

Specification for Preparation of Accounting

Preparation of a detailed accounting for each entity, identified in the letter to which this is attached, which accountings will include all financial activities of the fiduciary(ies). Each accounting will be prepared under the National Fiduciary Accounting Standards, except for Official Forms which TEdec supports, which include the following states: New York, California, Florida, North Carolina (more to follow)

A. The accounting for estates with trusts, trusts, revocable trusts with further trust will include:

FOR PRINCIPAL:

- ▶ A statement of all principal received as of the date of death or date of funding, as you designate;
- ▶ A statement of all realized gains or losses for each and every asset sold, distributed or reinvested;
- ▶ A statement of all disbursements, expenses and debts paid by the fiduciary(ies);
- ▶ A statement of new investments, exchanges and stock distributions;
- ▶ A statement of all distributions to the beneficiary(ies);
- ▶ A statement of all assets on hand, if any, at the end of the accounting period, which shall include the fiduciary carry value, tax basis and fair market value for each asset (fair market value for all securities will be obtained through an on-line data service company (for which there will be an additional disbursement charge for the valuations) and the fair market value of other assets will be obtained from the fiduciary(ies) or attorneys for the fiduciary(ies) directly.

FOR INCOME:

- ▶ A statement of income earned on each and every asset under administration;
- ▶ A statement of all realized gains or losses on income account assets for each and every asset sold, distributed or reinvested;
- ▶ A statement of all disbursements and expenses chargeable to income paid by the fiduciary(ies);
- ▶ A statement of new investments, exchanges and stock distributions of income assets;
- ▶ A statement of all distributions to the beneficiary(ies) of income;
- ▶ A statement of all income assets on hand, if any, at the end of the accounting period, which shall include the fiduciary carry value, tax basis and fair market value for each such asset (fair market value for all securities will be obtained through Financial Data Services, Inc. (fair market value for all securities will be obtained through Financial Data Services, Inc. (for which there will be an additional disbursement charge for the valuations) and the fair market value of other assets will be obtained from the fiduciary(ies) or attorneys for the fiduciary(ies) directly.

GENERAL INFORMATION:

- ▶ A statement of interested parties, including each parties interest(s) therein;
- ▶ A statement of pertinent facts and cash reconciliation;
- ▶ A statement of estate taxes paid and any allocation thereof - this will be provided by the attorneys for the fiduciary(ies);
- ▶ A statement of commissions due the fiduciary(ies) - this will be provided by the attorneys for the fiduciary(ies), except for New York, for which TEdec will prepare a statement of commissions for one fiduciary under SCPA § 2307.

PLEASE NOTE:

- A.1 If there is one or more dividend reinvestment plans, then please advise whether regular dividend re-investments inure to the benefit of the income beneficiary(ies) or the principal beneficiary(ies) - TEdec will understand that the regular dividend re-investments will inure to the income beneficiary(ies) unless otherwise advised; and, if short term capital gain dividends inure to the benefit of income beneficiaries, the attorneys for the fiduciary(ies) must so advise - TEdec will understand that the short and long term capital gains dividends inure to the benefit of principal beneficiaries unless advised to the contrary.
 - A.2 All re-investments of income assets will reflect that the underlying asset will belong to the income beneficiary (i.e. any growth or depreciation of the asset will be charged to or credited from the income beneficiary(ies)).
 - A.3 Any equitable adjustment that the attorneys deem appropriate.
- B. The accounting for estates, revocable trusts without further trusts, guardianships and powers of attorney or other non-trust entities will include:**

FOR PRINCIPAL AND INCOME:

- ▶ A statement of all principal received as of the date of death or date of funding, as you designate;
- ▶ A statement of income earned on each and every asset under administration;
- ▶ A statement of all realized gains or losses for each and every asset sold, distributed or reinvested;
- ▶ A statement of all disbursements, expenses and debts paid by the fiduciary(ies);
- ▶ A statement of new investments, exchanges and stock distributions;
- ▶ A statement of all distributions to the beneficiary(ies);
- ▶ A statement of all assets on hand, if any, at the end of the accounting period, which shall include the fiduciary carry value, tax basis and fair market value for each asset (fair market value for all securities will be obtained through Financial Data Services, Inc. (for which there will be an additional disbursement charge for the valuations) and the fair market value of other assets will be obtained from the fiduciary(ies) or attorneys for the fiduciary(ies) directly.

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C. Specifications applicable to both types of entities (as outlined in paragraph A and B above):

- ▶ For pass through entities (eg. partnerships, trusts, estates, limited partnerships, master limited partnerships and LLC's) all distributions during the tax year will be recorded as non-taxable distributions and then the data will be reconciled to the K1 issued by the pass through entity at year end.
- ▶ For sales of securities TEdec will understand and implement first in-first out (FIFO) method of allocating to various lots of the same security, unless advised in writing to the contrary.
- ▶ For revocable trusts payments made on behalf of the grantor's creditors will be recorded as debts of the trust under Schedule D - Creditor's Claims, unless requested to the contrary. The payments may also be, upon request, categorized as withdrawals to the grantor; however, specific instructions will be needed with regard to this latter classification.
- ▶ The initial Fiduciary Carry Value for any asset in any estate or trust or other entity will be the value for the asset as finally determined for Federal Estate Tax purposes, if a IRS Fm 706 Return ("Return") was filed; or if a Return was not filed or if TEdec is advised not to use the values as contained in the Return, then, unless otherwise advised in writing to the contrary (which must include the a value to be used and/or the method of valuation acceptable to TEdec), TEdec will use the fair market value of the asset at the beginning of the fiduciary's administration. [Ref: "Fiduciary Accounting Answer Book" 2013 Edition, published by CCH, Chapter 3, Q 3:8.]

- ▶ Updated February 26, 2013.