OLIVE TREE PROPERTY MANAGEMENT

Property Financial Health Assessment

A practical self-assessment for property owners and investors.

Whether you self-manage your properties or work with a management company, your financials should be working as hard as your properties are. This checklist helps you identify gaps in your financial reporting, recordkeeping, and planning — and shows you exactly where professional support can make the biggest difference.

Work through each section honestly. Check the items you're confident you have in place. At the end, tally your score to see where you stand.

01 Reporting & Recordkeeping

The foundation of every healthy property investment is knowing what's actually happening financially. Good reporting doesn't just document the past — it tells you what decisions to make next.

- ☐ **I receive a monthly financial statement for my property or portfolio.**
  This is the baseline. If you're not getting a monthly statement, you're flying blind.

- ☐ **My monthly statement clearly breaks down income, expenses, and net operating income (NOI).**
  A statement that only shows a final number — without the detail — is not adequate financial reporting.

- ☐ **All receipts, invoices, and vendor payments are stored and accessible.**
  If you were asked to produce 12 months of documentation today, you could do it without a scramble.

- ☐ **I have year-end financial summaries I could hand to a CPA, lender, or auditor today.** ★ CRITICAL PATH — 3 pts
  Year-end packages are essential for taxes, loan applications, and any professional review of your accounts.

- ☐ **My records are organized by property, not just by date or transaction.**
  Mixed records across multiple properties create confusion and errors — especially at tax time or during an audit.

02 Audit Readiness

Most property owners only think about audit readiness when they're already in trouble. In reality, audit-ready financials are an asset — they make you more credible to lenders, protect you in disputes, and make property transitions seamless.

- ☐ **I can produce 12 months of bank statements that match my property income and expenses.**
  This is the single most common documentation gap. If your bank records don't match your statements, that's a problem.

- ☐ **Owner distributions are documented and traceable back to the monthly statement.**
  Every distribution should have a paper trail. "The manager sent me money" is not a financial record.

- [ ] **My property manager's reported figures match what's hitting my bank account.**
Discrepancies between reported income and actual deposits are a red flag that warrants immediate investigation.

- [ ] **I have had an independent review of my property accounts within the last 24 months.**
Even if nothing feels wrong, a periodic independent review is best practice — especially when changing managers or refinancing.

- [ ] **I know how my accounts would hold up if a lender, attorney, or auditor reviewed them tomorrow.** ★ CRITICAL PATH — 3 pts
If the honest answer is "I'm not sure," that's your answer.

03 Cash Flow & NOI Visibility

Net Operating Income (NOI) is the single most important number in property investment. It determines your property's value, your borrowing capacity, and the health of your investment. If you don't know your NOI, you don't know your investment.

- [ ] **I know my property's current NOI — and I can calculate it without calling anyone.**
NOI = Gross Rental Income minus Vacancy minus Operating Expenses. If this isn't a number you track, it should be.

- [ ] **I track budget vs. actual expenses on a monthly basis.**
Knowing you spent money is not the same as knowing whether you spent the right amount. Budget variance tracking is what separates reactive owners from strategic ones.

- [ ] **I know my vacancy cost per unit per year.**
Vacancy is often the largest hidden expense in a rental portfolio. If you're not tracking it, you're underestimating your costs.

- [ ] **My maintenance and repair expenses are trending in a direction I understand and can explain.**
Consistently rising repair costs often signal deferred maintenance, aging systems, or a vendor management problem.

- [ ] **I review cash flow monthly — not just at tax time.** ★ CRITICAL PATH — 3 pts
Annual reviews catch problems after they've compounded for 12 months. Monthly reviews let you course-correct in real time.

04 Accounts Payable & Vendor Management

Unchecked accounts payable is one of the most common — and most avoidable — sources of financial loss in property ownership. Late payments, duplicate invoices, and unverified vendor charges add up fast across even a small portfolio. And every dollar that leaks through a broken AP process is a dollar that comes directly off your NOI.

- ☐ **All bills related to my property are paid on time, with no late fees or missed payments.**
  Late fees and interrupted services are a sign of an AP process that needs professional attention.

- ☐ **I have a clear record of all recurring vendor contracts and what they cover.**
  Landscaping, pest control, utilities, insurance — every recurring expense should be documented with the agreed scope and rate.

- ☐ **Vendor payments are reconciled against work orders or service records.**
  Paying an invoice doesn't confirm the work was done. Reconciliation closes that loop.

- ☐ **I review vendor invoices before they are approved for payment.**
  Even with a trusted manager, regular invoice review catches billing errors and prevents overcharging.

