

If you have income,

the IRS wants their share. We need to follow their rules on how to track and report it and pay taxes on it.

Your investment club is a partnership and the

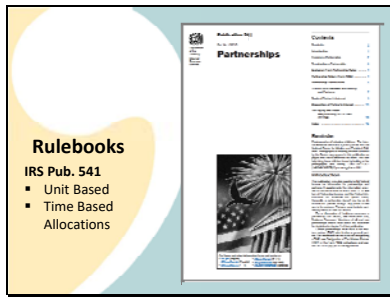
tax form you file is called a 1065 form. It is what is called an informational return. Your club does not have to pay taxes directly. All of the income and expenses are divided up between the members and they report and pay taxes on their share on their personal taxes.

They know how much to report because

you give them a form called a K-1 which is also part of your taxes. It shows each person's portion of your club income and expenses. You also send in all the K-1's with your club tax filings. Each members copy tells what amounts they need to report

on their personal tax forms

That is where the taxes get paid on your club income.

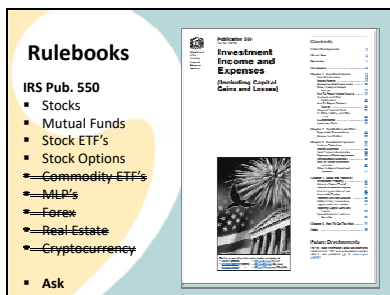


The rules we use are detailed in different IRS publications.

First, it is partnership based accounting-Described in IRS Publication 541 It's designed to account for distribution of income and expenses to multiple owners.

Specifically, it is unit based partnership accounting. Member percent ownership is tracked using "shares" of total club ownership.

It uses time based allocations of income and expenses to members. They are distributed as the transactions occur, based on ownership percentages at the time they happen.



It is tracking and reporting taxes on Portfolio Investment Income and Expenses-(described in IRS publication 550) ,not business income and expenses.

It's only designed to track and prepare taxes for certain types of income such as dividends, interest and capital gains and losses from certain types of investments such as:

Publicly Traded Stocks

Stock Mutual Funds

Stock ETF's

Certain Stock Options, if you have an appropriate bivio subscription level

But it will not provide tax reporting for all investments. For example, tax reporting for Commodity ETF's

Publicly Traded Partnerships

Foreign Currency trading

Real Estate

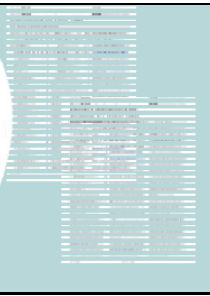
Cryptocurrency and others, is not included

Ask us in support if your club is looking into investing in something that might bring tax reporting issues with it. We'll be glad to let you know any issues before you buy it and get into trouble.

Rulebooks


IRS Instructions

- Form 1065
- Form K-1



Finally, of course we also have to comply with the instructions for filling in the forms you file. The 1065 and the K-1 forms. Note that these were still in draft form as of February 10.

Who has to file?



Who has to file?

You do. If you have an EIN number you need to file club taxes because the IRS computer will be looking for a filing from you. It does not matter how long your club has been in existence or how much income you have had.

When?

Taxes Due - March 15

- 1099's - February 15
- K-1's to members
By March 1

The time line you will be working with involves these dates:

This year, your club taxes need to be filed by March 15, 2021.

That means they are due a month before the April 15th deadline for your personal taxes.

You will not be able to do your taxes until you have received the 1099 forms which are sent by the financial institutions to you and to the IRS to report your income. Financial institutions are supposed to get them to you by February 15 but some have requested extensions until the end of February. Most brokers have posted when you might expect them on their websites.

Your members cannot complete their own personal taxes until you have given them their K-1's. You probably want to get them to them as soon as you can verify your records and prepare your forms. Because you can't finalize anything until you have the 1099's, a reasonable date to tell them they'll have their forms is March 1. While you do have until March 15 to file your club taxes, we don't suggest that you do that or you might have a lot of angry club members.

Penalty for filing too soon
 --Amended returns
 • Club
 • All club members

When?

You don't want to file or distribute tax forms too soon. You need to wait for 1099's and verify your club records before you prepare anything. One of the penalties for filing incorrect taxes is that you might have to do it all over again and

File an amended return

Both your club and

each of your members

Investment club members need to understand that being in a partnership means their tax life has become a bit more complicated. Partnerships have to wait for information from other people to prepare the forms they need to prepare their own forms. If things back up down the line, the partnership information will take longer to come out. If you file late or not at all or you file forms with missing or incorrect information on them, there is a stiff penalty. It is:

\$210 for each month or part of a month (for a maximum of 12 months) the failure continues, multiplied by the total number of persons who were partners in the partnership during any part of the partnership's tax year for which the return is due.

Plus, there is a minimum \$280 penalty for each failure to furnish a Schedule K-1 to a partner when due and or for each K-1 on which there is missing or incorrect information.

This adds up quickly. Each year we get questions from clubs that have received tax bills for thousands or tens of thousands of dollars because they have failed to meet these requirements.

The good news is there are only a few easy steps needed to prepare your taxes. You'll follow them by going to

Accounting>Taxes

Penalty for late filing
 \$210 x months x members
 Plus \$280 per K-1

When?

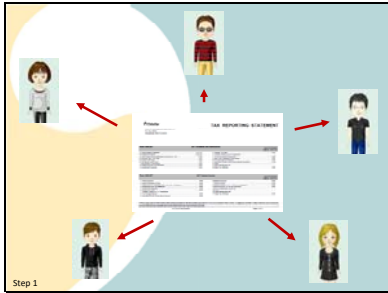
As you can see here, there are steps you will follow to guide you through the tax preparation process. There are 6 Total. When you start you'll see the first two. To prepare correct taxes, you must do each one before you continue to the next one.



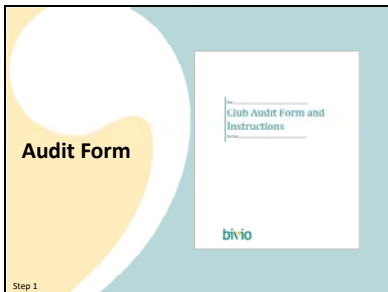
You need to do a club audit as your first step. Verifying your records is critical. If your bivio records are not correct, your taxes will not be correct. You cannot just assume that the information in bivio is correct, even if you use AccountSync and even if you check your cash balances and number of shares of stock each month like we recommend. There are other parameters affecting your accounting and correct tax reporting that would not be covered in those quick checks. Unless you do the audit we recommend you won't find them. There is a reason there are 6 steps shown to prepare your taxes. You do not want to skip any of them.

Without an audit, you will not know 2 main things that affect your taxes.

- That the income your club has earned during the year is being reported correctly.
- That your member accounts are being tracked correctly. If they are not, the club income won't be divided up amongst your members correctly. That will make their personal tax reporting wrong.



We have prepared a form you should use to guide you through the steps of an audit. The link for tax step one takes you to a page with a link to it and a presentation about how to use it.



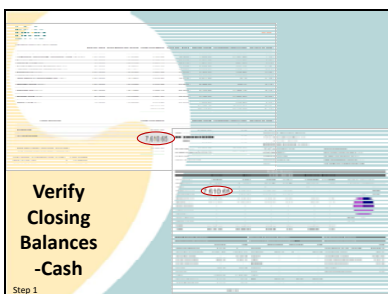
I do want to highlight Step 2 of the audit because it contains two critical checks that will quickly tell you right off the bat whether you are even close to ready to prepare your taxes. This is to verify that your closing balances are correct in bivio.

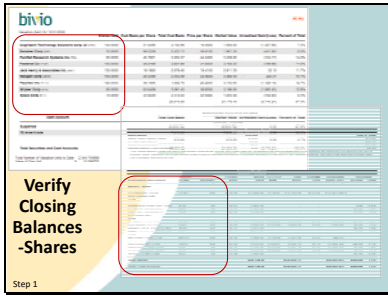
You do this using a bivio valuation report

and your end of year statements for each of your financial accounts. First, check that the

cash balance shown in bivio as of the end of the year agrees exactly with

the balance shown on each of your account statements. Your club may have just a brokerage account or it may also have a bank account. The cash balances for each account listed on the Accounting>Accounts page should agree to the corresponding account statement as of the end of the year. You should not see balances for accounts listed that you don't actually have.



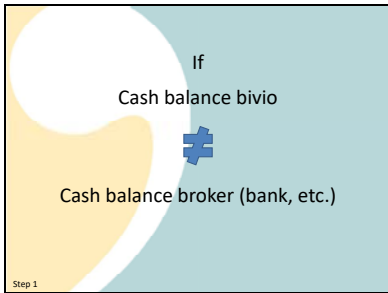


Then, you compare the numbers of shares of each stock you own.

First on the bivio valuation statement

then on your brokerage statement

The bivio account should show exactly the same number of shares, that the brokerage account does.

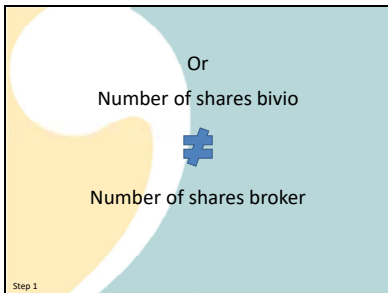


I can't emphasize this step enough. It is a critical point. If the

cash balances in bivio

do not agree with

cash balances shown on your financial institution statements and you don't have a valid reason such as an outstanding check for this.



