Overview

If an owner has multiple units, the normal process is to set up one owner profile and make him the owner of every unit. The owner's units are reported on the owner statement and the owner's money can be shared by all units. Although financial records are maintained by unit, balances are maintained by owner.

Sometimes owners want separate financial reporting kept by units. This is done by setting up a partnership for each unit or grouping of units. Each partnership has at least one owner. Financial reports can be produced for the partnership and for the owner combining the partnerships.

When should a property be set up?
- When there is more than one owner for a unit or group of units with each receiving a 1099.
- When an owner's portfolio consists of more than one multi-unit property
- When an Owner wants a separate check for each unit
- When an owner wants full, separate financial accounting for each unit, i.e. a separate set of books per unit.

Note: You might be considering setting up separate owner profiles for each unit or grouping of units rather than setting up partnerships. Although this will work, it is not recommended because of the following limitations.
- The owner cannot share funds easily. Rather than automatic sharing, manual Journal Transfers must be processed.
- A consolidated 1099 can't be produced
- Financial reports can't be combined easily
- The owners overall financial position is difficult to determine.

Overview
- Each member of the partnership needs to have an owner profile created
- Create the property profile
- Set up unit profiles for each unit that is part of that property and make the property the owner

Partnership Setup

1. Go to <<Profiles, Property>>
2. Click the <New> button
3. Enter an [ID] and [Long Description] for the property
4. Click on the [Owner] line item
5. Select an owner from the drop-down list

6. Enter the number of shares for the owner, e.g., if all owners have equal percentage of ownership put in the same number of shares for each one - the program will compute the percentage
7. Select a [Statement Type] - Combined Owner, Combined Property, Separate Owner, Separate Property
    i. If an owner wants only a property statement and no owner statement, the Statement Type selected in his owner profile should be blank and the Combined Property type chosen here, with the owner statement profile you wish selected on the Statements tab of the property profile.
    ii. Combined vs Separate - for owners of multiple properties the second property statement starts on the same page as the first if you choose combined and starts a new page if you choose separate.
8. Click in the open area below the line item to add another partner

9. Click on the Management tab.
    a. Enter any management agreement information you choose.

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10. Click on the Accounting and Distribution Rules tab
    a. Fill in any accounting information that did not default
    b. Mark the [Transfer Surplus Funds to Individual Owner] checkbox if funds should be transferred to the owner ledger rather than writing the distribution check from the property to each owner. This happens by using the <AP, Scheduled Payables, Transfer Property Surplus> function before doing distribution checks.
    c. Mark the [Collect Deficits from Individual Owners] if funds should be transferred to the property ledger if it falls below $0. This happens by using the <AP, Scheduled Payables, Transfer Property Surplus> function before doing distribution checks.
    d. Mark the [Distribute Surplus Using Owner ACH] if there are multiple owners and all will be paid by ACH. See below (Distribute Property Surplus) on how to set this up.

11. Go to the Checks and Statements tab and enter any pertinent information.
    a. Choose the statement profile to use for the property if you selected Combined or Separate Property on tab 1.
    b. Check Writing – see below.
    c. Monthly Management Fee Reconciliation
        i. When fees are collected based upon tenant payments for a property and the management agreement contains a minimum and/or a maximum for the property, any adjustments will be based on these parameters.
        ii. The total amount of income subject to management fees for the period will be calculated and the percentage applied. If below the minimum, the minimum amount will be used. If above the maximum, the maximum will be used. That amount is then compared to the total of the management fee transactions and the necessary journal transfer adjustment will be posted.

Check Writing
Base Reserve – Enforce Base checkbox not marked
The Base Reserve has no effect on distribution checks.

The base reserve is the minimum dollar amount that the ledger's Available Cash can be drawn down to when posting invoice checks and recurring checks. If the invoice or recurring check will draw the Available Cash below this amount, that check will be marked Skip when compiled. You can unskip it for posting, provided the balance is not being drawn below the Minimum Base Reserve in Setup, Processing Defaults.

Base Reserve – Enforce Base checkbox marked
The base reserve is the minimum dollar amount that the ledger's Available Cash can be drawn down to when posting invoice checks and recurring checks from AP, Scheduled Payables. If the check will draw the Available Cash below this amount, that check will be marked Skip when compiled. When posting a single check through AP, Single Checks a warning will display if the ledger's balance will be drawn below the Base Reserve, but the warning can be overridden.

