Report with Property Management (including an accounting) and Personal Needs sections. It is simply a sample, so your actual Annual Report will vary according to the particular facts and circumstances of your guardianship.

The Seven (7) Accounting Schedules – Step By Step

First Schedule: Assets or Principal on Hand at the Start of the Accounting Period - Date of Appointment (if this is the first accounting) or Ending Balance as of Last Annual Accounting

Here write the total amount of money or funds under the guardian’s ownership or control on the first day of the period you are reporting on.

This includes the money in all accounts, bank accounts, investment accounts and cash - should that be the case.

In the first Annual Report this amount is “0”. Since the reporting period begins with the date of guardianship appointment you still have not marshaled, that is, taken possession of any of the IP’s property, so at that point there are no assets under your control.

If it is not your first report, write here the same “Balance on hand” stated at the end of the prior year’s report, December 31st. Simple enough.

Following is a sample of the First Schedule, assuming it is the first annual accounting.

Sample First Schedule			
Assets or Principal on Hand at the Start of the Period - Date of Appointment (if this is a first accounting) or Ending Balance as of last Annual Accounting			
Bank/Financial Institution	Address	Account # - 4 last digits	Balance
Non-Applicable (N/A)			00.00

Second Schedule: Income Received

In this schedule list all the income the person for whom you are a guardian received during the year reported.

Income is money received on a regular or periodic basis, be it monthly, quarterly, bi-weekly or annually from a stable source such as work earnings, pensions, government assistance benefits, interest, dividends from investments, etc.

Some examples of income are:

- Social Security benefits
- Supplemental Security Income benefits (SSI)
- Veteran’s Administration Pension
- Other private or public pension payments
- Bank account interest
- Bond interest
- Stock dividends
- Rental income
- Income from employment
- Restitution payments

The income information in this schedule should clear and well-organized.

Some forms may ask for a list of payments separately month by month. But if there are different sources of income, list the payments from each source under that heading or category.

Let's assume the person for whom you are a guardian receives rental income. In that case the details would be presented as follows:

Rental Income		
Date Received	Source	Amount/Value
March 2, 2021	Tenant: 323 Garden Allay, Apt. 2A	\$1,300.00
March 3, 2021	Tenant: 323 Garden Allay, Apt. 2A	\$1,000.00
April 7, 2021	Tenant: Apt. 2B	\$1,100.00
May 17, 2021	Tenant: Apt. 2B	\$650.00
June 3, 2021	Tenant: Apt. 2A	\$3,500.00

If the IP receives uniform periodic income, either monthly or other, you need not list each payment separately month by month. But, at the same time, you should provide monthly details, not simply total yearly amounts.

The information can be summarized by creating a category for each source or type of income, indicating the monthly or periodic amount received and the number of payments received.

Write a subtotal under each category.

For example, one category of income could be Social Security benefits, which you can present as follows:

Social Security Benefits	
4 months @ \$1,072	\$ 4,288.00
6 months @ \$1,087	<u>\$ 6,522.00</u>
Subtotal	\$ 10,810.00

You can present the interest income in a similar way.

If the monthly interest payments are substantial, again you can categorize the information, by account or by source (the bank or financial institution), provide payment details, and write the annual subtotal amount received for each account or source.

If there is more than one bank account in one bank, you must list the annual interest amount for each account separately.

If the interest payments are small, you can simply write the yearly total amount for each bank account which can be verified with the final bank statement of the year.

If the person for whom you are a guardian owns investment accounts or stocks, also group and summarize the dividend information by each account or by the stock owned, indicating the subtotal amount for each.

At the bottom of the schedule, add and write the total sum of all income the IP received during the period reported.

Following is a sample Income Schedule.

