

Financial Architecture – COA & Cost Codes

(Long Term Rental Project)

This document outlines a structured financial architecture designed to standardize how real estate financials are built, classified, and reported. It combines a clearly defined Chart of Accounts with a flexible cost code system to ensure consistency, accuracy, and scalability across a wide range of real estate activities.

For CPAs, this structure reduces cleanup work and aligns financials directly with tax reporting requirements such as Schedule E. For lenders, it provides clear, reliable Net Operating Income through proper separation of operating, non-operating, capital, and financing activity. For property managers and owners, it creates a consistent framework that supports clean, property-level reporting and day-to-day operational clarity.

The cost code design is intentionally flexible, allowing the same system to support ground-up construction, rehabilitation projects, and ongoing property operations without requiring structural changes. While this artifact is demonstrated using a Long-Term Rental (LTR) model, the underlying framework is designed to scale across multiple property types, portfolios, and investment strategies.

COA – Structure

Standardized Account Numbering & Hierarchy

Logical grouping (1000s, 5000s, etc.) combined with parent/sub structure enables fast navigation, consistent classification, and scalable use across properties and entities.

Controlled Classification & Posting Framework

Each transaction has a defined destination, reducing ambiguity, preventing misclassification, and ensuring repeatable bookkeeping processes.

QBO-Aligned System Design

Built to function cleanly within QuickBooks Online, minimizing onboarding friction and eliminating the need for structural rework.

Scalable Financial Foundation

Supports single properties, portfolios, and multi-entity structures while maintaining consistency and CPA-ready financial organization.

COA – Architectural

NOI-Centric Financial Design

Clear separation of Operating vs Non-Operating activity ensures accurate Net Operating Income and aligns directly with lender underwriting expectations.

Category-Driven Financial Behavior

Accounts are structured by financial role (Operating, Non-Operating, Capital, Financing), making reporting logic transparent and consistent.

Schedule E Alignment

Income and expense categories align directly with tax reporting lines, reducing CPA cleanup and improving tax preparation accuracy.

Property-Level Reporting Compatibility

Designed to integrate with class/location tracking, enabling clean, property-by-property financial visibility.

Cost Code – Design & Structure

CapEx vs OpEx Decision Layer

Determines whether activity is capitalized or expensed based on context (repair vs improvement), eliminating ambiguity at the source.

Trade-Based Operational Detail

Captures granular activity such as plumbing, electrical, and HVAC without cluttering the chart of accounts.

Direct Alignment with COA

Cost codes map seamlessly into COA categories, ensuring accurate translation from field activity to financial reporting.

Scalable Project & Portfolio Tracking

Supports rehabs, turnovers, and ongoing operations while maintaining consistency across different property types.

COA - Structural Framework



A standardized chart of accounts built with consistent numbering, hierarchy, and account types to ensure accurate classification, scalable implementation in QBO, and reliable financial organization across properties and entities.

