FIRST OF THREE-PART SERIES.

Rental Trust Account **Deposit Cycle**

Account for rental funds with receipts, photocopies, validated bank deposit tickets and worksheets, journal and ledger entries.

0X

DOLLARS

\$2,300

\$2,300

Deposit funds in an insured NC bank and keep a copy of the bank-validated deposit ticket in your trust account files

> DEPOSIT YOUR REALTY COMPANY, INC.

> > TRUST ACCOUNT 1/4/0X

> > > SDW

CURRENCY

COINS CHECKS Make a record of the deposit with a Supplemental Deposit Worksheet identifying remitter/tenant, property, purpose and amount. Balance cash receipts and check copies with deposit ticket and supplemental deposit worksheet. Cross reference

RECEIVED FROM Charles Clark

EIVED FROM Blake Stephens

ACCOUNT 1,100 00 CASH

PAYMENT 1,100 00 CHECK
BAL.DUE 0 CHECK

Twelve hundred & 00/100

1/4/0X

Although this first step is not required, we

\$ 1,200

750411

\$ 1,100

AMOUNT

\$600.00 \$600.00 \$550.00 \$550.00 \$2,300.00

recommend documenting all funds received by preparing receipts for cash and photocopying all checks, money orders, etc.

FOR RENT, \$600 Sec Dep 143 North Blvd

\$550 Rent, \$550 Sec Dep 2500 Johnson St

From Jan 1 To Jan 31

deposit ticket to Supplemental Deposit Worksheet.

					_
# 0X-2 CENTS		Cross-Re	UPPLEMENTAL DEPOSIT Deposit Tick ference	WORKSHEET ket #2	
00		REMITTER/BUYER/ TENANT	PROPERTY	PURPOSE	
		Clark	143 North Boulevard	Security Deposit	
		Clark	143 North Boulevard	Jan Rent	
		Stephens	2500 Johnson Street	Security Deposit	
		Stephens	2500 Johnson Street	Jan Rent	
			TOTAL		
00	<	0.1			

Post the date and amount of funds deposited and reference the corresponding deposit ticket and Supplemental Deposit Worksheet on the journal.

YOUR REALTY COMPANY, INC. TRUST ACCOUNT JOURNAL NC Insured Bank A/C# 123-456-7890									
DATE	DESCRIPTION	NUM		DEPOSITS	CHECKS	BALANCE			
1/03/0X	DEPOSIT	0X-1	√	\$3,600.00		\$3,600.00			
1/04/0X	DEPOSIT	OX -2 (A)	√	\$2,300.00		\$5,900.00			
1/11/0X	Ajax-Plumbing - 143 N. Blvd - Repairs	101	√		\$75.00	\$5,825.00			
1/20/0X	Gerald Howard - 143 N. Blvd Net Jan Rent to Owner	102			\$465.00	\$5,360.00			
1/21/0X	Your Realty Company, Inc. 1/0X Mgt Fees	103	√		\$115.00	\$5,245.00			
1/22/0X	Jack Thomas - NSF - 1362 Main St	DM (B)	√		\$2,500.00	\$2,745.00			
1/30/0X	Perry Mason, Attorney 119 Maple Closing	104			\$1,000.00	\$1,745.00			
1/31/0X	DEPOSIT	0X-3		\$2,500.00		\$4,245.00			
1/31/0X	NC Insured Bank Check Printing Charges	DМ	√		\$25.00	\$4,220.00			

(A) - Referenced to sequentially numbered deposit tickets

(B) - Debit Memo √ - Cleared Bank

Record the transaction on the ledger identifying the property, the parties to the transaction, the amount, date and purpose of the deposit and from whom received.

ESS:	143 North Boulevard	SHEET NO.						
TΕ	ITEMS		DEPOSITS	CHECKS	BALANCE			
OX	Charles Clark Security Deposit	0X-2	\$600.00		\$600.00			
OX	Charles Clark Jan Rent	0X-2	\$600.00		\$1,200.00			
ox	Ajax Plumbing Repairs	101		\$75.00	\$1,125.00			
OX	Gerald Howard Net Jan Rent To Owner	102		\$465.00	\$660.00			
OX	Your Realty Co., Inc. Jan Management Fee	103		\$60.00	\$600.00			
	OX OX OX	OX Charles Clark Security Deposit OX Charles Clark Jan Rent OX Ajax Plumbing Repairs OX Gerald Howard Net Jan Rent To Owner OX Your Realty Co., Inc.	OX Charles Clark Security Deposit OX Charles Clark Jan Rent OX Ajax Plumbing Repairs OX Gerald Howard Net Jan Rent To Owner OX Your Realty Co., Inc. 103	OX Charles Clark OX Charles Clark OX Charles Clark OX Charles Clark OX Ajax Plumbing Repairs OX Gerald Howard Net Jan Rent OX Your Realty Co., Inc. OX DEPOSITS OX-2 \$600.00 O	TE ITEMS DEPOSITS CHECKS OX Charles Clark Security Deposit 0X-2 \$600.00 OX Charles Clark Jan Rent 0X-2 \$600.00 OX Ajax Plumbing Repairs 101 \$75.00 OX Gerald Howard Net Jan Rent To Owner 102 \$465.00 OX Your Realty Co., Inc. 103 \$60.00			

AUDITOR'S CORNER

SECOND OF THREE-PART SERIES.