Sample Second Schedule	
Income Received During Accounting Period	
Date and Source	Amount
Social Security Benefits **	
4 months @ \$1,072	4,288.00
6 months @ \$1,087	6,522.00
Subtotal	<u>10,810.00</u>
N.Y.C. Pension Benefits **	
4 months @ \$585.00	2,340.00
6 months @ \$595.00	3,570.00
Subtotal	<u>5,910.00</u>
Bank Interest	
Citibank Acct. #xxxx 3121	306.60
Banco Popular #xxxx 0622	361.61
HSBC Acct. #xxxx 6154	457.52
Chase Acct. #xxxx 7526	2,469.05
Subtotal	<u>3,594.78</u>
Investments Income	
AT&T Dividends	205.00
Oracle Dividends	125.50
Merrill Lynch Interest & Dividends	7,275.28
Subtotal	<u>7,605.78</u>
TOTAL INCOME RECEIVED	<u>27,920.56</u>

** 10 months income, assuming it is the first annual report and the appointment date was on February that year.

How the information is organized also depends on the amount and complexity of the investment accounts. Some Court Examiners may request that all income, interest and dividend deposits be detailed individually.

If the IP owns substantial investments, you may consider hiring an accountant to prepare the report, always verifying that your Order and Judgment of Appointment gives you specific authority to do so, or otherwise seeking permission from the Judge.

The goal is to present the information clearly irrespective of the income type.

Third Schedule: Increases To Principal, *also titled* Additional Principal, or *also titled* Assets Received During The Accounting Period

It is particularly important to organize the information in this schedule well. In this schedule you report,

1. the IP's assets you have marshalled, AND
2. all the money the IP received during the reporting period that is NOT income.

We review these separately.

Assets Marshalled

If it is your first annual report, begin by listing all of the IP's accounts and assets or funds that you marshaled or took control over at the beginning of your guardianship.

List the assets marshaled as you reported them in your Initial Report, and make sure to also list all assets marshaled, whether before or after filing of the Initial Report.

For each type of asset, include the following information, normally the report form will guide you on how to write it:

- the names of banks or credit unions,
- the title of the account,
- the last four digits of the account number,
- the amount of funds on the date you marshaled it.

Where the IP owns stocks and bonds:

- list each security,
- indicate the number of shares (if there are stocks)
- state the value per share as of the date you marshaled the asset.

Where IP owns security accounts:

- list each account separately indicating the name of the brokerage house,
- the account number,
- the securities list, and
- the amounts on the date you marshaled the asset.

Once you have separately indicated the details of each account, write the subtotal for each type of asset. Bank accounts are separate from stocks and from securities accounts.

If this is not your first annual report, but you have discovered or collected and marshalled additional assets belonging to the IP after your Initial Report, also list them in this schedule, organizing these in the same way as indicated above.

Money the IP received during the reporting period that is NOT income

How can you determine if funds received are not income?

If the person for whom you are a guardian receives any payment from a source other than the regular periodic source of income, or if the amount deposited is noticeably different than the regular income, find out the reason for the payment. It may be an increase to principal, and not income.

Some examples of funds that are reported on the Increase to Principal schedule are:

- Newly marshalled or collected assets, in addition to those reported in the first annual accounting
- Gifts
- Lump sum of retroactive Social Security, SSI or pensions
- Tax refunds
- Insurance reimbursements or any reimbursements,
- Inheritance
- Proceeds from sale of real property
- Realized gains - profits from sale of investments
- Unrealized gains - increase in market value of investments

Keep in mind the following regarding the assets listed in the Increase to Principal Schedule:

- Do not list any real property the IP owns; real property is listed in a separate schedule.
- If the IP owns stocks, bonds or investment accounts, gains from these assets are also included in the "Increases to Principal Schedule"; these may be "Realized gains" or "Unrealized gains."
- "Realized gains" are profits received from selling an asset such as stocks and bonds at a price higher than the purchase price.
- "Unrealized gains" is an increase in the value of an asset due to market fluctuations, that is, where its value is higher at the end than at the beginning of the period, but it has yet to be sold for cash.

The brief definitions of "realized gains" and "unrealized gains" are mentioned for those guardians who are managing an IP's investments and may find useful to know the terms. But, again, if the person for whom you are a guardian has substantial investments, you may consider hiring an accountant, to prepare the annual reports, always first obtaining permission from the Judge if that authority is not granted in your Order and Judgment.