Or,

The number of shares of stock shown in bivio

Does not agree

With the number of shares shown by the broker.



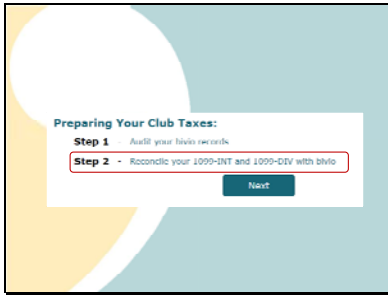
GO NO FURTHER. You need to stop and find and fix the problem. Your taxes will be prepared using your bivio accounting information. There is no point in going any further if it is not correct. In fact, if you are a club member, you should make sure that your treasurer can demonstrate that these things agree. You are all responsible if your taxes are filed incorrectly.



The bottom line is this. Your taxes are prepared from the information you've entered in bivio. Unless you do an audit and verify it is correct, your taxes may just be

garbage in

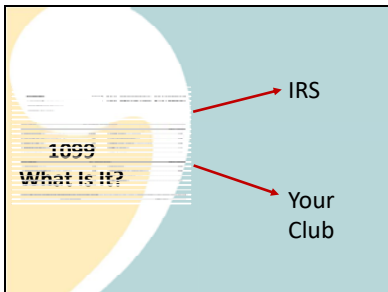
Garbage Out. That is why you need to do step one. An audit can be done at any time once your December 31 brokerage statements are ready. It will verify that all of your accounting records are correct through that time.



Even after you do an audit, there may be some last-minute changes that are reported on the 1099 form you will get from your broker that you need to adjust for. You will not know what they are until you receive them.

Steps 2 and 3 guide you through doing this.

In step 2, you will be checking your dividends against your 1099. This is important because changes in the way your broker reports dividends may affect the cost basis of your stocks and the tax rate paid on the dividends. Unless you make the changes in bivio that are shown on the 1099, your taxes will be wrong and, when you sell the stocks, capital gains and losses won't be reported correctly.

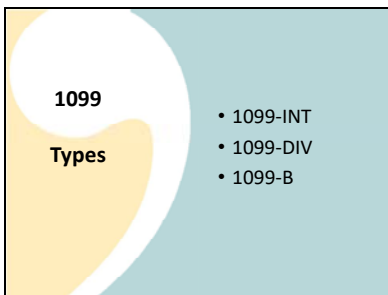


Before we get into the specifics of doing this step, let's review what a 1099 is.

A 1099 is a form that your financial institution sends to the

IRS telling them how much taxable income you have made during the year.

They also send a copy to you.

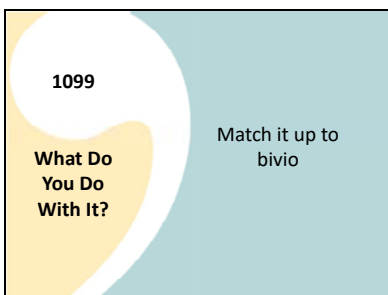


There are many types of 1099's. Income from your investment activities will probably show up on one of three different types:

A 1099 INT will report your interest income

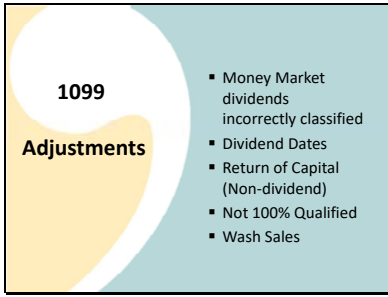
A 1099 DIV will report your dividends

And a 1099 B will report your stock sales and your capital gains and losses.



What do you do with your 1099?

Since the IRS will be matching up the information provided to them on the 1099's with what you report on your taxes, you need to know your bivio records agree with them or you have a valid reason for any disagreements. Brokers do make mistakes on 1099's but if something differs from your bivio records you need to investigate why. You may have differences even though you have done an audit. Some tax information doesn't come through until you receive your 1099's. When it does, there are details that you might need to "fine tune" to make sure your income is reported correctly. These changes will not be done for you automatically by AccountSync. You need to do them during step 2 and 3 of the tax prep process.



The changes you may need to work on include things like:

Money market dividends classified incorrectly. We tend to think of distributions from Money market funds where we park our cash as interest but in many cases they are actually dividends. You'll need to make sure they have been classified in bivio the same way your broker shows.

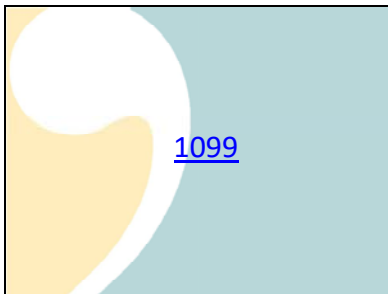
Dividend Dates

Sometimes dividends which your broker credits to your account in January are reported to you as previous year dividends.

If a company doesn't have sufficient earnings to support a dividend, income that was originally reported to you as a dividend, will be reclassified on your 1099 as a Return of Capital or "Non-dividend" distribution. This requires a manual adjustment to your bivio records.

You also might have an investment where you will find not all of the dividend you received can be considered a "Qualified Dividends".

You might have find a wash sale you triggered by buying a stock too close to a sale you had which resulted in a loss. Many of these things you won't know about until you get your 1099. But they all require adjustments to your bivio records to produce correct taxes. We'll be going through how you address them later in this webinar.



Here's an example of what your 1099 might look like.

This is called a composite 1099 because several types of 1099 forms are combined in one sheet.

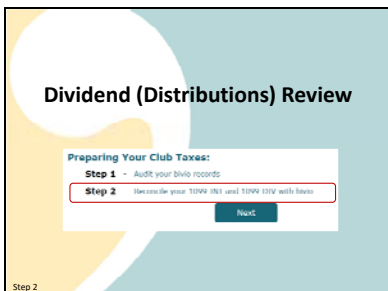
Here is the 1099 DIV,

The 1099 INT

And the 1099B

You'll usually have this cover page where everything is summarized and then many pages of supplemental information providing the details. You'll be using all of this as you prepare your taxes.

So how will you use this information as you go through steps 2 and 3?



In step 2, you'll be answering questions and making comparisons that will ensure sure your dividend information is reported correctly. As I was just discussing, information on the tax classifications of Dividends often doesn't show up until you receive your 1099. If any of the information is different than what was initially entered, you must manually adjust the bivio entries to produce correct tax forms. The changes are not made for you automatically by AccountSync.

Qualified Dividends

1. Only Issued by "Qualifying" Companies
2. Type of Dividend
3. Holding Period
 - Ex-dividend date
 - Checked by bivio, not by broker

Step 2

Before we get into dividend checks and adjustments, let's talk about a subject that often raises questions. You may see notes on your reports referring to "Qualified" dividends. What are those? They are a good thing. They qualify for a reduced tax rate. For most people, they are taxed at lower long-term capital gains rates rather than at ordinary income rates. There are three requirements for a dividend to be considered "Qualified":

Only US and certain foreign companies can issue Qualified Dividends

Only certain types of dividends are qualified. Dividends from Money Market Accounts are usually not. Neither are most of the dividends from REIT's

Holding period-You need to have owned the stock paying the dividend for more than 60 days during the 121 days that begin 60 days before the ex-dividend date.

So what is an ex-dividend date? When a dividend is declared by a company they also specify that it will be paid to owners of record as of a certain date. The stock exchanges determine who these are by establishing an "ex-dividend" date. It's usually 1 business day before the record date. If you buy and own a stock before the ex-dividend date, you get the dividend. If you buy it on or after that date, you don't.

bivio checks holding period based on the ex-dividend information entered when the dividend was recorded. It's important to understand that brokers are not required to run this check. All they have to do is tell you if a dividend is eligible to be qualified. You may find that this will mean the amount of qualified dividends reported by bivio is different from what your broker shows. If you see differences, make sure you know why. But if there is a good explanation it is OK.

Step 2

Security	Date	Amount	Exemption Type	Actions
Account: Brokerage - IBM	03/20/2010	0.25	Interest	edit
	04/20/2010	0.24	Interest	edit
	05/20/2010	0.20	Interest	edit
	06/20/2010	0.27	Interest	edit
	07/20/2010	0.28	Interest	edit
	08/20/2010	0.28	Interest	edit
	09/20/2010	0.25	Interest	edit
	10/20/2010	0.25	Interest	edit
	11/20/2010	0.25	Interest	edit
	12/20/2010	0.25	Interest	edit
	Interest:	6.50		
Account: Brokerage - IBM	03/20/2010	0.24	Interest	edit
	04/20/2010	0.20	Interest	edit
	05/20/2010	0.22	Interest	edit
	Interest:	0.66		
Total Interest:		7.16		

When you select step 2, a page listing all your interest and dividends opens. At the top are all the interest transactions you've entered in bivio. The total shown for this section should equal the total interest reported on your 1099 INT. If it doesn't, you may have Money Market dividends entered as Interest and vice versa.

Use the "edit" links next to an entry if you need to adjust it.

