

## ADVERTISEMENT

### Low-Cost Solution to Landlord Accounting Needs! By Bob Calissendorff

Property owners and managers have their hands full without having to worry about accounting. But as is the case with every business, it is a necessity. At the heart of every good accounting and financial reporting system is good software. In my experience as a former CPA, controller, and consultant I have found QuickBooks® to be the best small business software available. It provides a comprehensive and comprehensible set of accounting tools for a low price.

QuickBooks® allows you to do most of your accounting without being an accountant. The accounting stuff like debits and credits happen behind the scenes. But like any accounting software, the information you get out of it is only as good as the information that is put into it.

Over two million users can't be wrong – this accounting software is made to order for the small and mid-sized property owner.

Using QuickBooks® to account for and manage your properties involves two processes. The first requires you to design your accounting system. The second process is simply using that system. If you are not accounting savvy, I recommend that you consider having someone who knows QuickBooks® and your specific accounting requirements to get you off and running.

In designing your QuickBooks® property management accounting system you need to: (1) set up a chart of accounts and transfer balances from your old accounting system; (2) set up your properties, (3) set up vendors and (4) set up your tenants. Once these steps are accomplished you will be able to use the system to process and record your day-to-day property management transactions.

QuickBooks® is extraordinarily forgiving of mistakes. If you input a transaction incorrectly, you don't have to reverse and reenter it. Unlike most accounting systems you simply change it. This flexibility applies across the board – you can go back at any time and change anything your heart desires. The tremendous advantage of this flexibility is that your transaction history reports will be uncluttered – no repetitive changes and corrections. Everything in the system is clear and easy to follow.

There are some, those dyed in the wool accountants, that don't like this flexibility. They are concerned that this lack of controls would make it easier for employees to engage in some sort of malfeasance. Although they have a point, QuickBooks® has a number of controls to avoid this. First, access to prior months' records can be blocked with the use of passwords. Second, employees can be limited in terms of what type of transactions they can enter. Third, the system provides an audit trail feature that monitors who recorded and changed every transaction. The final point is that many QuickBooks® users are the business owners themselves – who obviously will not steal from themselves and who will benefit greatly from the program's flexibility.

QuickBooks® accounting functionality is wide-ranging. There are few accounting tasks that it cannot handle with ease. A small sampling of this functionality includes: recording and paying bills, reconciling bank accounts, setting up monthly and one-time charges to tenants, tracking & refunding security deposits, receiving and depositing rents, recording credit card transactions, generating 1099s, down-loading directly into annual tax preparation software, the list continues.

The program comes loaded with dozens of pre-formatted reports that can easily be tweaked to create hundreds of additional reports. You will be able to run detailed financial reports by property, by tenant, by vendor, by account, and numerous other breakouts. It provides standard financial statements such as income statements, balance sheets, statements of cash flows, bank reconciliations, accounts payable, accounts receivable, with numerous variations of each.

Over two million users can't be wrong – this accounting software is made to order for the small and mid-sized property owner. The most convenient way to get yourself up and running is to take a QuickBooks® class. If your accounting requirements are reasonably straightforward you

will be able to take it from there. If your requirements are more complex you should hire an accountant or consultant. One source of consulting expertise is available at the QuickBooks® website (<http://quickbooks.intuit.com/>) which provides a listing of Certified QuickBooks ProAdvisors<sup>SM</sup> by city.

To get the best value for your money – ask your QuickBooks® consultant what information he or she needs to set you up. Compiling this information in advance of the consultant's visit will save you a lot of money. This way you will only pay for the consultant's knowledge of accounting and QuickBooks® – not for organizing your data.

Where does one buy QuickBooks®? You can buy it online at QuickBooks® website at <http://quickbooks.intuit.com/>. Or go to any local office supply store like OfficeMax, Office Depot, Sam's Club or Price Club. Another alternative is to go online to an auction website, like [www.ebay.com](http://www.ebay.com). Just be sure to shop carefully. Read all disclaimers and confirm that you are buying the full version and not the upgrade.

Good luck and happy property management accounting!

*Bob Calissendorff is a Certified QuickBooks ProAdvisor<sup>SM</sup> and Instructor for California Learning Solutions. To enroll in his "Quickbooks for Landlords" one-day seminar on Thursday, April 7<sup>th</sup>, please call him at (818) 430-5611.*