- ☐ **I am confident no vendor is being paid for work that was not performed or authorized.** ★ CRITICAL PATH — 3 pts
  This is more common than most owners expect, and it's rarely caught without systematic reconciliation.

05 Owner Distributions & Transparency

How your distributions are handled — and how transparently they're documented — says a great deal about the quality of your accounting. Consistent, documented, traceable distributions are a sign of a well-run operation. Irregular or unexplained distributions are a warning sign.

- ☐ **Distributions hit my account on a consistent, predictable schedule each month.** ★ CRITICAL PATH — 3 pts
  Irregular distribution timing — especially without explanation — can indicate cash flow problems or accounting disorganization.

- ☐ **I receive a clear explanation of how each distribution was calculated.** ★ CRITICAL PATH — 3 pts

A distribution without documentation is a number, not a financial record. You should be able to trace every dollar.

☐ **I can trace each distribution directly back to the monthly income and expense statement.** ★ CRITICAL PATH — 3 pts
If the math doesn't reconcile, there is an error somewhere — and errors in distributions have a habit of being consistent.

☐ **I have never had a distribution withheld or reduced without a written explanation.** ★ CRITICAL PATH — 3 pts
Unexplained changes to distributions are one of the most common early signs of property management financial issues.

06 Planning & Investment Readiness

The best property investors don't just track what happened — they use their financials to make better decisions about what happens next. This section is about whether your financial setup is positioned to support growth, not just record history.

☐ **I have a capital reserve plan for major repairs, roof replacement, HVAC, or other large expenses.** ★ CRITICAL PATH — 3 pts
Without a capital reserve, a single large expense can eliminate months of profit. Proper planning prevents this.

☐ **My financials are in a format that a lender, investor partner, or buyer could read and evaluate immediately.**
If you needed to refinance or sell tomorrow, would your financials be ready? If the answer is no, that's a gap worth fixing.

☐ **I know my property's year-over-year financial performance trend.**
Is your NOI growing, shrinking, or flat? If you can't answer that question, you're making ownership decisions without the most basic information.

☐ **I have a clear picture of how each property in my portfolio is performing relative to the others.**
Portfolio-level visibility helps you decide where to invest, where to divest, and where to focus attention.

☐ **My accounting records would support a refinance, acquisition, or partnership conversation without significant preparation.**
The goal is financials that work for you year-round — not documents you scramble to assemble when opportunity knocks.

YOUR SCORE

This checklist uses a weighted scoring system. The 9 items marked with ★ **CRITICAL** are worth 3 points each. All other items are worth 1 point each. Maximum possible score: 47 points. Be honest — this assessment is for your benefit.

Score	Status	What it means
42 – 47	**Great Shape (90%+)**	Your financial foundation is strong — including the critical path items that matter most. The focus now is maintaining standards and adding the strategic layer: asset management, planning, and long-term portfolio growth.
38 – 41	**In Good Shape (80%+)**	You have solid fundamentals in place. There are gaps worth closing — particularly if any critical path items were unchecked. A professional review would surface exactly where the risk sits.
15 – 37	**At Risk**	Several areas need attention — especially if critical path items were unchecked. Your current setup may appear functional but is likely exposing you to financial risk you cannot see yet. A review is strongly recommended.
0 – 14	**Needs immediate attention**	Your financial reporting and recordkeeping have significant gaps — particularly across the critical path items. These gaps could affect your ability to refinance, sell, respond to a dispute, or simply understand the true performance of your investment. Immediate action is needed.

WHAT FINANCIAL GAPS ACTUALLY COST YOU

Financial gaps in a property portfolio rarely stay invisible. They surface at the worst possible moments:

- When you try to refinance and a lender asks for two years of documented NOI — and you don't have clean records.
- When you switch property managers and discover the outgoing manager's records don't match your bank statements.
- When a tenant or vendor dispute requires financial documentation you don't have organized.
- When you want to bring on an investment partner and realize your financials aren't in a form anyone else can read.
- When tax season arrives and you're piecing together records that should have been organized all year.

Professional accounting doesn't just clean up the mess — it prevents it from forming in the first place.

Ready for financials that actually tell you something?

Olive Tree's Property Financial Health Assessment™ was built for exactly this moment. It's a structured, one-on-one assessment of your current financials against the benchmarks that matter for investment real estate — rent roll accuracy, NOI clarity, AppFolio reconciliation, and owner statement reliability. No obligation, no sales pitch. Just a clear picture of where you stand and what, if anything, needs attention.

This checklist shows you the gap. The Property Financial Health Assessment™ closes it.

Start your complimentary Property Financial Health Assessment™ at olivetreepm.net, or reach us directly to schedule yours.

No pressure. No commitment. Just a straightforward conversation about your portfolio.