

# Rule 5.696. Annual Accounting

**(a) Applicability.** This rule applies to all guardian accountings required under Chapter 744, Florida Statutes, other than a simplified accounting permitted under section 744.3679, Florida Statutes.

**(b) Contents.** A guardian accounting shall include:

- (1) a statement of the starting balance of assets on hand at the beginning of the accounting period which shall be the ending balance of the preceding accounting, or if none, the value of assets on the inventory;**
- (2) a full and correct account of the receipts and disbursements of all of the ward's property over which the guardian has control since the date of the last accounting or, if none, from the date of issuance of letters of guardianship;**
- (3) a schedule of assets at the end of the accounting period; and**
- (4) in the case of annual accountings, a copy of the annual or year-end statement of all of the ward's cash accounts from each of the institutions where the cash is deposited.**

**(c) Accounting Standards.** The following standards are required for the accounting of all transactions occurring on or after January 1, 2017:

- (1) Accountings shall be stated in a manner that is understandable to persons who are not familiar with practices and terminology peculiar to the administration of guardianships.**
- (2) The accounting shall begin with a concise summary of its purpose and content.**
- (3) The accounting shall contain sufficient information disclosing all significant transactions affecting administration during the accounting period.**
- (4) The accounting shall contain 2 values in the schedule of assets at the end of the accounting period, the asset acquisition value or carrying value, and estimated current value.**
- (5) Gains and losses incurred during the accounting period shall be shown separately in the same schedule.**

**(d) Accounting Format.** A model format for an accounting is attached to this rule as Appendix A.

**(e) Verification.** All accountings shall be verified by the guardian filing the accounting.

**(f) Substantiating Documents.** Unless otherwise ordered by the court, the guardian need not file the documents substantiating the guardian accounting. Upon reasonable written request, the guardian of the property shall make the substantiating documents available for examination to persons entitled to receive or inspect the guardian accounting.

**(g) Interim Inspection of Records.** Upon reasonable written request and notice, the guardian of the property shall make all material financial records pertaining to the guardianship available for inspections to those persons entitled to receive or inspect the guardian accounting.

### **Committee Notes**

**The purpose of this substantial revision is for guardian accountings to conform to rule 5.346 and the Fiduciary Accounting Principles and Model Formats and commentaries incorporated into rule 5.346. As set forth in subdivision (b)(1), the starting balance shall be the ending balance of the preceding accounting, or if none, the value of assets on the inventory.**

**Attached, as Appendix A, is a model accounting format which is only a suggested form.**

### **Rule History**

1991 Revision: New rule.

1992 Revision: Citation form changes in committee notes.

2010 Revision: Editorial change in (b) to delete redundant language.

2012 Revision: Committee notes revised.

2013 Revision: Subdivision (b) revised to substitute “documents” for “papers.” Committee notes revised. Editorial changes to conform to the court’s guidelines for rule submissions as set forth in AOSC06-14.

2016 Revision: Substantial rule revision. Committee notes revised. Appendix A adopted.

### **Statutory References**

- 744.367, Fla. Stat. Duty to file annual guardianship report.
- 744.3678, Fla. Stat. Annual accounting.
- 744.3701, Fla. Stat. Inspection of report.
- 744.3735, Fla. Stat. Annual appearance of the guardian.

**Rule References**

Fla. Prob. R. 5.020 Pleadings; verification; motions.

Fla. Prob. R. 5.041 Service of pleadings and documents.

Fla. Prob. R. 5.060 Request for notices and copies of pleadings.

Fla. Prob. R. 5.346 Fiduciary Accounting.

Fla. Prob. R. 5.610 Execution by guardian.

Fla. Prob. R. 5.695 Annual guardianship report.

Fla. Prob. R. 5.700 Objection to guardianship reports.

Fla. R. Jud. Admin. 2.516 Service of pleadings and documents.

