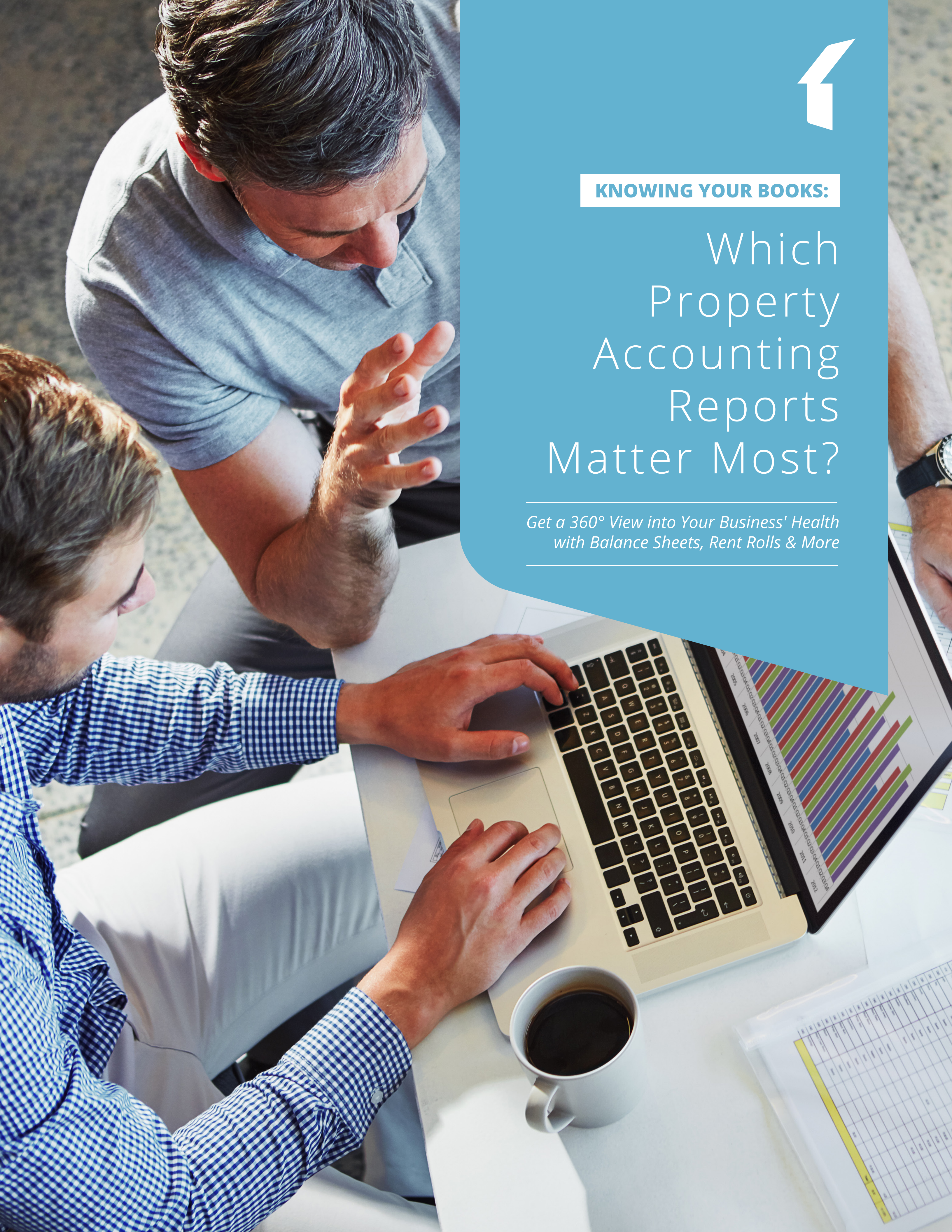

KNOWING YOUR BOOKS:

Which Property Accounting Reports Matter Most?

Get a 360° View into Your Business' Health with Balance Sheets, Rent Rolls & More

Keeping your finger on the pulse of your business is among the most critical initiatives that you can undertake as a business owner.

We hear it from our customers every day: In the property management business, urgent matters constantly push other items off of your to-do list. Examining the overall health of your business is important—but carving out the time to do that can sometimes feel impossible.

By regularly examining key reports—and helping the property owners and associations that you manage to do the same—you can start achieving important benefits like these:

- **Improved decision-making and visibility.** You'll have a clearer picture of the money that's coming in and out, where you're headed, how you've improved over time, which activities are profitable, and what might be bleeding the business dry.
- **Better client retention.** Property owners who receive clear statements and have their questions answered quickly are more satisfied and more loyal. Even better, they're more likely to send new business your way.
- **Increased sales.** You'll have the insights that you need to close more deals, get more (profitable) properties under management, and reap the profits.
- **Higher profits.** Good record-keeping fuels good decision-making, which helps you to focus your efforts on your most profitable clients—while letting you know which contracts may not be worth renewing.

In addition, if you ever decide to sell your business, thorough documentation will help you to prove the higher earnings you worked so hard to get. For prospective buyers, those earnings are a key factor in predicting future profits. When it comes to establishing your business' value, you'll quickly find that your property management company is only as good as the records that you keep over time.

If you're in the business of property or association management, this guide will outline the key reports that you should have a handle on at all times—as well as best practices for preparing and interpreting them with ease.


ZEN REAL ESTATE GROUP
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WHAT'S INSIDE

#1 OWNER REPORT

Also known as a Rental Owner Statement

An owner report illustrates how well a property owner's investment is performing at the beginning and end of a given period. The report should accomplish two objectives:

1. Accounting for every cent that they have entrusted to you
2. Being easy to understand

KEY ELEMENTS

A high-quality owner report should contain at least two sections: a summary and a detailed view.