| Number | Name | Parent Account | Sub Acct | Account Type |
|-------------|------------------------------|-------------------------|----------|-------------------------|
| 1000 | Cash & Cash Equivalents | | No | Bank |
| 1010 | Operating Checking | Cash & Cash Equivalents | Yes | Bank |
| 1020 | Security Deposit Trust | Cash & Cash Equivalents | Yes | Bank |
| 1030 | Property Management Clearing | | No | Other Current Asset |
| 1200 | Other Current Assets | | No | Other Current Asset |
| 1210 | Prepaid Insurance | Other Current Assets | Yes | Other Current Asset |
| 1220 | Prepaid Property Taxes | Other Current Assets | Yes | Other Current Asset |
| 1500 | Rental Property Assets | | No | Fixed Asset |
| 1510 | RE Owned Land | Rental Property Assets | Yes | Fixed Asset |
| 1520 | Building – Original Cost | Rental Property Assets | Yes | Fixed Asset |
| 1530 | Improvements – Original Cost | Rental Property Assets | Yes | Fixed Asset |
| 1521 | Accum Dep - Building | Rental Property Assets | Yes | Fixed Asset |
| 1531 | Accum Dep - Improvements | Rental Property Assets | Yes | Fixed Asset |
| 1540 | Loan Costs | Rental Property Assets | Yes | Other Asset |
| 1541 | Accum Amort - Loan Costs | Rental Property Assets | Yes | Other Asset |
| 2000 | Current Liabilities | | No | Other Current Liability |
| 2010 | Accounts Payable | Current Liabilities | Yes | Accounts Payable |
| 2020 | Credit Cards | Current Liabilities | Yes | Credit Card |
| 2030 | Security Deposits Held | Current Liabilities | Yes | Other Current Liability |
| 2040 | Property Management Payable | Current Liabilities | Yes | Other Current Liability |
| 2200 | Long-Term Liabilities | | No | Long Term Liability |
| 2210 | Mortgage Payable | Long-Term Liabilities | Yes | Long Term Liability |
| 2220 | Notes Payable | Long-Term Liabilities | Yes | Long Term Liability |
| 3000 | Equity | | No | Equity |
| 3010 | Owner Contributions | Equity | Yes | Equity |
| 3020 | Owner Distributions | Equity | Yes | Equity |
| 3030 | Retained Earnings | | No | Equity |
| 4000 | Rental Income | | No | Income |
| 4010 | Late Fees | Rental Income | Yes | Income |
| 4020 | Pet Fees | Rental Income | Yes | Income |
| 4030 | Other Rental Income | Rental Income | Yes | Income |
| 5000 | Operating Expenses | | No | Expense |
| 5110 | Property Management Fees | Operating Expenses | Yes | Expense |
| 5120 | Leasing Fees | Operating Expenses | Yes | Expense |
| 5210 | General Repairs | Operating Expenses | Yes | Expense |

COA - Structural Framework (Continued)

| Number | Name | Parent Account | Sub Acct | Account Type |
|-------------|---------------------------------|--------------------------|----------|--------------|
| 5220 | Plumbing Repairs | Operating Expenses | Yes | Expense |
| 5230 | Electrical Repairs | Operating Expenses | Yes | Expense |
| 5240 | HVAC Repairs | Operating Expenses | Yes | Expense |
| 5250 | Turnover Costs | Operating Expenses | Yes | Expense |
| 5310 | Water | Operating Expenses | Yes | Expense |
| 5320 | Electric | Operating Expenses | Yes | Expense |
| 5330 | Gas | Operating Expenses | Yes | Expense |
| 5340 | Trash | Operating Expenses | Yes | Expense |
| 5410 | Property Taxes | Operating Expenses | Yes | Expense |
| 5420 | Insurance | Operating Expenses | Yes | Expense |
| 5510 | Accounting & Bookkeeping | Operating Expenses | Yes | Expense |
| 5520 | Legal | Operating Expenses | Yes | Expense |
| 5530 | Software | Operating Expenses | Yes | Expense |
| 5610 | Advertising | Operating Expenses | Yes | Expense |
| 5620 | Tenant Screening | Operating Expenses | Yes | Expense |
| 5710 | HOA Fees | Operating Expenses | Yes | Expense |
| 5810 | Misc Expense | Operating Expenses | Yes | Expense |
| 6000 | Non - Operating Expenses | | No | |
| 6010 | Mortgage Interest | Non - Operating Expense: | Yes | Expense |
| 6020 | Amortization Expense | Non - Operating Expense: | Yes | Expense |

NOTE:

“Project costs may be capitalized and/or expensed per CPA guidance”

COA - Financial Architecture

A structured view of how financial activity is classified and reported, designed to clearly separate operating performance, capital investment, and financing activity for accurate NOI, tax alignment, and lender-ready reporting.

