

This presentation is designed to give you an overview of the tax preparation process so you'll have a good understanding of what is coming and what you might want to take care of before the end of this calendar year.

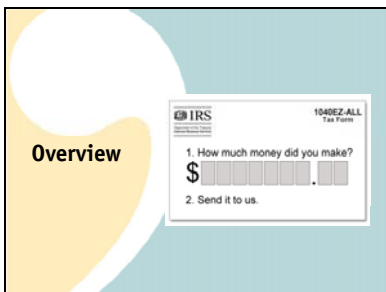
We're going to discuss four types of information tonight:

First, we're going to go through a brief overview of investment club taxes. What is required and a little bit about the preparation process. We'll show you the forms you need to file, the steps you'll be going through to prepare your taxes and important dates you'll need to know.

Then we're going to discuss what you can do right now to get started and get most of the work out of the way so that your tax preparation will go very quickly once you receive tax documents from your broker and the tax program from us.

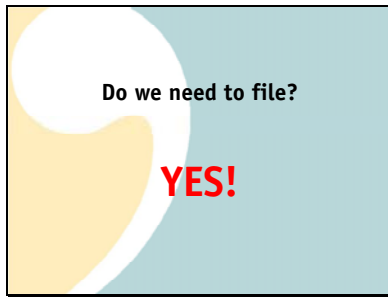
We're going to reiterate some of the things you can do in your club to keep your club accounting simple and avoid any tax time issues.

Finally, we're going to touch on a list of things you may need to address prior to the end of the current calendar year. This presentation is only designed to give you an overview. Early next year, we'll be having more in depth webinars which will get into the details of actually getting your tax forms filled out, don't worry that you have to get it all down today.



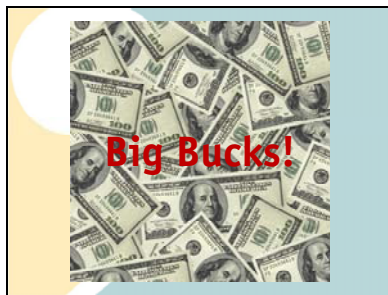
Let's start with an overview of the process.

What are your tax filing requirements?



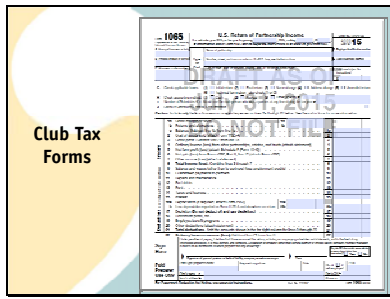
One of the first questions investment clubs have, especially new clubs, is whether they have to file.

The answer to this question is Yes. If you have an EIN number you need to file club taxes. It does not matter how long your club has been in existence or how much income you have had. Your EIN number is your IRS business identification number. It's similar to a personal Social Security number. You will have needed it when you opened your club brokerage account. You get the EIN number from the IRS. Their computers will be looking for a return to be filed that matches that number. If they don't find one, the computer will generate an automatic note to you telling you that you owe them a hefty late penalty.



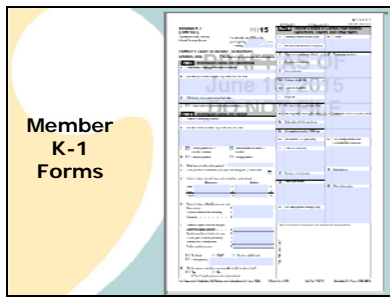
Just so you know, the late filing penalty for a partnership return is \$195 for each month or part of a month (up to 12 months) the return is late (or does not contain the required information) multiplied by the total number of persons who were partners in the partnership during any part of the partnership's tax year.

This isn't a joke. We have had clubs contact us because they have received notices that they owed amounts in the 10's of thousands of dollars for not filing a return. The fact that they had only had a minimal amount of income was not important. It's easy to prepare your taxes using bivio. Make sure you do it.

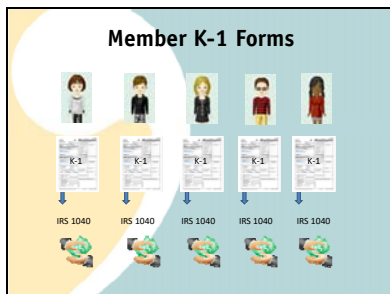


So what forms do you need to file?

