



*The **Heart** of Hospitality*

Ensuring Compliance in Trust Accounting

NEXT
SERIES

The **Heart** of Hospitality

Today's Speaker



Jason Lefevers
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Jason is the Senior Manager of Implementation Consultants at TravelNet Solutions and is responsible for making sure our implementations run smoothly and that training and configuration of Track is industry best. He has almost 15 years of industry experience with four different PMS systems and has personally implemented hundreds of clients during his career with a focus in Trust Accounting.

Today's Agenda

- I. What is Trust Accounting?
- II. Should You Practice Trust Accounting?
- III. Trust Compliance
- IV. What to do if you are not in compliance?

What is Trust Accounting?

Also referred to as “Escrow” accounting.

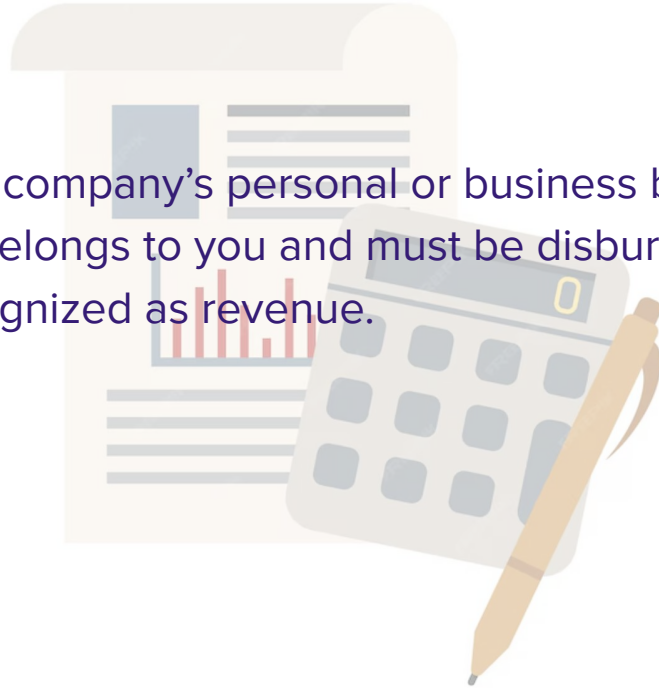
This type of accounting just means that you are holding money in trust on behalf of other parties (example: owners, guests & vendors).

Every penny of money held in a trust account will eventually leave the trust account and be paid out to one of those entities. Nothing held in trust belongs to the Property Management Company until it is paid out of the trust account.

This means that everything that comes into a trust account should eventually leave the trust account in the form of a payable or transfer. Each reservation should eventually zero out and clear out all monies from all ledger accounts once fully processed and paid.

What Trust Accounting is NOT

A trust account is not your company's personal or business bank account. None of the money in a trust account belongs to you and must be disbursed from the trust bank account before being recognized as revenue.



Lifecycle of Money in Trust Accounting

- Reservation is Booked and initial Deposit is paid by guest.
- Guest pays reservation in full prior to arrival.
- Reservation is checked-in.
- Guest leaves, reservation is checked-out.
- Any Refunds are given back to guest.
- Folio is balanced and Revenue is processed.
- Disbursements are made to business, vendors & owners.

Res #151

Guest Portal

Test Tester

Edgewater Suite Mountain Laurel

Nov 20, 2024 - Nov 25, 2024

3 Nights

Adults (20+)

2

Teens (13-19)

0

Children (7-12)

0

Toddlers (1-6)

0

Infants (0-6)

0

Checkout

12:00 AM CST

12:00 AM CST

Nov 16, 2024

None

Reservation Type

Require Payment

Agreement Status

Not Received

Rate Type

None

Cancellation

None

Master Folio

Resort Fee

Test Master

Folio Rate

No Refund

Campaign

None

Travel Agent

Henry's Travel Co.

