

# IPM 10

## Getting Started With IPM 10



A guide to going

from a trial

to running

your business

with IPM 10



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## Overview

This document is designed for people who've bought the software, installed IPM, rolled up their sleeves and are ready to automate their business...and find themselves asking "Now what?"

That is the ultimate loaded question. You've probably bought IPM at least in part because it's easy to use and easy to learn, but unfortunately you won't reap that benefit until you've done about the most difficult thing you'll ever do with any software package – set it up.

Beware that making a transition from one software package or one system to another is never easy, and always happens when you're new to the software. This document will take you through the process at a fairly high elevation so you have an overview of what you need to do. If it makes sense to you, you'll be able to dive in; if not, it'll be just what you need to inform your questions to make the most of your free training session.

Here are the steps to set up your business in IPM 10:

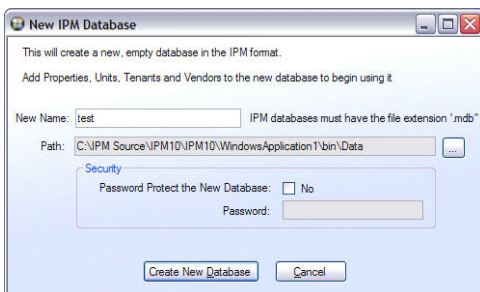
- Create a new database
- Add checkbooks, properties, units and then tenants.
- Bring in balances from prior systems

There is a little more to it than those simple statements suggest, of course. We recommend that you have your IPM manual nearby or the PDF in another window so you can look up references and fill in the pieces we may gloss over.

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## Create a New Database

First, gather as much of your paper records about your operating account, properties and tenants as possible. Once you're on a roll, you'll want to be able to continue without having to look for data. Also, get a pad and paper for notes for yourself so you have a to-do list by the time you're done. Then think through how you'll structure your new database. Do you need one checkbook or many? The rule of thumb is to create as many checkbooks as you have operating accounts at your bank. Then you have to decide if you want all the checkbooks in on database, or separate databases. That's mostly determined by who needs access to the data. If you've got one corporate operating account and one operating account for properties, you'll probably want two checkbooks, and if you don't want everyone accessing your corporate checkbook, create a separate database for that checkbook.



- Now that you've got that info, start IPM. Then, from the File Menu, select 'New IPM Database'.
- On the screen that follows, give your database a name. It should be something you can easily recognize; your company name is a good choice, or if the database will contain only one property, that property. You can change it later, so don't suffer over it. The path displayed is the default place IPM keeps its database; click the button beside that if you want to choose another place.
- If you want the database to require a password, check the box and enter the admin password. Otherwise, leave it un-

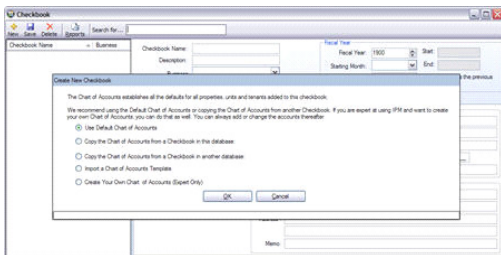
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checked,

- Click 'Create New Database'. IPM will ask you if you want to make the new database your current database. Answer yes.

You'll see your new database's name in the title line of IPM, and you'll notice that only the 'Checkbooks' icon is available on the toolbar. Now you can start adding data. At first glance you may want to jump to adding tenants, but you can't do that yet. Tenants have to reside somewhere. And Units have to belong to properties, and properties belong to checkbooks.

That implies that you have to create at least one Checkbook, then at least one property, then at least one unit. Then you can start adding tenants.



## Add Checkbooks, Properties, Units and Then Tenants

So click on the Checkbooks icon. Since you're in a new database with no checkbooks, you'll get a dialog to create your first checkbook. We recommend using the default chart of accounts until you feel comfortable with IPM, so just click OK. Now make that checkbook your own!

- Change the name to something meaningful to you – your bank, your company, whatever will identify this as your primary operating account.
- Determine the business type. Select the one that best describes what you're doing in this checkbook; you can change it later if you like.

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- Select the accounting method. Your choices are Cash and Accrual. *Cash* is easier to understand, but *Accrual* is preferred by many accountants. The major difference is when income is recorded. On the cash basis, income is recorded when you receive it; on the accrual basis, income is recorded when you bill it. Accrual is the more common method for non-profit organizations such as Home Owner Associations or Condos, while most small for-profit businesses prefer Cash. If you have any doubts, leave it at Cash.
- Review the Fiscal Year. Most companies are on 'calendar' fiscal years, beginning on January 1 and ending December 31. Make sure that's set correctly for you.
- You can enter additional information now or later, but the name, accounting method business type and fiscal year are the required fields. You can also add additional checkbooks now, or later.
- Save your work and close the Checkbook screen, so you can start on the properties.