The **summary section** of the owner report gives your property owners an at-a-glance view of their investment's overall health.

This section should focus on net changes to all capital accounts during a set period of time, including the following information:

- Property address
- Your direct contact information
- Beginning, end, and statement dates
- Beginning and end balances
- Income, broken down by type
- Expenses, broken down by type
- Net income or loss
- Security deposits
- Early payments
- Capital contributions by owner
- Required reserve and operating levels
- Funds received but not yet deposited

Next, the **details section** provides a timeline of all transactions impacting the account. To make the report easy to digest, you may want to total the running balance following each transaction.

BEST PRACTICES

- **Customize each owner's report** based on their individual preferences. Some property owners want to see as much information as possible, while others may be overwhelmed by complicated reports. For example, you can include or exclude details like liabilities, income statements, and individual transactions.
- **Check your dates.** For an accurate beginning balance, the statement's start date should be the day after your last owner draw, and the end date should be the day of your current owner draw.
- **Verify that the beginning balance contains just 2 things:** security deposits and property reserves.
- **Bundle the owner report and owner draw.** Sending them at the same time can be a helpful habit to establish for convenience's sake.
- **Give owners access to online statements** to cut down on the number of email requests and phone calls you receive.
- **Compare all withdrawals against bank statements** to ensure that they're consistent.
- **Enter all of your expenses** before running the report, including your management fees.

Rental Owner Statement

Prepared By: Happy Homes Management
123 Bluebird Way
Somerville, MA 02144

Statement period 3/11/2017 - 4/10/2017
Statement date /23/2017

Avery Marie Dawson
642 Hilton Avenue
Lawrenceville, GA 30044

Summary by property

	132 Main Street	Edgar Street	**All properties**
Beginning cash balance	**$16,726.89**	**$0.00**	**$16,726.89**
+ Additions to cash			
Income	13,913.88	0.00	13,913.88
Owner contributions	0.00	0.00	0.00
Other additions	3,000.00	0.00	3,000.00
- Subtractions from cash			
Expenses	10,370.02	0.00	10,370.02
Owner draws	13,367.22	0.00	13,367.22
Other subtractions	1,000.00	0.00	1,000.00
Ending cash balance	**$8,903.53**	**$0.00**	**$8,903.53**
- Adjustments			
Tenant security deposits and early payments	11,650.23	0.00	11,650.23
Property reserve	1,000.00	0.00	1,000.00
Available for payment	**($3,746.70)**	**$0.00**	**($3,746.70)**

Income statement

Rental Owner Statement

Prepared By: Happy Homes Management
123 Bluebird Way
Somerville, MA 02144

Statement period 3/11/2017 - 4/10/2017
Statement date /23/2017

	132 Main Street	Edgar Street	**All properties**
Income			
4100 - Rent Income	12,635.00	0.00	12,635.00
4100 - Rent Income - 4120 - Parking Income	317.00	0.00	317.00
4200 - Repairs Income	45.00	0.00	45.00
4400 - CLEANING & MAINT INCOME	55.00	0.00	55.00
4700 - Utility Income	861.88	0.00	861.88
Total income	**$13,913.88**	**$0.00**	**$13,913.88**
Expense			
6000 - CLEANING & MAINTENANCE	1,075.00	0.00	1,075.00
6000 - CLEANING & MAINTENANCE - 6150 - Landscaping	635.00	0.00	635.00
6100 - LEGAL & PROFESSIONAL FEES - 6110 - Management Fees	3,435.68	0.00	3,435.68
6200 - REPAIRS	4,720.00	0.00	4,720.00
6200 - REPAIRS - 6210 - Supplies	200.00	0.00	200.00
6500 - Utilities - 6510 - Electric Expense	304.34	0.00	304.34
Total expenses	**$10,370.02**	**$0.00**	**$10,370.02**
Net income	**$3,543.86**	**$0.00**	**$3,543.86**

#2 DETAILED INCOME STATEMENT

Also known as a Profit & Loss Statement

A detailed income statement captures a business' cash flow during a set period of time—typically a month, quarter, or year.

In the property management business, income statements are most often used to track each rental property's cash flow. However, just as you provide your rental owners with a clear and detailed report for each of their properties, you owe it to your partners or shareholders to report on your own company financials, too.

KEY ELEMENTS

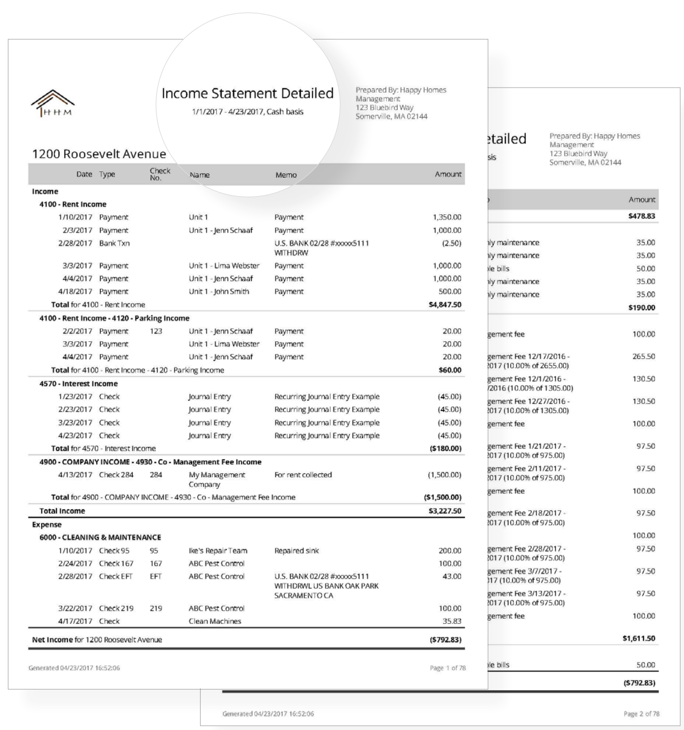
- Beginning and end dates
- Income, including the following:
    - Property management fees
    - Contributed capital
    - Tax credits
    - Profit from sale of assets
    - Adjustments to previous assumptions
    - Investment income
    - Interest received
- Expenditures, including the following:
    - Taxes
    - Rent and equipment costs
    - Interest
    - Salaries and wages
    - Consulting fees
    - Advertising and marketing costs
    - Legal fees
    - Accounting fees
    - Software fees
    - Insurance premiums
    - Depreciation and amortization

