



INVESTMENT, & OPERATIONS GUIDE™

**HOW TO QUICKLY UNDERSTAND HOW TO CREATE
CHART OF ACCOUNTS FOR YOUR INVESTMENT**

GUIDES DESIGNED TO HELP YOU EXCEL AT ACQUIRING AND OPERATING REAL ESTATE INVESTMENTS

REAL STATE INVESTING IN OPERATIONS GUIDES

How To Quickly Understand How To Create Chart Of Accounts For Your Investment

Creating a chart of accounts for operating budgets is an important step in managing multifamily investments. This guide will outline the steps for creating a chart of accounts that can be used to track income and expenses for multifamily properties.

- ✓ **Identify categories:** The first step is to identify the categories of income and expenses that need to be tracked. These categories can include rent, utilities, repairs and maintenance, property management fees, insurance, property taxes, and more.
- ✓ **Create a numbering system:** Once the categories have been identified, create a numbering system that assigns a unique number to each category. This numbering system will help ensure consistency in tracking income and expenses.
- ✓ **Assign sub-categories:** Within each category, identify sub-categories that provide more detailed information on the type of income or expense. For example, within the rent category, sub-categories may include base rent, late fees, and parking fees.
- ✓ **Set up the chart of accounts:** Using the numbering system and sub-categories, set up the chart of accounts in a spreadsheet or accounting software. The chart of accounts should include the account number, account name, and a brief description of each account.
- ✓ **Monitor and adjust:** Once the chart of accounts has been set up, monitor income and expenses regularly to ensure they are being recorded correctly. Adjust the chart of accounts as needed to accommodate changes in income and expenses.

Example

An investor owns a 50-unit multifamily property and wants to create a chart of accounts to track income and expenses. The investor identifies categories such as rent, utilities, repairs and maintenance, property management fees, insurance, and property taxes. Within the rent category, the investor identifies sub-categories such as base rent, late fees, and parking fees. Using a numbering system, the investor sets up a chart of accounts in a spreadsheet that includes the account number, account name, and a brief description of each account. The investor monitors income and expenses regularly and adjusts the chart of accounts as needed.

Creating a chart of accounts for operating budgets is an important step in managing multifamily investments. By identifying categories, creating a numbering system, assigning sub-categories, setting up the chart of accounts, and monitoring and adjusting regularly, investors can track income and expenses with greater accuracy and make informed decisions about their multifamily properties. At Buy it Rent it Profit Education™, we offer resources and courses to help investors master the process of creating a chart of accounts and effectively managing their multifamily investments.