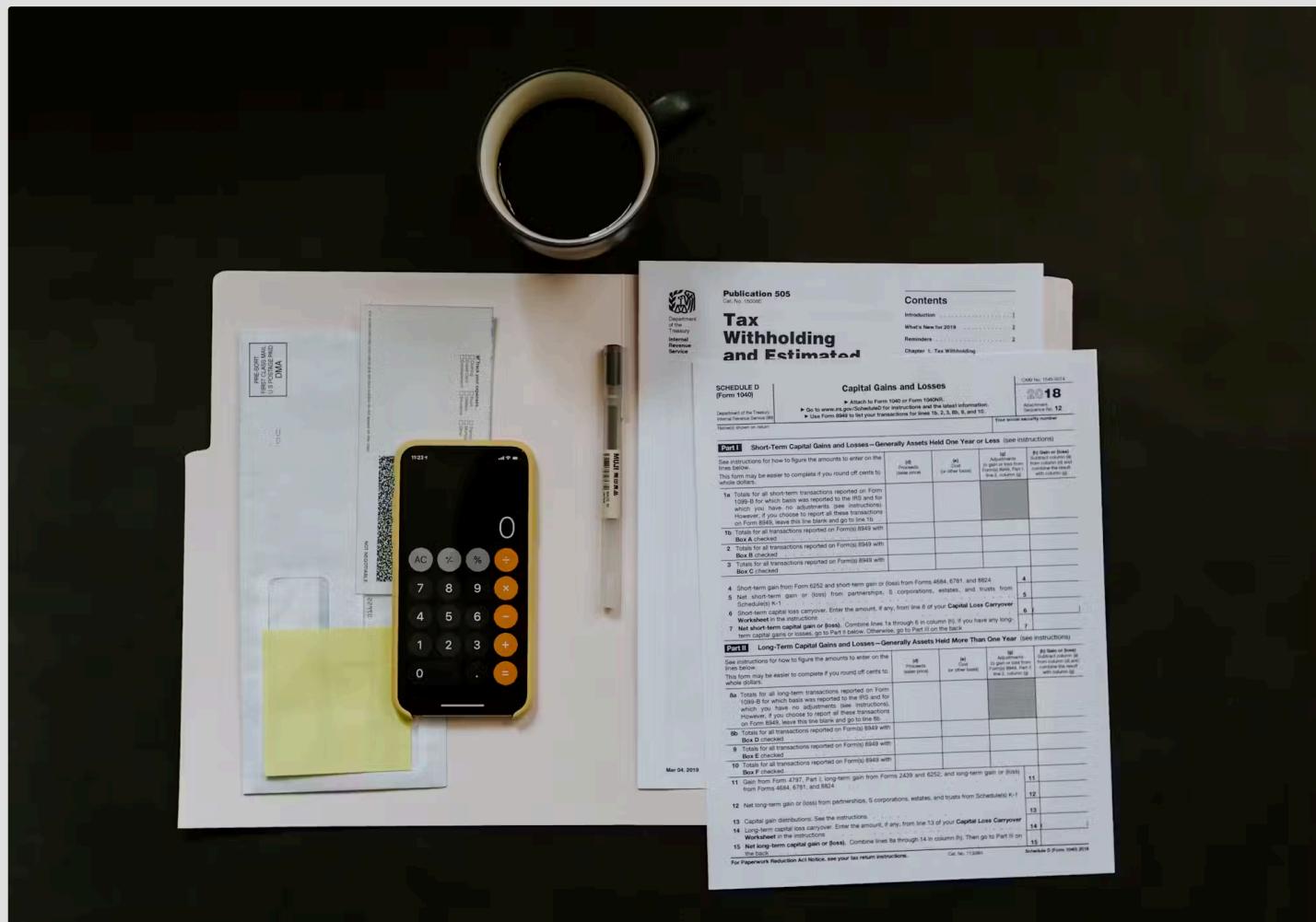


How to Fix Common CRE Process Issues in QuickBooks

QuickBooks is a powerful platform for commercial real estate businesses, but common process issues can turn simple workflows into logistical challenges. This guide explores frequent problems in QuickBooks implementation for CRE businesses and provides practical solutions to streamline your accounting processes, improve accuracy, and save valuable time. By addressing these issues, you can focus more on growing your business rather than struggling with administrative busywork.