BEST PRACTICES

- **Save your statements.** In an ideal world, your income and expenses wouldn't change once you've reconciled your bank accounts. However, checks bounce, vendors lose payments, and reports change—so be sure to keep a record of any changes.

- **Track income and expenses for individual units** using the detailed income statement. Because it details individual transactions for each unit, it's great for this purpose.

- **Develop a chart of accounts** based on how you want to track income and expenses. Consider using operating and non-operating accounts, which can be particularly helpful if you manage properties that you own, or if you want to track your company's financials. Non-operating income should include investments and non-operating expenses like depreciation, interest charges, and amortization.



Income Statement Detailed

1/1/2017 - 4/23/2017, Cash basis

Prepared By: Happy Homes Management
123 Bluebird Way
Somerville, MA 02144

1200 Roosevelt Avenue

Date	Type	Check No.	Name	Memo	Amount
Income					
4100 - Rent Income					
1/10/2017	Payment		Unit 1	Payment	1,350.00
2/3/2017	Payment		Unit 1 - Jenn Schaaf	Payment	1,000.00
2/28/2017	Bank Txn			U.S. BANK 02/28 #xxxxx5111 WITHDRW	(2.50)
3/3/2017	Payment		Unit 1 - Lima Webster	Payment	1,000.00
4/4/2017	Payment		Unit 1 - Jenn Schaaf	Payment	1,000.00
4/18/2017	Payment		Unit 1 - John Smith	Payment	500.00
Total for 4100 - Rent Income					**$4,847.50**
4100 - Rent Income - 4120 - Parking Income					
2/2/2017	Payment	123	Unit 1 - Jenn Schaaf	Payment	20.00
3/3/2017	Payment		Unit 1 - Lima Webster	Payment	20.00
4/4/2017	Payment		Unit 1 - Jenn Schaaf	Payment	20.00
Total for 4100 - Rent Income - 4120 - Parking Income					**$60.00**
4570 - Interest Income					
1/23/2017	Check		Journal Entry	Recurring Journal Entry Example	(45.00)
2/23/2017	Check		Journal Entry	Recurring Journal Entry Example	(45.00)
3/23/2017	Check		Journal Entry	Recurring Journal Entry Example	(45.00)
4/23/2017	Check		Journal Entry	Recurring Journal Entry Example	(45.00)
Total for 4570 - Interest Income					**($180.00)**
4900 - COMPANY INCOME - 4930 - Co - Management Fee Income					
4/13/2017	Check 284	284	My Management Company	For rent collected	(1,500.00)
Total for 4900 - COMPANY INCOME - 4930 - Co - Management Fee Income					**($1,500.00)**
Total Income					**$3,227.50**
Expense					
6000 - CLEANING & MAINTENANCE					
1/10/2017	Check 95	95	Ike's Repair Team	Repaired sink	200.00
2/24/2017	Check 167	167	ABC Pest Control		100.00
2/28/2017	Check EFT	EFT	ABC Pest Control	U.S. BANK 02/28 #xxxxx5111 WITHDRWL US BANK OAK PARK SACRAMENTO CA	43.00
3/22/2017	Check 219	219	ABC Pest Control		100.00
4/17/2017	Check		Clean Machines		35.83
Net Income for 1200 Roosevelt Avenue					**($792.83)**

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#3 BALANCE SHEET

Think of a balance sheet as a snapshot of a business' value at a specific point in time. It measures everything that a company has, as well as how much it owes. It then boils everything down to the amount of money theoretically available to the business owner. You can generate balance sheets for rental owners on the properties that you manage for them, as well as for your own business.

KEY ELEMENTS

Everything on the balance sheet must fall into one of three categories:

ASSETS

An **asset** represents anything a company possesses that can be roughly translated into dollars. Assets can be tangible or intangible, but they must hold monetary value for the business owner or a prospective buyer.

Tangible assets include real estate, capital equipment, vehicles, accounts receivable, inventory, and signed contracts. **Intangible assets** include branding and reputation, human capital, and non-monetized intellectual property.

For property owners, the value of the property itself and the present value of signed leases are major assets. Meanwhile, for your own business, the present value of property management contracts and fees is a major asset.

LIABILITIES

A **liability** is any obligation the business has to pay to a creditor, vendor, or employee. Examples include outstanding loan balances and interest; wages and bonuses owed or expected; accounts payable; taxes owed; security deposits; and prepaid rents.

OWNER'S EQUITY

Owner's equity includes the value of any capital contributed by owners, partners, or shareholders. This can take a number of forms, including cash contributions; property contributions; accumulated dividends or profits not yet paid out; retained earnings; and owner draws.