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APPENDIX A

IN THE CIRCUIT COURT FOR

COUNTY, FLORIDA

IN RE: GUARDIANSHIP OF

File Number:

Division:

ACCOUNTING OF GUARDIAN(S)

From: \_\_\_\_\_, \_\_\_\_\_, Through: \_\_\_\_\_, \_\_\_\_\_

The purpose of this accounting is to report the assets on hand at the beginning of the accounting period, all transactions that have occurred during the period covered by the accounting, and the assets that remain on hand at the end of the accounting period. It consists of a SUMMARY sheet and Schedule A showing all Receipts, Schedule B showing all Disbursements, Schedule C showing all Capital Transactions and Adjustments (the effect of which are also reflected in other schedules, if appropriate), and Schedule D showing assets on

hand at the end of the accounting period.

Under penalties of perjury, the undersigned guardian(s) declare(s) that I (we) have read and examined this accounting and that the facts and figures set forth in the Summary and the attached Schedules are true, to the best of my (our) knowledge and belief, and that it is a complete report of all cash and property transactions and of all receipts and disbursements by me (us) as guardian(s) of \_\_\_\_\_, the ward, from, \_\_\_\_\_ through \_\_\_\_\_.

Signed on \_\_\_\_\_, \_\_\_\_\_.

Attorney for Guardian:

Guardian:

Attorney

Name

(address)

(address)

Telephone:

[Print or Type Names Under All Signature Lines]

E-mail address:

Florida Bar No.:

IN THE CIRCUIT COURT FOR

COUNTY, FLORIDA

IN RE: GUARDIANSHIP OF

File Number:

Division:

ACCOUNTING OF GUARDIAN(S)

From: \_\_\_\_\_, \_\_\_\_\_, Through: \_\_\_\_\_, \_\_\_\_\_.

SUMMARY

	Estimated Current Value	Carrying Value	
I. Starting Balance			
Assets on Hand at Beginning of Accounting Period		\$	
1. Receipts			Schedule A: \$
III. Disbursements			
Schedule B:		\$	
IV. Capital Transactions and Adjustments			
Schedule C: Net Gain or (Loss)		\$	
V. Assets on Hand at Close of Accounting Period			
Schedule D: Cash and Other			
Assets	\$	\$	

NOTE: Refer to Fla. Prob. R. 5.696.

Entries on Summary are to be taken from totals on Schedules A, B, C and D.

The Summary and Schedules A, B, C and D are to constitute the full accounting. Every transaction occurring during the accounting period should be reflected on the Schedules.

All purchases and sales, all adjustments to the asset acquisition or carrying value of any asset, and any other significant transactions that affect the property (such as stock splits) should be described on Schedule C.

ACCOUNTING OF GUARDIAN(S),

GUARDIANSHIP OF

From: \_\_\_\_\_, \_\_\_\_\_, Through:



NOTE: Schedule B should reflect only those items paid out during the accounting period.

Entries involving the purchase of assets or adjustments to the asset acquisition or carrying values of assets are to be shown on Schedule C, and not on Schedule B.

ACCOUNTING OF GUARDIAN(S),

GUARDIANSHIP OF

From: \_\_\_\_\_, \_\_\_\_\_, Through:

SCHEDULE C Capital Transactions and Adjustments

Date	Brief Description of Transactions	Net Gain	Net Loss
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TOTAL NET GAINS AND LOSSES

NET GAIN OR (LOSS)

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NOTE: Schedule C should reflect all purchases and sales of assets and any adjustments to the asset acquisition or carrying values of any assets.

Entries reflecting sales should show the asset acquisition or adjusted carrying values, the costs and expenses of the sale, and the net proceeds received. The net gain or loss should be extended in the appropriate column on the right side of Schedule C.

Entries reflecting purchases should reflect the purchase price, any expenses of purchase or other adjustments to the purchase price, and the total amount paid. Presumably no gain or loss would be shown for purchases.

Entries reflecting adjustments in capital assets should explain the change (such as a stock split) and the net gain or loss should be shown in the appropriate column on the right side of Schedule C.

