

Keller Williams Realty International

# *Keller Accounting*

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# *Acknowledgments*

The author(s) gratefully acknowledge the assistance of the following individuals in the creation of this course:

Norma Vranken  
Antoinette Perez  
Rose Jamison  
Mary Cook  
Cheryl Studer  
Paula Hoefl  
Mimi Hagan  
Rita Landry  
Michelle Heidt  
Jo Lynn Bozer

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# Overview

Keller Williams is a realty company unlike any other. Keller Williams is the only real estate company to profit share with their employees and associates. There are very specific terms and conditions for the Market Centers to support this.

There are various terms you will hear in the Market Center when discussing finances.

## Kellerisms

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<b>Capper</b>	An individual who produces sufficient GCI and contributes enough Company Dollar to the Market Center to satisfy his/her annual commission Cap requirement. (At their anniversary date – the associate starts over. Capping is calculated on CLOSED transactions. Pending items at anniversary date are subject to capping rules).
<b>Company Dollar</b>	The money a Market Center keeps after all the agents are paid their commissions. The market center uses these funds to pay bills and to make a profit.
<b>GCI</b>	Gross Commission Income. The total amount of commission dollars the Market Center receives from a transaction.
<b>Paid On Volume</b>	Closed sales volume on which the agent paid Company Dollar.
<b>Profit Share</b>	Amount of Market Center profit that is sent to KWRI for distribution to the appropriate associate in the Profit Share Tree.

# *Expenses*

Expenses can be categorized as “above the line” or “below the line” on the Income Statements. “Above the line” expenses are also called KWRI approved expenses and are deducted from the market center income before profit share is calculated. “Below the line” expenses are expenses that are taken out of owner profit AFTER profit share is calculated.

Always review the Profit Share Accounting Policies and Guidelines. It can be found in the Policies & Guidelines Manual on the KW Intranet.

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## **Exercise**

Review the Profit Share Accounting Policies and Guidelines with your instructor. The Profit Share Accounting Policies and Guidelines can be found at <http://intranet.kw.com> in the Policies & Guidelines Manual. Click on the Resources tab, then on the left hand side of the screen, click on Documents, and then click on Manuals. Download the Policies & Guidelines manual. The Profit Share Accounting Policies and Guidelines are in Addendum A.

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# *KW Financial Systems*

All Keller Williams offices utilize two main software programs to keep track of the Market Center production and the financials. WinMORE (Windows Management of Operations in Real Estate) along with MYOB© (Mind Your Own Business) business accounting software in the United States and Real Broker in Canada, can automate and systematize your financial and data processing functions with ease.

WinMORE is a powerful program that helps you record, organize and access information quickly and easily. WinMORE provides your Market Center with the following:

1. Access to huge amounts of data that move through your organization.
2. Precise knowledge of your current sales production standing.
3. Reports on Associate activity: recap reports generated each month with complete actual monthly and year-to-date figures of production and commissions tracked against associate goals.
4. Projected earnings for the coming months.
5. A way to track each property from sale to closing.
6. Many additional features including: issuing memos to associates about transactions that did not close on time; producing award reports; and printing commission deposit reports for easy import into MYOB.
7. Provides easy setup of your associates KW Intranet and web site.
8. A way track and report Franchise Royalty and Profit Sharing for each Associate in your market center.
9. 1099 reporting for commissions to the associates.

In the United States, MYOB is a business accounting software used to track the day to day financial business of running a market center.

Real Broker is the accounting software used to track the financials in the Canadian Market Centers.

# Commission Split

Every time an associate has a sale, his/her commission is split with the market center. The money received by the market center is known as Company Dollar. The associate also pays a Royalty fee. One of the unique things about Keller Williams is the fact that there is an annual cap on the amount of money an associate pays to Keller Williams (both in Company Dollar and Royalty fees).

An agent receives a check for \$1,000.00 at closing- Where does the money go?

	<b>\$1000.00</b>	(GCI-Gross Commission Income)	
	↙		↘
(Agent)	<b>\$700.00</b>		<b>\$300.00</b>
			(Company Dollar)
Less 6% Royalty	<b>(\$60.00)</b>		
	<hr style="width: 100%;"/>		
	<b>\$640.00-</b> “take-home” amount for the agent		

## Note:

For this example, the Market Center has a 70/30 split. Your Market Center may be different.

## Caps

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Each Market Center will set caps for Company Dollar. Please see your Team Leader for more information about caps in your office.

# *Profit Share Model*

It pays to help the company grow! Keller Williams believes in sharing the profits. When an associate is referred to Keller Williams and generates a profit, the sponsor (person who referred the new associate) is rewarded.

How does this work? Below is a worksheet for the Market Center.

## Profit Share Model Worksheet

MC Gross Closed Income (GCI)	\$	<u>150,000</u>
Less <u>70</u> % Agent Commission	\$	<u>105,000</u>
Equals Company Dollar	\$	<u>45,000</u>
Less KW Approved Expenses	\$	<u>22,500</u>
Equals KW Profit (or Loss)	\$	<u>22,500</u>

### CREATION OF MONTHLY PROFIT SHARE POOL:

	Profit Share Pool	Owner Profits
Level 1 (first \$2,990)	25% \$ <u>747.50</u>	75% \$ <u>2,242.50</u>
Level 2 (next \$8,250)	35% \$ <u>2,887.50</u>	65% \$ <u>5,362.50</u>
Level 3 (above \$11,240)	50% \$ <u>5,630.00</u>	50% \$ <u>5,630.00</u>
<b>TOTALS</b>	<b>\$ <u>9,265.00</u></b>	<b>\$ <u>13,235.00</u></b>



*Profit Share Model*

## Profit Share Model Worksheet (continued)

Annie Agent (recruited by Mary) had a GCI of approximately \$12,953.33. 30% goes to the Company Dollar (3,886). To find out what percentage of company dollar Annie contributed, we divide 3886 by the total amount of Co. \$ (prev. page) 45,000. This is 8.64%. So, 8.64% of the total company dollar will be profit shared to Annie's sponsors.

**PROFIT SHARE DISTRIBUTION:**

For this agent: \$ 3,886 divided by \$ 45,000 equals 8.64 %  
 Agent's Co. \$                      Total Co. \$                      % of PS

That 8.64 % times \$ 9,265 equals \$ 800  
    Total Profit Share Pool                      Agent's Contribution to PS

This \$ 800 is distributed to that Agent's up-line as follows:

1 <sup>st</sup> Level Sponsor	<u>Mary</u>	gets	50%	\$ <u>400</u>
2 <sup>nd</sup> Level Sponsor	<u>Tom</u>	gets	10%	\$ <u>80</u>
3 <sup>rd</sup> Level Sponsor	<u>Joe</u>	gets	5%	\$ <u>40</u>
4 <sup>th</sup> Level Sponsor	<u>Nancy</u>	gets	5%	\$ <u>40</u>
5 <sup>th</sup> Level Sponsor	<u>Jane</u>	gets	7.5%	\$ <u>60</u>
6 <sup>th</sup> Level Sponsor	<u>Mike</u>	gets	10%	\$ <u>80</u>
7 <sup>th</sup> Level Sponsor	<u>Carol</u>	gets	12.5%	\$ <u>100</u>

All Profit Share monies and calculations are sent to KWRI monthly. Based on the KWRI Profit Share Tree, the monies are then accumulated for all KW members and deposited electronically directly into their own bank accounts.

**Questions?**

Please email [KWMCAngel@kw.com](mailto:KWMCAngel@kw.com)

