

Investment in SLV
(Similar issues/entries required for GLD)

Instructions provided by IShares to calculate the values needed below for tax year 2011:

http://us.ishares.com/library/kits/tax_2011_kit.htm

Adjustments that need to be made after amounts above calculated by Club.

1. Each monthly expense is a sale of Silver. You need to use the information provided by SLV to determine the amount of your expense for the month and the Capital gain/loss on the sale. You will need to separate it out by long term and short term gains/losses. Enter the expense amount each month using the Expense button on the Accounting>Accounts page. Keep track of the capital gains/losses, you will need to know the total of all the months later.
2. You will also be calculating the basis amount of silver sold each month. You will need to provide us with a table of the monthly amounts so we can make the appropriate basis adjustments for you. We will also need to know the total amount of each monthly sale so we can make the appropriate cash adjustment entries for you.
3. You will need to sum the long term gains calculated in step 1 and manually add them to the total capital gains shown on line 9a of your club Schedule K. You will also need to show the total amount separately on line 9b.
4. You'll have to sum the short term gains/losses and add them manually to the total shown on line 8 of the Schedule K.
5. In addition, you will have to manually add the gains/losses in the appropriate places on your Schedule D and manually re-total the amounts shown there.
6. The amounts from items 3 and 4 also need to be divided up by member and you need to make the same manual adjustments for their portion of the gains/losses on their schedule K-1's, line 8, 9a and 9b. Gains/losses should be allocated to them based on their percentage of ownership on the date the gain/loss was realized.
7. Each members tax basis in the club also needs to be adjusted by the amounts of the gain/losses distributed to them. We can make these adjustments but we'll need you to provide us with the amounts.

Not e that if you have purchased multiple lots of SLV at different times, you will need to determine the basis adjustment for each lot for each month.

If you sell the position entirely during the tax year, you will need to make additional adjustments:

After we have made the basis adjustments shown above, you will know the true value of the gain/loss on the sale of your SLV shares. This amount will be included in the total long term gain/loss numbers provided by bivio, but the long term portion of it needs to be added to the amount you have already calculated goes on line 9b on Schedule K. It also needs to be divided up and added to the amount reported on line 9b of the members k-1's as of their percentage of ownership on the date of the sale.