

The Millionaire Real Estate Agent

2009 Chart of Accounts

Keep Your Tracking Simple and Your Definitions Clear

Please Read:

This revision represents an update to the original Millionaire Real Estate Agent (MREA) Chart of Accounts. We have reorganized and recategorized the original version into ten revised Budget Model categories. This updated version represents a significant departure from the original Profit and Loss Statement. Our goal is to make it simple and clear so that this chart of accounts can be followed and used by anyone from a new agent to a Mega Agent team. We followed the wisdom of our chief financial officer who advised us to keep our tracking as simple as possible. At the same time, we want to be very clear about what goes in each category. Our hope is that agents will keep their tracking simple and their definitions clear.

As a result, we have carefully chosen only the most important items for you to track on a monthly basis. The beginning agent can begin by tracking the leftmost categories (Income, Cost of Sales, Expenses, and Profit) and as they develop more experience tracking their numbers, they can move further right and into more detail. We understand that there may be a few higher-end users who will customize this chart of accounts at a much deeper level. For these agents, we have created a numbering system that allows for additional tracking. We have also included the suggested items in the notes section of the chart of accounts.

Final Note:

This MREA Chart of Accounts is first and foremost a tracking tool to use in tracking your business expenses as they relate to the operation of your real estate sales business. While it should reflect your general financial accounting and general ledger activity, it may not always reflect the way you make your payments or the way you make special adjustments for tax purposes. These of course should be discussed with your CPA or tax adviser. If you follow the definitions and guidelines that are included with each of the accounting categories, you will then have a way to compare your sales business's financial performance with those of other agents and with the models proven in the MREA book and related materials.

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Chart of Accounts

Code	Categories	General Notes and Definitions
Income		Includes residential and commercial listing, sales, lease, customer transaction fees and bonuses, less outside referrals paid or concessions given
41000	Residential Income	Includes customer transaction fees and bonuses, less outside referrals paid or concessions given.
41100	Listing Income	
41200	Sales Income	
41300	Referral Income	
41400	Leasing Income	
41000	<u>Total Residential Income</u>	
42000	Commercial Income	Includes customer transaction fees and bonuses, less outside referrals paid or concessions given.
42100	Listing Income	
42200	Sales Income	
42300	Referral Income	
42400	Leasing Income	
42000	<u>Total Commercial Income</u>	
43000	Other Real Estate Income	Sum of all income earned from all transactions by the individual, team or group members. Not the same as taxable income (Gross Profit) used to calculate taxes.
<u>Total Income (GCI)</u>		

* Skipped number to allow for expansion of all items in the notes section



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Code	Categories	General Notes and Definitions
Cost of Sales		Includes any wages/splits tied to employees and/or independent contractors
51000	Commissions Paid Out	
51100	Commissions to Office	Method of compensation may vary (commission/salary/split)
51200	Royalties Paid	
51300	Listing COS	Includes compensation for listing specialist(s), lead listing specialist(s)
51400	Buyer COS	Includes compensation for buyer specialist(s), lead buyer specialist(s)
51500	Other - Commissions Paid Out	Includes lead coordinator bonus, compensation for commercial investment specialist
51000	<u>Total Commissions Paid Out</u>	
52000	Other - COS	
Total Cost of Sales		Note: If you want to track specific costs attributable to each of your listings, you will want to set up a project accounting system within your P&L
Gross Profit		Agent's 1099 Income

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Code	Categories	General Notes and Definitions
Expenses		
61000	Salaries/Benefits	Includes compensation to employees, independent contractors, consultants and professional services
61100	Salaries	
61110	Management	
61120	Administration	Includes compensation for administrative manager, listings manager, administration and staff, lead coordinator, transaction coordinator, runners and base compensation for lead buyer specialist, lead listing specialist, lead coordinator
61130	Other - Salaries	
61100	<u>Total Salaries</u>	
61200	Benefits/Processing	
61210	Benefits	Includes payroll benefits (insurance/unemployment), retirement contributions
61220	Payroll Processing	
61230	Payroll Taxes	Includes payroll tax (FICA/FUTA/SUTA)
61240	Other - Benefits/Processing	
61200	<u>Total Benefits/Processing</u>	
61300	Contract Labor	Includes administrative support, client services (landscapers, handyman, movers, stagers, etc.), technology support)
61000	<u>Total Salaries/Benefits</u>	