Now you can enter the first property. Once you have at least one checkbook, the Properties icon is enabled. Click on that to add your first property.

- Very little property information is required. Make the name something significant for you, usually a street address or building name or association name will do, but some prefer the name of the owner.

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- Management information is not required, but highly recommended. Management information includes your address, headers and footers for reports, and the management fee information you need to pay yourself.
- Owner information is not required, but highly recommended. In particular, the percent of ownership in the upper right corner facilitates IPM's owner checks. An owner can be a partner in several properties and a property can have several owners.

Once you have your first property, you can add its units. For apartment complexes, this is pretty obvious. But if you've got a single family residence, it's often confusing. There still has to be a unit, even if it is the entire space. If that's the case, set up one unit, and call it '\*' ( or 'All' or whatever you want, but remember this will be shown on some reports).

- The only field that's required on the Unit screen is Unit number. Enter '\*' for single-family properties. If you've got more than 9 units, you might want to enter the first 9 as '01' through '09' to ensure that they look the way you'd expect. This is editable, so you can change it later if it doesn't look the way you want.

Now you can add the tenants. The largest challenge to adding tenants is that usually you're in the middle of fiscal year, and in the middle of lease, so you have to set up a starting balance. Fortunately this is a one-time-only task, and once it's done, you don't have to deal with it again. Unfortunately, you have to do it when you're new to IPM and trying to learn numerous things at once. Here's the easiest way to do it:

- Figure out exactly how much the tenant owes from your manual records; break it down into CAM charges, rent and

late fees.

- Once the tenants have been entered, create a one-time charge to for each type of charge. For example, if Mary owes \$200 in rent and \$25 in late fees, create two one-time charges. Create the first for rent, with a description of “Balance forward” and the amount of \$200, and a date set before the period you’ll be using IPM (i.e. June 30 if you’ll be using IPM starting July 1). Create the second for late charges for \$25 as of the same date, with the same date. This will get your tenant set up correctly, and you’ll be ready to receive that first month’s rent.

### **Bring in Balances from Prior Systems**

Once the tenants are added and the opening balances are established for the tenants, the last step is transferring setting up starting balances for the general ledger. To do this:

- Pick the first of the month you’ll start tracking in IPM. For example, July 1 if you’re starting to use IPM for July.
- Figure out the balances of all accounts as of the day before, i.e. June 30.
- Enter a “Starting Balance.” for all Asset, Liability and Equity accounts such as Security Deposits, Depreciation, Equity, etc. Wait on the Cash in Bank total until later, however.
- You can use ‘Starting Balance’ for asset, liability and equity accounts because they are carried forward from year to year. You can’t use a Fiscal Start Total for Income or expense, as these always start at zero each year. For these accounts, you’ll need to do a Journal Entry for Expense and Income totals from before your arbitrary start date.
  - o For Income of \$10,000, you’ll need to do a pair of journal entries to (using our default accounts) 1100 Cash In Bank (debit) and 4100 Rental Income

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(credit). Make this journal entries as of the day before you start recording, June 30 in the example above.

- o For Expense of \$3000 for landscaping, do one Journal Entry as a debit for 5200 Gardening and a credit for 1100 Cash in Bank.
- o Repeat this process for every account in the Income and Expense areas that have a starting balance.
- Now go to Cash In Bank. Subtract the amount you've just entered as YTD Activity via Journal Entries from the amount reported by the bank and enter the difference. The goal here is to have your current balance equal the bank. So if the bank says you have \$4000 as of June 30 and you've got a YTD Activity figure of \$1000, you'll need to enter \$3000 as your Starting Balance, for a current balance of \$4000.

Follow this procedure for any similar accounts – Money Market, CDs Savings, Escrow, etc.

- Now run a Trial Balance. At the bottom, you'll see the about you're out of balance. That's essentially the 'offset' or 'other side' of the cash in bank and any other asset accounts. So, assuming a very simple model where all you have is \$1000 cash in bank, you'll be out of balance by \$1000. This needs to be entered as a starting balance for 'Retained Earnings'.

The logic behind this is really pretty simple: that cash came from activity before you started using IPM, so that means it's brought forward or 'retained', and obviously it's earnings in the broadest sense of the word. If you have additional asset accounts, liabilities, accounts receivable and accounts payable, the situation gets more complex, but the balance that isn't accounted for will show as out of balance on the General Ledger report. Consult a CPA if you'd like a better explanation!

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Once you're done, run one final trial to make sure you've got a difference of \$0, and take the weekend off!

You're now ready to start using IPM for even the most complex property. And yes, everything else is a LOT easier than getting it set up!