Following is a sample Increase to Principal Schedule. Note how the reporting of marshalled assets is organized.

Sample Third Schedule

Increases to Principal

Date	Source	Amount/Value
PRINCIPAL MARSHALED		
Cash On Deposit With		
February 26, 2021	Citibank Acct. # xxxx3121	10,200.50
March 2, 2021	Banco Popular # xxxx9117	11,300.36
March 2, 2021	HSBC Acct. # xxxx6154	15,250.64
March 24, 2021	Chase # xxxx7526	85,139.50
Subtotal		<u>121,891.00</u>
Stocks		
March 15, 2021	100 A.T&T shares	4,300.00
6 months @ \$595.00	250 Oracle shares	15,350.00
Subtotal		<u>19,650.00</u>
Securities Account		
April, 2021	Merrill Lynch Acct. # 2-911	95,139.00
Subtotal		<u>95,139.00</u>
OTHER INCREASES TO PRINCIPAL		
October, 2021	Inheritance from Aunt Delia Morgan	12,500.00
June 27, 2021	NYS 2018 Income Tax Refund	200.00
July 12, 2021	Refund from insurance company	36.20
August 19, 2021	"Realized" increase on sale of 100 shares A.T.&T. Received on sale: \$6,400.00 Inventory value: -\$4,300.00 Gain of: \$2,100.00	2,100.00
December 31, 2021	"Unrealized" increase in value of Merrill Lynch account due to market fluctuations	19,200.50
Subtotal		<u>34,036.70</u>
TOTAL INCREASE TO PRINCIPAL		<u>270,716.70</u>

Review the above Sample Increase to Principal Schedule and note how the information regarding the additional types of assets other than marshalled assets are organized.

Here again, add all the items listed in the Increase to Principal Schedule and write the total at the bottom. In the sample schedule the total is \$270,716.70.

Of course, each Increase to principal Schedule will vary depending on the type and amount of assets the person for whom you are a guardian owns.

Normally IP's will have some type of income during the year, but not all receive any payments during the year that constitute an increase to principal. In that case simply write "0" or "N/A" in this Schedule, but do not leave it blank.

Fourth Schedule: Disbursements, also titled Moneys Paid Out, or also titled Expenditures

In this schedule write in detail all the money you spent during the year on behalf of the IP from the funds of the IP. It is a list of all the IP's expenses.

The Court Examiner and the Judge want to see that all the expenses made were for the IPs essential needs and for their benefit. Here you will see even more clearly why it is so important to keep back up documents that verify all your transactions.

There are many common or ordinary expenses.

In your report you can organize these expenses by dividing them into categories.

Following are examples of the most common categories of expenses. Of course, expenses will vary according to the different IP's needs and lifestyle. Some categories in this list will not apply to everyone and some IP's can have additional disbursements not mentioned here.

- | | |
|---|--|
| 1. Housing or Shelter Cost
Rent, Maintenance | 8. Laundry And Dry Clean |
| 2. Utilities
Gas, Electric, Phone, Cable, Internet | 9. Transportation |
| 3. Food | 10. Entertainment/Recreation |
| 4. Clothing | 11. Taxes - Federal, NYS, Local |
| 5. Medical Expenses
Physicians, Hospitals and ambulance,
Medications prescribed and over-the-counter
remedies, Medical tests, Medical insurance | 12. Real Estate Expenses
Taxes , Insurances, Water and Sewer,
Repairs, Mortgage |
| 6. Nursing Home Care | 13. Bank or Other Financial Institution Fees |
| 7. Homecare Services
Includes employer/employee taxes | 14. Court Ordered Payments |
| | 15. Bond Premiums |
| | 16. Fees for Certified Copies of Documents |

The disbursements list should also be clear and well organized. Here again, arrange the information under categories and subcategories with subtotals, as recommended for the schedules reviewed above.