Understanding Common Area Maintenance Challenges

One of the most significant process issues in QuickBooks for commercial real estate involves the incorrect recording of triple-net (NNN) expenses and income. This mistake makes it impossible to perform accurate common area maintenance (CAM) reconciliations and prevents you from making precise CAM estimates for future years.

1

The Problem

Many property managers fail to properly record NNN costs as expenses. Even though tenants will reimburse these costs, they must first be recorded as expenses in your books. Incorrect recording creates reconciliation nightmares and can lead to higher expenses for both property owners and tenants.

2

The Solution

Record all NNN costs as expenses initially. At year-end, reconcile by comparing actual expenses to amounts collected from tenants, then either reimburse or invoice tenants for any difference. CAM charges collected should be posted to an Income account.

3

Best Practice

Create separate income accounts for taxes, insurance, and CAM to track collected amounts individually. This separation enables more accurate analysis and makes year-end reconciliation significantly easier to manage.

By implementing this structured approach to CAM accounting, you'll gain better visibility into your actual expenses and income, making it easier to create accurate budgets and ensure fair cost distribution among tenants.



Separating Reimbursable Accounts

Another common process issue in QuickBooks is the failure to separate reimbursable and non-reimbursable expense accounts. This oversight creates confusion, increases workload, and makes it difficult to charge tenants the correct amount for CAM expenses.

Consequences of Mixed Accounts

- Difficulty ensuring tenants are charged correctly
- Complicated and time-consuming year-end reconciliations
- Limited visibility into where money is being spent
- Inability to make informed budget adjustments
- Increased risk of errors in financial reporting



A well-organized chart of accounts creates clarity and saves significant time during reconciliation periods. A messy one causes confusion.

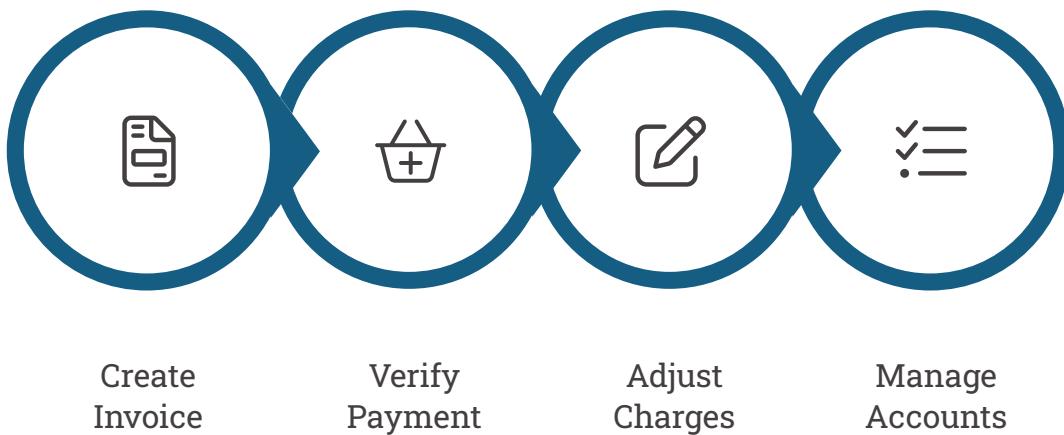
The Simple Solution:

Set up your chart of accounts to include separate categories for reimbursable and non-reimbursable expenses. Reimbursable accounts should contain CAM or operating expenses that will be passed on to tenants, while non-reimbursable accounts should include expenses that tenants won't share as part of their NNN fees.