| Number | Name | Category | Schedule E |
|-------------|--------------------------------------|-----------|-----------------------|
| 1000 | Cash & Cash Equivalents | Capital | |
| 1010 | Operating Checking | Capital | |
| 1020 | Security Deposit Trust | Capital | |
| 1030 | Property Management Clearing | Capital | |
| 1200 | Other Current Assets | Capital | |
| 1210 | Prepaid Insurance | Capital | |
| 1220 | Prepaid Property Taxes | Capital | |
| 1500 | Rental Property Assets | Capital | |
| 1510 | Land | Capital | |
| 1520 | Building – Original Cost | Capital | |
| 1530 | Improvements – Original Cost | Capital | |
| 1521 | Accumulated Depreciation - Building | Capital | |
| 1531 | Accumulated Depreciation - Improven | Capital | |
| 1540 | Loan Costs | Financing | |
| 1541 | Accumulated Amortization - Loan Cost | Financing | |
| 2000 | Current Liabilities | Financing | |
| 2010 | Accounts Payable | Operating | |
| 2020 | Credit Cards | Operating | |
| 2030 | Security Deposits Held | Financing | |
| 2040 | Property Management Payable | Operating | |
| 2200 | Long-Term Liabilities | Financing | |
| 2210 | Mortgage Payable | Financing | |
| 2220 | Notes Payable | Financing | |
| 3000 | Equity | Financing | |
| 3010 | Owner Contributions | Financing | |
| 3020 | Owner Distributions | Financing | |
| 3030 | Retained Earnings | Financing | |
| 4000 | Rental Income | Operating | Rents |
| 4010 | Late Fees | Operating | Rents |
| 4020 | Pet Fees | Operating | Rents |
| 4030 | Other Rental Income | Operating | Rents |
| 5000 | Operating Expenses | Operating | |
| 5110 | Property Management Fees | Operating | Other Expenses |
| 5120 | Leasing Fees | Operating | Other Expenses |
| 5210 | General Repairs | Operating | Repairs & Maintenance |

COA - Financial Architecture (Continued)

| | Name | Category | Schedule E |
|------|---------------------------------|-----------------|-----------------------|
| 5220 | Plumbing Repairs | Operating | Repairs & Maintenance |
| 5230 | Electrical Repairs | Operating | Repairs & Maintenance |
| 5240 | HVAC Repairs | Operating | Repairs & Maintenance |
| 5250 | Turnover Costs | Operating | Repairs & Maintenance |
| 5310 | Water | Operating | Utilities |
| 5320 | Electric | Operating | Utilities |
| 5330 | Gas | Operating | Utilities |
| 5340 | Trash | Operating | Utilities |
| 5410 | Property Taxes | Operating | Property Taxes |
| 5420 | Insurance | Operating | Property Taxes |
| 5510 | Accounting & Bookkeeping | Operating | Other Expenses |
| 5520 | Legal | Operating | Other Expenses |
| 5530 | Software | Operating | Other Expenses |
| 5610 | Advertising | Operating | Advertising |
| 5620 | Tenant Screening | Operating | Other Expenses |
| 5710 | HOA Fees | Operating | Other Expenses |
| 5810 | Misc Expense | Operating | Other Expenses |
| 6000 | Non - Operating Expenses | | |
| 6010 | Mortgage Interest | Non-Operating | Interest |
| 6020 | Amortization Expense | Non-Operating | Other Expenses |

Cost Code - Operational Architecture



A flexible classification system designed to capture detailed operational activity while determining capital vs operating operations—into structured financial data that aligns seamlessly with the chart of accounts for accurate reporting, clean job costing, and scalable portfolio management.