You can think of owner's equity as a loan to the company that must be paid back. The simple return of capital isn't counted as an asset. In determining the net worth of a business, owner's equity is subtracted from the difference between assets and liabilities. If the business has assets greater than its liabilities, the owner gets what's left.

Balance sheets made simple:

IF owner's equity = assets - liabilities,
THEN assets = liabilities + owner's equity

The Acid Test

Also known as a quick ratio

Balance sheets help you to determine whether a business is about to run into a serious cash crunch. The **acid test** measures the amount of liquid, easily-accessed assets available to meet short-term liabilities.

For example: Say that you need to replace the roof on a building that you manage, which will cost the owner $10,000. However, the owner's available cash on hand, liquid assets, and accounts receivable only amount to $7,000. In this case, the balance sheet would help you to show that it's time to start selling assets or setting up lines of credit to pay for the roof—before the financial pain sets in.

BEST PRACTICES

- **Profitable owners are happy owners**—and that benefits you as well. If you can improve the book value of your owners' portfolios year over year, not only will they renew your contracts—they'll likely refer you to other property owners, too. Balance sheets help to prove your performance over time by documenting all of the ways in which you're consistently improving the bottom line. In addition, if you ever decide to sell your company, prospective buyers will carefully compare your balance sheet to your profit and loss statements.

- **Perform regular "health checks" on your business by generating and examining balance sheets.** If the business' book value is increasing over time and the property is paying out dividends, you're doing well. If the business' book value is gradually deteriorating, you can take action to fix it now.

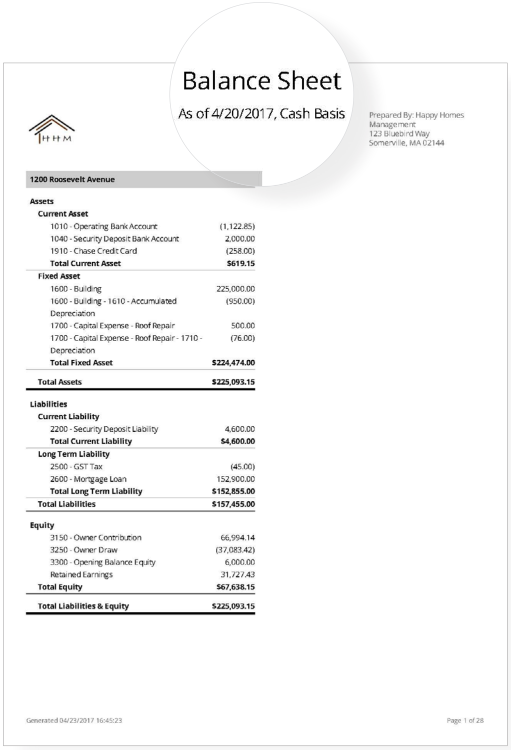
- **Use the balance sheet to stay in line with trust account regulations,** together with a balance breakdown report. To prevent any issues, it's a good idea to monitor these reports on a monthly basis. Be sure to double-check that the balance is correct for each account.

- **Keep operating funds and security deposits in separate bank accounts.** This allows you to leverage the balance sheet to determine whether you have sufficient funds to cover your liabilities. If you do so, the remaining balance in the other bank accounts will equal your total equity, including any property reserves. If you have more money in the security deposit account than you have in liabilities, then you may have forgotten to transfer the funds to your operating account after a tenant moved out.

- **If your owners hold the security deposits, track their funds as an asset account.** Otherwise, your total assets will not be correct, and this will decrease your owner's equity on the balance sheet.

- **Regularly pay out management income accounts,** such as late fee income, in order for your total equity on the balance sheet to be accurate.

- **Non-refundable deposits should be listed as income,** not as deposits or liabilities.


Balance Sheet

As of 4/20/2017, Cash Basis

Prepared By: Happy Homes Management
123 Bluebird Way
Somerville, MA 02144

1200 Roosevelt Avenue	
Assets	
Current Asset	
1010 - Operating Bank Account	(1,122.85)
1040 - Security Deposit Bank Account	2,000.00
1910 - Chase Credit Card	(258.00)
Total Current Asset	**$619.15**
Fixed Asset	
1600 - Building	225,000.00
1600 - Building - 1610 - Accumulated Depreciation	(950.00)
1700 - Capital Expense - Roof Repair	500.00
1700 - Capital Expense - Roof Repair - 1710 - Depreciation	(76.00)
Total Fixed Asset	**$224,474.00**
Total Assets	**$225,093.15**
Liabilities	
Current Liability	
2200 - Security Deposit Liability	4,600.00
Total Current Liability	**$4,600.00**
Long Term Liability	
2500 - GST Tax	(45.00)
2600 - Mortgage Loan	152,900.00
Total Long Term Liability	**$152,855.00**
Total Liabilities	**$157,455.00**
Equity	
3150 - Owner Contribution	66,994.14
3250 - Owner Draw	(37,083.42)
3300 - Opening Balance Equity	6,000.00
Retained Earnings	31,727.43
Total Equity	**$67,638.15**
Total Liabilities & Equity	**$225,093.15**

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Page 1 of 28

#4 RENT ROLL

The rent roll, like the owner report, provides critical information for smart decision-making. However, while the owner report looks back in time, **the rent roll makes predictions about expected revenues.** Owners use the rent roll report to gauge whether their property—and by extension, their property manager—is meeting their financial goals.