This separation saves considerable time during year-end CAM reconciliations. Posting expenses to the proper account when you pay them is much simpler than trying to categorize them months later. Additionally, this clarity ensures that anyone can run reports and calculations and achieve consistent, accurate results every time.

Invoicing Best Practices

Invoicing issues represent another significant challenge for commercial real estate businesses using QuickBooks. Two common problems include creating invoices too far in advance and failing to invoice regularly.



Creating invoices for an entire year at the beginning can cause numerous problems. This approach doesn't account for potential changes throughout the year and makes it easy to miss escalations, errors, or missed payments. The accounting method you use (cash or accrual) also affects how far in advance you should create invoices. Creating invoices too far in advance can also complicate CAM reconciliation and require unnecessary rework if budget adjustments become necessary.

Not invoicing at all is equally problematic. While some owners assume tenants will pay the correct amount based on lease terms, this often leads to confusion, mistakes, and incomplete payments. Without regular invoices, tenants lack clear reminders of what they owe.

Best Practice:

Invoice tenants monthly and create invoices for only one month at a time. This approach provides greater control if circumstances change and serves as a reminder to regularly check that tenants are paying the full amount.

Managing Multiple Properties and Units

When managing tenants who occupy multiple units across different buildings, proper organization in QuickBooks becomes even more critical. This is especially true for chain tenants where maintaining clear separation between different locations is essential for both your accounting and their records.

Top Tips to Stay Organized:

Create Separate Customer Accounts

For tenants occupying multiple units or spaces in different buildings, create separate "customer" accounts in QuickBooks for each location. This prevents commingling of financial information and provides clarity for both parties.

Maintain Location-Specific Records

Keep all documentation, including leases, invoices, and payment records, organized by specific location rather than just by tenant name. This makes it easier to track performance metrics for individual properties.

Use Location Codes

Implement a consistent coding system for properties and units to easily identify and sort transactions. This helps when running reports and analyzing financial performance across your portfolio.

This structured approach to managing multiple properties and units in QuickBooks provides several benefits. It enables more accurate reporting on the performance of individual properties, simplifies the reconciliation process, and makes it easier to identify issues specific to certain locations. Additionally, it provides tenants with clear, location-specific invoices that reduce confusion and payment errors.

By maintaining this level of organization, you'll be better positioned to make informed decisions about your portfolio and provide better service to your tenants.



Streamlining Your Accounting with STRATAFOLIO

While implementing the best practices outlined in this guide will significantly improve your QuickBooks processes, commercial real estate businesses with growing portfolios may benefit from specialized solutions that integrate with QuickBooks to provide enhanced functionality.

Automated CAM Reconciliation

STRATAFOLIO offers 1-click CAM reconciliation that dramatically reduces the time and effort required for this critical annual process. The system automatically calculates tenant obligations based on lease terms and actual expenses, eliminating manual calculations and reducing errors.

Lease Escalation Management

Never miss important lease dates or escalations with automated reminders and calculations. STRATAFOLIO tracks all lease terms and provides timely notifications for upcoming rent increases, renewal options, and other critical dates.

Seamless QuickBooks Integration

STRATAFOLIO integrates directly with QuickBooks to provide a complete accounting and property management system specifically designed for commercial real estate needs. This integration eliminates duplicate data entry and ensures consistency across all your financial records.

By combining QuickBooks' accounting capabilities with STRATAFOLIO's property management features, commercial real estate businesses can create a comprehensive system that addresses the unique challenges of the industry. This integrated approach provides better visibility into property performance, streamlines administrative tasks, and helps identify opportunities for portfolio optimization.

For more information on how STRATAFOLIO can improve accounting for commercial real estate businesses and help resolve the common QuickBooks process issues discussed in this guide, schedule a 1:1 demo to see the platform in action.

