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STR ACCOUNTING 101

A Hostfully Guide for Property Managers

If accounting feels like the hardest part of running your business, you're not alone. In Hostfully's 2025 survey of 256 property managers, accounting was the most common tech complaint, up from 5% in 2021 to 21% of respondents. The reason isn't that managers are doing something wrong. It's that short-term rentals move money in unusual ways.

This guide explains the basics of short-term rental accounting. You don't need an accounting background. By the end, you'll understand the key ideas well enough to talk with your accountant, compare tools, or sit through a software demo and know what to ask.

NOTE: This guide is general information, not legal or tax advice. Rules vary by location, so confirm your obligations with a licensed professional.

Why short-term rental accounting is different

In long-term rentals, a tenant pays the same rent on the same day every month, so the money is easy to follow. Short-term rentals work differently. Guests book through Airbnb, Vrbo, Booking.com, or your own website, and each channel handles money its own way.

Most collect the guest's payment, take their fee, and pay out the rest on their own schedule. Some, like Booking.com, may let you collect the payment yourself and bill their commission separately. Direct bookings run through a payment processor like Stripe, which typically bundles many charges into a single payout. That's why one deposit in your bank account often covers several stays at once.

That one number can represent several guests, at several properties, belonging to several owners. Most of the challenges in this guide come from untangling that one number.

Two things make it harder as you grow. The first is more channels. In Hostfully's 2025 survey, bookings split roughly 45% Airbnb, 20% direct, 15% Vrbo, and 14% Booking.com, so most managers deal with several payout streams. The second is more owners. Once you manage homes for other people, you're holding their money and need to show each of them exactly what their property earned.

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Expenses: knowing what each property costs

Every business tracks expenses, but rental managers have an extra job: tying each expense to a specific property. Without that, you can see what the business spent overall but not which properties actually make money.

Good expense tracking comes down to consistency. Each expense gets a date, a property, a vendor, an amount, and a category, and the categories stay the same from month to month so you can compare them. Common categories include cleaning, guest supplies, utilities, repairs, platform fees, insurance, software, and marketing.

Accountants usually group expenses into three types:

Direct costs

Direct costs rise and fall with bookings. Cleaning, supplies, and platform fees are examples.

Overhead

Overhead stays roughly the same no matter how busy you are, like insurance and software. As you add properties, overhead gets spread thinner, which is part of why growth helps margins.

Capital

Capital purchases are bigger, longer-lasting items like furniture or appliances. They're tracked separately so one big purchase doesn't make a single month look like a disaster.

When you hear a tool talk about "expense categorization" or "bank rules," this is what it means: automatically sorting each expense into the right property and category.

Payouts: what's really inside a deposit

When Airbnb or Vrbo pays you, the deposit isn't simply income. It's a bundle that can include revenue from several stays, minus the platform's fees, minus refunds from earlier stays, plus or minus adjustments, and sometimes tax amounts.

Here's a simple example with made-up numbers. If Airbnb deposits $2,020, here's a sample breakdown of what's behind that one number:

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PAYOUT RECONCILIATION

One deposit, four pieces

What's really inside a single Airbnb payout (sample numbers)

Book it as one lump of income, and both owners' numbers come out wrong.

If you recorded $2,020 as this month's income, both owners' numbers would be wrong. Owner A and Owner B each earned something different; the fees belong to each stay; and the refund belongs to last month's booking.

Payout reconciliation is the process of breaking each deposit back into those pieces and matching each piece to the right reservation, property, and owner. Done by hand, it's slow and easy to get wrong, especially across several channels.

Bank reconciliation is the second check. It confirms that what your books say happened matches what actually moved through your bank account. Skipping reconciliation can get expensive. If an owner is asked to repay a miscalculated payout, they may be inclined to search for a different property manager.

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Owner money and trust accounting

When you manage homes for other people, not every dollar that comes in is yours. Your management fee is. But owner earnings, guest prepayments for future stays, security deposits, and lodging taxes you haven't remitted yet all belong to someone else. You're holding that money until you pay it out, refund it, or send it to the tax authority.

Trust accounting is the practice of keeping money you hold for others separate from your business money, with a separate running balance, or ledger, for each owner and for guest funds. Think of it as one shared account with a separate ledger inside it for each person whose money you hold.

Whether trust accounting is legally required depends on where you operate. In the US and Canada, it varies by state or region and often depends on whether you hold a real estate license. What regulators usually care about isn't how many properties you manage, but whether owners' money passes through accounts you control. In some states, collecting guest deposits in advance is what triggers trust rules in the first place. A co-host whose owners get paid directly by the platform is in a very different position from a manager who collects every payout.

Even where it isn't required, many managers use trust accounting because it keeps the books clean and gives owners confidence. The opposite, mixing owner money with your own, is called **commingling**. It usually happens by accident, like a payout connected to the wrong bank account.

What's commingling look like in practice? Picture a manager who runs everything through one business checking account. Every Airbnb and Vrbo payout lands there, and so do direct bookings from Stripe. The same account pays the cleaners, the software subscriptions, the manager's own paycheck, and the monthly owner payouts. On any given day, the balance looks healthy. But part of it is Owner A's earnings, part is a guest's prepayment for a stay in March, part is lodging tax due next month, and only a slice is the manager's management fee.

Then a slow month hits. The manager covers payroll and a new hot tub cover from that account, without realizing they just spent money that belongs to Owner B. Nobody notices until a guest cancels and needs a refund, or Owner B's payout comes up short. Now the manager has to rebuild months of transactions to figure out whose money went where. In states with trust rules, they may also have a compliance problem on top of a strained owner relationship.