1099-DIV

Security	100% Qualified Dividend	Date	Amount	Transaction Type	Country	Actions
Windsor (REIT)	Yes	01/15/2022	60.00	Qualified dividend	USA	View
		01/15/2022	60.00	Qualified dividend	USA	View
	Qualified dividend		120.00			
Core Health Care (REIT)	Yes	03/29/2022	87.26	Qualified dividend	USA	View
		03/29/2022	87.26	Qualified dividend	USA	View
		03/29/2022	87.26	Qualified dividend	USA	View
		03/29/2022	87.26	Qualified dividend	USA	View
	Qualified dividend		341.84			
Forward Air (REIT)	Yes	02/28/2022	12.83	Qualified dividend	USA	View
		02/28/2022	12.83	Qualified dividend	USA	View
	Qualified dividend		12.83			
Microsoft Corp (REIT)	Yes	06/13/2022	18.33	Qualified dividend	USA	View
		06/13/2022	18.33	Qualified dividend	USA	View
		06/13/2022	18.33	Qualified dividend	USA	View
		06/13/2022	18.33	Qualified dividend	USA	View
	Qualified dividend		73.00			
	Qualified dividend		413.00			

Step 2

At the bottom of the page, you'll see a list of all the dividends you've entered in bivio.

For each one you need to do this:

First, make sure you have investments correctly identified as those that pay Qualified dividends or those that do not pay 100% qualified dividends. Those are the ones like REIT's, ETF's and many mutual funds. If you see any of the dividends on your 1099's have been reclassified into different distribution types, you should see a "No" in this column. If you don't, click on the link that says yes to open a form where you can adjust this.

Details of 1099-DIV Transactions

Security	100% Qualified Dividend	Date	Amount	Transaction Type	Country	Actions
Windsor (REIT)	Yes	01/15/2022	60.00	Qualified dividend	USA	View
Core Health Care (REIT)	No	03/29/2022	87.26	Qualified dividend	USA	View
Forward Air (REIT)	No	02/28/2022	12.83	Qualified dividend	USA	View
Microsoft Corp (REIT)	No	06/13/2022	18.33	Qualified dividend	USA	View
	Qualified dividend		120.00			
	Qualified dividend		341.84			
	Qualified dividend		12.83			
	Qualified dividend		73.00			
	Qualified dividend		413.00			

Step 2

Here's what you might see on your 1099 that tells you to select No.

As you can see here for this ETF, the Total dividends

Have been split into an "Ordinary" or "Non-qualified" portion

And another portion that is eligible for Qualified status. So this ETF does not pay 100% qualified dividends.

Edit Distribution Info for Health Care (REIT)

Your Div Form to update your distribution type for this security.

Country: State/Province: Country of origin:

100% Qualified Dividend: Yes No

Qualified dividend: Check the investment provider (100% qualified dividends) Most common: corporations and some foreign corporations have 100% qualified dividends. Mutual funds, ETFs and REITs are not.

Stock Type:

Notes: Enter any notes associated with this security.

Notes:

OK Cancel

Step 2

This is what the page looks like where you make the change

Select no if the company does not pay 100% qualified dividends

1099 - INT/DIV Review - bivio

Security	100% Qualified Dividend	Date	Amount	Transaction Type	Country	Actions
Windsor (REIT)	Yes	01/15/2022	60.00	Qualified dividend	USA	View
		01/15/2022	60.00	Qualified dividend	USA	View
		01/15/2022	60.00	Qualified dividend	USA	View
	Qualified dividend		120.00			
Core Health Care (REIT)	No	03/29/2022	87.26	Qualified dividend	USA	View
		03/29/2022	87.26	Qualified dividend	USA	View
		03/29/2022	87.26	Qualified dividend	USA	View
		03/29/2022	87.26	Qualified dividend	USA	View
	Qualified dividend		341.84			
Forward Air (REIT)	No	02/28/2022	12.83	Qualified dividend	USA	View
		02/28/2022	12.83	Qualified dividend	USA	View
	Qualified dividend		12.83			
Microsoft Corp (REIT)	No	06/13/2022	18.33	Qualified dividend	USA	View
		06/13/2022	18.33	Qualified dividend	USA	View
	Qualified dividend		73.00			
	Qualified dividend		413.00			

Step 2

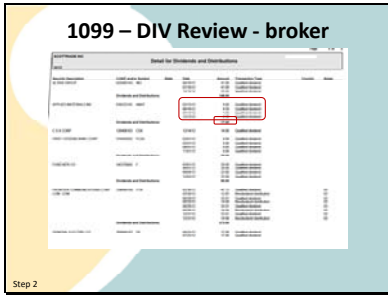
In the dividend section you'll see your dividends listed by company.

Most brokers provide a corresponding detail list on your 1099 that you can compare this against. We'll look at that in a minute.

You'll be able to do a quick initial check by comparing the dividend totals for each company to what is shown on your 1099.

If the totals don't agree you can compare each detail to determine where the discrepancy lies.

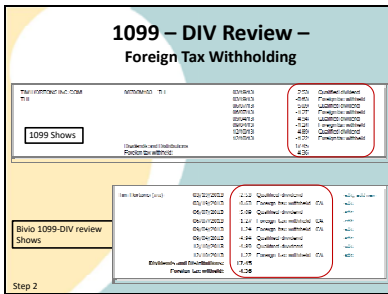
If you need to make any changes you can find a direct link back to your records to edit the transaction.



You'll be checking the bivio information against dividend detail information you can probably find on your 1099 DIV. Many look like this. You can see it is very similar to the bivio review page. You may find your 1099-DIV looks a little different from this, but it will have the same information on it, just in a little different format. In any case, this is what you do.

First, look at the dividend totals and compare them to the bivio report.

If they don't agree, compare the individual dividend dates and amounts with the bivio report to start to work through where your problems lie. You'll need to fix them before you finish this step.

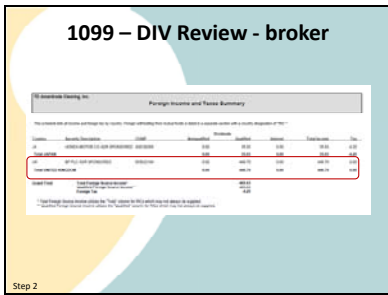


If you own foreign stocks,

you may see entries where foreign tax was withheld on your 1099.

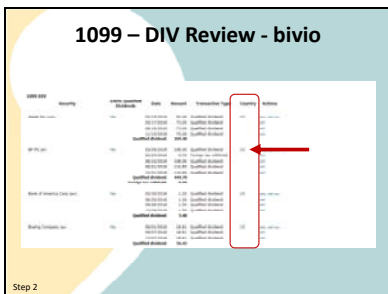
You need to make sure those entries also show up on the bivio

1099 DIV review page. If they don't, you will need to edit the entries to correct this issue. Foreign tax is one of the types of income you can enter on the reclassification page I will show you in a few slides.



You'll also need to do another comparison if you own foreign stocks. If you do, you'll find a page similar to this in your 1099 that lists income from foreign companies.

For example, this club received income from BP, which is a company headquartered in the United Kingdom.



On the bivio 1099 DIV review form,

you will find a column which indicates Country. The country shown in that column should agree with the information shown on the foreign company's page on the 1099.

US is listed here for BP. From your brokers 1099, you know that BP is a United Kingdom company so what is shown here should reflect that.

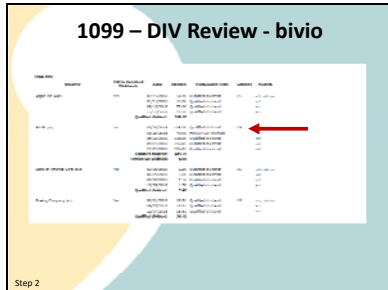


To fix it, click on the 2 letter country designation, it will open this form

At the top is where you select the country that your broker has indicated.

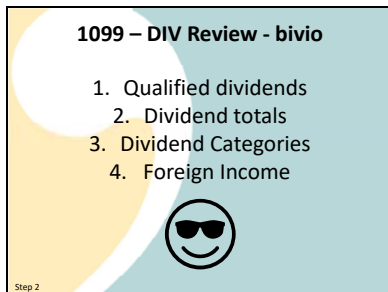


In this case it is United Kingdom.



After you accept the selection, you'll be taken back to the form and you'll see the symbol for the United Kingdom has been filled in.

It is GB



If you follow our guidelines for keeping your club accounting simple, there is a good chance at this point that you will have found:

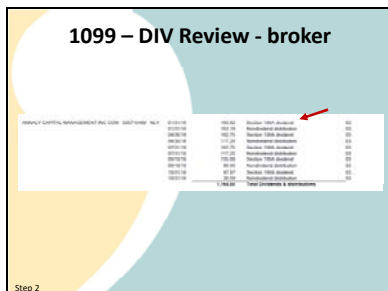
All of your investments only pay qualified dividends

All of the dividend totals agree with what the broker shows

All of the dividend categories agree with what the broker shows

All of the reporting for any foreign companies agrees with what the broker shows

If that is the case, you'll be done with Step 2.



However, if you haven't followed our advice or any of your stocks had some issues in the past year, you'll probably have some further work to do.

What you need to be concerned about is information like the entries for this company where some of the distributions have been classified as something other than dividends. In this case, some of the dividends that were paid by Annaly were reclassified when they closed their books for the year.

They are now shown as "Section 199A dividends" and "Nondividend distributions". If you own REIT's you will see their dividends reclassified into as many as 5 different categories.

When you see this, you'll have further work to do in step 2

1099 – DIV Review

Annex Capital Management Inc. (1099) [edit]

Date	Amount	Description	1099 Type
01/31/18	160.82	Section 199A dividend	03
01/31/18	103.18	Nondividend distribution	03

Step 2

To update bivio, you need to find the stock in question on the bivio 1099 DIV review report.

