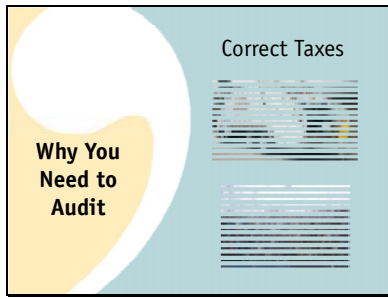


You do an audit for a variety of reasons.

For example, you should know that your treasurer is doing what you think they're doing with your club finances

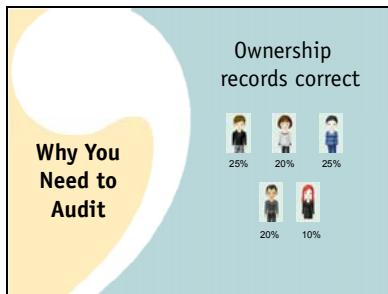
This is an especially important question if it seems like they've been taking a lot of beach vacations lately.



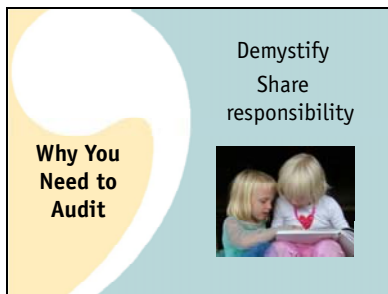
You want to make sure your taxes are prepared accurately. Just because your bivio site shows a lot of numbers doesn't mean they're useful for anything. Without verification your taxes may just be

garbage in

garbage out



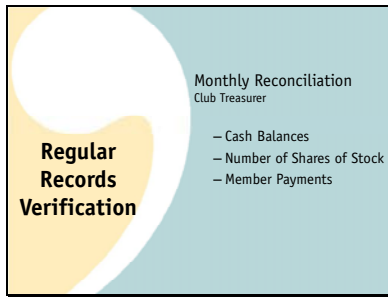
You want to make sure each member's ownership is being tracked accurately so that income and expenses are divided up correctly and the tax status of your account is being tracked correctly.



And finally, it's important to demystify your club's finances

and spread the burden of making sure your club is keeping accurate records.

Your club treasurer has a big responsibility because your club has to comply with partnership tax requirements. Unlike your investing activities, the IRS is not as forgiving in terms of you being a novice doing so. It's important that every club member have a general understanding of what club accounting is about and what can and cannot be easily handled by your treasurer. The simpler your club finances, the simpler your audit will be. And there's no reason not to keep things simple.



There are several types of regular verification that should go on in your club. Each is a little bit different. But they all interrelate.

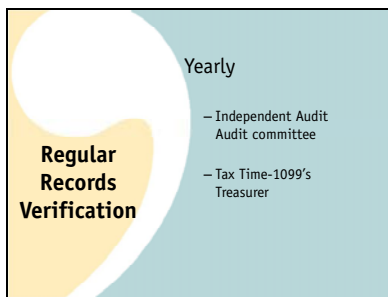
Each month, your club treasurer should do a monthly reconciliation. This should go very quickly. They just need to

Confirm Cash Balances and

Number of Shares of Stock agree with your brokerage statements.

They should also have you confirm your Member Payments were recorded correctly

A brief report on these things should be part of the treasurer's report at your club meetings.



Yearly, we recommend

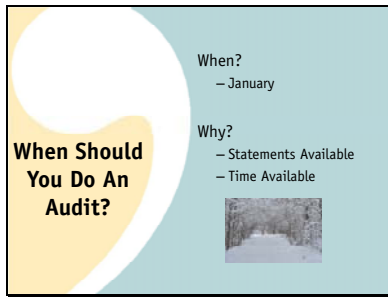
First, that you do an Independent Audit-

This should be done by an audit committee which does not include your treasurer

At Tax time, your treasurer will do a final check to verify that your 1099 's agree with your club records and what is reported on your tax forms

It may look like a lot of work but if you use AccountSync to make entries in your records, you set up your record keeping to be simple and your treasurer verifies everything monthly, any year end verifications should go very quickly.

Today we're discussing in depth, how to do your club Audit. Our treasurer training webinars get into more details about doing monthly reconciliations and our tax preparation webinars will be getting into further details about what to look for on your 1099's.



When should you do an audit?

You can do an audit at any point during the year but we recommend that you do it in January.

Why do we recommend January?

First, your regular December, end of year brokerage statements are ready

The biggest step in doing your club taxes is getting your records in shape. If your records are verified in January, doing taxes in February when 1099's arrive will be a very quick process.

What else do you have to do in January?

