

NEW YORK STATE
RESIDENTIAL HEALTH CARE FACILITY
ACCOUNTING AND REPORTING MANUAL

ACCOUNTING PRINCIPLES (Cont'd)

This does not preclude the pooling of assets for investment purposes.

Restricted funds generally fall into three categories: Endowment Funds, Plant Replacement and Expansion Funds, and Specific Purpose Funds. However, certain homes may also have Agency Funds to account for funds held for patients. This fund group has been explained in Section D, Specialized Accounting Areas.

The accounts within each restricted fund are self-balancing, as each fund requires separate fiduciary accountability. The following sections outline the conditions and events which require separate accountability and the required accounting treatment for transactions within the established funds.

Unrestricted Fund

The unrestricted fund is used to account for funds derived from the day-to-day activities of the nursing home and unrestricted contributions. Funds which originate from unrestricted gifts or previously accumulated income may be designated by the governing board for special uses. If the governing board designates funds in this manner, it should be recognized that the board also has the authority to rescind its action. For this reason, such funds should be accounted for in the unrestricted fund as "board-designated funds." A separate structure of accounts in the Unrestricted Fund has been provided for these assets.