Note: A blank base reserve is $0.

Ledger Balance - Negative

If your business situation allows drawing the ledger balance negative when posting invoices and recurring checks, set the Minimum Base Reserve in Setup, Processing Defaults to an appropriate negative amount. Set the ledger's Base Reserve to an appropriate negative amount if you don't want to control unskipping checks that draw the ledger balance below the base reserve but not below the minimum base reserve. The ledger's base reserve will be overridden by the amount entered in Setup, Processing Defaults for Minimum Base Reserve if higher than the ledger's base reserve. In other words, if you set up the ledger's Base Reserve as $0 and the Minimum Base Reserve in the Processing Defaults is $1,000, the system will not draw the owner's ledger below $1,000.

Enforce Base

Mark the Enforce Base check box if you never want the ledger balance to be drawn below the base reserve amount when doing scheduled payables. If this checkbox is not marked, an invoice check or recurring check which would bring the Available Cash below the base reserve will be skipped with the option to override and post the check. If the Enforce Base checkbox is marked, an invoice or recurring check will be skipped with no option to override if it will cause the ledger's balance to fall below the reserve. The Minimum Base Reserve in Setup, Processing Defaults is ignored if the Enforce Base checkbox is marked. If you attempt to post a check in AP, Single Check that will draw the balance below the Enforce Base amount, a warning message will display but the warning can be overridden.

Distribution Reserve

The distribution reserve is the amount of money you wish to hold back from the check you write to the owner using AP, Scheduled Payables, Distribution Check. That is the only time the distribution reserve amount will be used. See Owner Distribution Check Calculations for information on how the distribution amount is arrived at.

Distribution Check Memo

Enter the memo you want printed on the distribution check. When the distribution check is going to a third party, i.e. a bank, use this field for the bank account number. It prints on the check outside of the address area.

Minimum Distribution

Enter the minimum amount for which to issue a distribution check. For example, if this field is set to $50 and the amount available is $49.99 or less, the distribution check candidate will be marked Skip. You can unmark. If you have Advanced Scheduling set up for distribution checks the Minimum Distribution amount is multiplied by the number of schedules missed.

Maximum Distribution

This numeric field lets you set an upper limit for a distribution check. Excess funds above the maximum are retained in the ledger. If you have Advanced Scheduling set up for distribution checks the Max Distribution amount is multiplied by the number of schedules missed.

Statement on Check Stub
If this checkbox is marked when distribution checks are run from Scheduled Payables, Distribution Checks, the program will print an abbreviated statement on the check stub.

The transactions printed are those starting from the date of the last distribution check. If there are more transactions than will fit on the stub (9), the most recent eight will print and the first one will have a description of the number of other transactions with their net amount in the balance field.

Marking the Include Payees or Memos on Check stub Statement checkbox in Setup, Processing Defaults, Printing will print the payee if there is both a payee and a memo, and will print the memo if there is no payee for the transaction.

Base Reserve Examples:

Ledger Base Reserve	Setup-Minimum Base Reserve	
0	-1000	Checks drawing the ledger's Available Cash below $0 will be marked skipped. You can unskip provided the ledger's Available Cash after the check is no less than -1,000.
0	0	Normal situation – checks drawing the ledger's Available Cash below $0 will be skipped. You cannot unskip.
-1,000	-1,000	Checks drawing the ledger's Available Cash below -1,000 will be skipped. You cannot unskip.

Changing Unit Ownership to a Property
Sometimes you may have set up the ownership of a unit as the owner but want to change it to be owned by a property. In that case see the PDF How to document #266.

Distribute Property Surplus Using Owner ACH
Owners who are part of properties and don't have their Advanced Scheduling set for ACH in their owner profile will be assigned the property ACH bank codes. The owner distribution reserves are not considered when the ACH is generated.

To distribute the surplus in a property to the various owners of that property according to their share, do the following:

1. On tab 2 of the property profile mark the checkbox Distribute Surplus Using Owner
2. ACH.
3. In the property profile, Advanced Scheduling, mark the Distribute by ACH
4. checkbox. Enter the word Owner in the Bank Routing Number and Bank Account
5. Number fields.
6. Set up each owner for ACH distribution in their owner profile, advanced
7. scheduling.
8. Enter the owner name in the Distribution Check memo field on tab 3 of the owner
9. profile.

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