Then you need to check that there is a “No” in the “100% Qualified Dividend column. Adjust if necessary

When you’ve finished with that, select the edit link next to the first dividend that needs to be adjusted.

Here are the two parts this first dividend was divided into

1099 – DIV Review

Dividend Details
Annex Capital Management Inc. (1099)

Transaction Date: 01/31/2018

Account: The account where funds were deposited

Distribution Amounts: Select one or more entries based on your entries

Section 199A Dividend	160.82
Non-Dividend Distribution Return of Capital	103.18

OK Cancel

Step 2

The edit link opens the dividend entry form where

you can split the entry into each of the components shown on the 1099.

The total of the two should still be the same as the original total dividend amount for that date.

Making this adjustment to reclassify your dividends is very important. The non-dividend portion is not taxable to you during the current year and it affects the cost basis of your shares. The Section 199A dividend amount also may provide you with tax benefits. If you don’t make the entries, you will overpay on your taxes during the current year and your cost basis will not be correct when you sell your shares.

1099 – DIV Review

Annex Capital Management Inc. (1099) [edit]

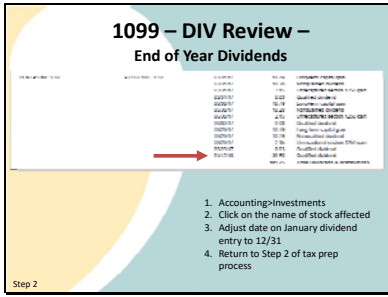
Date	Amount	Description	1099 Type
01/31/18	160.82	Section 199A dividend	03
01/31/18	103.18	Nondividend distribution	03

Step 2

When you return to the 1099 DIV review page, you will now see two entries for that distribution rather than one. You then continue to make adjustments until all the changes have been made in bivio. A dividend may be reclassified into between two and as many as 5 different categories. You’ll make all the adjustments in the same way I just showed.

You won’t know these breakdowns until you get your 1099’s. In fact, your 1099’s may be delayed or you may receive revised ones late in the tax season.

Since you can’t prepare your taxes correctly without reclassifying REIT dividends it may delay your filing. This delay and the extra work of splitting up each of your distribution entries into several parts is one of the reasons we advise clubs to avoid investing in REIT’s. We find many clubs that own them have a lot of difficulties completing this step.



Some other things you might find on 1099 DIV's that would require adjustments include these.

Sometimes a dividend is received and entered in bivio with a date early in the new year, but it shows up on your 1099 as reported during the past year. In this case, all the dividends have a 2017 date on them except the last one. Even though it was received in 2018, it is reported on taxes as a 2017 dividend. This is pretty much guaranteed to happen if you own REIT's.

When this happens, you won't see the dividend listed at all at first on the bivio 1099 DIV review form and your dividend totals for the affected stock probably won't agree with what your broker shows.

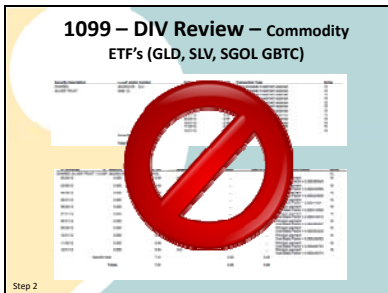
To correct this, you'll need to adjust the date in bivio by doing this.

Leave the tax prep program and go to Accounting>Investments

Click on the name of the stock paying the dividend

Select edit next to the entry affected and change the date on it to 12/31 of the reportable tax year.

You can then return to step 2 of the tax prep process and continue. You should now see the dividend listed on the 1099-DIV review form and the totals for the company in question should agree with the 1099.

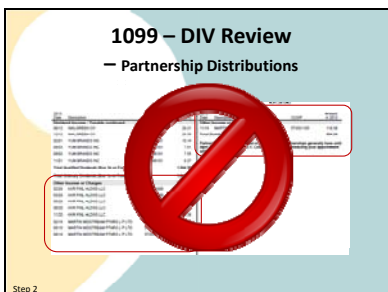


Even more complex than that will be the issues you will face if you own commodity ETF's such as SLV or GLD or Bitcoin trusts

These are actually investments in a commodity such as Gold, Silver or Bitcoin, not in stock. Each month, some of the commodity, in this case Silver, is sold to pay expenses.

These sales mean many calculations you must make manually and many adjustments you must make to your bivio records. There are manual adjustments to your tax forms required also.

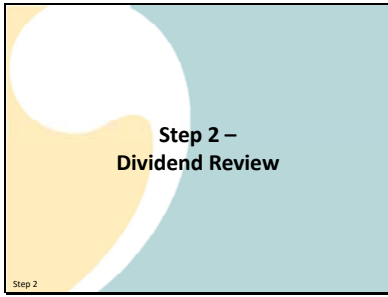
Unless you want to spend lots of time and are very comfortable doing calculations and making accounting entries, you will not want to do what needs to be done if your club invests in these.



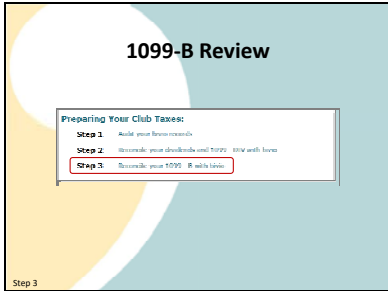
Finally, if you see information

like this on your 1099, you have a big problem. You have received income which is classified as a partnership distribution. This requires major adjustments to your club accounting and tax reporting. Unfortunately, handling these things is beyond the scope of the services provided to you by bivio.

You will not be able to file the bivio tax forms as produced. You will need to get outside accounting help to get your club taxes done for the year.



So that's what you need to do for step 2 of the tax prep process. This is a very important step for you to complete so make sure you don't ignore it. Many of the cost basis problems clubs have are because they have neglected to do dividend reclassifications that were shown on their 1099's. If you find this step hard to do, just remember that you pretty much control whether or not you have to do it. Those clubs that follow our guidelines for keeping their club accounting simple by staying away from investments in commodity ETF's, REIT's or Partnerships can breeze through this step quickly because they probably won't have any reclassifications to deal with.

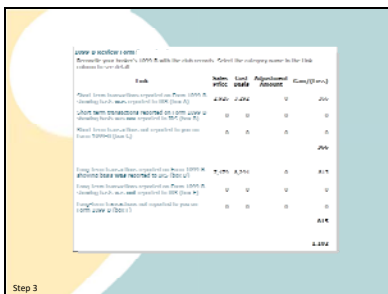


When you finish the second step and have finished comparing and correcting your dividend entries, you'll return to the tax prep screen. You'll see that step 3 is now showing.

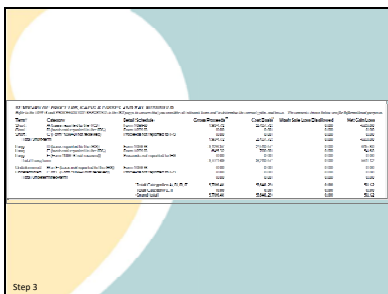
It also involves comparing a bivio report with a 1099 form. In this case, your 1099-B which reports your capital gains and losses.

Just like dividends, we have a review form that looks similar to what you'll be getting from your broker that will allow you to do this.

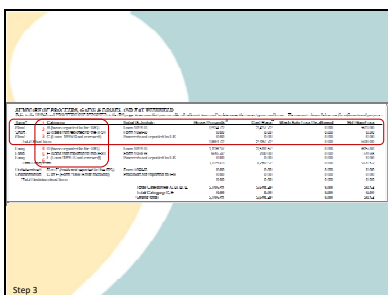
You can get to it from this link.



It looks like this.



It is designed to resemble what your broker will be providing you on your 1099-B which will look something like this.



So what is all the stuff on these forms? Lets discuss what you should know briefly.

If you sell stocks during the year, you will have Capital gain income to report.

On your 1099, your capital gains may be reported in one of 6 different categories

In the first section, you'll have information on Short Term Capital gains. These are gains or losses on sales of stocks you held for 1 year or less.

Category	Proceeds	Basis
A - Cost basis reported to IRS		
B - Proceeds reported but not cost basis		
C - Not reported to IRS		

Step 3

If we look more closely we see that this section is further divided up into 3 categories

- For Section A or “Covered” transactions, your broker will be reporting your cost basis to the IRS. That gives them the information they need to do a direct match up to what you report on your taxes.

B. For Section B, or “Non Covered” transactions, your broker does not have to provide cost basis information, they will just be reporting the total proceeds from these sales. Your broker may show cost basis information on your 1099, but it will not be sent in to the IRS.

C. Transactions not reported as part of a 1099-B Basically any other transactions that don’t fit into the first two categories. (Though they may be shown on your 1099 as supplemental information) Don’t get the impression that if something is not being reported to the IRS by your broker that you don’t have to report it. You still have the obligation to report correct capital gains and losses on your taxes. It’s just that for sales included in category A, the IRS has a very easy way to compare what you file with what you should have filed.

Category	Proceeds	Basis
D - Cost basis reported to IRS		
E - Proceeds reported but not cost basis		
F - Not reported to IRS		

Step 3

There are similar categories in the Long Term Capital gains section. They are labeled D,E and F.

In section D. Basis is reported to IRS

In section E. are the non-covered sales where proceeds but not cost basis are reported to IRS

And in section F. are transactions not reported for various reasons in either of the other two categories.

