

**ACCOUNTING SERVICES SOLUTIONS for
PROPERTY MANAGEMENT AND REAL ESTATE INVESTMENT
COMPANIES**

© P B Tech Impact Solutions Pvt. Ltd. All rights reserved. The reproduction or distribution of any portion or all of these materials in any form or media without the prior written agreement of P B Tech Impact Solutions Pvt. Ltd. is strictly prohibited.

Accounting Services Solution-Property Management Firms

Services Description:

Tenant Accounting

- Set-up and maintenance of tenant leases in data-base from lease abstracts
- Monthly tenant rent processing
- Generation and remote printing of rent statements
- Monthly rent collection processing
- Application of late fees for delayed payments(delinquencies)
- Generation of relevant tenant communication (template driven letters)
- Updating tenant records for Move-Ins, Move-Outs and Expiries
- Tracking utility consumption and calculating bill-backs
- Analysis of tenant ledger reports to identify discrepancies
- Generation of reports such as Late Fee, Move-In, Move-Outs, Termination/Expiry

Accounts Payable

- Entry of accounts payables invoices into the work-flow/accounting software with coding and allocation of expenses to properties
 - Well defined solutions for both paper-based (manual) and electronic invoice approval process at the client end
 - Tracking of expenses at multi-levels- project, entity, building, and tenant
- Handling overheads related bills such as utilities
 - Tracking of receipt of utility bills for different properties
 - Maintaining records of meter readings of utilities to track pass-through usage against rules laid out in leases
 - Allocation of expenses across different entities or properties
 - Handling utility bill backs during move-ins and move-outs
- Handling insurance expenses
 - Tracking insurance premiums due-dates and amounts
 - Accounting of different insurance policies such as
 - Homeowners, Auto, Flood and General Liability
 - Rent loss, Boiler and Machinery and Property
 - Workers Compensation, Disability, and D&O
 - Tracking prepaid premium amounts and booking journal entries
- Processing inter-company(entity) transactions including cash-transfers

- Disbursements
 - Entry of checks or wire for printing in US after receiving approvals
 - Entry of manual checks (hand-written checks)
 - Generation of relevant disbursement reports
- Complete review of different payables batches-vendor wise, account wise and Entity (property-wise)
- 1099 Processing- process 1099's for vendors and reconcile received 1099's

Accounts Receivable

- Setting up of leases in-to accounting or leasing software including the following
 - setting up billing parameters like rent, other charges (including common areas' expense estimates)
 - setting up of late fees (including multiple types of late fees) and lease start and expiry dates
 - entry of lease options such as termination, renewal, expansion, and right of first refusal and the right of first offer
- Tracking security deposits of different tenants
- Handling move-ins, move-outs, renewals and expiry of leases before rent-run
- Process and analyze monthly rents and print(to remote computer) invoices and customer statements
- Bill properties for management fees and other charges from operating entities
- Cash-application
 - take deposit sheets and input cash receipts against relevant invoices or process customer checks in a lock-box solution
 - generate relevant deposit and receivables reports
- Receivables management
 - email and call-based follow-up (*only on selective cases*)

Month End Accounting Activities
--

- Reconciliations
 - reconcile cash to general ledger, including bank reconciliations.
 - reconcile inter-company transactions and process payment from properties to operating entities
 - merchant account and credit card reconciliations (if applicable)

- impound reconciliation
- Book month end accruals (insurance, real estate taxes, accrued payables)
- Calculate management fees for different properties based on net cash receipts
- Review coding to general ledger accounts and make corrections
- Prepare/track fixed assets for property including to the unit(apartment) level
- Track inter-company transactions and process payment from properties to operating entities
- Prepare cash projections for the next month

Management Reporting

- Prepare monthly property control reports on both a cash and accrual basis
- Compare operating results to monthly budgets and prepare variance reports
- Generate Monthly Operating Reports (MORs) pertaining to current positions in tenant information, assets, liabilities and general ledger accounts

Tenant Information

- Master rent roll
- Lease expiration schedule
- Insurance expirations
- Security Deposit Report

Financial Statements

- Income Statement
- Balance Sheet
- Property Manager Monthly Variance Report
- Financial Projections (if applicable)

Assets

- Aged Account Receivable
- Cash Received
- Prepaid Expenses
- Fixed Assets

Liabilities

- Aged Account Payable
- Accrued Payables
- Inter-Company account detail

-Loan Statements

General Ledger

- Trial Balance
- Monthly General Ledger
- Check Register
- Monthly Disbursement Detail