Your investment club is a type of business called a partnership. Each year your club needs to file what is called an informational tax return. For a partnership, this is IRS form 1065. It reports the total income and expenses your club has had for the year. It also reports each members share of the income and expenses. The 1065 is called an informational return because your club does not pay taxes directly. Each member pays taxes on their portion of the club income on their own personal tax forms. As part of your bivio subscription, you receive a program you can use to prepare your club tax forms from information you have entered and confirmed correct in bivio.



Each member knows what to report because your 1065 includes a form called a K-1 for each partner. You send copies of all the K-1's in when you file your club taxes and you also give each member his or her personal copy.



Each member will transfer the information

From the K-1 to

their personal tax forms to

pay taxes on. Your club members will not be able to complete their personal taxes until you've provided them with their information from the club.

**Member Tax Allocation Report**

Deo Demco Club  
Member Tax Allocations from 01/01/2015 to 12/31/2015  
\*Using a four-part allocation method

NAME	Qualifica Individual	Short Term Capital Gain	Misc. Expense	Net Profit
Anderson, Christopher	12,222	(30,233)	(7,291)	(25,302)
Brang, James	48,955	(12,946)	(7,752)	(30,743)
Chapman, Anthony	29,051	(26,345)	(7,607)	(4,899)
Chen, Andrew	41,853	(26,746)	(7,973)	(12,866)
Chen, Andrew	5,512	(1,617)	(6,817)	(2,922)
MacLennan, Todd	45,235	(25,275)	(6,441)	(16,481)
Woolgar, Ryan	39,106	(26,747)	(6,817)	(14,458)
Wilson, Nigel	24,100	(16,241)	(7,252)	(14,393)
<b>TOTAL</b>	<b>308,086</b>	<b>(108,646)</b>	<b>(60,613)</b>	<b>(178,943)</b>

If you'd like to get an idea of what will be reported on each members K-1, there is a report in bivio called the member tax allocation report. It looks like this.

A member of a stock investment club will have these types of income to report.

First, you may have dividend and interest income. Your club amounts will be added to any other dividend and interest income you report on your personal Schedule B.

You may have both short and long term Capital Gains and losses which will be combined with other capital gains and losses on your personal schedule D and

You may have deductible expenses which will be added into the category "Miscellaneous Deductions" on your Schedule A. Note that your club expenses are investment expenses. You will only receive a benefit from deducting them on your personal tax forms if the total amount you have in the Miscellaneous deductions category exceeds 2% of your adjusted gross income (AGI)

You may want to show a preliminary copy of this report to your club members at the end of the year. If they have to pay estimated taxes, and your club has had significant income, they may want to include the club income in their income estimate. Just make sure that they understand that all information on the report is preliminary until you have completed the records verification required to finalize the preparation of your tax forms.

**Topics of Discussion**

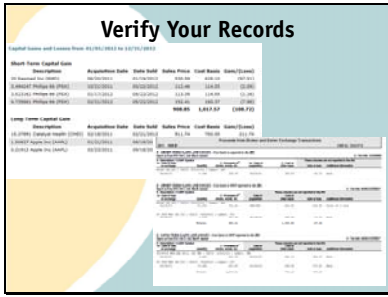
1. Overview
  - a) Filing requirements
  - b) Tax prep process overview

Now you know what you need to file,

lets discuss briefly the process you'll be using to prepare your tax forms.

**Tax Preparation**

There are really only a few steps to doing your taxes. bivio guides you through them with easy to use tools at tax time.



The first and most important step involves comparing your

bivio records with your

Bank and brokerage statements and forms called 1099's. 1099's report your clubs income to the IRS. You'll receive them in late January or early to mid February. You'll need to make sure that the tax forms you send in match what is on them.



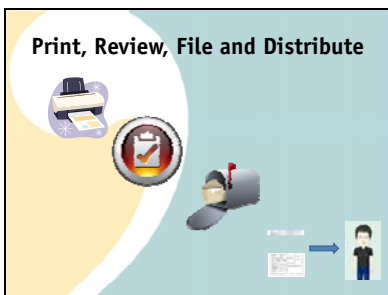
It is very important that your bivio records are accurate before you prepare your tax forms.

If they aren't, your taxes will not be correct.



To prepare your taxes you'll work through a series of steps that you'll find if you go to

Accounting>Taxes. The tax program will become available in early to mid February when the tax forms are finalized and you've received your 1099 forms. As you work through the steps, you'll be guided through making any final manual adjustments needed in your records so the tax forms you generate are correct. You'll need to do all of them to prepare accurate tax forms.