| CC Key | CC Description | | Treatment | Financial Account | Cost Type |
|--------|----------------------------------|--|-----------|--------------------------|------------------------|
| 1A | Permits | [REHAB] Stage 1 - General, Admin & Misc. | CapEx | Work-In-Progress | |
| 1B | Demolition | [REHAB] Stage 1 - General, Admin & Misc. | CapEx | Work-In-Progress | Subcontractor |
| 1C | House Secured | [REHAB] Stage 1 - General, Admin & Misc. | CapEx | Work-In-Progress | Subcontractor |
| 1D | General Other | [REHAB] Stage 1 - General, Admin & Misc. | CapEx | Work-In-Progress | Construction Materials |
| 2A | Excavation, Foundation & Grading | [REHAB] Stage 2 - Rough Structure | CapEx | Work-In-Progress | Construction Materials |
| 2B | Rough Plumbing - Subcontractor | [REHAB] Stage 2 - Rough Structure | CapEx | Work-In-Progress | Subcontractor |
| 2C | Rough Electrical - subcontractor | [REHAB] Stage 2 - Rough Structure | CapEx | Work-In-Progress | Subcontractor |
| 2D | Framing & Subfloor | [REHAB] Stage 2 - Rough Structure | CapEx | Work-In-Progress | Construction Materials |
| 2E | Rough Structure Other | [REHAB] Stage 2 - Rough Structure | CapEx | Work-In-Progress | Construction Materials |
| 3A | Roof | [REHAB] Stage 3 - Exterior | CapEx | Work-In-Progress | Construction Materials |
| 3B | Siding & Exterior Paint | [REHAB] Stage 3 - Exterior | CapEx | Work-In-Progress | Construction Materials |
| 3C | Exterior Windows & Doors | [REHAB] Stage 3 - Exterior | CapEx | Work-In-Progress | Construction Materials |
| 3D | Patio/ Porch/ Decking | [REHAB] Stage 3 - Exterior | CapEx | Work-In-Progress | Construction Materials |
| 3E | Landscaping & Yard | [REHAB] Stage 3 - Exterior | CapEx | Work-In-Progress | Construction Materials |
| 3F | Paving | [REHAB] Stage 3 - Exterior | CapEx | Work-In-Progress | Construction Materials |
| 3G | Exterior Other | [REHAB] Stage 3 - Exterior | CapEx | Work-In-Progress | Construction Materials |
| 4A | Mechanicals | [REHAB] Stage 4 - Major Systems | CapEx | Work-In-Progress | Construction Materials |
| 4B | HVAC - Subcontractor | [REHAB] Stage 4 - Major Systems | CapEx | Work-In-Progress | Subcontractor |
| 4C | Fire Place | [REHAB] Stage 4 - Major Systems | CapEx | Work-In-Progress | Construction Materials |
| 4D | Major Systems Other | [REHAB] Stage 4 - Major Systems | CapEx | Work-In-Progress | Construction Materials |
| 5A | Flooring | [REHAB] Stage 5 - Interior | CapEx | Work-In-Progress | Construction Materials |
| 5B | Sheetrock & Interior Paint | [REHAB] Stage 5 - Interior | CapEx | Work-In-Progress | Construction Materials |
| 5C | Kitchen | [REHAB] Stage 5 - Interior | CapEx | Work-In-Progress | Construction Materials |
| 5D | Appliances | [REHAB] Stage 5 - Interior | CapEx | Work-In-Progress | Construction Materials |
| 5E | Bathrooms | [REHAB] Stage 5 - Interior | CapEx | Work-In-Progress | Construction Materials |
| 5F-M | Final Electric | [REHAB] Stage 5 - Interior | CapEx | Work-In-Progress | Construction Materials |
| 5F-S | Final Electric - Subcontractor | [REHAB] Stage 5 - Interior | CapEx | Work-In-Progress | Subcontractor |
| 5G-M | Final Plumbing | [REHAB] Stage 5 - Interior | CapEx | Work-In-Progress | Construction Materials |
| 5G-S | Final Plumbing - Subcontractor | [REHAB] Stage 5 - Interior | CapEx | Work-In-Progress | Subcontractor |
| 5H | General Interior | [REHAB] Stage 5 - Interior | CapEx | Work-In-Progress | Construction Materials |
| 5I | Interior Other | [REHAB] Stage 5 - Interior | CapEx | Work-In-Progress | Construction Materials |
| 6A | Lockout | [REHAB] Stage 5 - Interior | CapEx | Work-In-Progress | Subcontractor |
| 6B | Final Cleaning & Make Ready | [REHAB] Stage 5 - Interior | CapEx | Work-In-Progress | Subcontractor |
| 6C | Accessories/ Decor/ Extras | [REHAB] Stage 6 - Final Details | CapEx | Work-In-Progress | Construction Materials |
| 6D | Final Details Other | [REHAB] Stage 6 - Final Details | CapEx | Work-In-Progress | Construction Materials |
| R1.1 | General Repairs | [RENTAL OPS] Repairs & Maintenance | OpEx | Repairs & Maintenance | Subcontractor |
| R1.2 | Plumbing Repairs | [RENTAL OPS] Repairs & Maintenance | OpEx | Repairs & Maintenance | Subcontractor |
| R1.3 | Electrical Repairs | [RENTAL OPS] Repairs & Maintenance | OpEx | Repairs & Maintenance | Subcontractor |
| R1.4 | HVAC Repairs | [RENTAL OPS] Repairs & Maintenance | OpEx | Repairs & Maintenance | Subcontractor |
| R1.5 | Appliance Repairs | [RENTAL OPS] Repairs & Maintenance | OpEx | Repairs & Maintenance | Subcontractor |
| R1.6 | Handyman / Labor | [RENTAL OPS] Repairs & Maintenance | OpEx | Repairs & Maintenance | Subcontractor |
| R2.1 | Routine Cleaning | [RENTAL OPS] Cleaning | OpEx | Cleaning | |
| R2.2 | Deep Cleaning | [RENTAL OPS] Cleaning | OpEx | Cleaning | |
| R2.3 | Trash Removal | [RENTAL OPS] Cleaning | OpEx | Cleaning | |
| R2.4 | Turnover Supplies | [RENTAL OPS] Cleaning | OpEx | Cleaning | Construction Materials |
| R3.1 | Electricity | [RENTAL OPS] Utilities | OpEx | Utilities | |
| R3.2 | Gas | [RENTAL OPS] Utilities | OpEx | Utilities | |
| R3.3 | Water & Sewer | [RENTAL OPS] Utilities | OpEx | Utilities | |
| R3.4 | Trash Service | [RENTAL OPS] Utilities | OpEx | Utilities | |
| R3.5 | Internet / Cable | [RENTAL OPS] Utilities | OpEx | Utilities | |
| R4.1 | Lawn Care | [RENTAL OPS] Property Services | OpEx | Property Services | |
| R4.2 | Snow Removal | [RENTAL OPS] Property Services | OpEx | Property Services | |
| R4.3 | Pest Control | [RENTAL OPS] Property Services | OpEx | Property Services | |
| R4.4 | Pool / Spa Maintenance | [RENTAL OPS] Property Services | OpEx | Property Services | |
| R4.5 | Security / Monitoring | [RENTAL OPS] Property Services | OpEx | Property Services | |
| R5.1 | Property Management Fees | [RENTAL OPS] Property Management | OpEx | Property Management Fees | |
| R5.2 | Leasing Fees | [RENTAL OPS] Property Management | OpEx | Property Management Fees | |