- Prepare customized reports to meet varied reporting requirements of clients

Other Activities

1. Prepare monthly/quarterly/annual tenant reconciliations for Common Area Maintenance (CAM)
2. Prepare reconciliations for real estate taxes and insurance escalations
3. Prepare reconciliations for trust accounts
4. Book journal entries for acquisition and disposition of properties
5. Assist in preparation of the annual operating budget
6. Assist in preparation of real estate tax returns

Expertise Overview:

With many years of accounting experience, our staff has a robust working knowledge of a variety of real estate and non-real estate accounting packages. Our experience across varied accounting software and multiple accounting practices coupled with our eagerness to master new ones enables us to reduce the learning curve related to working in new software. We also have in-house tools like check-lists, practice exercises and training manuals to expedite the training process. A list of accounting and related software commonly used in real-estate industry provided below along with our expertise level.

SOFTWARE	EXPERTISE LEVEL
Yardi-Voyager, Genesis	High(in select modules)
MRI (by Intuit Real Estate Solutions)	High
QuickBooks and Quicken	High
The Property Manager	Medium
Timberline Property Management	Medium
Spectra Property Management	High
Avid Payable	High
Microsft Excel(in VLookUp, Pivot)	High
QuickBase	Medium

Operations Staff Capabilities Overview

Our team of experienced junior, staff and senior accountants have handled international accounting(US, UK and Canadian) assignments across multiple industries including real estate, property management, construction, retail and wholesale, CPA firms among others. Property management and real estate sectors are focus sectors for us. Our staff members undergo extensive and regular training, relevant software and industry certification and have access to regular accounting updates pertaining to property management.

They have a background in cash and accrual basis accounting, balance sheet account analysis, profit and loss statement preparation, detailed management reporting, variance reporting, budgeting, cash projections and tenant billings including exposure to annual expense reconciliations (CAM reconciliations).

Process Overview

There are broadly two process versions that are used by us to implement an outsourcing solution. The two versions differ on how accounts payable is handled in the outsourced scenario. The other accounting activities related to AR, GL, monthly reporting, and reconciliations are generally handled in a similar way in both the versions. A brief description for both the methods is provided below. A detailed description can only be given if a prospect files in a Request for Information/Request for Proposal (RFI/RFP).

Manual Invoice Approval version

In this method, the invoice approval process is done manually. Paper invoices are forwarded to relevant property managers (sometimes scanned versions may be used). After checking the invoice, the PM's code the invoice and approve it. The scanned images of the approved invoices are uploaded by the client team onto our website. Our team would remotely access the web/windows version of the relevant property accounting software (like MRI, Yardi, QuickBooks) and enter the approved invoices (after checking the relevant signatures) into the accounting software. Recurring invoices are auto-entered by our staff based on past history. Standard operating procedures are created to handle other accounting tasks. These procedures are stated in the detailed description of this document (please refer the earlier paragraph).

Electronic Invoice Approval version

In this method, the approval process for AP invoices is done electronically. Scanned images are stored in the work-flow software. The electronic images are then routed by the work-flow software to the property manager. The property manager then codes the invoices and approves/disapproves them. The approved invoices are then routed to the relevant accountant who would then re-check the codes and save the invoices in the work-flow software. There could be a need for exporting the invoices in the work-flow

software to the accounting software, if both of them are not in an integrated solution. For e.g. in one of our current assignments, the invoices are captured and approved in Avid Exchange, then batched and imported into MRI and finally saved as AP transactions in MRI. Both the accounting software and the work-flow software are remotely accessed by our accountants.

Useful Links

1. Comparison different property management and accounting software-

<http://www.accountingsoftware411.com/SoftwareDirectory/View/SoftwareByIndustryResults.aspx?id=30&industry=Real%20Estate%20&%20Property%20Mgmt>

2. Glossary of real estate terms

http://www.ellipsissoftware.com/ns/tools_glossary_r.html

3. Different lease options used in the Industry

http://www.ellipsissoftware.com/ns/tools_glossary_r.html

4. FAQ's regarding accounting outsourcing

<http://www.outsourcinghubindia.com/faq.asp>

5. Benefits of outsourcing

<http://www.outsourcinghubindia.com/outsourcing-sme.asp>