For those who get antsy about getting taxes done an audit helps fill time till taxes can be prepared

For those who live in cold climates, who wants to go outside in January? You can do your audit inside where it's nice and warm!



So what exactly are you going to do during your audit?

You're going to compare the entries you've made in bivio.

To your financial institution records

You do this using reports

And transaction lists from bivio and

Statements and

Summary lists from your brokerage



How do you do an audit?

First, you'll pick a date to do your audit-It will probably take you around 2 to 3 hours

Pick 2-4 people other than the club treasurer to conduct the audit

Prior to the audit day, the treasurer should gather records that will be needed for comparison from your financial institutions and from bivio.

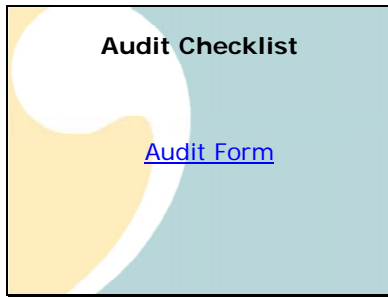
On the audit day the auditors will work through the audit steps, making the records comparisons.

If they find any discrepancies, they will note them on the audit checklist. Auditors do not make corrections themselves.

When all the steps are completed, the Auditors and the treasurer will meet to discuss anything that was found

The treasurer will determine what action is needed, make corrections, and record the action taken

Then the treasurer and the auditors will give the final report to club. It all goes quickly. Once you get done, you'll have done most of the work needed to get your records ready to prepare your club taxes quickly. All you'll need to do is wait for your 1099's to arrive so your treasurer can do a final quick records check.



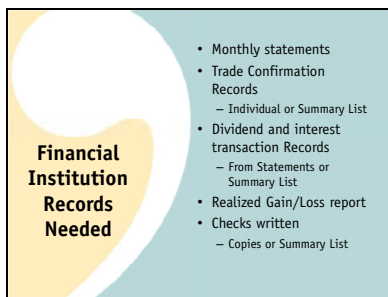
To help you do your audit, we provide you with an audit checklist which gives you the steps to go through. You'll find a link to it from our help page.

It looks like this.

It contains instructions,

A list of the records you'll need to make your audit checks and

A detailed description of what you should do for each step. We'll be going through all these steps in detail so you can see what needs to be done.



The first part of doing your audit is gathering the information you'll be comparing. You'll find a list of what you'll need in the audit packet. Things you'll need from your brokerage account are:

Monthly statements

Trade Confirmation Records

You might have individual ones or your broker might be able to provide you with a special report that is a list summarizing them all

Dividend and interest transaction Records

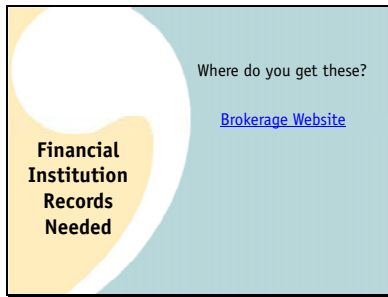
You can find these on your monthly Statements or, again, you might be able to find a Summary List

Realized Gain/Loss Report – This will show you the capital gains that your broker will be reporting to the IRS

For any checks you've written, you'll need

Something to verify that checks were paid by your broker.

Proof could be Copies they provide or a Summary List Your treasurer may be the person who is most familiar with both your financial institution records and with using bivio so they may need to help you find and gather this information.



Sometimes one of the learning experiences about doing an audit is learning the types of information and the way you can get it from your brokerage website.

Here's an example of some things you'll find there.

For example, here's how you might access your monthly statements.

Brokers are now providing a "Realized gain/loss report" or, as Folio calls it a "Closed Tax Lot" report. As we will see later, this will be compared with the capital gains report in bivio to make sure your capital gains and losses will be reported correctly on your taxes.

You'll also be looking at specific types of transactions in bivio such as dividend payments. What's nice is that you can get lists of just specific types of transactions at your brokerage website.



You'll be comparing your brokerage information to a variety of reports you'll find in

bivio.

First you want to enter the date of the report you want to look at. For many of the ones you need, it will be the last day of last year.

You'll be using a Valuation Report to audit your cash balances and number of shares of each stock.

You'll use the Transaction History Report when you audit specific types of transactions such as dividends you've received.

Your Income Statement will show you dividend totals by company

The Member Contributions and Withdrawals report will show you the amount each member contributed each month and the valuation date you used to record the payment

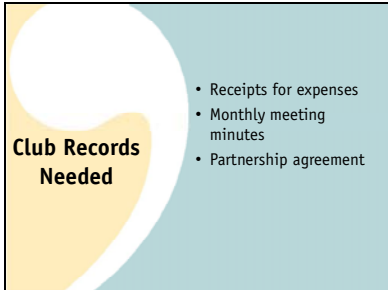
The Capital Gain and Loss Report will show you whether your cost basis information and gain/loss information agrees with what your broker will be reporting to the IRS

Withdrawal Reports will show what valuation date you used to determine what a person was owed, the date they were withdrawn from the club and the amount of any fees that were charged. In addition, if you see any "post withdrawal adjustment" entries, you will know changes were made to your club records after the withdrawal was entered.