Category	Proceeds	Basis
D - Cost basis reported to IRS		
E - Proceeds reported but not cost basis		
F - Not reported to IRS		

Step 3

You’ll see these same 6 categories on the opening page of the 1099 B review report.

The first thing you want to do is to look at the subtotals for each column in a particular category.

1099-B - Broker

Step 3

Category	Subtotal	Cost Basis	Realized Gain/Loss	Adjusted Basis
Short-Term Capital Gains	1,000.00	0.00	1,000.00	1,000.00
Long-Term Capital Gains	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Total	1,000.00	0.00	1,000.00	1,000.00

They should agree with the subtotals shown on your 1099 for the same category.

1099-B Review - bivio

Step 3

Category	Subtotal	Cost Basis	Realized Gain/Loss	Adjusted Basis
Short-Term Capital Gains	1,000.00	0.00	1,000.00	1,000.00
Long-Term Capital Gains	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Total	1,000.00	0.00	1,000.00	1,000.00

If they don't,

each row label on the 1099 B review report is a link that will take you to the detail of what is being included in the category.

For example, if I click on the first link,

I get to the detail of the Short term capital gains, Section A. "basis is reported to the IRS" category.

1099-B Broker

Step 3

Category	Subtotal	Cost Basis	Realized Gain/Loss	Adjusted Basis
Short-Term Capital Gains	1,000.00	0.00	1,000.00	1,000.00
Long-Term Capital Gains	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Total	1,000.00	0.00	1,000.00	1,000.00

You can compare this to a similar looking detail page for the same category that you will find in your 1099.

Start to hone in on where the difference is coming from

by comparing the subtotals for each company between the bivio and brokers report.

If the subtotals are the same for a company, it is not the problem. If they do not agree, you will need to compare further details either between the two reports or between bivio and a Realized gain/loss report from your broker to find out what the problem is so you can get it corrected.

Note that if you have done the audit in step 1, you should not find any issues at this point because you would have already found them during the audit and gotten them corrected.

Fixing bivio Entries

Step 3

Category	Subtotal	Cost Basis	Realized Gain/Loss	Adjusted Basis
Short-Term Capital Gains	1,000.00	0.00	1,000.00	1,000.00
Long-Term Capital Gains	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Total	1,000.00	0.00	1,000.00	1,000.00

If you find discrepancies, you need to determine why they are there. If you need to make corrections in bivio, you can jump back to the transactions that have been entered for the stock if

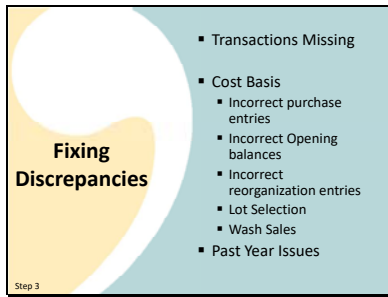
you select the review entries link.

Fixing bivio Entries

Step 3

Category	Subtotal	Cost Basis	Realized Gain/Loss	Adjusted Basis
Short-Term Capital Gains	1,000.00	0.00	1,000.00	1,000.00
Long-Term Capital Gains	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Total	1,000.00	0.00	1,000.00	1,000.00

It will take you to the Investments transaction page or pages for the stock in question. You will need to correct whatever bivio entry or entries were wrong to fix your problem.



There can be many reasons for differences. If you do find them, and you know the broker's information is correct, you'll need to make corrections to your bivio transaction entries so bivio will calculate whatever the broker shows. In other words, you need to fix your accounting, you are not just changing a number on a tax form.

Here are some things that can cause issues:

You may have transactions missing. If so, you will need to find out what they are from statements and reports from your broker and they will need to be added to bivio.

You may find that broker cost basis numbers do not agree with your bivio records. If so, you will need to investigate and determine why and then fix the entries in bivio that are causing the problem. Cost basis differences can be caused by things like:

The incorrect entry of a stock purchase.

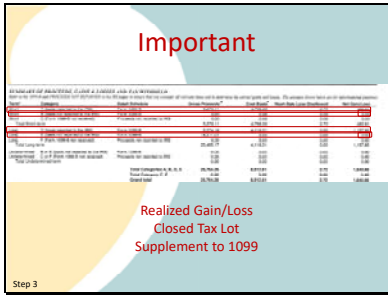
If you switched to bivio after your club had started, there may have been mistakes in your switchover data.

The stock affected may have gone through a reorganization that wasn't accounted for properly in bivio either during the current year or in past years.

If you had multiple lots of a stock and you only sold some of them, you would have needed to tell your broker which lots to sell. If you've told them something other than First in First Out, you'll need to edit the sale in bivio so the correct lots are reported sold and the correct gains or losses are calculated.

You may have had a wash sale. If it was this year, you will need to add it into your bivio records. Bivio is the only investment club accounting software that gives you a tool to use to do this.

Problems you find may be due to incorrect entries made during the current year or it may be that you did not make proper adjustments in past years. If that is the case, you'll need to fix the oldest problems first and then re-enter any subsequent transactions that would have affected the cost basis of your shares sold this year. Working from oldest to newest will allow the fixes to propagate through your data correctly.



The transactions we've been talking about where the broker has to provide information you can compare to bivio

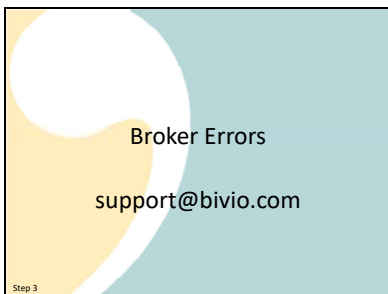
are in the Section A and D categories where all information is reported to the IRS.

There are also categories like the B and E categories where all information is not reported to the IRS because the broker was not required to track cost basis information for those lots correctly.

This means that broker information shown there may be incorrect. For example, there may be a 0 total in the gain/loss column. We get many questions asking whether bivio should show a 0 there also. Obviously if the total gains shown on the brokers report is 0 it is not correct. The bivio report will show the correct number if your bivio entries are correct. The reason the brokers report might show 0 is because the 1099 only shows totals in the reportable categories. bivio is showing the totals in all the categories because even if your broker doesn't report them to the IRS, you still need to report them on your taxes.

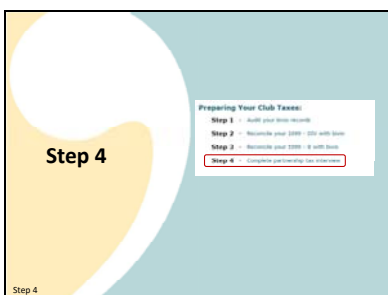
Because you'll be reporting them on your taxes, you still need to check the details of the transactions in these categories against supplemental information from your broker or your original brokerage statements to make sure it is correct in bivio.

Your broker may have a "realized gain/loss" or "Closed tax lot" report you can use to do this. Some brokers even show all the detail for these categories as a supplement to your 1099 form. This check is also performed as one of the steps of doing your club audit so any issues that you need to address should have been found when you completed it.



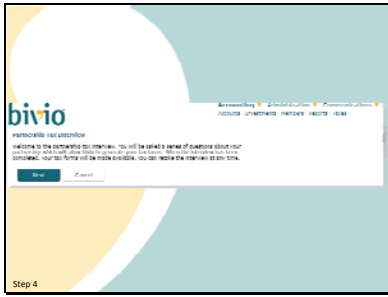
In very rare cases, your broker might have an error in a reported cost basis number on their 1099. If you can prove that they do, and that the gain/loss shown by bivio is correct,

contact us in support and we can help you make the entries you will need to report this on your taxes.

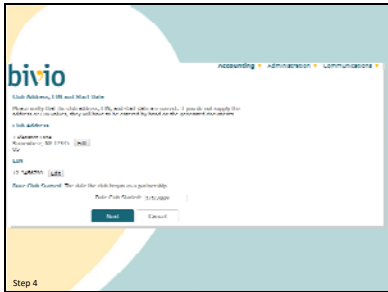


Once you've done these confirmations and not before, you're ready to move into the final steps of preparing your tax forms. These go much quicker.

First, you'll take a tax interview to provide the final pieces of information you need to enter. This link for step 4 will take you to the interview.



Your tax forms will be generated using your club data after you answer a few questions. You can retake this interview as many times as you'd like. In fact, if you change anything after you run it the first time, it is important to retake it to update the tax forms before you give them to anyone.



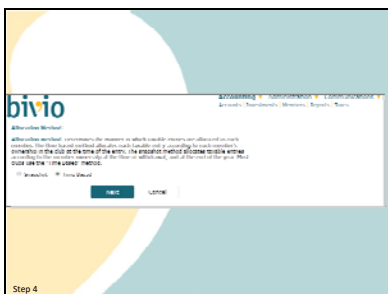
First, confirm basic club information. Your address, EIN Number and Club Start Date. These will probably already be available and filled in from your club records. If not, fill them in here because they are necessary for you to continue.



Next, select the IRS center your return will go to and the type of Partnership. You'll also need to know whether or not you've invested in a partnership during the year. If you have, you will not be able to finalize correct tax forms in bivio. You'll need to work with an outside accountant to get them done.

Most clubs should go with the default entries that have already been made for you for the questions during the tax interview. If you know a different answer applies or you are worried a different answer applies to your club, feel free to email us in support for clarification or discussion of your situation.