Res Agent

Track

Statement Comment

Est. Commission

\$100.00

Rudquist LLC

2020 (20%)

Additional Actions:

Accounting Tools

Guest Portal

History

Documents

Links Checked

Reservation

Folio

Guest

Folio Items

Notes

E-Sign

Attachments

Housekeeping

Maintenance

Audit Logs

Payment Logs

Rent	\$535.00
Discounts	\$0.00
Fees	\$351.00
Taxes	\$247.61
Reservation Guarantee	\$1,133.61

All Transactions

Breakdown

Show Voids

#	Date	Folio#	Type	Manual	Description	Qty	Tax	Amount
4129	Nov 23, 2024	176	charge	N	Nov 20, 2024 - Room charge for Edgewater Suite Mountain Laurel on Folio #176	1.00	\$51.88	\$216.88
4131	Nov 23, 2024	176	charge	N	Nov 21, 2024 - Room charge for Edgewater Suite Mountain Laurel on Folio #176	1.00	\$58.28	\$243.28
4133	Nov 23, 2024	176	charge	N	Nov 22, 2024 - Room charge for Edgewater Suite Mountain Laurel on Folio #176	1.00	\$58.28	\$243.28
4135	Nov 23, 2024	176	charge	N	Test 1 posted to Folio #176	1.00	\$0.32	\$1.32
4136	Nov 23, 2024	176	charge	N	Resort Fee posted to Folio #176	1.00	\$0.00	\$100.00
4137	Nov 23, 2024	176	charge	N	Departure Clean posted to Folio #176	1.00	\$76.75	\$326.75
4138	Nov 23, 2024	176	payment	N	Cash Payment on Folio #176	---	---	(\$1,000.00)
4139	Nov 23, 2024	176	payment	N	Cash Payment on Folio #176	---	---	(\$133.61)

Showing 1 to 8 of 8 entries

Entries: 25

Previous

Next

Owner Charges

Show Voids

#	Date	Owner	Description	Qty	Tax	Amount
4088	Nov 19, 2024	Rudquist LLC	Resort Fee posted to Owner Rudquist LLC (R)	1.00	\$0.00	\$250.00

Showing 1 to 1 of 1 entries

Entries: 25

Previous

Next

Should You Practice Trust Accounting?

- TrackPM was created to operate in Trust Accounting only
- Follow our best practices from an implementation and support standpoint.
- Protections for your business, owners and guests.
- Allows you to see your true revenue for the business.
- Better, more accurate reporting
- Keeps your operational accounting separate from the money held in trust.
- Should expedite the month end & closing process
- Easier to maintain month to month

Accounting Demo

Edit Statement Reconciliation

Bank Account: [Dropdown] Statement Date: [Date Picker] Opening Balance: [Text] Closing Balance: [Text]

Balance: \$0.00
Total Deposits: \$3,146.88 (5 Selected)
Total Charges: \$12,649.57 (7 Selected)

Transaction #	Date	Check No.	Txn Type	Memo	Void	Deposits(+)	Charges(-)
980	Jan 31, 2022	18	billpayment	Check payment made to Owner		---	\$180.00
983	Feb 28, 2022	19	billpayment	Check payment made to Owner		---	\$1,040.00
985	Mar 31, 2022	20	billpayment	Check payment made to Owner		---	\$1,345.00
987	Apr 30, 2022	21	billpayment	Check payment made to Owner		---	\$1,227.50
989	May 31, 2022	22	billpayment	Check payment made to Owner		---	\$1,612.50
991	Jun 30, 2022	23	billpayment	Check payment made to Owner		---	\$4,000.00
993	Jul 31, 2022	26	billpayment	Check payment made to Owner		---	\$4,580.00
995	Sep 30, 2022	24	billpayment	Check payment made to Owner		---	\$2,130.00
997	Oct 31, 2022	16	billpayment	Check payment made to Owner		---	\$2,040.00
999	Oct 31, 2022	25	billpayment	Check payment made to Owner		---	\$980.00
1073	Mar 16, 2023	---	void	VOID: Other payment made to Vendor: ABC Plumbing (4)	X	\$100.00	---
1069	Apr 26, 2023	8	billpayment	Check payment made to Vendor: Florida Dept of Revenue (2)		---	\$310.04
1093	May 19, 2023	3	void	VOID: Check payment made to Vendor: ABC Plumbing (4)	X	\$700.00	---

Showing 1 to 63 of 63 entries

Save Statement

Back To Statements

What is Trust Compliance?