DO NOT simply copy the chronological list of checks paid and withdrawals made as these are listed in the checkbook or bank statement. The checkbook will not have in sequence all the payments for items that fall within a specific category, for example clothing, as these are mixed with payments for other expenses. That makes it difficult to see the total amount spent in a particular category.

On the other hand, you should neither simply write the yearly totals of each category without any breakdown of specific payments.

The better way is to write categories or subcategories, the yearly sub-total expenditure for each and below that, list the individual payments made, indicating the date, the payee, the amount, and where payments were by check, the check number.

Following is an example of a Disbursements schedule. Note how some essential living expenses such as rent, food and utilities can be organized. Also see the additional comments following the schedule.

Sample Fourth Schedule
Disbursements

Date	Payee	Amount
Rent		
8 mo. @ \$1,000	TCB Management	8,000.00
4 mo. @ \$1,110	TCB Management	4,440.00
Subtotal		<u>12,440.00</u>
Groceries & Food		
1/12	Key Food	125.00
3/17	Trader Joe's	55.00
Jan-Dec	Shoprite	925.00
Jan-Dec	Wegman's	1100.00
5/24/21	Amazon	250.00
12/21	Taiwan House (takeout)	45.00
Subtotal		<u>2,500.00</u>
Utilities		
12 mo. @ \$60	Verizon (telephone)	720.00
12 mo. @ \$68	Spectrum (cable)	816.00
Bi-Monthly @ \$23.30	National Grid (electric)	560.00
Subtotal		<u>2,096.00</u>
Medical Expenses		
1/22	Dr. Sharp	150.00
1/23	CVS	115.00
6/9	Dr. Wilson	1,280.00
6/9	Coney Island Hospital	665.00
9/12	NY Labs	150.00
Subtotal		<u>2,360.00</u>
Home Care		
12 Mo. @\$1,030	Janet Jones	12,360.00
10 Mo. @\$1,200	Lydia Barceló	12,000
2 Mo. @\$1,230		2,460
Subtotal		<u>26,820.00</u>
Court Ordered Payments		
1/25	Sara Velez, Esq. (Ct. Eval.)	2,000.00
1/25	Jane Doe, Esq. (IP Counsel)	3,500.00
	Bond Premium	900.00
Subtotal		<u>6,400.00</u>
TOTAL DISBURSEMENTS		<u>52,616.00</u>

In the Disbursements sample schedule, note how details are provided under each category. The "Rent" category shows the yearly total and below details the monthly amounts and the number of payments. The example shows a mid-year rent increase.

In the "Food" category you can list the payment dates, names of the stores or food markets, and amount paid. Where there are numerous receipts for a particular store you can add these and write the subtotal on the report, as shown with payments to Shoprite and Wegman's stores. However, please make sure to save the receipts.

The utility expenses can be broken down by the names of the various companies providing services, indicating below the service provided and the periodic payments. Add the payments made to each company and write the subtotal for that subcategory.

Also note in the sample Disbursements schedule how you can organize the other categories of expenses, such as Medical, Home Care and Court Ordered payments.

As an aside, be aware that when an adult IP lives with other adult family members and they share ordinary expenses such as food, utilities and rent the costs can be shared among all the adults, with the IP paying a proportionate amount, always according to their means.

To summarize, always try to organize and break down your disbursements in a way that clearly shows the yearly amount spent on the IP's various essential needs. The information should be written in a way that the Court Examiner can verify the list of disbursements you report, by comparing these with the checks, receipts and other documents that you provide.

There is no one way to write this schedule, and if your court examiner prefers a particular format, you should follow it.

As with prior schedules, once you write the full list of expenses, add all these and write the total at the bottom of the schedule.

Fifth Schedule: Decrease To Principal, *also titled* Losses Incurred During Accounting Period

This schedule can be considered the counterpart to the Increases to Principal Schedule reviewed earlier. It may also not apply to every IP, it depends on their type of assets and on the financial transactions made during the year.

