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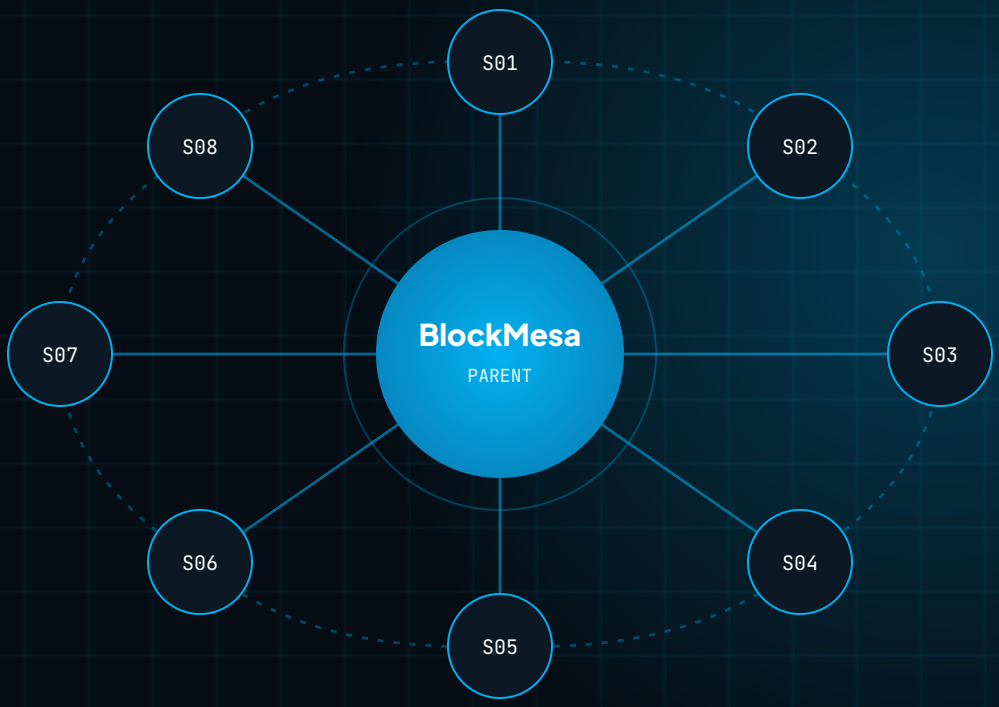
CASE STUDY / MULTI-ENTITY REAL ESTATE

BlockMesa LLC

From multi-entity complexity to a controlled 7-business-day close.



1 + 8
Parent / holding company with eight subsidiaries

9
Sets of books in one controlled reporting environment

7 days
Books closed within 7 business days

Buildium
Revenue reconciled to the property management system

// BRAND

BlockMesa LLC

STRUCTURE	**Parent / Holding Company with 8 Subsidiaries**
OWNER	**Dusty Burchfield**
INDUSTRY	**Real Estate / Property Management**
PROPERTY MGMT SYSTEM	**Buildium**

BlockMesa LLC operated as a parent and holding company with **eight subsidiaries underneath it**, creating a complex group accounting environment. As the group grew, the accounting challenge was no longer simply recording transactions correctly within each individual company.

// THE REAL CHALLENGE

Ensuring that all entities worked together as one controlled financial reporting structure.

That meant properly allocating shared expenses, reconciling intercompany balances, matching revenue with operational systems, consolidating group results and closing the books on time.

// 02 PROBLEM

The group structure had become more complex than the accounting process.

With a parent company and eight subsidiaries, the finance function faced several recurring challenges.

- ☑ The books could not simply be managed entity by entity.
- ☑ Transactions between companies had to match.
- ☑ Shared expenses had to be allocated consistently.
- ☑ Revenue recorded in the accounting system had to reconcile back to Buildium.
- ☑ And ultimately, the individual entity financial statements had to come together into reliable consolidated group reporting.