Trust Accounting has some general rules which guide and govern how money should be handled and disbursed and what reporting should include.

While the North Carolina Real Estate Commission isn't the arbiter of Trust Accounting, they are certainly the most well-known in its enforcement, so much of what we will cover from a compliance standpoint will be taken from the NCREC's guidelines.



Note: North Carolina is not the only state that holds property management companies to strict Trust accounting guidelines.

Compliance in Your Reporting

Track has a number of reports to help you stay in compliance. Some of these reports may need to be enabled in your account if you do not see them.

The screenshot displays the 'Accounting Demo' interface. At the top, there's a navigation bar with a menu icon, the title 'Accounting Demo', a '+ Task' button, a 'Track PMS' dropdown, a settings gear icon, and a user profile for 'Jason Lefevers'. Below this is a search bar and the 'Reports' heading. A blue tab bar contains 'PMS Reports', 'Pulse Reports', and 'CRM Reports'. The main content area is divided into four columns: 'Front Desk', 'Guest', 'Accounting', and 'Trust Accounting'. The 'Trust Accounting' column is highlighted with a red border and contains a list of reports: 'Account Balance', 'Accounts Payable', 'Balance Sheet', 'City Account Balance', 'Master Folio Ledger', 'Payable Clearing', 'Property Ledger', 'Property Trial Balance Summary', 'Security Deposit Ledger', 'Subsidiary Ledger', 'Supplemental Deposit Worksheets', 'Trust Account Journal', and 'Un-deposited Funds'. Below this list is the 'Consumer Taxes' section with reports like 'Channel Remitted Revenue by Unit - Detail', 'Channel Remitted Revenue by Unit - Rent and Extras', 'Combined Tax by Unit - Detail', 'Exempt Revenue by Unit - Detail', and 'Exempt Revenue by Unit - Rent and Extras'. A vertical sidebar on the left contains various icons for navigation.

Accounting Demo

+ Task Track PMS ⚙️ Jason Lefevers

Reports

PMS Reports Pulse Reports CRM Reports

Front Desk

- All Cancellations
- Blocked Units
- Booking Summary
- Cancelled by Expired Hold
- Channel Bookings
- Check-Ins
- Checkouts
- Credit Cards on File
- Daily Overview
- Expired Holds
- Folio Item Status
- Folio Notes
- Group Arrivals Report
- Guest Foliros with Balance
- Guest Sales
- Guests Report (In-House)
- Last Minute Reservations
- Overdue Reservations
- Payment Analysis
- Payment Analysis Summary
- PointCentral Unit Code Mismatch
- Special Requests

Guest

- Agreement Status
- E-Sign Documents
- Failed Auto Payment
- Fee Details
- Fees
- Group Production By Month
- Guarantee Policy
- Guest Portal Login Status
- Location Occupancy
- Long Term Revenue Analysis
- Long Term Revenue Analysis Summary
- Monthly Groups Pickup
- Occupancy - Date Range
- Opt-in Folio Guests
- Reservation - No Payment Made
- Reservation Analysis
- Reservation Analysis - Guest Persona
- Reservation Analysis Summary
- Reservation Analysis Summary - By Unit
- Reservation Discounts and Promos
- Reservation Fees By Unit
- Reservation History

Accounting

- Advanced Payments
- Annual Tax Forms
- Cancellations with Balance
- Check & ACH Register
- Company Tax Info
- Credit Card Payment Analysis
- Credit Card Transactions
- Deposits Report
- Folio Detail Export
- Folio Exceptions
- General Ledger
- Guest/Advance Ledger by Reservation
- Guest/Advance Ledger by Unit
- Owner Payment Method
- Owner Revenue Detail
- Owner Revenue by Account
- Payment Distribution
- Payment Methods
- Revenue Projection
- Revenue by Account - Detail
- Revenue by Account - Summary
- Revenue by Unit