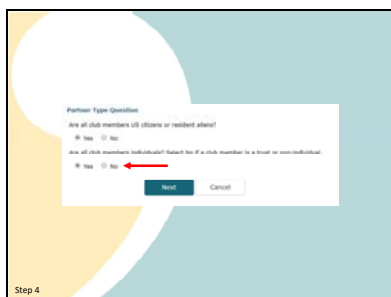
Make sure you check the filing instructions on our help page so you know where your return should be mailed. There is a link to the page on this page.



Next, is the method that is used to allocate or divide up your club income and expenses between the members. We suggest you accept the default which is time based allocation. It represents the default IRS required methodology. It means income and expenses are allocated to your members based on their ownership percentage on the date that they occur.

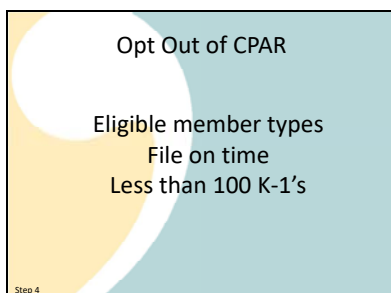


If you are missing any addresses or Social Security numbers in bivio, you will need to enter them on the next page to be able to produce your taxes.



Next you are asked questions about the type of partners that are in your club. Whether they are all US Citizens or resident aliens and whether all of your members are individuals.

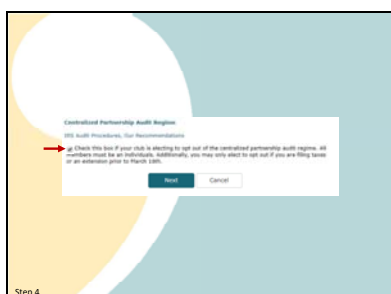
If you have any members in your club whose member accounts are listed in the name of a trust, it is very important to enter no to the second question.



If you answer yes to both questions, you may be eligible able to opt out of the CPAR audit requirements since you do not have any of the disregarded entity types as members. CPAR stands for Centralized Partnership Audit Regime. We recommend that you opt out if you can. In addition to not having any trusts as members of your club, you just need to meet a few other criteria:

You need to file your tax return and distribute K-1's to your members by March 16 or file a valid extension before then.

And, your club can only have 100 or less K-1 forms to distribute for the year.



If you are eligible to opt out, you will see this page.

Select that you want to opt out. This will trigger bivio to generate the forms you are required to file if you opt out.



If, however, you answered no to either of the questions on the partner type page, because, some of your members hold their club ownership in a trust,



you will be taken to this page. On it you need to identify the members of your club that are trusts.

You do that using the little drop down menu in the "entity type" column.

100 W-1 Tax Fields

Partnership Types. Unless you have not formed as a general partnership, you should select General Partner.

Entity Type. Members should be indicated as an individual unless a member's account is listed in the name of a trust.

Foreign Partner. Select this checkbox if the partner is a nonresident alien, individual or foreign trust.

Name	Partner Type	Entity Type	Foreign Partner
Robert Arnold	General Partner or LLC Member Manager	Individual	<input type="checkbox"/>
Andrew Chang	General Partner or LLC Member Manager	Individual	<input type="checkbox"/>
Brittany Chapman	General Partner or LLC Member Manager	Individual	<input type="checkbox"/>
Andrew Green	General Partner or LLC Member Manager	Individual	<input type="checkbox"/>
Justin Hartweg	General Partner or LLC Member Manager	Individual	<input type="checkbox"/>
Christopher Anderson Revocable Trust	General Partner or LLC Member Manager	Trust - Individual (SSN)	<input type="checkbox"/>
Hagan Willson	General Partner or LLC Member Manager	Trust - Individual (SSN)	<input type="checkbox"/>
Hagan Willson	General Partner or LLC Member Manager	Trust (SSN)	<input type="checkbox"/>

Next Cancel

Step 4

For most trusts you'll select "Trust – Individual (SSN)" on the little menu that opens.

Choose Partnership Representative for 12/31/2020

The Partnership Representative should be someone who is familiar with the financial activities of the club. They will have the sole authority to negotiate with the IRS and bind the club and its members to an agreement reached. If the partnership wishes to designate a partnership representative that is a member of the club, another member cannot be selected.

Select Partnership Representative

- Robert Arnold
- Andrew Chang
- Brittany Chapman
- Andrew Green
- Justin Hartweg
- Christopher Anderson Revocable Trust
- Hagan Willson

Next Cancel

Step 4

When you have members who are trusts, you will not be able to opt out of the new IRS CPAR audit procedures. On the next page, you will need to designate a Partnership Representative. The Partnership Representative needs to be someone who is familiar with the financial activities of the club. They will have the sole authority to negotiate with the IRS and bind the club and its members to any agreement reached in the event of an audit of your 2020 tax returns.

Choose Partnership Representative

The Partnership Representative should be someone who is familiar with the financial activities of the club. They will have the sole authority to negotiate with the IRS and bind the club and its members to an agreement reached. If the partnership wishes to designate a partnership representative that is a member of the club, another member cannot be selected.

Partnership Representative: Christopher Anderson Revocable Trust

Representative Address: 100 Red Maple Lane (SSN) 980 123 456 7890

Representative Phone: (206) 456-7890 (SSN) 980

Representative Tax ID: (206) 345-6789 (SSN) 980

The trust selected cannot be listed on the Partnership Representative, please enter the actual name of the person whose account is listed in the trust and make any necessary adjustments to the address and phone number shown below if that are not correct for this person.

Name: [Christopher Anderson]

Address: 100 Red Maple Lane

City: Deer City

State: OR

Zip: 97111

Phone: (206) 456-7890

Next Cancel

Step 4

You will need to enter, name, address, phone and social security number for whomever you designate as partnership representative.

If your partnership representative holds their club ownership in a trust,

Choose Partnership Representative

The Partnership Representative should be someone who is familiar with the financial activities of the club. They will have the sole authority to negotiate with the IRS and bind the club and its members to an agreement reached. If the partnership wishes to designate a partnership representative that is a member of the club, another member cannot be selected.

Partnership Representative: Christopher Anderson Revocable Trust

Representative Address: 100 Red Maple Lane (SSN) 980 123 456 7890

Representative Phone: (206) 456-7890 (SSN) 980

Representative Tax ID: (206) 345-6789 (SSN) 980

The trust selected cannot be listed on the Partnership Representative, please enter the actual name of the person whose account is listed in the trust and make any necessary adjustments to the address and phone number shown below if that are not correct for this person.

Name: [Christopher Anderson]

Address: 100 Red Maple Lane

City: Deer City

State: OR

Zip: 97111

Phone: (206) 456-7890

Next Cancel

Step 4

You will need to enter their name in this bottom section. You cannot have a trust named as a partnership representative.

Related Members

The IRS requires information about "constructive ownership" of partnerships. Please check members who are related. For the purpose of this question the IRS defines a relation as a brother, sister, spouse, lineal ancestors (parents, grandparents etc.) and lineal descendants (children, grandchildren etc.). You will have the opportunity on the next page to group members out of related members.

Name

- Robert Arnold
- Andrew Chang
- Brittany Chapman
- Andrew Green
- Justin Hartweg
- Christopher Anderson Revocable Trust
- Hagan Willson

If nobody in this list is related, leave boxes unchecked and click Next.

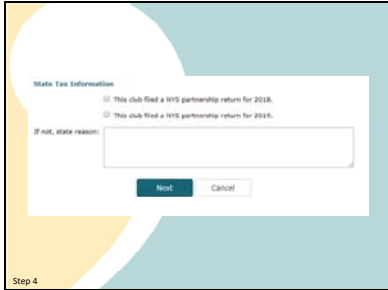
Next Cancel

Step 4

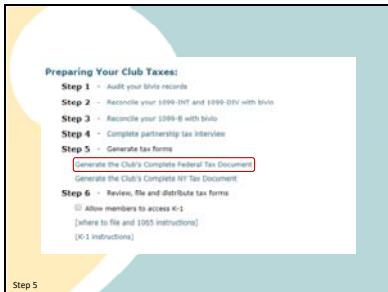
Next, you need to indicate if any of your club members are related. If they are, you will have further questions to define who is related to who. A relation is defined as brothers, sisters, spouse, ancestors (parents, grandparents etc.) and lineal descendants (children, grandchildren etc. They are listed on the page). If related parties own together more than 50% of your club assets, it is called constructive ownership and an additional form, Form B-1, will be generated. That's about the end of what will happen with your answers to this question. Investment clubs that can use bivio for their accounting, typically are not involved in any transactions where the answers to this question will matter. But you still have to file form B-1



After you identify the first set of relationships, you will be presented the remaining members to identify any remaining family relationships. You will keep being presented with these until you have no more to enter. This is the last of the questions that you need to answer for the federal return.



If your club is in a state for which we provide state taxes, you may have a few extra questions to answer before you are through.



After you answer the final questions, you'll be returned to the tax page.

You click here to generate your entire federal tax return.



A single PDF file containing all the documents you need to file will be produced

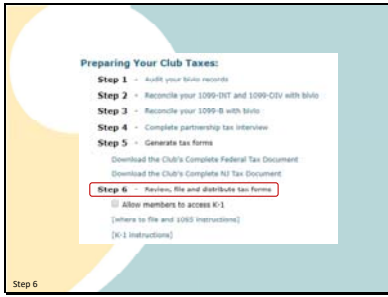
When it is done, you will be asked if you'd like to download it to your computer.



If you return to the taxes page, you will see a link to your entire Federal document and

also a link to generate or download any state taxes that are included in bivio that your club needs to file.