The NET gain or loss should be entered in the carrying value column of the Summary.

ACCOUNTING OF GUARDIAN(S),

GUARDIANSHIP OF

From: \_\_\_\_\_, \_\_\_\_\_, Through:

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SCHEDULE D Assets on Hand at Close of Accounting Period

(Indicate where held and legal description, certificate numbers, or other identification.)

Estimated

Carrying

Current Value

Value

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ASSETS OTHER THAN CASH:

OTHER ASSETS TOTAL

CASH:

CASH TOTAL \$

TOTAL ASSETS (must agree with the Total for Item V on Summary)

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NOTE: Schedule D should be a complete list of all assets on hand reflecting asset acquisition or carrying values for each item, adjusted in accordance with any appropriate entries on Schedule C, and estimated current values for each item.

Current market values for any assets that are known to be different from the asset acquisition or carrying values as of the close of the accounting period should be shown in the column marked "Estimate Current Value." The total adjusted carrying value (not Current Value) must agree with the Total for Item V on Summary.

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## APPENDIX B

### GUARDIAN ACCOUNTING PRINCIPLES

#### 1. ACCOUNTS SHOULD BE STATED IN A MANNER THAT IS UNDERSTANDABLE BY PERSONS WHO ARE NOT FAMILIAR WITH PRACTICES AND TERMINOLOGY PECULIAR TO THE ADMINISTRATION OF GUARDIANSHIPS.

Commentary: In order for an account to fulfill its basic function of communication, it is essential that it be stated in a manner that recognizes that the interested parties are not usually familiar with guardian accounts. It is neither practical nor desirable to require that accounts be tailored to meet individual disabilities of particular parties but any account should be capable of being understood by a person of average intelligence, literate in English, and familiar with basic financial terms who has read it with care and attention.

Problems arising from terminology or style are usually a reflection of the fact that people who become versed in a particular form of practice tend to forget that terms which are familiar and useful to them may convey nothing to someone else or may even be affirmatively misleading. For example, the terms "debit" and "credit" are generally incomprehensible to people with no knowledge of bookkeeping and many people who are familiar with them in other contexts would assume that in the context of guardian accounting, the receipt of an item is a "credit" to the fund rather than a "debit" to the guardian.

While the need for concise presentation makes a certain amount of abbreviation both acceptable and necessary, uncommon abbreviation of matters essential to an understanding of the account should be avoided or explained.

Print-outs from electronic accounting systems or account statements can be used as

attachments to the schedules in the accounting form or to clarify the accounting. The quality of the accounts produced by these systems and account statements varies widely in the extent to which they can be understood by persons who are not familiar with them.

## 1. A GUARDIAN ACCOUNT SHALL BEGIN WITH A CONCISE SUMMARY OF ITS PURPOSE AND CONTENT.

Commentary: Very few people can be expected to pay much attention to a document unless they have some understanding of its general purpose and its significance to them. Even with such an understanding, impressions derived from the first page or two will often determine whether the rest is read. The use that is made of these pages is therefore of particular significance.

The cover page should disclose the nature and function of the account. While a complete explanation of the significance of the account and the effect of its presentation upon the rights of the parties is obviously impractical for inclusion at this point, there should be at least a brief statement identifying the guardian and the subject matter, noting the importance of examining the account and giving an address where more information can be obtained.

A summary of the account shall also be presented at the outset. This summary, organized as a table of contents, shall indicate the order of the details presented in the account and shall show separate totals for the aggregate of the assets on hand at the beginning of the accounting period; transactions during the period; and the assets remaining on hand at the end of the period. Each entry in the summary shall be supported by a schedule in the account that provides the details on which the summary is based.

### III. A GUARDIAN ACCOUNT SHALL CONTAIN SUFFICIENT INFORMATION TO PUT THE INTERESTED PARTIES ON NOTICE AS TO ALL SIGNIFICANT TRANSACTIONS AFFECTING ADMINISTRATION DURING THE ACCOUNTING PERIOD.