Our recommendation: two accounts, minimum

If you hold money for owners or guests, we recommend keeping at least two bank accounts, even in states where trust accounting isn't required:

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A trust account

for money that belongs to someone else: owner earnings, guest prepayments, security deposits, and lodging taxes you haven't remitted yet.

An operating account

for money that belongs to your business: your management fees and other business income, plus business expenses like payroll, software, and marketing.

Platform payouts and guest payments go into the trust account. When you earn your management fee, you move it to your operating account and pay business expenses from there. Owner expenses, like a repair at their property, come out of that owner's balance in the trust account. Every dollar has a clear home.

It's a simple setup, but it does a lot of work. It makes accidental commingling much less likely, speeds up reconciliation, and gives you a clean answer when an owner asks, "Where's my money?" Some states may require more than two accounts, such as a separate account for security deposits, so confirm the rules where you operate with a licensed professional.

Once owner and guest funds live in their own account, the next job is tracking who each dollar inside it belongs to. That's where a separate ledger for each owner comes in.

You may also hear about **three-way reconciliation**. It's a monthly check to ensure three numbers agree:

1. The balance your trust bank account shows, after accounting for deposits and payments still in transit.
2. The balance your books say should be there.
3. The total of every individual ledger in the account: each owner's balance, plus any guest deposits or advance payments you're holding.

When all three match, you know the money is there and assigned to the right people.

Owner statements and the month-end close

An **owner statement** is the monthly report you send each owner. It shows what their property earned, what was deducted (platform fees, cleaning, maintenance, your commission), and what you're paying them. A good statement lets an owner follow every dollar without calling you.

The **month-end close** is the routine that produces those statements. Each month you reconcile payouts, check the bank, confirm each owner's balance, then send statements and run your reports. The order matters: if you send statements before the numbers are checked, any mistake lands in front of an owner.

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Done manually, a close for multiple properties can take anywhere from several hours to several days. With software that splits payouts and matches bank activity automatically, it can shrink to an hour or two of reviewing anything that doesn't match.

When an accounting tool makes sense

A spreadsheet works fine when you own a few properties and sell on one channel. It starts to strain when you manage homes for other owners, run bookings on several channels, or find your month-end close taking more than a few hours.

Property count matters less than you'd think. A manager with 12 units on four channels for eight owners has a harder job than one with 30 units on a single channel for one owner. Channels, owners, and booking volume are what create the work.

General tools like QuickBooks work well as a ledger, especially if your accountant already uses one. They weren't built to split bundled payouts or keep separate balances for each owner, so those jobs take extra manual setup.

Questions worth asking in a demo

Now that you know the concepts, if you're evaluating software, these questions will tell you a lot about whether a tool fits:

- How does booking data get from my property management system into the books?
- Can you show me how a bundled payout gets split by reservation, property, and owner?
- Does it keep a separate balance for each owner, and stop any balance from going negative?
- Does it support owner reserves? These are minimum balances that an owner's contract requires them to keep in the trust account to cover expenses in months when bookings don't.
- How are owner statements created, and can I customize them?
- What still needs a person to review each month?

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Short-term rental accounting gets much easier when your setup is built for how the money really moves: bundled payouts, separate owner balances, and a regular monthly close.

Whatever tools you choose, we want your business on a foundation you can trust. Hostfully connects with accounting tools you may already use, including QuickBooks Online, Clearing, and VRPlatform.

If you'd rather keep bookings and books in one system, Hostfully Accounting is built into the Hostfully platform to:

- Allocate platform payouts to the right property and owner
- Reconcile bank activity using rules you set
- Keep a separate trust balance for each owner
- Generate owner statements, plus owner and vendor payouts, from the same reconciled data

Health check

To see how effectively you manage your accounting, tick what's true today:

- [ ] Every expense has a property and a fixed category
- [ ] I split every payout into revenue, fees, refunds, adjustments, and taxes
- [ ] My bank accounts match my books each month
- [ ] I know whether trust rules apply in my state
- [ ] I keep owner and guest funds in a trust account, separate from my business operating account
- [ ] Owner funds stay separate from my business money
- [ ] Each owner has their own balance, and none can go negative
- [ ] I close on the same days every month
- [ ] Owner statements go out on a fixed date

Now that you know the basics, and where your own operation stands, you can decide whether STR accounting software is right for you. Accounting gets harder as you add channels and owners, and we built Hostfully Accounting so your books can keep up as you grow.

Book a walkthrough to see how it works with the rest of the Hostfully platform. And good luck with those books!

Book a Hostfully Accounting walkthrough

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Glossary

Term	What it means
Payout reconciliation	Breaking a platform deposit into its parts and matching each to the right stay
Bank reconciliation	Checking that your books match what moved through the bank
Trust account	A separate account that holds money belonging to owners and guests
Owner ledger	The running balance for one owner
Commingling	Mixing money you hold for owners or guests with your business money
Three-way reconciliation	Confirming that the reconciled trust bank balance, your books, and the total of all individual ledgers agree
Owner statement	The monthly report showing an owner what their property earned and what they're paid
Month-end close	The monthly routine of checking the numbers and sending statements
Owner reserve	A minimum balance an owner agrees, by contract, to keep in the trust account for expenses
Trust accounting	Keeping money you hold for owners and guests separate from your business money, with a separate ledger for each owner

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