You'll also find Transaction Lists, which give you the chronological list of transactions and a running balance, very useful. You don't get to these from the Reports page, you get to them from your accounting pages. For example if you go to Accounting and click on the name of one of your accounts, you'll get a list of all the transactions that have been recorded for that account. This also works for the members page and the investments page.



You also might need to refer to files you have stored in your files area.



For example,

Receipts for expenses

Monthly Meeting Minutes

Where you should find votes where you authorized expenses, and stock transactions. You may also find details about withdrawal discussions

Partnership Agreement

This is where you should find your clubs Terms for Paying Withdrawals

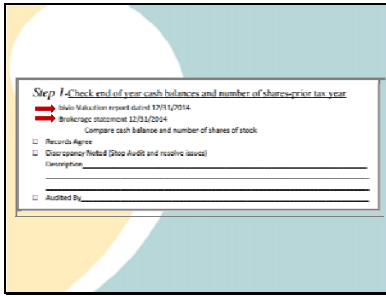
It may also show you what methods you have agreed are acceptable to allocate expenses



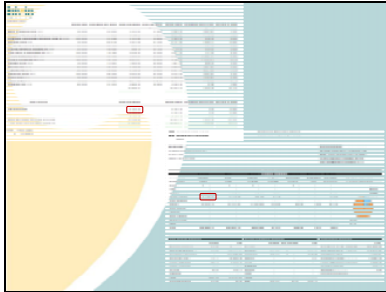
Once all your records are gathered, the information is given to the auditors. The audit guide includes 7 steps we recommend they do to verify your club records. They are:

- Verify cash balances and number of shares of stock – start of tax year
- Verify cash balances and number of shares of stock – end of tax year
- Verify income received is all recorded correctly
- Verify any expenses you had were recorded correctly
- Verify all your stock transactions were entered correctly and that capital gains and losses are being calculated correctly
- Verify member payments were entered correctly so your member accounts are being tracked correctly
- Verify that any withdrawals were paid according to your club agreements and that they were recorded correctly in your records.

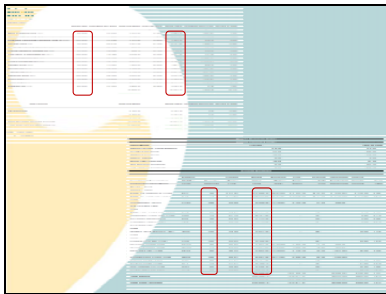
Next, we will go through each of these steps in more detail. We'll talk about why you do it, go through an example of how you do it and discuss what to do if you find any discrepancies.



Your first step is to confirm that you started out the tax year with correct records. To do this you'll be comparing the brokerage statement from the end of the prior tax year to a bivio valuation report with the same date.



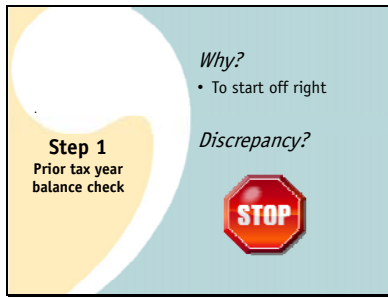
First, you'll compare the cash balances between the two reports.



Then you'll compare the number of shares of each stock between the two.

The number of shares should agree exactly

There may be slight variations in market value (a few pennies). This is not a problem and there is no reason to try and find anything to fix. But, if there is a big difference, you should investigate further to make sure you do not have unlisted investments without current prices.



This is a very important step.

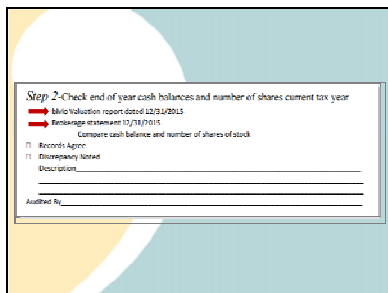
Why do we do this step?

Because if the start of year numbers for cash balance or number of share are off, there is no way the 2015 numbers will be correct.

What do you do if you find a discrepancy?

You need to stop the audit at that point and assess the situation. There are many things in your clubs historical transactions that are still affecting your current record keeping.

It could be as simple to fix as a small adjustment or as complicated as filing amended returns for your club for prior tax years. Feel free to contact us in support if you find a problem and are not sure what to do to address it.