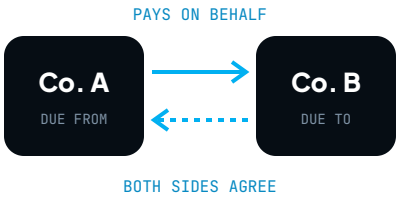
What we found — and why it mattered

AREA	CHALLENGE	WHY IT MATTERED
Multi-Entity Expense Allocation	Shared and corporate expenses needed to be allocated across multiple subsidiaries	Inconsistent allocation could distort subsidiary profitability and management reporting
Intercompany Transactions	Payments and expenses frequently moved between group companies	One-sided entries could create unexplained receivables, payables and balance-sheet differences
Intercompany Reconciliation	Balances between subsidiaries required ongoing matching and reconciliation	Unreconciled balances made consolidated reporting unreliable
Revenue Reconciliation	Accounting revenue needed to be reconciled to Buildium	Differences between the operating system and books could undermine confidence in reported revenue
Consolidation	Results from the parent company and eight subsidiaries needed to be brought together	Management needed visibility into both individual entities and the group as a whole
Month-End Close	Closing activities were not sufficiently streamlined	Delayed books meant delayed reporting and slower management decisions
Intercompany Processes	There was a need for a consistent approach to cross-company payments and expenses	Without defined rules, the same type of transaction could be recorded differently across entities

// THE CORE ISSUE

The complexity was not created by volume alone. It was created by the relationships between the entities.

In a multi-company environment, each transaction may affect more than one set of books. If Company A pays an expense for Company B, the accounting is not complete until:



- ☑ Company A records the correct intercompany position
- ☑ Company B records the corresponding entry
- ☑ Both sides agree
- ☑ The transaction is treated consistently during consolidation

Without that discipline, errors accumulate quickly. BlockMesa therefore needed more than bookkeeping.

It needed a multi-entity accounting framework.

Standardize. Reconcile. Consolidate. Close.

We focused on building a repeatable process that could work across the entire group.

PHASE 01	PHASE 02	PHASE 03	PHASE 04	PHASE 05
Expense allocation framework	Intercompany accounting	Revenue to Buildium	Group consolidation	Month-end close

01 Establish a consistent expense allocation framework

Shared and group-level expenses were reviewed and allocated across the relevant subsidiaries using a consistent methodology. The objective was to make subsidiary-level reporting more meaningful. Each entity needed to reflect its appropriate share of operating costs so management could better understand performance across the group.

This improved the quality of:

`Entity-level P&Ls` `Comparative subsidiary reporting` `Group management reporting` `Consolidated financial analysis`

02 Strengthen intercompany accounting

Intercompany accounting was one of the most critical areas of the engagement. Transactions between the parent company and subsidiaries, as well as transactions between subsidiaries, needed to be recorded consistently on both sides. We therefore established a structured approach for:

- Intercompany expenses
- Payments made on behalf of another entity
- Due-to / due-from accounting
- Intercompany reconciliations
- Clearing differences between entities
- Month-end review of outstanding balances

SOP

An **Intercompany Expense & Payment SOP** was implemented so that cross-company transactions followed a defined process rather than being handled differently each time.

03 Reconcile revenue to Buildium

Because Buildium served as an important operational source for property activity, accounting revenue needed to agree with the underlying operational data. A recurring reconciliation process was established between:

Buildium → **Accounting Records** → **Financial Statements**

This helped confirm that reported revenue was supported by the underlying property management system. The reconciliation process also created a stronger control between operations and finance.

04 Strengthen group consolidation

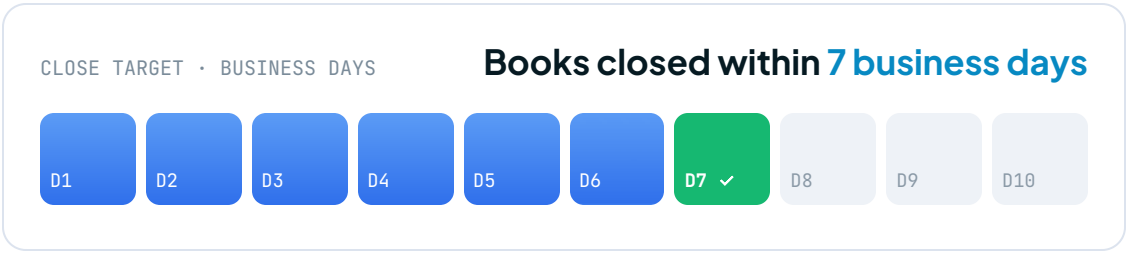
Once individual entity books were properly maintained and intercompany balances were reconciled, group reporting became significantly more reliable. The consolidation process focused on bringing together:

- Parent company results
- Eight subsidiary results
- Intercompany balances
- Intercompany transactions
- Group-level financial information

The objective was to provide management with a clearer view of the overall financial performance of the group while still preserving subsidiary-level visibility.