Commentary: The presentation of the information account shall allow an interested party to follow the progress of the guardian's administration of assets during the accounting period.

An account is not complete if it does not itemize, or make reference to, assets on hand at the beginning of the accounting period.

Illustration:

3.1 The first account for a guardianship may detail the items received by the guardian and for which the guardian is responsible. It must begin with the total amount on the inventory.

Transactions shall be described in sufficient detail to give the court and interested parties notice of their purpose and effect. It should be recognized that too much detail may be counterproductive to making the account understandable. In accounts dealing with extensive

assets, it is usually desirable to consolidate information with attachments that show detail. For instance, where income from a number of securities is being accounted for, a statement of the total dividends received on each security with appropriate indication of changes in the number of shares held will be more readily understandable and easier to check for completeness than a chronological listing of all dividends received.

Illustrations:

3.2 Extraordinary appraisal costs should be shown separately and explained.

3.3 Interest and penalties in connection with late filing of tax returns should be shown separately and explained.

3.4 Receipts and disbursements shall be shown on separate schedules in chronological order. The separate schedules may include totals by account, with separate ledgers for each account, such as securities or financial accounts.

3.5 Changes in asset values due to market fluctuations are not transactions and shall not be reflected as a loss or gain, but the estimated current value and carrying value shall be shown on the schedule listing assets held at the end of the accounting period.

## 1. A GUARDIAN ACCOUNT SHALL CONTAIN TWO VALUES, THE ASSET ACQUISITION VALUE OR CARRYING VALUE, AND CURRENT VALUE.

Commentary: In order for transactions to be reported on a consistent basis, an appropriate carrying value for assets must be chosen and employed consistently.

The carrying value of an asset should reflect its value at the time it is acquired by the guardian. When such a value is not precisely determinable, the figure used should reflect a thoughtful decision by the guardian. Assets received in kind should be carried at their value at the time of receipt. For assets purchased during the administration of the guardianship, acquisition cost would normally be used. Use of Federal income tax basis for carrying value is acceptable when basis is reasonably representative of real values at the time of acquisition.

In the Model Account, carrying value is referred to as "guardian acquisition value." The Model Account establishes the initial carrying value of assets as their value at inception of the guardianship for inventoried assets, date of receipt for subsequent receipts, and cost for investments.

Carrying value would not normally be adjusted for depreciation.

Except for adjustments that occur normally under the accounting system in use, carrying values should generally be continued unchanged through successive accounts and assets should not be

arbitrarily “written up” or “written down.” In some circumstances, however, with proper disclosure and explanation, carrying value may be adjusted.

Illustrations:

4.1 Assets received in kind in satisfaction of a pecuniary legacy should be carried at the value used for purposes of distribution.

Illustrations:

4.2 When an asset is held under circumstances that make it clear that it will not be sold (e.g., a residence used by the ward) the guardian’s estimate of value would be acceptable in lieu of an appraisal.

4.3 Considerations such as a pending tax audit or offer of the property for sale may indicate the advisability of not publishing the guardian’s estimate of value. In such circumstances, a statement that value was fixed by some method such as “per company books,” “formula under buy-sell agreement,” or “300% of assessed value” would be acceptable, but the guardian would be expected to provide further information to interested parties upon request.

## 1. GAINS AND LOSSES INCURRED DURING THE ACCOUNTING PERIOD SHALL BE SHOWN SEPARATELY IN THE SAME SCHEDULE.

Commentary: Each transaction involving the sale or other disposition of securities during the accounting period shall be shown as a separate item in one combined schedule of the account indicating the transaction, date, explanation, and any gain or loss.

Although gains and losses from the sale of securities can be shown separately in accounts, the preferred method of presentation is to present this information in a single schedule. Such a presentation provides the most meaningful description of investment performance and will tend to clarify relationships between gains and losses that are deliberately realized at the same time.

Increases and decreases in value not related to a sale or other disposition are unrealized gains or losses and should not be shown as such on this schedule.