For each property that you manage, the rent roll will list the following information about each unit:

- Lease dates
- Estimated market rental value
- Recurring charges
- Sum of all deposit amounts

Based on the information that the rent roll provides, it allows you to see:

- Which units are currently vacant
- Which leases are up for renewal
- Which tenants are on month-to-month leases

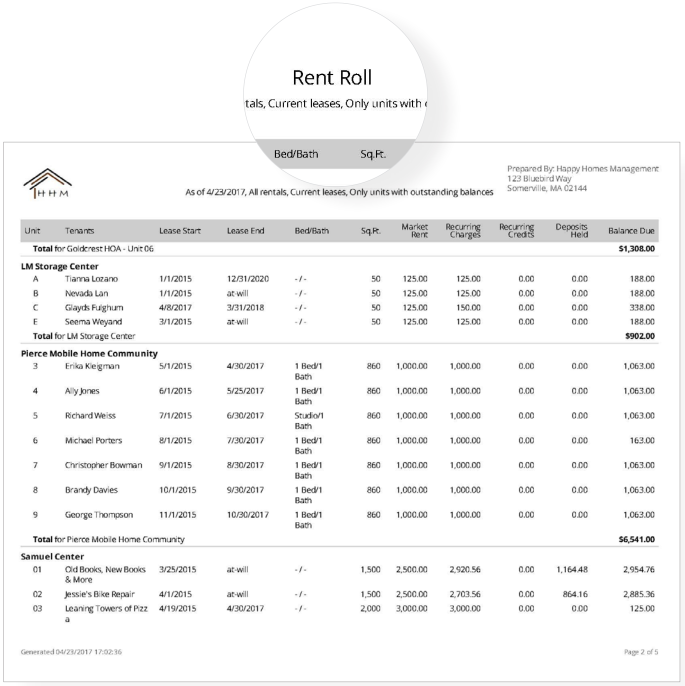
KEY ELEMENTS

- **Renewal rates.** While lease renewals vary based on the economy, the property, and the tenant, an annual renewal rate above 75% is generally considered solid. This is a number that you should monitor closely for signs of deterioration over time.

- **Gross scheduled rents.** This is a projection of the total revenue potential of a property if every unit was occupied and rent was paid in full.

- **Evictions.** For tenants at any stage of the eviction process, the rent roll should list estimated dates of resolution, final eviction, or removal from the premises.

- **Collections.** What percentage of tenants pay on time each month? If your rent roll shows issues in this area, you may want to consider evaluating your tenant screening process, or how rigorously you enforce late payment.



Rent Roll

tals, Current leases, Only units with

HHM

As of 4/23/2017, All rentals, Current leases, Only units with outstanding balances

Prepared By: Happy Homes Management
123 Bluebird Way
Somerville, MA 02144

Unit	Tenants	Lease Start	Lease End	Bed/Bath	Sq.Ft.	Market Rent	Recurring Charges	Recurring Credits	Deposits Held	Balance Due
Total for Goldcrest HOA - Unit 06										**$1,308.00**
LM Storage Center										
A	Tianna Lozano	1/1/2015	12/31/2020	- / -	50	125.00	125.00	0.00	0.00	188.00
B	Nevada Lan	1/1/2015	at-will	- / -	50	125.00	125.00	0.00	0.00	188.00
C	Glayds Fulghum	4/8/2017	3/31/2018	- / -	50	125.00	150.00	0.00	0.00	338.00
E	Seema Weyand	3/1/2015	at-will	- / -	50	125.00	125.00	0.00	0.00	188.00
Total for LM Storage Center										**$902.00**
Pierce Mobile Home Community										
3	Erika Kleigman	5/1/2015	4/30/2017	1 Bed/1 Bath	860	1,000.00	1,000.00	0.00	0.00	1,063.00
4	Ally Jones	6/1/2015	5/25/2017	1 Bed/1 Bath	860	1,000.00	1,000.00	0.00	0.00	1,063.00
5	Richard Weiss	7/1/2015	6/30/2017	Studio/1 Bath	860	1,000.00	1,000.00	0.00	0.00	1,063.00
6	Michael Porters	8/1/2015	7/30/2017	1 Bed/1 Bath	860	1,000.00	1,000.00	0.00	0.00	163.00
7	Christopher Bowman	9/1/2015	8/30/2017	1 Bed/1 Bath	860	1,000.00	1,000.00	0.00	0.00	1,063.00
8	Brandy Davies	10/1/2015	9/30/2017	1 Bed/1 Bath	860	1,000.00	1,000.00	0.00	0.00	1,063.00
9	George Thompson	11/1/2015	10/30/2017	1 Bed/1 Bath	860	1,000.00	1,000.00	0.00	0.00	1,063.00
Total for Pierce Mobile Home Community										**$6,541.00**
Samuel Center										
01	Old Books, New Books & More	3/25/2015	at-will	- / -	1,500	2,500.00	2,920.56	0.00	1,164.48	2,954.76
02	Jessie's Bike Repair	4/1/2015	at-will	- / -	1,500	2,500.00	2,703.56	0.00	864.16	2,885.36
03	Leaning Towers of Pizz a	4/19/2015	4/30/2017	- / -	2,000	3,000.00	3,000.00	0.00	0.00	125.00

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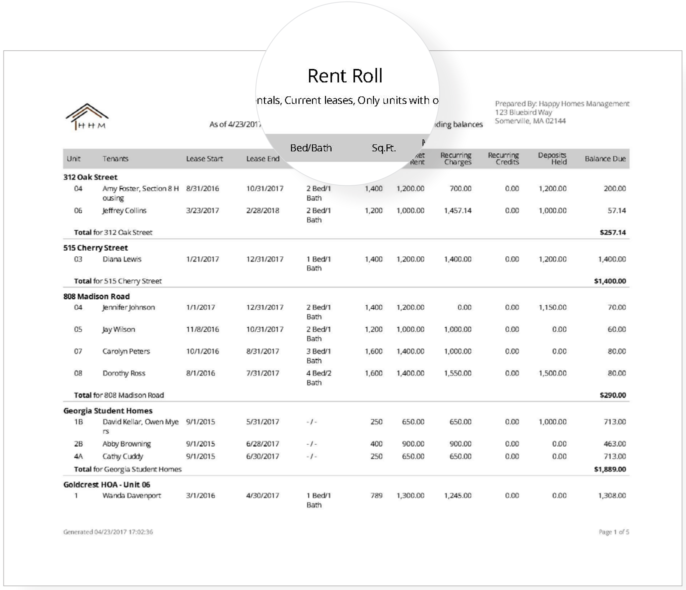
Page 2 of 5