Cost Code - Operational Architecture (Continued)

| CC Key | CC Description | | Treatment | Financial Account | Cost Type |
|--------|--------------------------|------------------------------------|-----------|--------------------------|-----------|
| R5.3 | Tenant Placement | [RENTAL OPS] Property Management | OpEx | Property Management Fees | |
| R5.4 | Application / Screening | [RENTAL OPS] Property Management | OpEx | Property Management Fees | |
| R6.1 | General Supplies | [RENTAL OPS] Supplies | OpEx | Supplies | |
| R6.2 | Maintenance Supplies | [RENTAL OPS] Supplies | OpEx | Supplies | |
| R6.3 | Tools (Non-Capital) | [RENTAL OPS] Supplies | OpEx | Supplies | |
| R6.4 | Small Equipment | [RENTAL OPS] Supplies | OpEx | Supplies | |
| R7.1 | Property Insurance | [RENTAL OPS] Insurance | OpEx | Insurance | |
| R7.2 | Liability Insurance | [RENTAL OPS] Insurance | OpEx | Insurance | |
| R7.3 | Umbrella Policies | [RENTAL OPS] Insurance | OpEx | Insurance | |
| R8.1 | Property Taxes | [RENTAL OPS] Taxes & Compliance | OpEx | Property Taxes | |
| R8.2 | Licenses & Permits | [RENTAL OPS] Taxes & Compliance | OpEx | Licenses & Permits | |
| R8.3 | Inspection Fees | [RENTAL OPS] Taxes & Compliance | OpEx | Licenses & Permits | |
| R9.1 | Accounting / Bookkeeping | [RENTAL OPS] Professional Services | OpEx | Professional Fees | |
| R9.2 | Legal Fees | [RENTAL OPS] Professional Services | OpEx | Professional Fees | |
| R9.3 | Consulting | [RENTAL OPS] Professional Services | OpEx | Professional Fees | |
| R10.1 | Bank Fees | [RENTAL OPS] Miscellaneous | OpEx | Bank Fees | |
| R10.2 | Software / Subscriptions | [RENTAL OPS] Miscellaneous | OpEx | Software | |
| R10.3 | Miscellaneous Expense | [RENTAL OPS] Miscellaneous | OpEx | Other Expense | |