When you've completed all the steps, bivio will fill in your tax forms.

All you need to do is print them,

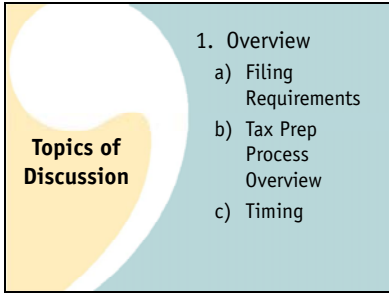
review them,

Send them in to the IRS and

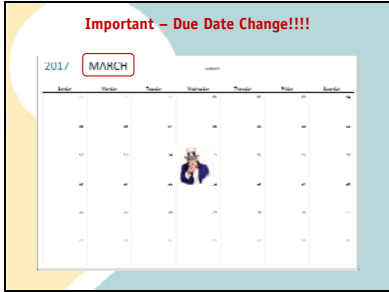
distribute each members K-1 to him or her. You can either give them a hard copy or make them available online when they login to bivio using their account.



We will be going through a more extended description of how you complete each step during tax prep webinars we will hold during tax season. The intent of today's presentation is just to give you an idea of how things are going to work.

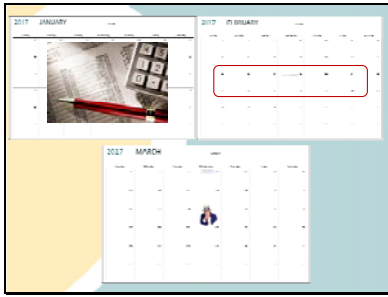


What sort of timing deadlines are you going to be working with as you move through tax season?



First a change starting this year. The due date for your 2016 club taxes has changed. In past years you had until April 15 to get them filed. The due date for your 2016 taxes however

will be March 15. If you can't get them in by that date, you'll need to file for an extension or be subject to hefty late filing penalties. The law was changed because your members need the information you'll give them on K-1's to file their own personal taxes. This way they still have at least a month before those are due.



To get ready to do your club taxes, you need to do a records audit in January to confirm your bivio records are in good shape. Your taxes are prepared from the information you have entered in bivio. You need to confirm it is all correct or your taxes won't be correct. This may be the most time consuming step of getting your taxes done, by scheduling to address it in January, you'll have lots of time to handle any issues you need to get corrected.

Your taxes will also need to agree with 1099 forms which are sent by the financial institutions to the IRS to report your income. Financial institutions are only supposed to have until February 15 to get these to you, but check with your broker. Some receive extensions to send them later than this. You cannot finalize your taxes until you have them.

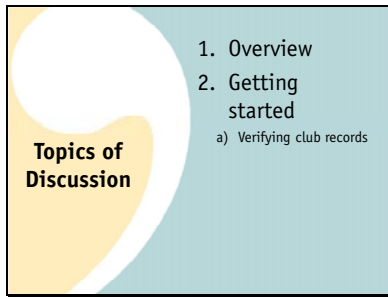
Bivio makes the tax program available in mid February for you to use to prepare your taxes. There is nothing extra to purchase. The ability to prepare club Federal taxes is part of your bivio subscription.

Your members cannot complete their own personal taxes until you have given them their K-1's. 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. This will also mean you'll have them ready to file before the March 15 deadline.



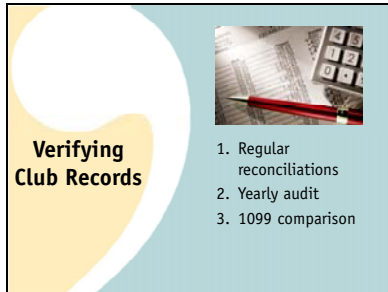
We suggest that before the end of the year that you let your club members know the date they can expect their K-1's. This lets them schedule any appointments they need with personal tax preparers. If a member needs club tax information before you can get the K-1's done, they should be able to make an estimate of what will be coming using the Member Tax Allocations report. However don't give them that unless you have done an audit and have a reasonable expectation that your club records are accurate. Make sure they understand the information on it is subject to change.



Now you have an idea of what you're getting into,

Let's talk about what you can start on right away so you can breeze through the tax prep process when the tax program becomes available. As I said earlier, the first step in the process is the most involved.

But, it is one you can start at any time and you should be keeping on top of each month when you have your club meetings.



It is keeping your bivio records correct. Verifying your records is critical. If your records are not correct, your taxes will not be correct. There are three things your club should make a part of your regular operations to make sure the information which will be reported on your taxes is accurate.