- **Late fee revenues.** The amount of revenue coming in from late fees flows through to the owner's income statement. Most landlords like to see a low number here; any unexplained increases can indicate a decline in tenant quality or the area's economy.

- **Security deposits.** Compare the deposits that you collect for each unit year over year. If you're increasingly having to make concessions on security deposit amounts, that could be another sign that renter quality or the local economy is deteriorating. In addition, reviewing the rent roll for expired leases can tell you which security deposits have not yet been refunded to your tenants. If security deposits are not resolved when a tenant moves out, your current liabilities will be inaccurate.

- **Revenue generation.** This reflects money received from laundry and vending machines, storage and garage rentals, and any other sources of income aside from the rental units themselves. Skilled managers often devise creative strategies to unlock value from add-ons to collect additional revenue for property owners.



Rent Roll

ntals, Current leases, Only units with o

As of 4/23/2017 … ding balances

Prepared By: Happy Homes Management
123 Bluebird Way
Somerville, MA 02144

Unit	Tenants	Lease Start	Lease End	Bed/Bath	Sq.Ft.	ket Rent	Recurring Charges	Recurring Credits	Deposits Held	Balance Due
312 Oak Street										
04	Amy Foster, Section 8 Housing	8/31/2016	10/31/2017	2 Bed/1 Bath	1,400	1,200.00	700.00	0.00	1,200.00	200.00
06	Jeffrey Collins	3/23/2017	2/28/2018	2 Bed/1 Bath	1,200	1,000.00	1,457.14	0.00	1,000.00	57.14
Total for 312 Oak Street										**$257.14**
515 Cherry Street										
03	Diana Lewis	1/21/2017	12/31/2017	1 Bed/1 Bath	1,400	1,200.00	1,400.00	0.00	1,200.00	1,400.00
Total for 515 Cherry Street										**$1,400.00**
808 Madison Road										
04	Jennifer Johnson	1/1/2017	12/31/2017	2 Bed/1 Bath	1,400	1,200.00	0.00	0.00	1,150.00	70.00
05	Jay Wilson	11/8/2016	10/31/2017	2 Bed/1 Bath	1,200	1,000.00	1,000.00	0.00	0.00	60.00
07	Carolyn Peters	10/1/2016	8/31/2017	3 Bed/1 Bath	1,600	1,400.00	1,000.00	0.00	0.00	80.00
08	Dorothy Ross	8/1/2016	7/31/2017	4 Bed/2 Bath	1,600	1,400.00	1,550.00	0.00	1,500.00	80.00
Total for 808 Madison Road										**$290.00**
Georgia Student Homes										
1B	David Kellar, Owen Myers	9/1/2015	5/31/2017	- / -	250	650.00	650.00	0.00	1,000.00	713.00
2B	Abby Browning	9/1/2015	6/28/2017	- / -	400	900.00	900.00	0.00	0.00	463.00
4A	Cathy Cuddy	9/1/2015	6/30/2017	- / -	250	650.00	650.00	0.00	0.00	713.00
Total for Georgia Student Homes										**$1,889.00**
Goldcrest HOA - Unit 06										
1	Wanda Davenport	3/1/2016	4/30/2017	1 Bed/1 Bath	789	1,300.00	1,245.00	0.00	0.00	1,308.00

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Page 1 of 5

BEST PRACTICES

- **Make a habit of comparing rent roll reports month over month and year over year.** Your goal is to stay ahead of each property's performance from one year prior, showing solid improvement over and above real estate trends for the area.

- **Use the rent roll to allocate your time where it matters most.** For example, if the number of units that are up for renewal over the next 60 days is climbing, it's time to focus on lease renewals. If renewals aren't rolling in, it may be time to schedule some renovations that will turn those units around more quickly.

#5 BUDGET VS. ACTUAL REPORT

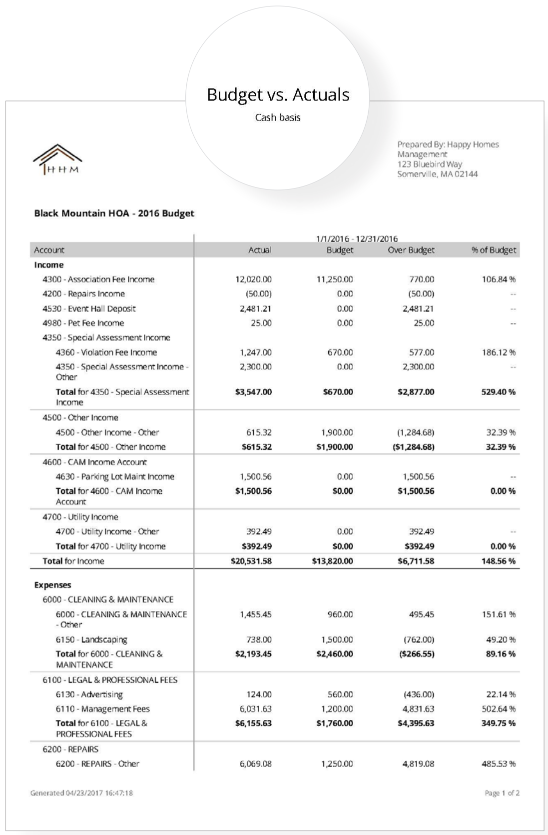
The budget vs. actual report measures the difference between projections and reality. It enables property managers and homeowners associations to adjust their business plans, divert capital to underfunded areas, and avoid potentially crippling cash crunches—particularly when there are major changes to costs mid-year.