05 Streamline the month-end close

The final objective was to turn the accounting process into a disciplined recurring cycle. Month-end activities were reorganized so that reconciliations, intercompany matching, revenue reconciliation and entity review occurred in a consistent sequence.



This gave management timely access to financial information while reducing the amount of unresolved accounting activity carried into the next month.

// THE MONTH-END SEQUENCE

STEP 1	STEP 2	STEP 3	STEP 4
Reconciliations	Intercompany matching	Revenue reconciliation	Entity review

Performed in a consistent sequence across the parent and all eight subsidiaries. **7** business days

A stronger, more controlled multi-entity accounting environment.

A Multi-Entity Accounting

- Accounting support across the parent company and eight subsidiaries
- Standardized treatment of shared expenses
- Improved subsidiary-level expense allocation
- More reliable entity-level reporting

B Revenue Reconciliation

- Revenue reconciled with Buildium
- Operational revenue data matched against accounting records
- Differences identified and resolved through a structured process

C Intercompany Controls

- Intercompany balances reconciled
- Due-to / due-from positions reviewed
- Cross-company expenses properly recorded
- Intercompany payments properly reflected
- Intercompany Expense & Payment SOP developed and implemented
- Better matching between entries recorded across group companies

D Consolidation

- Financial results consolidated across the group
- Parent and subsidiary numbers brought into a consistent reporting structure
- Improved reliability of consolidated financial information
- Stronger visibility into both entity-level and group-level performance

E Month-End Close

- Month-end workflow streamlined
- Reconciliations incorporated into the closing process
- Intercompany review incorporated into the close
- Revenue reconciliation incorporated into the close
- Books successfully closed within **7 business days**

We turned nine separate sets of books into one controlled financial reporting environment.

The real value of this engagement was not simply keeping nine QuickBooks files up to date. It was creating discipline **between the entities** — that is where multi-company accounting often breaks down. BlockMesa moved from a finance environment where expense allocation, intercompany balances, revenue reconciliation and consolidation created recurring complexity to a more structured group reporting process.

BEFORE		AFTER
Shared expenses difficult to allocate consistently	→	**Defined multi-entity expense allocation approach**
Intercompany transactions created reconciliation challenges	→	**Structured due-to / due-from accounting**
Cross-company payments handled inconsistently	→	**Intercompany Expense & Payment SOP implemented**
Intercompany balances required significant cleanup	→	**Recurring intercompany reconciliation process**
Revenue needed stronger linkage to Buildium	→	**Revenue reconciled to Buildium**
Entity results difficult to bring together	→	**Structured group consolidation**
Month-end closing process lacked efficiency	→	**Streamlined closing workflow**
Reporting delays reduced usefulness of financial information	→	**Books closed within 7 business days**

// BUSINESS OUTCOME — BLOCKMESA GAINED

- ☑ More reliable financial reporting across nine entities
- ☑ Better visibility into subsidiary-level performance
- ☑ Greater confidence in consolidated group results
- ☑ More consistent allocation of shared expenses
- ☑ Stronger control over intercompany accounting
- ☑ Cleaner due-to / due-from balances
- ☑ Better alignment between Buildium and accounting revenue
- ☑ Standardized treatment of cross-company transactions
- ☑ A more disciplined month-end process
- ☑ Financial statements available within **7 business days**

Most importantly, the accounting structure became capable of supporting the complexity of the business rather than becoming an obstacle to it.

// THE BIGGER LESSON FOR MULTI-ENTITY REAL ESTATE GROUPS

Consolidation starts with clean entity-level accounting.

A consolidated financial statement is only as reliable as the individual entities underneath it. For a group with multiple subsidiaries, management needs to know:

Q1 **Are shared costs allocated fairly?**

Q2 **Do intercompany receivables and payables agree?**

Q3 **Does accounting revenue reconcile to the property management system?**

Q4 **Can subsidiary results be trusted?**

Q5 **Can the entire group be consolidated quickly and accurately?**

When those controls are in place, a complex group structure becomes manageable. The formula is:

Consistent Entity Accounting → Intercompany Discipline → System Reconciliation → Consolidation → **Timely Close**

That is how a multi-entity accounting environment becomes a reliable finance function.

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