If you get past step one, it's fine to move on to the rest of the audit.

In step 2, the same comparisons are made but you use reports dated at the end of the current tax year.

Step 2
Current tax year
balance check

Why?

- Heads up

Discrepancy?

- Proceed

Why do you do this step?

If numbers don't agree, it will give you an indication that there are items you need to find. Going through the steps of the audit will bring out where they are and what they are. Once you've found them, you'll give them to your treasurer to fix.

So for step 2, even if you find a discrepancy,

You do not need to stop. Make a note of it and move forward with the next steps of the audit.

Just a note at this point. As I mentioned before, comparing cash balance and number of shares of stock, like we do in steps 1 and 2 is something your treasurer should do every month to reconcile your accounts. If you do this, you can have a reasonable degree of comfort throughout the year that your bivio records are being kept correctly. But they don't tell you everything, which is why you are going to audit the information outlined in the next steps.

Step 3-Verify Income Received

- Brokerage Statement 12/31/2015
- Compare total Dividends (Qualified - AMM)
- Compare Total Interest
- Match Transaction history report dated 1/1/2015
- Brokerage dividend transaction list 1/1/2015 12/31/2015
- Compare dividend transactions date, amount and category

L: Records Agree
 L: Discrepancy Noted
 Description: _____
 Audited By: _____

Step 3 is where you verify the entries for any income you have received. This will be dividends and interest.

You'll be using a bivio income and transaction history report.

From your broker you'll use your brokerage statement and a dividend transaction list.

Step 3-Part 1

bivio

Income Statement

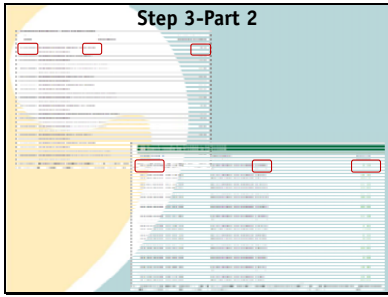
Account	Income	Expense	Net
Dividend Income	1,234.56		1,234.56
Interest Income	567.89		567.89
Capital Gains	10,000.00	2,000.00	8,000.00
Losses		1,500.00	(1,500.00)
Net Income			16,342.45

First you'll compare dividend and interest totals on the income statement to

those on the brokerage year end statement.

Note that interest on money market accounts may show up as

dividend income on your brokers statement. Make sure it is correctly identified as such in your bivio records



Next you'll compare the specific entries using dividend transaction lists from

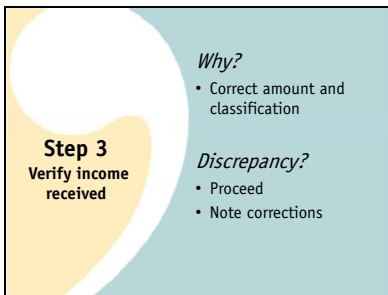
The bivio transaction history report

And a dividend transaction summary list from your broker

You'll confirm the date of receipt,

amount and

company who paid each dividend agree. These details are important for correctly determining Qualified/Non Qualified status



Why do you do this step

You have to pay tax on this income. The amount and dates need to be recorded correctly so it will be classified and reported correctly on your taxes.

What do you do if there is a discrepancy?

Proceed with Audit.

Note entries where corrections are needed.

Step 4-Verify Expenses

Bivio Income Statement Report dated 02/15

➔ Brokerage Summary List of Checks, Withdrawals or Copies of Checks

- Verify expenses actually paid
- Verify receipts for all expenses recorded
- Verify all Expenses authorized by club
- Verify expenses correctly recorded as deductible or non deductible.

➔ Bivio file storage (receipts, meeting minutes)

➔ Bivio Transaction History Report 02/15/2015

➔ Club Partnership agreement

Verify expenses allocated as club requires

Records Agree

Discrepancy Noted

Description _____

Audited By _____

A club usually has very few expenses but there may be tax consequences to them. In this step you will make sure they were both authorized and actually paid and that they were recorded correctly.

To do this, you will need meeting minutes to show expenses were authorized and receipts that you have stored in your file storage area

Cancelled checks or a summary list of checks paid from your brokerage will show whether expenses were actually paid.

These will be compared against a transaction history report from bivio.

You'll also need to know how your club has agreed to allocate expenses. Be default and per IRS regulations, expenses are allocated in proportion to ownership share. If you want to allocate them equally to each member, you need to make sure this method is specifically called out in your partnership agreement.