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Code	Categories	General Notes and Definitions
62000	Lead Generation	Includes direct prospecting and marketing activities
62100	Advertising	Includes billboards, business cards, magazine ads, newspapers, radio, signs, sponsorship, television, telemarketing services, yellow pages
*62300	Print/Direct Mail	Includes brochures, fliers, newsletters, custom magazines, postcards
62400	Internet Lead Generation	Includes pay per click, search engine optimization (SEO), listing aggregator, advertising on related sites, third-party lead sellers
62500	Entertainment/Other	Includes catering, client parties, customer awards, events, gifts, meals, photography, promotional items and services, business-related travel. Since there are tax guidelines for gifts and various entertainment expenses, please consult your CPA for tax issues.
*62700	Other - Lead Generation	
62000	<u>Total Lead Generation</u>	
63000	Occupancy	
63100	Rent/Desk Fees	Note: If you own, charge yourself rent
63200	Utilities	
63300	Repair/Maintenance	Some repairs and maintenance may qualify as capital improvements. Discuss with your CPA.
63400	Depreciation of Capital Improvements	
63500	Other - Occupancy	Example: security system, etc.
63000	<u>Total Occupancy</u>	

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Code	Categories	General Notes and Definitions
64000	Communication/Technology	Includes all Internet-related expenses
64100	Telephone Services	Includes cell phone, pager, long distance, voice mail, 1-800 number, fax line(s), MLS line, voice lines
64200	Answering Services	
64300	Internet Service Provider/Hosting Charges/Email	
64400	IVR Service	
64500	Website Creation	Includes contact management software, custom site creation, enhanced IDX, podcasts, standard IDX solution, template setup, videos, virtual tours
64600	Website Maintenance	Includes contact management software, domains, enhanced IDX, hosting, ongoing site development, podcasts, server, standard IDX solution, template renewal, videos, virtual tours, webmetrics
*64800	Other - Communication/Technology	
64000	<u>Total Communication/Technology</u>	
65000	Education/Dues	Includes seminars, dues and subscriptions
65100	Education/Training	Includes continuing education, educational travel, seminars
65200	Coaching/Consulting	
65300	Books/Audio-Visual/Subscriptions	Includes audiovisual, books, subscriptions for newsletters, newspapers, magazines.
65400	Dues	Includes MLS dues and charges, Realtor dues and fees
65500	Other - Education/Dues	
65000	<u>Total Education/Dues</u>	

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Code	Categories	General Notes and Definitions
66000	Automobile	Includes moving truck, personal automobile, other business vehicles. Only portions that is considered business expenses should be placed in this chart of accounts
66100	Mileage or Interest Portion of Payment or Percentage of Lease	Please consult with your CPA whether you will be taking the IRS mileage allowance or a portion of your leasing cost or a calculation of depreciation
66200	Depreciation	
66300	Gas	
66400	Maintenance	
66500	Other - Automobile	Includes reimbursement for staff business mileage, toll road
66000	<u>Total Automobile</u>	
67000	Equipment/Furnishings	Includes furnishings, furniture, computers, faxes, phones
67100	Rental	Includes camera(s), computer(s), copier/printer(s), fax machine(s), portable Internet device(s), printer(s), toner(s), telephone system
67200	Depreciation of Capitalized Equipment/Furnishings	Please consult with your CPA whether purchases should be recorded as expense or capitalized and then depreciated
67300	Repair/Maintenance	Includes camera(s), computer(s), copier/printer(s), fax machine(s), portable Internet device(s), printer(s), toner(s), telephone system
67400	Property Tax on Equipment/Furnishings	
67500	Other - Equipment/Furnishings	
67000	<u>Total Equipment/Furnishings</u>	

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Code	Categories	General Notes and Definitions
68000	Supplies/Office Expenses	Includes all business and office supplies
68100	Banking Charges	Includes checks, service charges
68200	Office Supplies (consumables)	Includes copies, closing folders, lockboxes, paper/stationery, nonpromotional postage and printing
68300	Office Operations	Includes awards, courier, credit reports, employee morale, help wanted ads, hiring - personality assessment(s), office meetings/lunch, storage
68400	Other - Supplies/Office Expenses	
68000	<u>Total Supplies/Office Expenses</u>	
69000	Insurance	
69100	Automobile	
69200	Error & Omissions	
69300	Property/Liability	Includes equipment insurance
69400	Other - Insurance	
69000	<u>Total Insurance</u>	
69500	Professional Services	Includes all the fiduciary providers of your business
69510	Accounting & Tax Preparation	
69520	Legal	
69530	Other - Professional Services	Includes consulting and financial planners
69500	<u>Total Professional Services</u>	

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Code	Categories	General Notes and Definitions
69600	Other Expenses	Includes tax-related consideration before calculating personal income
69610	Charitable Contributions	
69620	Loan/Interest Payment	Interest paid on loans
69630	Office Transaction Fees Paid	
69640	State Sales/Franchise Taxes	
69650	Other - Other Expenses	
69600	<u>Total Other Expenses</u>	
Total Expenses		

Business Profit

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Code Categories

General Notes and Definitions

**Below the Line
Income**

Includes residual income

71000	Interest Income
72000	Vendor Supplier Income
73000	Profit Share Income
74000	Other - Other Income

**Total Below the
Line Income**

**Below the Line
Expenses**

81000	Employee Profit Share
82000	Other Pretax Expenses
83000	Income Tax

Includes federal and state income tax

**Total Below the
Line Expenses**

Net Income

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