Particularly where the IP has larger assets, you should examine all account withdrawals and checks paid that are out of the ordinary expenses to see if the item is a disbursement, such as those listed in the Disbursements Schedule just reviewed, or a decrease to principal. It is important to distinguish between the two.

The following are some examples of decrease to principal:

- Cost of real property purchased
- Realized decrease in sale of investments (selling shares at a loss)
- Unrealized decrease or loss (reduction in value of investment)

Always report money withdrawn from the IP's guardianship account to purchase real estate as a decrease to principal. And, as an aside, remember that purchase of real property always requires approval from the Court.

A "Realized Decrease" refers to loss of money on the sale of stocks and bonds where the sale price is less than the purchase price, for example, where shares or bonds bought for \$17.00 are sold at \$15.00.

An "Unrealized decrease" refers to loss of value of securities due to market fluctuations. That is, where the securities are worth less at the end of the period reported on than these were worth at the beginning of the period.

If the person for whom you are a guardian does not own stocks, bonds or investment accounts the "realized" and "unrealized" losses will not be relevant to you. On the other hand, again, if the IP has many assets or investment accounts, you may consider hiring an accountant to prepare the annual report, always with permission from the court.

The same as with all the prior schedules, add up all the figures and write the total sum at the bottom of the schedule.

Following is a sample Decrease to Principal Schedule. In this example the guardian reports a payment made to purchase shares in a residential cooperative, as well as losses incurred in the sale of shares and losses due to loss of value of securities.

Sample Fifth Schedule

Decreases to Principal

Date	Asset	Amount of Loss
Rent		
6/3/2021	Purchase residential coop shares per court order 4/25/20	25,000.00
11/17/2021	"Realized" Decrease on sale of 100 A&TT shares: Inventory value: 4,300.00 Sold for: 4,000 Loss of: 300.00	(300.00)
12/31/2021	"Unrealized" Decrease due to market fluctuations of 250 Oracle shares: Inventory value: 15,350.00 Value 12/31/21: 14,500.00 Loss of: 850.00	(850.00)
TOTAL DECREASE TO PRINCIPAL		<u>26,150.00</u>

If the person for whom you are a guardian has no decreases to principal, write "not applicable", "N/A" or "none" on the schedule. Whenever an item or schedule does not apply to the IP you should never just leave it blank as it may appear that you overlooked the question.

Before Going Ahead Try This Midway Mini-Quiz

In which of the schedules reviewed would you list the following two items?

1. Funds transferred from one guardianship account to another
2. A refund from Costco for a toaster oven that was too complicated for the IP to use

Take a moment to think about the answers

The answers are:

1. Never list in your report funds that were transferred from one guardianship account to another. There is no loss of assets nor an increase or gain of assets, the funds were simply moved from one location to another.
2. The refund from Costco is listed in the increase to principal schedule, as it is money received that is not income. Many guardians conclude that it is not an increase to principal because the IP owned those funds before purchasing the toaster oven. That does not matter. The funds had been withdrawn, so once deposited again these increase the guardianship assets held during that period and therefore must be accounted for. Otherwise, the accounting will not balance.

Sixth Schedule: Summary/ Recapitulation

The Summary or Recapitulation Schedule is a key part of your annual report.

In some Annual Report forms the Summary/Recapitulation Schedule is the cover page or the very first page of the report. However, you will not be able to fill this schedule out at the start. Simply skip it, proceed to write the full accounting schedules, and complete the Summary/Recapitulation at the end. It is placed in front of the report to give the Court Examiner an overview of the total amount of assets and the level of financial activity reported on.

When you get to the Summary/Recapitulation schedule you will have already computed the total sum for each schedule separately. Remember that you wrote the totals at the bottom of each schedule.

Transfer each schedule total onto the proper line of the Summary/Recapitulation.

