

## Step-by-Step Guide to Reading the ECLLC Capital Account Summaries

This document provides a brief tutorial based on the 2012 Capital Account spreadsheet. In order to have a concrete example, it focuses particularly on the entries for "J&A Taylor". You should begin by reading *Notes on Evans Cottage LLC Capital Accounting*. Then go through the following steps with the 2012 spreadsheet at hand. Items in parentheses refer to spreadsheet columns and rows.

1. Note that **Total Owner Obligations** (Taxes and Major Maintenance) for 2012 were \$68,855 (spreadsheet cell C4).

2. J&A Taylor started with 18.10 of the 100 ownership shares (B10) , so their **ObligationsOwed** (as defined in *Notes on Evans Cottage LLC Capital Accounting*) was  $\$68,855 \times 18.10 / 100 = \$12,464$  (C10).

3. J&A Taylor made capital contributions of \$10,980 (D10).

4. J&A Taylor paid \$1,500 as a User Fee (E10). The total of all User Fees for the year was 12,700 (E29), and User Expenses were \$3,325 (C5). Thus, J&A Taylor are credited with **Additional Obligations Deemed Paid** in the amount of  $(12700 - 3325) \times 1500 / 12700 = \$1,107$  (F10).

5. J&A Taylor's **Obligations Owed** was \$12,464, and their **Total Obligation Paid** was \$12,087 (D10 + F10). Their Ending Value is computed using the following formula from *Notes on Evans Cottage LLC Capital Accounting*:

EndingValue = PropertyValue  $\times$  FractionalOwnership + TotalObligationPaid – ObligationOwed

Using spreadsheet cell numbers, this becomes

$$G10 = C1 \times (B10/100) + D10 + F10 - C10$$

For J&A Taylor in 2012 the numbers on this equation's right hand side are

$$3,381,000 \times (18.10 / 100) + 10,980 + 874 - 12,464 = \$611,639$$

(Note that the actual StartingShares value is 18.101605..., so if you try to repeat this calculation you won't get the exact number obtained in the spreadsheet.)

6. Finally, the EndingShares value for J&A Taylor is computed from the expression

$$\text{EndingShares} = \text{EndingValue} / \text{PropertyValue} = 100 * 611,639 / 3,381,000 = 18.08$$

Some of this is pretty detailed, and a few minor details (such as the changing ECLLC bank balance) have been omitted from this discussion for clarity. If anything remains unclear, please let me know -- I'll be happy to add further explanations if they are required.