Trust Accounting

Trust accounting is a type of accounting that focuses on managing and tracking funds held in a trust for someone else. It follows rules and regulations to make sure everything is legal, clear, and protects the client's interests.

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Trust Accounting vs. Operational Accounting

Trust Accounting and **Operational Accounting** serve different purposes:

- **Trust Accounting** involves managing and tracking funds held in a trust on behalf of someone else. This type of accounting ensures that the money is handled according to legal requirements, protecting the interests of the person or group the funds are being held for.

- **Operational Accounting** focuses on managing the financial activities of a business or organization. This includes tracking income, expenses, and overall financial performance to help the business run smoothly and make decisions.

In short:

- **Trust Accounting**: Deals with funds held for others (e.g., in a trust).
- **Operational Accounting**: Deals with the financial operations of a business or organization.

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Trust Accounting Best Practices

1. Separate Trust Funds

- **Separate Trust and Operating Accounts**: Trust funds should be kept in a separate account from the business or operating accounts of the trustee. This prevents mixing the funds and ensures that trust funds are used solely for their intended purpose.

2. Follow Legal Requirements

- **Understand Jurisdictional Regulations**: Different jurisdictions may have specific rules governing the handling of trust funds, such as required minimum balances, reporting periods, and interest allocations. Always ensure compliance with applicable laws and regulations.

3. Monthly Bank Reconciliation

- **Regular Account Reconciliation**: Perform monthly reconciliations of the trust account to ensure the balances match the accounting records.

Trust Accounting Best Practices

4. Ensure Transparency

- **Provide Regular Statements**: Provide owners with regular statements ensuring transparency and trustworthiness.

5. Proper Disbursement Procedures

- Track's account disbursement system ensures that all amounts paid from the trust account are fully traceable through the system - from transacting on a folio to being paid out on a check to the management company or other stakeholder. This tool can be used to pay the (potentially thousands of) transactions due to the manager or sales tax authority and provide required reporting on paid transactions.
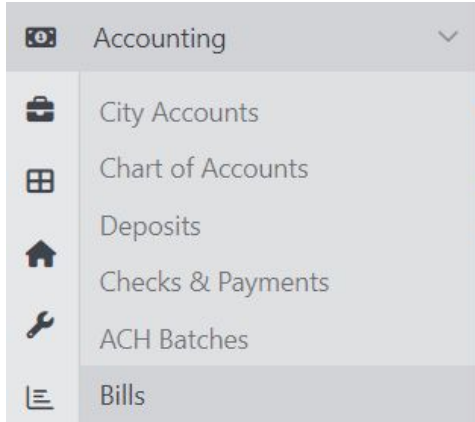
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Trust Accounting Best Practices

To begin configuration of the account disbursement system, first ensure there are Vendors setup for each stakeholder you intend to pay via the account disbursement system.

Common stakeholder types are:

1. **Property Management Company (PMC)**

   This will be the stakeholder set for commission income, travel insurance commission income, and all fee incomes earned by the property management company. It is NOT necessary to create a stakeholder for every revenue type.

2. **Travel Insurance Provider (Red Sky, Rental Guardian, CSA, etc.)**

   This will be the stakeholder set on the Payable to Travel Insurance Provider general ledger account. This account holds the portion of travel insurance payable to the provider.

3. **Taxing Authority (ies) (Department of Revenues, Counties, etc.)**

   This will the stakeholder paid for individual taxes. There could be several or only a single entity depending on the size and area of business.

4. **Third Party Vendors (Bike rental, vacation gear agencies, or other partners)**

   This will the stakeholder paid for amounts accrued in certain general ledger accounts that belongs not to the property management company, but to a third party agency.

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Creating an Account Disbursement

Navigate to Account Disbursement by selecting **Accounting** > **Bills**

In the top right corner, click the down arrow next to '+ Bills' then select **'Account Disbursement'**, and the 'Account Disbursement' page will appear.
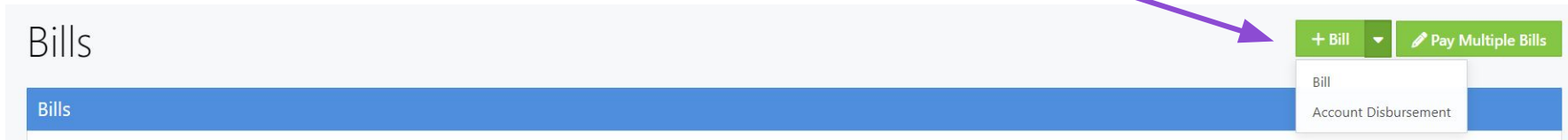
Creating an Account Disbursement

Account Disbursement

Transaction Date
2025-01-22

Terms
Net 30

Invoice Number

Due Date
yyyy-mm-dd

Memo

Filters

Stakeholder
Select Stakeholder...

Period End Date
2025-01-21

Period Start Date
yyyy-mm-dd

Date Mode
Transaction Date

Locations
Select Locations...

Require Agreement
☐ Yes

Accounts

Please select a stakeholder to do account disbursement.

How to Run Account Disbursement Reports

Bills

1. From the 'Bills' page (Accounting > Bills), Locate the bill by entering the ID number or vendor name into the search box.
2. After locating the bill, click the "Actions" button, then click "View/Edit".
3. In the top right corner, click "Export".
4. There are three options to create an account disbursement report, select the desired option:
   - Detail – General
   - Detail – Tax
   - Tax by Unit
     *Inclusive of voids

Tax Reports

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 Folios with Balance
Guest Sales
Guests Report (In-House)
Reports
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
Reservation Payments Due
Reservation Payments Past Due
Reservation Refund
Reservations By Status
Reservations Made Recently

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
Transaction Detail
Trial Balance
Unit Management Revenue
Unit Management Revenue By Transaction
Unrealized Folio Revenue Export (Formerly Folio Aud

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
Sales Tax Exempt Stays
Tax Summary By District
Tax by Unit - Detail
Tax by Unit - Rent and Extras
Taxes By Type

https://accountingdemo.trackhs.com/reports/

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Tax Reports

These reports group all tax transactions by unit, and are the preferred reports for tax filing.

For gross taxable income and total tax collected, utilize these reports:

- Tax by Unit - Rent and Extras
- Tax by Unit - Detail (Shows folios/reservation detail of Rent and Extras report)

For exempt revenue amounts, utilize these reports:

- Exempt Revenue by Unit - Rent and Extras
- Exempt Revenue by Unit - Detail (Shows folios/reservation detail of Rent and Extras report)

For revenue amounts where tax was collected/remitted by the channel, utilize these reports:

- Channel Remitted Revenue by Unit - Rent and Extras
- Channel Remitted Revenue by Unit - Detail (Shows folios/reservation detail of Rent and Extras report)

The above reports were designed to be used in tandem together. To calculate the total taxable revenue, you would take the revenue of Tax by Unit - Rent and Extras and subtract the revenue on the Exempt and Channel Remitted Revenue by Unit - Rent and Extras reports.

Total Revenue - Exempt Revenue - Channel Remitted Revenue = Taxable Revenue

These reports provide tax details on the folio/reservation level in an alternative view from Detail reports above:

- Taxes By Type
- Sales Tax Exempt Stays

Questions?

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