Step 4- Verify Expenses Paid

bivio

Income and Expense History

Date	Amount	Description	Debit	Credit	Balance
02/01/2015	100.00	Bank of America	100.00		100.00
02/01/2015	100.00	Bank of America		100.00	200.00
02/01/2015	100.00	Bank of America	100.00		100.00

➔

Date	Amount	Description
02/01/2015	100.00	Bank of America

If you have recorded any expenses in bivio, you'll find a link on the Income statement report which will take you to a listing like this of what was recorded.

Make sure you have meeting minutes that show where each expense was authorized and a receipt to show it was actually paid.

Step 4- Verify Expenses Paid

bivio

Transaction History

Date Range: 02/01/2015 - 02/15/2015

Date	Description	Debit	Credit	Net Expense
02/01/2015	Bank of America	100.00		100.00
02/01/2015	Bank of America		100.00	
02/01/2015	Bank of America	100.00		100.00

To Confirm how expenses were allocated, go to the Transaction history report.

If the note on an expense entry indicates the expense was allocated equally, make sure that is allowed by your partnership agreement.

Step 4
Verify Expenses

Why?

- Expenses authorized and paid
- Expense allocation

Discrepancy?

- Proceed
- Note corrections

Why do you do this step?

It verifies any expenses were authorized by the club and were actually paid.

It also verifies that expenses were allocated to club members in the method your club has agreed on.

What do you do if there is a discrepancy?

Proceed with Audit.

Note entries where corrections are needed.

Step 5 is done to verify that all your stock transactions have been entered correctly. You want to do this so you know that the value of your portfolio is being tracked properly and that capital gains and losses when you sell stock will be calculated and reported correctly on your taxes.

You'll be using a variety of reports to do this step both from Bivio and from your broker including the

Step 5-Verify Stock Transactions

- ➔ Bivio Transaction Ledger Report dated 11/15/2015.
- ➔ Brokerage trade confirmation summary report 1/1/2015-12/31/2015
 Confirm transaction dates, security name, number of shares of stock, purchase/sale price, lot and cost or proceeds.
- ➔ Bivio LIFO/LMA Report 1/1/12/2015
 Compare acquisition dates, sale dates, sales price, cost basis and gain/loss amount. Note any wash sales shown on brokerage report.
- ➔ Bivio Investment Transactions list for particular stock:
 For any sales where specific tax lots were sold (other than FIFO) confirm that the correct lots are included in the Bivio records.
- ➔ Bivio Transaction History report 1/1/12/2015
 Brokerage transactions for months reorganization occurred. Confirm reorganizations entered and correct. (contact Bivio support if necessary)

None/No Agrees
 Discrepancy Noted

Description _____

Audited By _____

Bivio transaction ledger report

The Bivio capital gain and loss report

Bivio investment transaction lists

And the Bivio transaction history report

From your broker you'll be looking at

Brokerage trade confirmation reports,

Brokerage realized gain/loss reports and

Brokerage statements for months where reorganizations occurred.

Let's look at exactly what we'll do with all this information.

Capital Gains and Losses from 01/01/2013 to 12/31/2013

Short-Term Capital Gains	Acquisition Date	Sale Date	Sales Price	Cost Basis	Gain/Loss
21 Mutual Inv (2012)	01/01/2012	01/01/2012	100.00	100.00	0.00
21 Mutual Inv (2012)	01/01/2012	01/01/2012	100.00	100.00	0.00
21 Mutual Inv (2012)	01/01/2012	01/01/2012	100.00	100.00	0.00
21 Mutual Inv (2012)	01/01/2012	01/01/2012	100.00	100.00	0.00
Total			400.00	400.00	0.00

Long-Term Capital Gains	Acquisition Date	Sale Date	Sales Price	Cost Basis	Gain/Loss
21 Mutual Inv (2012)	01/01/2012	01/01/2012	100.00	100.00	0.00
21 Mutual Inv (2012)	01/01/2012	01/01/2012	100.00	100.00	0.00
21 Mutual Inv (2012)	01/01/2012	01/01/2012	100.00	100.00	0.00
21 Mutual Inv (2012)	01/01/2012	01/01/2012	100.00	100.00	0.00
Total			400.00	400.00	0.00

Realized Gain/Loss	Acquisition Date	Sale Date	Sales Price	Cost Basis	Gain/Loss
21 Mutual Inv (2012)	01/01/2012	01/01/2012	100.00	100.00	0.00
21 Mutual Inv (2012)	01/01/2012	01/01/2012	100.00	100.00	0.00
21 Mutual Inv (2012)	01/01/2012	01/01/2012	100.00	100.00	0.00
21 Mutual Inv (2012)	01/01/2012	01/01/2012	100.00	100.00	0.00
Total			400.00	400.00	0.00

Here is an example of the bivio Capital gains and losses report

And the Realized Gain/Loss report from the Broker.