Rental Trust Account Disbursement Cycle

Following these five steps will enable you to correctly maintain trust account records of disbursements on rental properties.

If the check pertains to more than one property/owner ledger, prepare a Supplemental Disbursement (Check) Worksheet to detail the property, purpose and amount of the check. This is the basis for an audit trail to the journal and property ledgers.

SUPPLEMENTAL CHECK WORKSHEET YOUR REALTY CO., INC. 1/21/OX - CHECK #103 (E)							
PROPERTY	PURPOSE	AMOUNT					
143 North Boulevard	1/0X Management Fees	\$60.00					
2500 Johnson Street	1/0X Management Fees	\$55.00					
		\$115.00					
(E) - Date and check number pr	(E) - Date and check number provide cross-reference to corresponding check.						

Post the information on the supplemental disbursement (check) worksheet onto the individual property ledger sheets. Calculate and record the running balance on each property ledger sheet.

	NAME: Gerald Howard, Owner Clark, Tenant ACCOUNT NO.											
ı	ADDRI	ADDRESS: 143 North Boulevard SHEET NO.										
	DAT	Έ		ITEMS		DEPOSITS		CHECKS		BALA	NCE	
	1/04	OX	Char	les Clark Security Deposit	OX-2	\$60	00.00			\$60	00.00	
	1/04	ox	Char	urles Clark Jan Rent		\$60	\$600.00		\$1,2		00.00	
Ì	1/11	OX Ajax Plumbing Repairs			101			\$7	75.00	\$1,1	25.00	
	1/20	OX	OX Gerald Howard Net Jan Rent To Owner		102			\$465.00		\$60	\$660.00	
•	1/21	OX		Realty Co., Inc. in Management Fee	103			\$6	\$60.00 \$6		00.00	
		NAME: Allan Ward, Owner Stephens, Tenant								ACCO	UNT N	NO.
		ADE	RESS:	2500 Johnson Stree	et					SHEET	NO.	
		D	ATE	ITEMS			DEP	OSITS	CHI	ECKS	BALA	ANCE
		1/04 OX Blake Stephens Security De 1/04 OX Blake Stephens Jan		posit	OX-2	\$5	50.00			\$5	50.00	
				Rent	0X-2	\$5	550.00			\$1,1	00.00	
	→	1/2	1 OX	Your Realty Co., Iv Jan Managemen		103			\$	55.00	\$1,0	45.00

Prepare the trust account check. If the check is for one property ledger, record the applicable ledger on the memo line.

Your Realty Company Trust Account Anytown, NC 12345	103 1/21/0X
Your Realty Company, Inc. One hundred fifteen and ⁰⁰ /100 ······	\$ 115. ^{<u>00</u>} Dollars
1/0X Mgt Fees - SCW	John Broker

Record the check on the journal. Calculate and record the running journal balance.

	YOUR REAL TRUST ACC NC Insured Bar	COUNT	rjo	OURNAL	20		
DATE	DESCRIPTION	NUM	# .	DEPOSITS	CHECKS	BALANCE	
1/03/0X	DEPOSIT	OX -1 (A)	√	\$3,600.00		\$3,600.00	
1/04/0X	DEPOSIT	0X-2	√	\$2,300.00		\$5,900.00	
1/11/0X	Ajax-Plumbing - 143 N. Blvd - Repairs	101	√		\$75.00	\$5,825.00	
1/20/0X	Gerald Howard - 143 N. Blvd Net Jan Rent to Owner	102			\$465.00	\$5,360.00	
1/21/0X	Your Realty Company, Inc. 1/0X Mgt Fees	103	√		\$115.00	\$5,245.00	<
1/22/0X	Jack Thomas - NSF - 1362 Main St	DM (B)	√		\$2,500.00	\$2,745.00	
1/30/0X	Perry Mason, Attorney 119 Maple Closing	104			\$1,000.00	\$1,745.00	
1/31/0X	DEPOSIT	0X-3		\$2,500.00		\$4,245.00	
1/31/0X	NC Insured Bank Check Printing Charges	DM	√		\$25.00	\$4,220.00	<
(A) - Refere (B) - Debit √ - Cleare		it ticket	s				

Reconcile all the individual property ledgers to the journal (i.e., add up the ending running balances on the ledgers and compare to the ending journal balance for agreement).