This report concentrates on operating revenues and expenses, generally excluding secondary business activities or non-recurring gains and losses.

KEY ELEMENTS

Budget vs. actual reports generally contain data for the month or quarter on one side, and the year to date on the other. The report will then list budgeted or projected levels for the following categories:

- **Income** from rentals, parking spots, storage units, laundry and vending machines, application fees, and late fees
- **Expenses** including management fees, marketing and direct mail expenses, and maintenance costs



Budget vs. Actuals

Cash basis

HHM

Prepared By: Happy Homes Management
123 Bluebird Way
Somerville, MA 02144

Black Mountain HOA - 2016 Budget

	1/1/2016 - 12/31/2016			
Account	Actual	Budget	Over Budget	% of Budget
Income				
4300 - Association Fee Income	12,020.00	11,250.00	770.00	106.84 %
4200 - Repairs Income	(50.00)	0.00	(50.00)	--
4530 - Event Hall Deposit	2,481.21	0.00	2,481.21	--
4980 - Pet Fee Income	25.00	0.00	25.00	--
4350 - Special Assessment Income				
4360 - Violation Fee Income	1,247.00	670.00	577.00	186.12 %
4350 - Special Assessment Income - Other	2,300.00	0.00	2,300.00	--
Total for 4350 - Special Assessment Income	**$3,547.00**	**$670.00**	**$2,877.00**	**529.40 %**
4500 - Other Income				
4500 - Other Income - Other	615.32	1,900.00	(1,284.68)	32.39 %
Total for 4500 - Other Income	**$615.32**	**$1,900.00**	**($1,284.68)**	**32.39 %**
4600 - CAM Income Account				
4630 - Parking Lot Maint Income	1,500.56	0.00	1,500.56	--
Total for 4600 - CAM Income Account	**$1,500.56**	**$0.00**	**$1,500.56**	**0.00 %**
4700 - Utility Income				
4700 - Utility Income - Other	392.49	0.00	392.49	--
Total for 4700 - Utility Income	**$392.49**	**$0.00**	**$392.49**	**0.00 %**
Total for Income	**$20,531.58**	**$13,820.00**	**$6,711.58**	**148.56 %**
Expenses				
6000 - CLEANING & MAINTENANCE				
6000 - CLEANING & MAINTENANCE - Other	1,455.45	960.00	495.45	151.61 %
6150 - Landscaping	738.00	1,500.00	(762.00)	49.20 %
Total for 6000 - CLEANING & MAINTENANCE	**$2,193.45**	**$2,460.00**	**($266.55)**	**89.16 %**
6100 - LEGAL & PROFESSIONAL FEES				
6130 - Advertising	124.00	560.00	(436.00)	22.14 %
6110 - Management Fees	6,031.63	1,200.00	4,831.63	502.64 %
Total for 6100 - LEGAL & PROFESSIONAL FEES	**$6,155.63**	**$1,760.00**	**$4,395.63**	**349.75 %**
6200 - REPAIRS				
6200 - REPAIRS - Other	6,069.08	1,250.00	4,819.08	485.53 %

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Page 1 of 2

BEST PRACTICES

The budget vs. actual report is a compass that can guide capital allocation and management decisions over time.

Regularly going over the budget vs. actual report with property owners or association boards (we suggest at least quarterly) also fosters stronger, trust-based relationships. In addition, your clients will benefit from your experience regarding the real-world costs of properties in your area.