You need to compare each sale shown on the bivio report

With the same sale shown on the brokerage report.

You should make sure Acquisition date

Sale Date

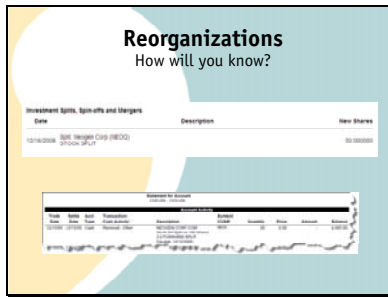
Sales Price

Cost basis

And Gain/Loss

Agree between the two reports. If they do not, or if you see a wash sale noted, make a note to discuss with your treasurer.

He may need to work with us to determine the reasons for any differences.



One thing that affects stock basis values are reorganizations such as stock splits, spinoffs etc. These can get complicated and it is important they be entered correctly in your records. Making sure this happens is part of the service you receive from bivio.

How will you know that there has been a reorganization entered? There are several clues you might find that will alert you.

First, there is a section on the transactions history report that will show you if your treasurer has entered an event. If you don't see anything there, you may have found that the number of shares of stock did not agree with the brokerage statement when you did step 2. This could happen if your treasurer hadn't recorded a reorganization. Finally, whomever in your club is watching each stock should have made sure the club was alerted when news of the reorganization came out. You should ask your club members prior to the audit to double check the stocks they are following.

To assess what has been entered, first find the brokerage statement for the month the reorganization occurred and look at the transactions that are listed.

Make a note to ask your treasurer how they determined what to enter

If there's any doubt about an entry, feel free to ask bivio support for confirmation. We will do any necessary research and make sure correct entries are made for you.

Entering reorganizations correctly can be one of the most difficult things your treasurer needs to do. Part of what you receive when you have a bivio subscription is access to experts that can help you account for them correctly.

Step 5
Verify stock transactions

Why?

- Verify value
- Verify basis

Discrepancy?

- Proceed
- Note corrections

Why do you do this step?

First, it verifies that all stock transactions have been recorded so that value of club is being calculated correctly.

Second, it verifies that basis is being tracked correctly so that correct capital gains and losses will be reported on your Income taxes. This is a very important step.

What do you do if there is a discrepancy?

Proceed with Audit.

Note entries where corrections are needed. Do not try and correct them yourselves, but make sure your treasurer works out your issues before you file any taxes.

Step 6-Verify Member Contributions

- Initial Member Contributions and Withdrawals report dated 2015
- Club partnership agreement
- Brokerage Report transaction summary for 1/27/2014 - 1/2/2015 or monthly statements

Verify club members have confirmed accurate contributions

Have members sign off on report

- Verify Payroll history using correct valuation date
- Verify Payroll records on ledger sign-in sheet
- Verify Transaction History report dated 12/31/2015
- Verify entries have been recorded as payments, not fees or miscellaneous income.

Record Discrepancy

Discrepancy Noted

Description

Audited By: _____

Step 6 confirms that your members contributions to the club have been recorded accurately. This is very important because these records affect member ownership, both the percentage of the club each person owns as well as the gains or losses he has had from his investment in the club.

To do it, you'll use the bivio member contributions and withdrawals report and the

transaction history report.

You also might want access to your club partnership agreement

You'll be comparing these things to your brokerage deposit transaction summary list or monthly statements from your broker.

First of all, your treasurer should require all members to review the annual member contributions and withdrawals report prior to the audit and confirm that what is shown as their contributions is correct. Have them initial the report for your records

Step 6
Verify Member Payments

bivio

Member Contributions and Withdrawals for 01/01/2014 to 12/31/2015

Member	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Member 1	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1200.00
Member 2	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	2400.00
Member 3	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	3600.00
Member 4	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	4800.00
Member 5	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6000.00

Transaction Summary for 01/01/2014 to 12/31/2015

Date	Description	Amount
01/01/2014	MEMBER CONTRIBUTION	100.00
01/01/2014	MEMBER CONTRIBUTION	200.00
01/01/2014	MEMBER CONTRIBUTION	300.00
01/01/2014	MEMBER CONTRIBUTION	400.00
01/01/2014	MEMBER CONTRIBUTION	500.00
01/01/2014	MEMBER CONTRIBUTION	100.00
01/01/2014	MEMBER CONTRIBUTION	200.00
01/01/2014	MEMBER CONTRIBUTION	300.00
01/01/2014	MEMBER CONTRIBUTION	400.00
01/01/2014	MEMBER CONTRIBUTION	500.00
01/01/2014	MEMBER CONTRIBUTION	100.00
01/01/2014	MEMBER CONTRIBUTION	200.00
01/01/2014	MEMBER CONTRIBUTION	300.00
01/01/2014	MEMBER CONTRIBUTION	400.00
01/01/2014	MEMBER CONTRIBUTION	500.00
01/01/2014	MEMBER CONTRIBUTION	100.00
01/01/2014	MEMBER CONTRIBUTION	200.00
01/01/2014	MEMBER CONTRIBUTION	300.00
01/01/2014	MEMBER CONTRIBUTION	400.00
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Step 6
Verify Member Payments