		NAME:	Yo	ur Realty Comp	any, I	nc	Persov	ACCOUNT NO.		
		ADDR	ESS:						SHEET NO.	
		DAT	ΓE	ITEM	s			DEPOSITS	CHECKS	BALANCE
		1/03	OX	Your Realty Co Perso	mpany Inc. (onal Funds			\$100.00		\$100.00
		1/31	OX	NC Insured Ba Check Printi		urges	DМ		\$25.00	\$75.00
NAME:	Cl	ay (Sel	ler) i	to Thomas (Buy	ier)			ACCO	UNT NO.	
ADDRI	ESS:	13	62 M	ain Street		SHEET NO.				
DAT	TΕ		I	TEMS		DEPOSITS		CHECKS	BALANCE	
1/03	ox	Jack T	hom	uas EMD	0X-1	\$2,500.00			\$2,500.00	
1/22	ox	Jack T	hom	uas NSF	DМ			\$2500.00	\$0.00	
1/31	1/31 OX Jack Thomas Redeposit NSF EMD Check		OX -3	\$2,5	500.00		\$2,500.00			

AUDITOR'S CORNER



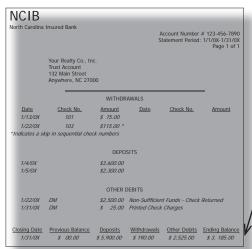
THIRD OF THREE-PART SERIES.

Rental Trust Account

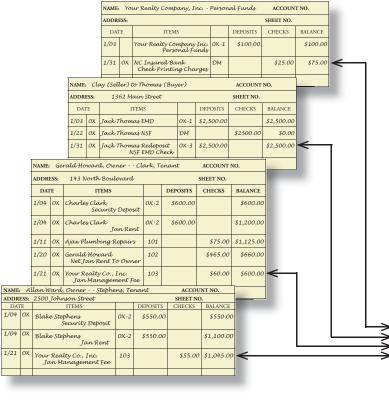
Monthly Reconciliation

Reconcile the trust account bank statement to the journal and ledgers.

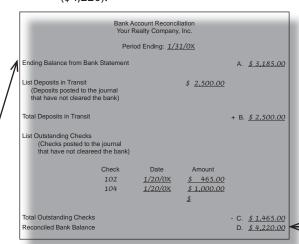
Check off on the journal (see step 4) the checks and deposits that have cleared on the bank statement.



List the ledger sheets by owner or property and the balances on a trial balance.



To reconcile the bank statement, add to the ending balance (\$3,185) the total of deposits not cleared yet (\$2,500) and subtract the total of checks not cleared yet (\$1,465). The reconciliation total should equal the journal balance (\$4,220).



The total of the balances listed on the ledger sheet trial balance (\$4,220) should equal the journal and the reconciled bank balance. These must equal before you have properly completed a trust account reconciliation in compliance with the Commission's rules.

DATE	DESCRIPTION	NUM	L	DEPOSITS	CHECKS	BALANCE
1/03/0X	DEPOSIT	OX -1 (A)	√	\$3,600.00		\$3,600.00
1/04/0X	DEPOSIT	0X-2	√	\$2,300.00		\$5,900.00
1/11/0X	Ajax-Plumbing - 143 N. Blvd - Repairs	101	√		\$75.00	\$5,825.00
1/20/0X	Gerald Howard - 143 N. Blvd Net Jan Rent to Owner	102			\$465.00	\$5,360.00
1/21/0X	Your Realty Company, Inc. 1/0X Mgt Fees	103	√		\$115.00	\$5,245.00
1/22/0X	Jack Thomas - NSF - 1362 Main St	DM (B)	√		\$2,500.00	\$2,745.00
1/30/0X	Perry Mason, Attorney 119 Maple Closing	104			\$1,000.00	\$1,745.00
1/31/0X	DEPOSIT	OX-3		\$2,500.00		\$4,245.00
1/31/0X	NC Insured Bank Check Printing Charges	DМ	√		\$25.00	\$4,220.00

 YOUR REALTY COMPANY, INC.

 TRIAL BALANCE

 NCINSURED BANK A/C # 123-456-789

 DATE: 1/31/0X

 OWNER
 PROPERTY
 AMOUNT

 Your Realty Company, Inc.
 \$75.00

 Clay
 1362 Main Street
 \$2,500.00

 Howard
 143 North Boulevard
 \$600.00

 Ward
 2500 Johnson Street
 \$1,045.00