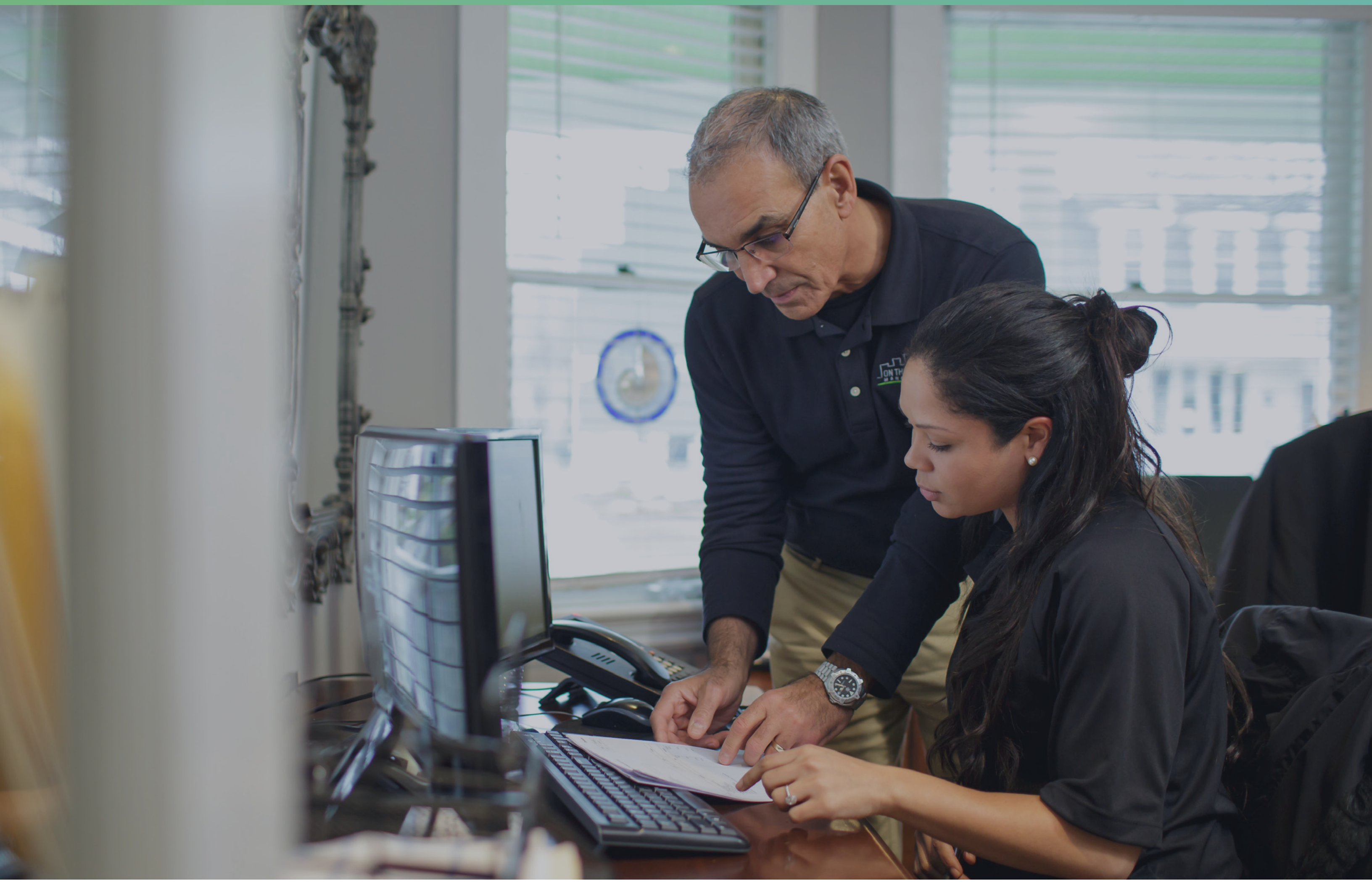
The budget vs. actual review process is also an excellent time to bring up much-needed renovations that could increase the property's value and boost long-term income. If the property owner or association is hurting for cash, having an honest conversation now can help you to adjust how you manage the property in the future.

In most cases, the budget vs. actual report will be broken down by property. If you manage multiple properties for one owner, a consolidated report is also common.

Key terms:

Net operating income is the difference between total operating revenues and expenditures from core operations.

Net income represents the total operating income, plus income from non-core revenue sources.

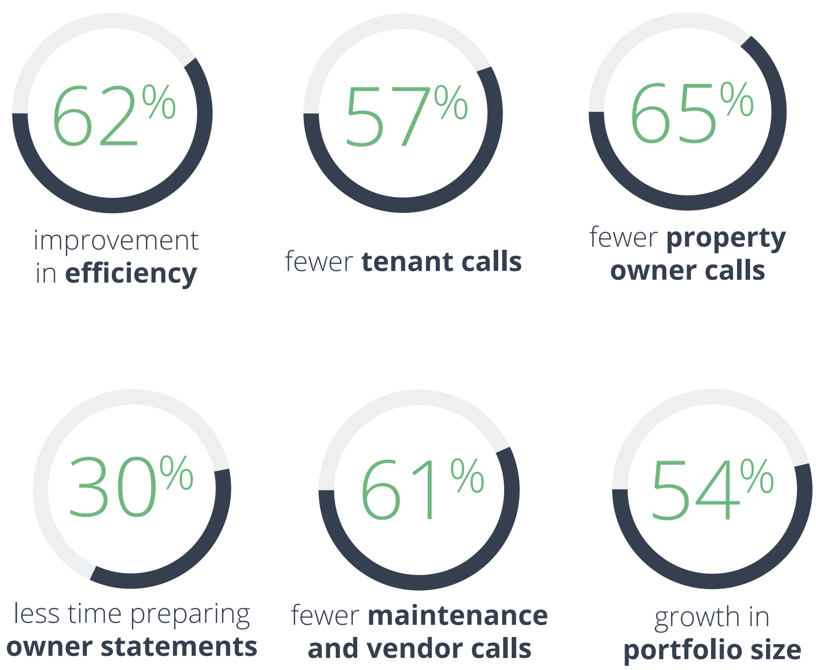


CONCLUSION

While no two businesses are exactly alike, the benefits of being tuned in to your company's health are universal. Habitually examining key reports—both for your business and for the properties you manage—can empower you to make smart decisions; attract and retain great clients; become more profitable; and more. By reallocating your efforts to the areas that need them most, you might just find that the time you invest now ultimately frees up more time for the things you care about most.

ABOUT BUILDIUM

Buildium is the only property management solution that helps real estate professionals win new business from property owners and community associations seeking services. Backed by expert advice and relentless support, Buildium enables you to outperform across all facets of your business with intuitive software that balances power, simplicity, and ease of use. Buildium services property managers in more than 50 countries, totaling over 1.8 million residential units under management. In 2015, Buildium acquired All Property Management, a leading online marketing service for property managers, making Buildium the only company to give property managers a way to acquire new customers and increase revenue. Our best-in-class accounting, leasing, and business operations features help our customers to achieve success in every area of the business, including:



When you're ready to take your business to the next level, we're here to help. Visit our website for more information on who we are and what our product can do for you. Next, be sure to check out the Buildium Blog and Resource Library for expert advice on the issues you care about.