Valuation Dates

- What Date?
- 1/Month
- = Deposit Date
- 1/Month
- Same date for all entries
- Different from month to month

=Deposit Date

- Different Dates for each entry
- Dates = Payment deposit dates

You'll also want to check the Valuation Dates that were used to record the payments

First of all, you will need to know the answer to the question, what does your club use for valuation date?

Usually clubs use either one per month,

or they set the valuation date equal to the date a payment was deposited

If they use one per month you should see two things on a member contributions and withdrawals report

For a given month, they should all be the same

And, they should not be the same month to month

If the valuation date is chosen to be equal to the deposit date.

You might see different valuation dates for each entry

But, the dates you see should agree with the payment deposit dates on your brokerage list.

Step 6
Verify Member Payments

bivio

Member Contributions and Withdrawals Report 8/1/2020 to 10/31/2020
Payments grouped by member (members with valuation date: 12/31/2020)

Member	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Wally Bales	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Don	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Marv	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Stanley	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Walter	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
George	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Stanley	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

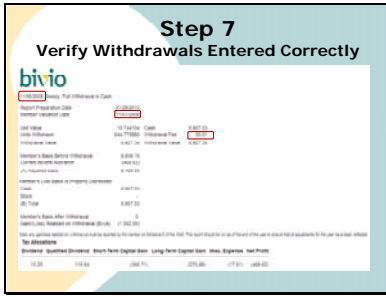
This club uses a single valuation date per month.

In March we see that the valuation dates entered for Snow White and Sneezzy were different

than the ones entered for the others. This doesn't look right. If the club only has one valuation date a month, they should be the same. It is something to note and have the treasurer check into.

For some months, there are no payments recorded for certain members. Is that OK?

It might be if the total for the year for each member is OK. That is why you have each member confirm their totals also.



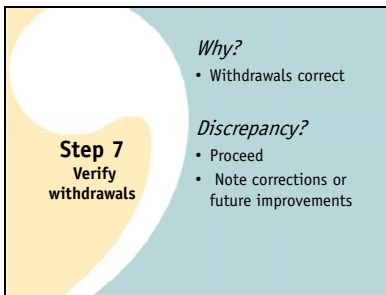
To determine whether a withdrawal was paid according to the club partnership agreement, you will have to find the section describing the requirements and then review the withdrawal reports to make sure the entries had

Proper valuation date

Correct transaction date

Correct fee assessed (if any)

You should also make sure that your club records had been reconciled before the withdrawal amount was determined. If they were not, you might see “post withdrawal adjustments” on the withdrawal reports.



So why are you doing this step

It verifies you have paid withdrawals according to the method agreed to in your partnership agreement

What do you do if there is a discrepancy?

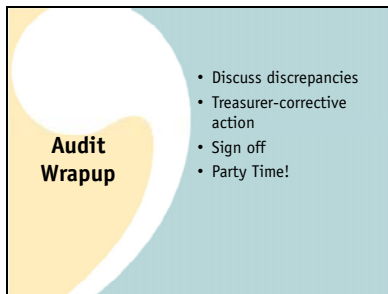
Proceed with Audit.

Note entries where corrections or future improvements are needed. If a withdrawal has been paid, it may be impossible to correct discrepancies because the member has left and may have already received and cashed their check. It is also almost impossible to make withdrawal corrections in another tax year without creating big accounting issues for your club. It will be up to your club to determine whether to pursue making corrections after understanding all the issues, but you should still note discrepancies as recommendations for future improvement)



So to summarize, when you're done you will have completed these steps

- Verify cash balances and number of shares of stock – start of tax year
- Verify cash balances and number of shares of stock – end of tax year
- Verify income received is all recorded correctly
- Verify any expenses you had were recorded correctly
- Verify all your stock transactions were entered correctly and that capital gains and losses are being calculated correctly
- Verify member payments were entered correctly so your member accounts are being tracked correctly
- Verify that any withdrawals were paid according to your club agreements and that they were recorded correctly in your records.