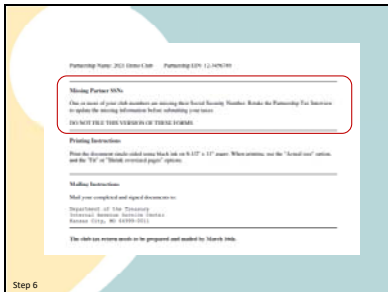
You can return to the Taxes page at any point to repeat any of the steps. As I mentioned before, if you change any club data, make sure to redo your taxes before filing. However, once you've filed them and distributed forms to your members, you shouldn't make any more changes to the forms or to your club records for 2020 or prior years. You should keep a paper or PDF copy of the exact return you file either in your records or in your bivio file storage area. If you do end up having to later correct something in bivio, you will need it to compare your revised tax return to what you filed.



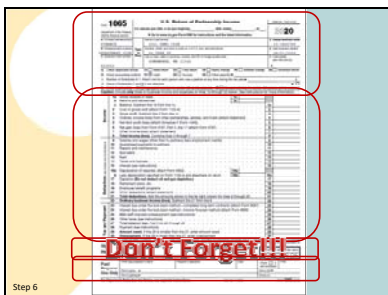
Once your forms have been generated, you're ready for the final step which is to review, file and distribute your tax forms. First you should review what was entered on them.



Your complete tax package will start with a cover page. You don't have to send this in. It just contains instructions for filing your return and the date it is due.



If there are any issues noted, make sure to address them before filing your taxes.



Here's the first page of your 1065. It looks kind of empty but that's ok, here's what you need to see.

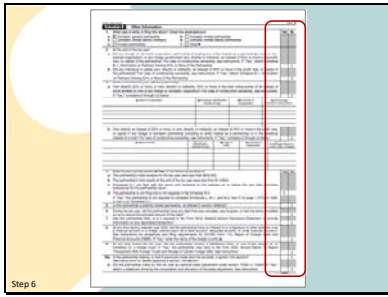
In the top section these items are filled in. Club name and mailing address. Items A through J. Item F will be blank unless you have answered no to question 4 on Schedule B. Most clubs answer yes to this question so section F is blank for most clubs.

The whole middle section, lines 1-30 will be blank. Don't worry, you haven't been cheated, that is correct.

DON'T FORGET to SIGN HERE. This is the main thing you need to remember about the first page.

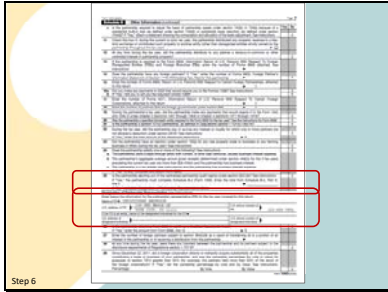
Do this before sending in your taxes or those nice penalties we discussed at the beginning will start to apply to you.

Leave the "Paid Preparer's Use Only" section blank.



Schedule B comes next on pages 2 and 3. It is where “Other Information” is filled in.

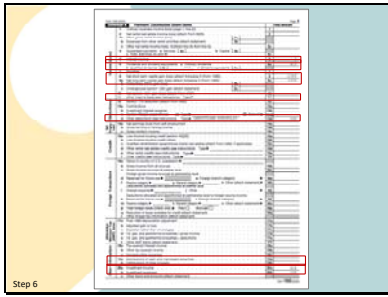
Bivio has filled it in based on information you entered during the tax interview and information that would apply to most investment clubs. You should review each question and the way it has been answered to make sure all the answers marked are correct for your club.



At the bottom of page 3 is where the partnership audit information is addressed.

If you have elected to opt out of the new IRS audit procedures, question 25 will be marked yes. You will also have a new form, form B-2 that will be part of your tax package that you will need to file. There will be no information in the Partnership Representative section

If you were not eligible to opt out, as is the case for this club, question 25 will be marked no and the information about your partnership representative will be filled in here.



Page 4 is Schedule K. It is where your total club income and expense information will be filled in. This is the information that is divided up between the members and reported to them on their K-1's. Most clubs will have only a few entries. Just a note that all the entries you will see on our tax forms are rounded to the nearest dollar.

If you've had 50 cents or more of interest income, you'll see it on line 5.

Your qualified and non qualified dividends will be entered on lines 6a and b. The amount on line 6b is included in the amount on line 6a.

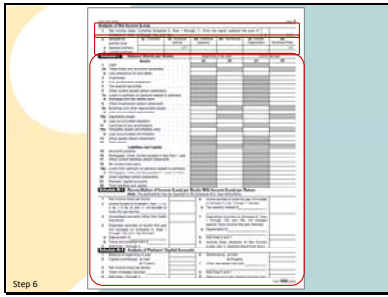
Your short and long term capital gains and/or losses are reported on lines 8 and 9a. You will have entries here if you have sold stock or received capital gains distributions from a mutual fund or from a class action settlement from a company whose stock you owned in the past. You may also have capital gains if a company you owned went through a taxable reorganization such as a cash plus stock merger or a re-domicile to a foreign country.

In most cases, there should not be an entry on line 11 unless you have received some unusual income such as winnings from a portfolio contest as this club has. If there is, an entry here, make sure you know that it belongs here. You may have recorded something incorrectly in your records and you should investigate and fix it before finalizing your forms.

If you've had any portfolio expenses they will be reported on line 13d. Note that while they are reported here, for now, none of your club expenses are deductible on your personal federal tax returns. They are only shown because some states allow you to deduct them on your personal state taxes.

If someone has withdrawn from your club, you should see an amount in line 19a if you paid them any cash and also an amount in line 19b if you gave them any stock.

And finally, for reasons known only to the IRS, your total portfolio income is shown on line 20a and your portfolio expense amount is shown again on line 20b.



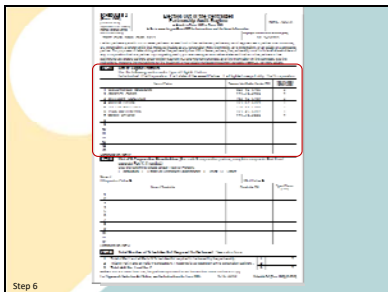
Page 5-This page show the total income or loss for your club this year.

Line one Analysis of Net Income (Loss) is filled in.

For line 2, the same information shown on line one is shown by partner types. For most clubs, this will show as “General Partner, Individual, Active” as it is shown here.

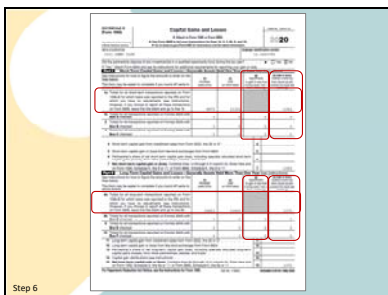
For most clubs, Schedules L, M-1, and M-2 will be blank.

Why? Because most clubs answer “Yes” to question 4 on Schedule B (1065 page 2).



All clubs will have the first 5 pages we just discussed. There will then be some supplemental forms your club may have. For example, if your club has opted out of the new partnership Audit requirements, you will have a schedule B-2.

It lists all of your club members, their tax ID’s and the type of entity they are. For investment clubs that can use bivio, these should all be listed as I for individual.



If your club has sold stocks during the tax year you will have entries on a Schedule D. This is one of the places where the information from the 1099 B review process ultimately ends up.

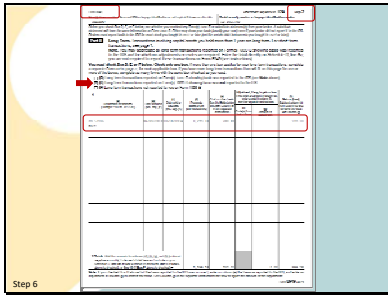
The summary information in the “Covered” categories for which you haven’t made any adjustments goes directly on the Schedule D. You will not find it detailed out anywhere as part of your tax forms.

If you have made adjustments, had wash sales or have information for sales reported in categories other than the “Covered” categories, you will have entries in this section and you will also have pages of another form, form number 8949 filled in.

As we have said, it is important that this information reflect what is shown on your 1099 form or

that you have indicated that the broker has reported something incorrectly on your 1099 as we discussed earlier. If they haven’t made any mistakes, you shouldn’t see any adjustment entries here. If bivio doesn’t agree with what they show, and you think they are right, you need to fix your bivio transactions before you file your taxes or give members their K-1’s. Don’t forget that any adjustments shown here are adjusting your brokers numbers to agree with bivio, not the other way around.

The bivio numbers are being used to calculate what is being reported as your taxable income, not the brokers numbers.



If you have made adjustments to your brokers numbers or you have transactions reported in the

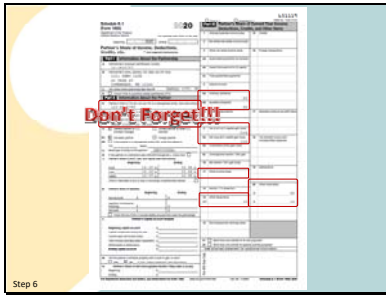
non-“Covered” categories on your 1099 form, you will also have some pages of a

Form 8949 that you need to file. The club I’ve been showing you actually didn’t have any for tax year 2020 so they wouldn’t have had this form included in their tax packet. I just include it here to show you what it would look like if they had.

It lists the details of your transactions as well as any adjustments that were made between what the broker reported on the 1099 and what you are reporting as cost basis.