Then make the following calculations:

- Add the totals of these schedules - Assets or Principal at the Start of the Accounting Period, plus the Income Received, plus the Increases to Principal. This is the "money in".
- Add the totals of the Disbursement Schedule and the Decreases to Principal Schedule. This is the "money out".
- Next deduct the total "money out" from the total "money in".
- The Result is the Ending Balance for The Accounting Period, which is either the prior calendar year or, if it's your first Annual Report, the period from the date of your guardianship appointment through December 31st that year. Either way the end date of the report is December 31st.

The crux of your accounting is that the final figure calculated in this summary schedule must be exactly equal to the actual balance of all funds in all the financial account or accounts under your control as guardian as of December 31st, the end of the reporting period. In other words, your accounting must balance.

Following is a sample Summary/Recapitulation schedule calculation using the totals written at the end of each of the sample schedules reviewed above.

Sample Sixth Schedule Recapitulation/Summary

Summary

Schedule - Principal On Hand at Date of Appointment or Last Accounting	00.00
Schedule - Income Received	\$27,920.06
Schedule - Increases To Principal	\$270,716.70
TOTAL SCHEDULES "MONEY IN"	<u>\$298,636.76</u>
Schedule - Disbursement.....	\$52,616.00
Schedule - Decreases to Principal.....	\$26,150.00
TOTAL SCHEDULES "MONEY OUT"	<u>\$78,766.00</u>
BALANCE ON HAND AS OF 12/31	<u>\$219,870.76</u>

In this Sample Summary/Recapitulation Schedule the sum of the "money in" - \$298,636.76, minus all the "money out" \$78,766.00 equals \$219,870.76, a moderate amount of assets. For many IP's that amount will be much less and for many it will be noticeably more.

If the balance calculated in the Summary/Recapitulation Schedule does not equal the total amount of assets the IP owns on December 31st, (as reported in the seventh schedule - see next) there is an error somewhere. Perhaps the figures listed in the schedules are not accurate, or there were arithmetic errors. In that case, you must review the whole accounting to find the mistake and correct it before you file your annual report.

A couple of common mistakes made for which the accounting will not balance are:

- including in the Disbursement schedule a check delivered to the payee on or before December 31st, but that has not cleared or been paid out before December 31st. Although the funds are listed in the accounting as already spent, they will still appear in the bank statement as funds available, so the accounting will not balance.
- not including in the Disbursement schedule bank fees or other automatic withdrawals.

Once again you can see the importance of keeping well organized financial documents such as, bank statements, receipts, canceled checks, invoices, bank slips, etc. When you write accurate figures in your accounting schedules mistakes can be more easily traced.

Seventh Schedule: Assets or Principal on Hand at End of the Period

This is the last of the required seven schedules reviewed in this guide. Here you write the exact amount of funds actually on deposit in bank accounts, stocks, bonds, securities, accounts, etc. on December 31st, the end of the reporting period. List all assets separately and include the following details about each (normally the report form will guide you):

- the financial institution’s name, be it a bank a credit union or a brokerage firm, the account numbers (only the last four digits), type of account, and the amount of funds;
- if there are securities, list all stocks or bonds, and indicate the name, number of shares, the inventory value or market value;
- if there are security accounts separately list each account, the account number, the name of the brokerage house, address and the amount.

Add all the assets and write the total at the end. This is the total balance of assets on hand. *Again, this amount must be equal to the final balance you arrived at in your Summary/Recapitulation Schedule – the schedule just reviewed.*

This total ending balance of assets on hand for the year is the same amount you will write at the start of the following year’s annual report in the Schedule Balance on Hand at the Start of the Accounting Period.

Following is a sample schedule Balance of Assets or Principal as of 12/31/21 based on the transactions and figures in the sample schedules reviewed.

Note how it is organized and the details provided for each account:

- name of bank or financial institution,
- the amount of funds, and
- the accounts identified only by the last four digits of the account number, never write the full account number. This is for confidentiality and security purposes. Rules vary county by county and in some, the general public may have access to court files. You want to keep the IP’s information private and secure.