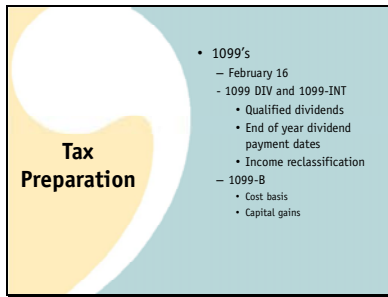
Once the auditors have gone through the steps here's what should happen

They should discuss any discrepancies found with the treasurer and report them to the club

Treasurer should report on the action taken to make corrections

Everyone should sign off on the Audit form and

You should pat yourselves on the back! It's Party Time!



Just a brief not about club taxes. The audit covers most of the work which needs to be done, which is making sure your records are correct.

Once it is complete, there are just a couple more things your treasurer will need to do to get your taxes prepared. They will need to make sure the information on the 1099 forms your broker sends agrees with the information you will report on your taxes. We will cover this topic in more depth when we do the tax prep webinars but just to give you an idea.

There are several types of 1099's. Your club should receive them by February 18 this year but check your brokers website for their latest information.

Forms 1099 DIV and 1099 INT report the amount of dividends and interest you've received. Sometimes there is information on them that will mean last minute adjustments are needed to your bivio records. They include things like:

Qualified versus Non Qualified Dividend Split

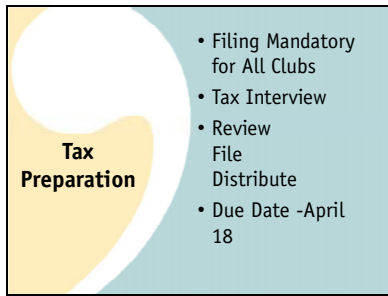
Dates on end of year dividend payments

Possible reclassification of dividend income

If you have sold any stocks during the year, you will also receive a 1099 B. This is where your

cost basis and

capital gains are reported. You will need to double check to make sure they are the same as what your bivio records show. The work you did on step 5 of the audit should have found any issues you needed to address so your treasurer won't have to take time to address them when the tax forms are ready.

A graphic with a light blue background and a yellow and white abstract shape on the left. The text 'Tax Preparation' is in bold black font. To the right is a bulleted list.

Tax Preparation

- Filing Mandatory for All Clubs
- Tax Interview
- Review File Distribute
- Due Date -April 18

Filing taxes is mandatory for all clubs. It does not matter how much income you've made or how long you've been in existence.

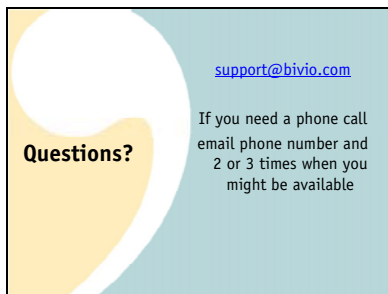
The good news is that once your records are all correct, actually preparing your taxes is a very quick process. You answer a few questions and press a button.

Then you review the forms, send them in and distribute them to your members

They are due by April 15, but for 2015 because of weekends and holidays, you'll actually have until April 18 to get them in.

Note that changes are coming for next year. Next year, you will have to file your Partnership returns by March 15 rather than April 15.

All the more reason to get in the habit of spending time in January getting your records corrected so you can prepare the forms quickly when the tax program becomes available in February.

A graphic with a light blue background and a yellow and white abstract shape on the left. The text 'Questions?' is in bold black font. To the right is an email address and a note.

Questions?

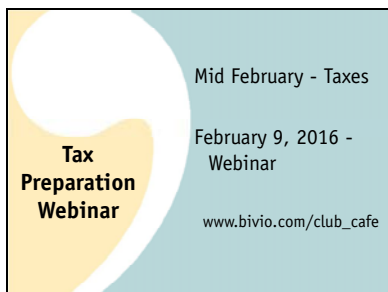
support@bivio.com

If you need a phone call email phone number and 2 or 3 times when you might be available

So that's how to do an audit. If you've followed our recommendations for keeping your club record keeping as simple as possible, you'll be able to complete your checks very quickly. If you have any questions as you're going through yours, the quickest way to get an answer is to email us at support@bivio.com

Even if you'd like us to call you,

if you can email us and let us know your phone number and 2 or 3 times you might be available for a call, it helps us get back to you most efficiently.

A graphic with a light blue background and a yellow and white abstract shape on the left. The text 'Tax Preparation Webinar' is in bold black font. To the right is event information and a website URL.

Tax Preparation Webinar

Mid February - Taxes

February 9, 2016 - Webinar

www.bivio.com/club_cafe

The bivio tax program will be available in mid to late February.

We'll also be doing a webinar about how to prepare your club taxes on February 9.

You can sign up now for it at www.bivio.com/club_cafe

Audit Party!



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