Trust Accounting

- Account Balance
- Accounts Payable
- Balance Sheet
- City Account Balance
- Master Folio Ledger
- Payable Clearing
- Property Ledger
- Property Trial Balance Summary
- Security Deposit Ledger
- Subsidiary Ledger
- Supplemental Deposit Worksheets
- Trust Account Journal
- Un-deposited Funds

Consumer Taxes

- Channel Remitted Revenue by Unit - Detail
- Channel Remitted Revenue by Unit - Rent and Extras
- Combined Tax by Unit - Detail
- Exempt Revenue by Unit - Detail
- Exempt Revenue by Unit - Rent and Extras

Compliance in Your Reporting

Compliance from a (NCREC) reporting standpoint requires that all money being held in trust be reporting and trackable on a unit level. This means that you need to be able to produce reports that show a balance sheet of sorts for each unit to show where all money is located at any given time, until disbursed. Some key reports include:

- **Supplemental Deposit Worksheets** - Displays detailed deposit information
- **Subsidiary Ledger** - Shows non-asset account transactions on a unit level
- **Property Ledger** - Shows asset account transactions on a unit level
- **Property Trial Balance** - Shows report totals for non-asset accounts and can be reconciled to the bank balance
- **Trust Account Journal** - Shows all activity in the trust account with a running balance

Compliance in Your Reporting

Track helps to ensure compliance with these reports by allowing you to see if there are any transactions not being associated on a unit level.

The **Manager** account on these reports indicates that a transaction has not been linked to a unit. This commonly occurs when using manual journal entries or manually creating bills where there is no unit linked.

Compliance in Your Reporting (cont...)

Additional helpful reports to be aware of include:

- Balance Sheet
- General Ledger Report
- Bank Reconciliation Summary Report
- Trust Account Journal
- Owners Reports
 - Owner Balance Report
 - Owner Payments List



Compliance in Your Use of Track

Track includes some built-in features to help you stay in compliance. There are some things you should and shouldn't do in Track if you wish to stay in compliance with trust accounting principles.

Should do:

- Deferred Charges (Software Demo)
- Require Funding
- Using “House” Units

Shouldn't do:

- Manual Journal Entries*
- Using +Check
- Posting directly to “Preference” GL accounts

The screenshot shows the 'Realize Owner Charges' interface in Track software. At the top, it says 'Realize Owner Charges BETA' with a 'View Summary' link. Below this, there are fields for 'Owner' (Amy's LLC) and 'Date'. A 'Search' button and a 'Reset' link are also present. The interface is divided into several sections: 'AMY'S LLC', 'Other Charges', 'Folio Charges', and 'Work Order Charges'. Each section has a table with columns for various fields like 'Reservation #', 'Check In', 'Check Out', 'Status', 'Unit', 'Date', and 'Amount'. The 'Other Charges' section shows 'No data to display'. The 'Folio Charges' section shows a single entry for '172' with a date of 'Jan 28, 2025' and a status of 'Checked in'. The 'Work Order Charges' section also shows 'No data to display'. On the right side, there is a summary section titled 'Selected Charges' showing a 'Total Pay' of '\$0.00' and a 'Projected remaining balance after payment' of '-\$4,419.54'. A 'Process' button is located at the bottom right of the summary section.

How to Tell if You Are Out of Compliance?

- Do you combine Trust and Operating income and expenses into a single bank account?
- Do you often allow owner balances to go in the negative?
- Are you properly disbursing from the trust account (Account Disbursement tool)?
- Do you reconcile your Trust bank account each month?
- Do you allow bank and credit card misc fees to be deducted from the Trust account?

What to Do if You Aren't Trust Compliant

Reach out to a CSM or support for assistance.

Continuous Optimizations are a paid engagement with Professional Services for assistance with an audit and help with getting in compliance.

A serene winter scene featuring a rustic wooden cabin with a snow-laden roof, nestled in a snowy field. Snow-covered evergreen trees stand to the left, and a misty, snow-covered mountain range forms the background. The entire image is overlaid with a semi-transparent blue and purple gradient.

Thank You!

NEXT
SEASON

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