Sample Seventh Schedule	
Balance of Assets or Principal as of 12/31/2021	
Cash on Deposit With	
Banco Popular #xxxx 9117	4,398.33
HSBC Acct. #xxxx 6154	7,024.88
CHASE Acct. #xxxx 7526	79,608.55
Stocks	
180 Oracle shares	14,500.00
Securities Account	
Merrill Lynch Acct. # 2-911	114,339.00
TOTAL ASSETS AS OF 12/31/21:	<u>219,870.76</u>

How to Determine the Exact Balance of Each Account on December 31st

The end balance for each account should be the exact balance amount on December 31st.

Normally, monthly bank statements do not run from the 1st of the month to the end of the month, instead they usually start and end in the middle of the month.

To report the December 31st balance, you should not simply list the ending balance that appears on the statement from December to January of the following year. For example, the statement may cover a period from December 11, 2021 to January 10, 2022, so the ending balance shown is for January 10, 2022, which is irrelevant for your 2021 Annual Report.

However, you can easily find or figure out the December 31st balance. The financial statements of the various financial institutions will have different formats, so the information will be presented in different ways.

Some statements show the balance remaining after each transaction on the far-right column. In such a case, in the December to January statement simply look for the balance indicated on December 31st or on the closest date before December 31st.

If the bank statements do not provide the current balance after each transaction, do the following:

- start with the beginning balance on the December to January statement,
- add all deposits and credits from that date until December 31st,
- From that figure subtract all withdrawals, payments or deductions made from the beginning balance date through December 31st.
- The result is the December 31st balance.

Financial statements also differ in that some will have separate sections for all additions and deposits and a separate section for withdrawals and payments.

In other statements both types of transactions are combined and listed in chronological order, so you must separate credits and deposits from the payments and withdrawals to do the above calculation. But all the information needed is there.

If you are looking for the December 31st balance on a statement of a more complicated investment account, you can contact the financial institution to get the exact amount.

The above steps will ensure that you report the exact end of year balance, and all future Annual Accountings will be consistent, always running exactly from January 1st through December 31st.

Conclusion

If you follow the steps and recommendations presented in this guide, you will write more accurate, better organized annual financial accountings that the Court Examiner can review more efficiently, and the quicker will be the final Court approval.

However, bear in mind that this guide covers only the seven core schedules of the accounting segment in all annual report forms. There is more to your Annual Reports, such as the following:

- Some report forms may have additional accounting schedules that apply depending on the amount and complexity of the IP's assets;
- Aside from the financial accounting segment, the Property Management section of the Annual Report will include other schedules - for description of any real property in which the IP has an interest, to list other personal property (such as automobiles, valuable jewelry or artwork) and appraisals, and for information about the surety bond.
- If you are also Personal Needs guardian you must also complete that section's schedules which reports on the condition, circumstances, environment, and future care plans for the person for whom you are a guardian.

Each schedule, question and item in the report form you use will guide you to provide the necessary information. As mentioned earlier, you can find Annual Report forms for every county in New York State on the GAN website, or you can obtain a form from your Court Examiner or from the Guardianship Department or Guardianship Clerk in your county Supreme Court.

Sample Full Annual Report

See a sample of a full Annual Report on GAN's website. In the sample each schedule is labeled by a letter or a letter and number, as commonly done in report forms. Remember that the letters and numbers vary form by form.

Further information:

- **Guardian Assistance Network (GAN) Online Article 81 Lay Guardian Training Program, Part II** at, <http://ww2.nycourts.gov/ip/gan/training.shtml>
- **GAN's "Guide to Guardianship For Lay Guardians Appointed Under Article 81 of the New York State Mental Hygiene Law, Chapter 6** at, <http://ww2.nycourts.gov/sites/default/files/document/files/2017-11/ENGLISH.pdf>

For questions and further assistance:

- **Guardian Assistance Network**
Kings County Supreme Court
360 Adams Street, Room 723
Brooklyn, NY 11201
- **Phone:** 347-296-1948
- **Fax:** 212-618-5856
- **Email:** GAN@nycourts.gov