

# I. Math is Everywhere!



## **Daily Division**

- A 650 square foot apartment rents for \$725.
   What is its rent per square foot?
- SOLUTION: \$725 divided by 650 = \$1.12

- A marketing company agrees to change your ad no less than 17 times in a year. How many times will the ad be changed each month?
- **SOLUTION:** 17 divided by 12 months = 1.42 times

#### **Multiplication** Magnifies

- A property has twenty four 650 square foot A-plan apartments. What is the total square footage in Aplan apartments?
- **SOLUTION:** 24 times 650 = 15,600 sq. ft.
- Each week for the last 12 weeks you have had to replace 14 toilet flappers. How many flappers have you replaced? If each costs \$2.42, how much have you spent in total?
- **SOLUTION**: 12 times 14 = 168 flappers; 168 times \$2.42 = \$406.56

# Percentages

To find what percent one number is of another, divide the PART by the WHOLE.

EXAMPLE: 7 is what percent of 48?

**SOLUTION:** 7 divided by 48 = .1458333 OR

14.6%

#### **Percentage Portions**

Vacancy Loss this month is \$2,486. Gross
 Potential Rent is \$126,106. What is the percent of vacancy loss?

**SOLUTION**: \$2,486 divided by \$126,106 = .0197 or 1.97% or 2.0%

A property has 294 units. 124 are one bedrooms

 what percent of the property is TWO
 bedrooms?

**SOLUTION:** 294 – 124 = 170 two bedrooms; 170 divided by 294 = .57823 or 57.8%

#### **Decimal & Percent Problems**

 Annual Gross Potential Rent is \$826,106.
 Collections Losses are 1.4% of GPR. How much are Collections Losses?

- 64 pieces of traffic from the Internet visited the property last month. If 32% of traffic comes from the Internet, how many total pieces of traffic are there?
- The rent has been increased on the A-2 from \$685 to \$729. What is the percentage of increase?

#### **SOLUTIONS**

- \$826,106 times .014 (1.4% expressed as a percent) =
   \$11,565 = Total Collection Losses
- 64 divided by .32 (32% expressed as a decimal) = 200 pieces of traffic
- \$729 (new rent) minus \$685 (original rent) = \$44 more rent. \$44 divided by \$685 (the original rent) = .0642335 or 6.4%



II. Daily
Operations and the Financial
Statement

#### Understand the Language

\$ per Sq. Ft.

(\$1.08/sq.ft. monthly; \$12.96/sq.ft. annually)

\$ per Unit or per Door

(\$1,214/mo average)

% of GPR

Marketing Expense is 1.5% of GPR

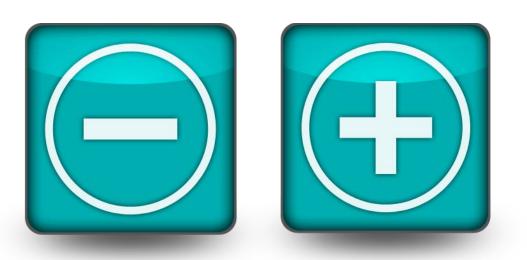
**Averages** 

Annual Utility Costs average \$523/unit

Monthly vs. Annual



III. Budgets,
Variances,
Trends and the
Owner's Point of
View



# Variances

A variance is an amount that varies from a projected amount. It can be a positive variance or a negative variance. It may be expressed as a variance %, a variance dollar or % of GPR.

## Sample Variance

EXAMPLE: Other Income is budgeted for the year at

\$172,500. Actual Other income for the year is

\$164,859. What is the variance to budget?

**SOLUTION**: 172,500 – 164,859 = (7,641) negative variance. 7,641divided by \$172,500 (budget) = .0442956 or (4.4%) variance to budget.



# Critical Calculations are a Part of Your **Every Day!**

They Reflect the Value of your Property!

#### Test Study Tools – NAA Website

Learn/Education/DesignationPrograms/CandidateResources

- CAM Skill Checks
- Sample Test Questions & Answers
- Sample Application Skill Checks
- CAM Glossary
- CAM Finance Sample Worksheet & Answers
- CAM Test Prep Webinar free on learning management system (CPS)

**ASSOCIATION** 

#### **ONE MORE TEST TOOL!!**

CAM Text - Financial Management Toolbox!!

Tons of Formulas and Definitions!

