Real Estate Investment Accounting

A Practical Guide to Financial Management and Profitability

TAYLOR MADE BOOKKEEPING

Core Financial Statements Every Investor Needs

The Big Three Reports

These three documents form the backbone of real estate investment accounting:

Income Statement

Shows revenue, expenses, and net profit over a period

Balance Sheet

Captures assets, liabilities, and equity at a point in time

Cash Flow Statement

Tracks actual cash moving in and out of your operations

Key Metrics That Drive Profitability

Master these numbers and you'll evaluate any property with confidence.

8%

Cap Rate Target

Net operating income ÷ property value — measures return on investment

1.25x

DSCR Minimum

Debt service coverage ratio — lenders require this to qualify financing

50%

Expense Ratio

Operating expenses ÷ gross income — benchmark for healthy properties

12%

Cash-on-Cash

Annual cash flow ÷ total cash invested — your true return metric

Expense Tracking & Tax Deductions

Deductible Expenses to Never Miss

Proper **real estate investment accounting** ensures you claim every deduction you're entitled to under IRS guidelines.

- Mortgage interest and loan origination fees
- Property taxes and insurance premiums
- Repairs, maintenance, and capital improvements
- Depreciation (27.5 years residential, 39 years commercial)
- Property management and professional fees
- Travel and mileage for property-related activities

Bookkeeping Services for Small Business

Whether you manage one rental or a growing portfolio, consistent bookkeeping keeps your finances audit-ready and your strategy on track. Professional **Bookkeeping Services for Small Business** ensure your records are accurate, timely, and compliant — freeing you to focus on growing your investments.

Monthly Reconciliation

Banks, loans, and property accounts reconciled every month

Financial Reporting

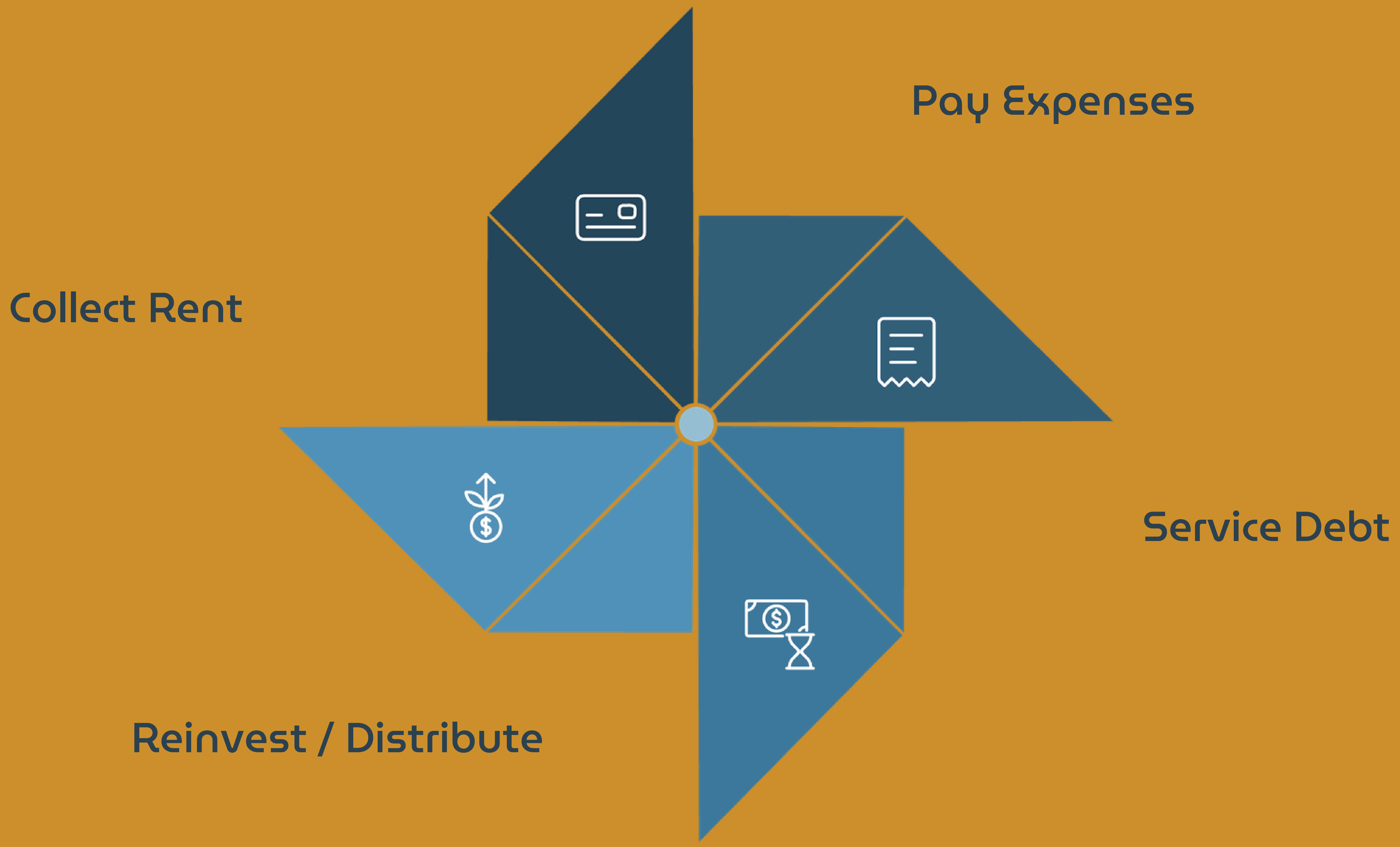
Custom reports tailored to your portfolio and goals

Tax Preparation Support

Clean records delivered to your CPA before deadlines

Cash Flow Management: The Lifeblood of Your Portfolio

Positive cash flow doesn't happen by accident. It requires disciplined tracking, proactive planning, and the right systems in place.



Following this cycle consistently ensures your properties remain solvent, your lenders stay satisfied, and your portfolio continues to grow.

Common Accounting Mistakes to Avoid

1. **Mixing Personal & Business Funds**

   Always use separate bank accounts and credit cards for each property or entity

2. **Ignoring Depreciation Recapture**

   Plan ahead for the tax impact when you sell — it can be significant

3. **Delaying Bookkeeping**

   Backlogs lead to errors, missed deductions, and costly catch-up fees

4. **Underestimating Reserve Requirements**

   Set aside 5–10% of gross income for vacancies and unexpected repairs

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Building a Scalable Accounting System

As your portfolio grows, your accounting must scale with it. The right tools and processes prevent chaos and keep you in control.

1

Choose Your Software

QuickBooks, Buildium, or AppFolio — pick one and stay consistent

2

Standardize Your Chart of Accounts

Use the same categories across all properties for easy comparison

3

Automate Where Possible

Bank feeds, rent collection, and recurring expenses reduce manual work

4

Review Monthly with Your Advisor

Regular check-ins catch problems early and keep strategy on track

Let's Work Together

Taylor Made Bookkeeping provides expert real estate investment accounting and small business bookkeeping services — so you can invest with confidence and grow with clarity.

📧 Email

info@taylormadebookkeeping.com

📞 Phone

1-972-465-9720

🌐 Website

www.taylormadebookkeeping.com

Ready to take control of your real estate finances? Contact Taylor Made Bookkeeping today for a free consultation.