You’ll only have pages of the form 8949 that apply to you. For example, if you didn’t have any long term non-covered transactions, you won’t have a form 8949 for that category.

As you can see, this club only had to file page 2. It seems like page 1 is missing, but this is OK.



As part of your tax package you will have a form called a K-1 for each member. It will report their portion of your club income and expenses. You send a copy of each one in with the club return and you also give each member the copy that contains their information. They need to report it on their personal tax returns.

On each members K-1 you should see their name, address and social security numbers filled in in this section,

DON'T FORGET TO CHECK this. If you file forms with any of this information missing or incorrect, your filing will be considered incomplete and possibly late, resulting in the hefty late filing penalties we discussed earlier.

The numbers from each line of this report will be the members portion of the totals that were shown on schedule K. For example, here are the partners allocated amounts for:

Dividends

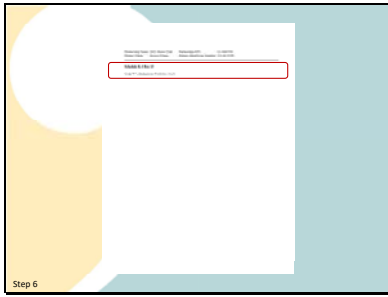
Capital Gains

Miscellaneous Income (If you had any. This is rare) and

Non-deductible expenses. (Even though it says other "Deductions", for investment club members, the amount shown here is currently not deductible on personal tax forms)

Line 20 shows the partners allocation of the total portfolio income shown on line 20a of the Schedule K

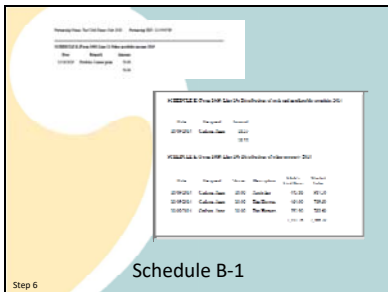
The codes for lines 11 and 20 can be looked up online if you need to know what they stand for. In past years, there was an instruction page included with your K-1 that included them. This has been eliminated for 2020 and future years.



There may also be a K-1 Attachment page to give to each partner. If your club has opted out of the new partnership audit procedures, it will contain the note that is required to be included informing them of that.

If you had any federally non-deductible portfolio expenses on line 18, the code associated and description for what was reported will also be listed here. Some states may still allow a deduction for these on state returns.

If your club had foreign income from multiple sources, they might also be itemized on this page. If they are, you need to send this page in with your club tax filing.

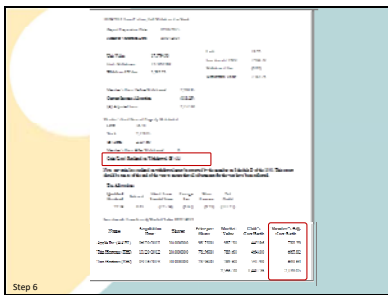


Some other supplemental forms which you may need to send in with your club filing are these:

You may have schedules with lists of any items shown in special categories on your Schedule K.

Or a list of any distributions (withdrawals) your club paid.

If, when you identified your related parties, any of your related members owned, in total, more than 50 % of your club, there will also be a Schedule B-1 for you to send in with your taxes.



In addition to a K-1 Form, a member who has withdrawn assets during the year may have additional tax liabilities and will have additional information that does not appear on their K-1

to report on their personal 1040 Schedule D form if they had a gain or loss from their withdrawal. This information is shown on their withdrawal report.

If they received shares of stock, it will show their cost basis in those shares. It is important that they receive a copy of this report along with their K-1 at the end of the year. Be sure to reprint all Withdrawal reports at the end of the year.

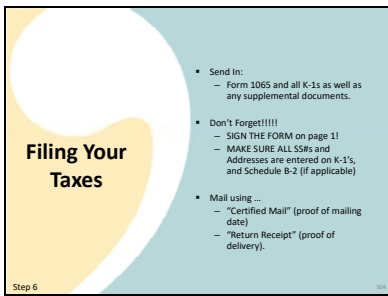
You do not have to send in the withdrawal forms with your club tax filing. Just keep them for your records and distribute them to the individuals affected.



And that completes the form review. If you are sure everything is correct, it's time to file your return and give your members their K-1 forms.

You can check this box to allow club members with online access to login to bivio and print out their own copy. They will only see their own K-1 when they login with their own ID. Only the club treasurer, administrator and president can see everyone's information. If members have made any withdrawals that have tax consequences, they will also find a link to their withdrawal report.

If you are mailing or emailing copies of K-1's to your members, make sure you include any K-1 attachment pages and any withdrawal reports that belong to them in your mailing. Members who login to get their forms will be given a link to download them for themselves.



The complete tax package link includes everything you need to send in to file your club taxes. This includes:

Form 1065 and all K-1s as well as any supplemental documents.

Don't Forget!!!!

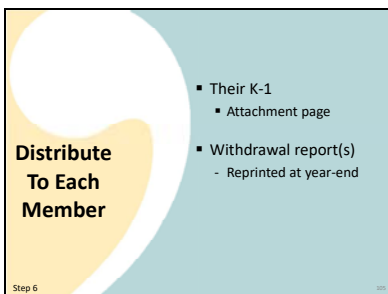
SIGN THE FORM on page 1!

MAKE SURE ALL SS#s and Addresses are entered on K-1's and if applicable, for each of your members on Schedule B-2 if you are opting out of the new audit procedures.

Mail using ...

"Certified Mail" (proof of mailing date)

"Return Receipt" (proof of delivery)



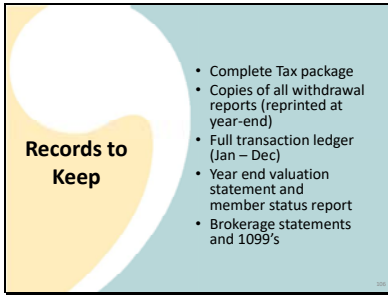
Distribute to each member:

Their K-1

With any attachment page

Also give them a copy of any withdrawal report(s) pertaining to them

That you have reprinted at year-end



Records to Keep

- Complete Tax package
- Copies of all withdrawal reports (reprinted at year-end)
- Full transaction ledger (Jan – Dec)
- Year end valuation statement and member status report
- Brokerage statements and 1099's

Records you should keep:

A paper or pdf copy of all the forms in your complete tax package as you've sent them in.

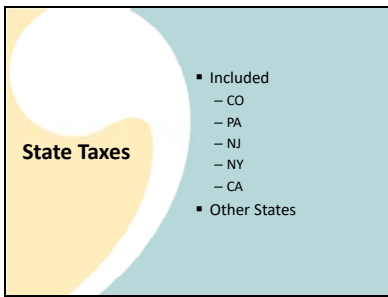
Copies of all withdrawal reports (reprinted at year-end)

Full transaction ledger (Jan – Dec)

Year end valuation statement and member status report

Brokerage statements and 1099's

You should keep these things as long as your club is in existence. Your current club records are still being affected by many things in the past. If you ever have questions about something, it may be important to look up some old information. You can easily store digital copies in your biovia Files area.



State Taxes

- Included
 - CO
 - PA
 - NJ
 - NY
 - CA
- Other States

Some states require you to file state partnership returns as well as your federal ones.

We provide return programs for
 CO,
 PA,
 NJ,
 NY
 and CA

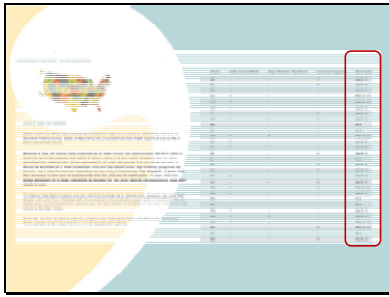
For other states, it is often very simple to transfer your federal information to the state forms.



The screenshot shows the Club Café website with a red box highlighting the "State Tax" link in the "More Tax Topics" section.

In addition, we offer you a cost effective option for having your state tax forms prepared for the states we don't provide. If you go to our Club Café page, you will

find two links on the right side that discuss state tax filing.



The first will take you to this page which gives you a table showing state tax requirements.

Make sure to double check due dates with your state if it still shows April 15. That information continues to change.



The second link on the club café page will take you to this page which describes an option we offer if you need state taxes prepared and your state is not included in bivio.



In Summary, remember to keep your club accounting simple and your tax time peaceful

You can have a great club and comply with IRS regulations without any elaborate accounting knowledge

All you need to do each year is:

Stick with basic investments-stocks and stock mutual funds and ETFs

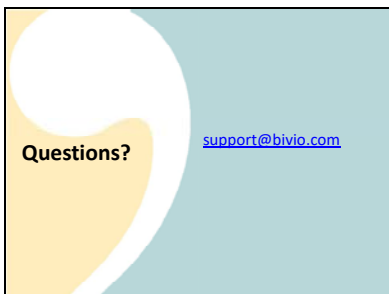
Check your records at least once a month to make sure they are staying correct and up to date.

If you do so, preparing your taxes can be done with three simple steps

Verify your records

Take a tax interview

Print, Review, Distribute, File tax forms



As always, if you have a question as you go through this process, email to it at support@bivio.com. If your question is about reconciling your bivio records with your 1099, please email us a copy of your 1099 along with your specific questions. Do not try and type details into your email but do identify the stocks you have a question about. We can work on things most quickly if we can look at what you are looking at.



Thank you for coming. We're looking forward to helping you work through a simple and stress free tax season!