First, your club treasurer should be reconciling your bivio records with your financial institution statements monthly. If there are any disagreements, this means there are only a single months worth of transactions to go through to find the mistake and make the correction in bivio. Some clubs assume AccountSync is their club treasurer. While it is a good assistant, it can make mistakes, it is still up to you to ensure it has entered all information correctly. Usually this is just a quick check each month.

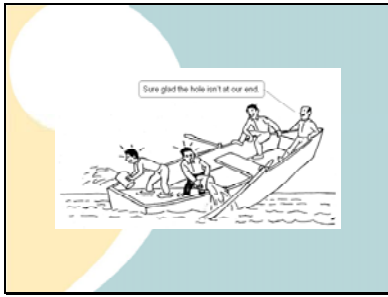
Second, club members other than your treasurer should perform a records audit each year. This will reconfirm that the information that will be used for preparing your tax returns is correct and that your club accounting is correct.

And third, when you receive the 1099 forms which report your income to the government, you'll need to do a final check to make sure they agree with the information recorded in bivio. There are sometimes a few last minute things such as distributions from mutual funds, ETF's and REIT's which may need to be adjusted based on the 1099 information. In addition, you'll need to confirm that what shows on your tax forms agrees with what the broker is reporting to the IRS on your 1099 forms. There are comparison pages provided in bivio as you do your taxes that allow you to check this.



If you're not a club treasurer, please don't close your ears and say "Whew" "I'm glad I don't have to worry about that"

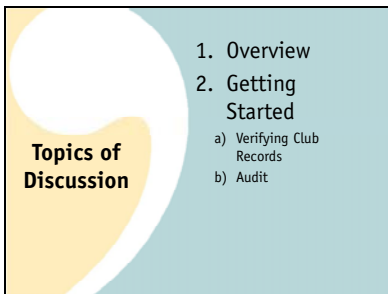




Making sure your club taxes are correct is everyone's responsibility. If there is a problem with your taxes, the IRS can come after any one of you. Even if you are no longer a member of the club when they discover the problem.



Make sure it's not something your club has to worry about. Follow our guidelines for keeping your accounting simple and stay on top of it each month and you'll sail through tax season with confidence!

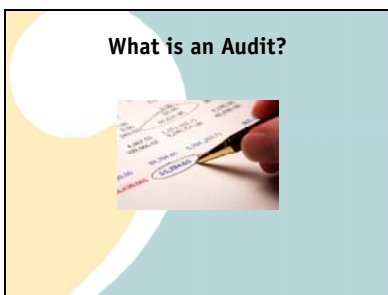


Now that you're ready to pitch in, let's talk briefly about doing

an audit. A good time to do one is in January while you are waiting for your 1099's. You won't have much else going on and your end of year brokerage statements will be available.

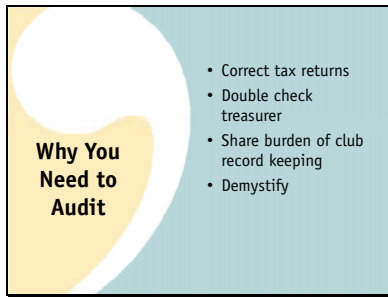


If you need to motivate your club members, there's nothing wrong with making it a party. At Bivio, we're declaring the weekend of January 14 and 15, 2017 audit party weekend. We'll be giving a detailed webinar on the steps you need to go through to do your club audit on January 14 and we'll be available all weekend to answer any questions you have as you work through the process. Put this date on your calendar and you can make sure you actually undertake this important club task.



So what is an audit?

An audit is an independent comparison of your club records to your financial institution records. It is conducted by club members other than the treasurer. Any discrepancies are noted and then, at the end of the audit, discussed with the treasurer to make any necessary corrections.



It is not difficult to do an audit but it is important for these reasons.

First, to make sure your taxes are being prepared correctly. As we just mentioned, this is something all club members should be concerned about.

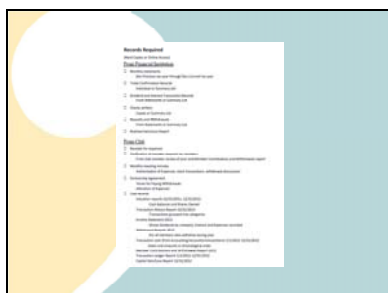
Second, you should all feel comfortable that your treasurer is doing what you think they're doing with your club finances

Third, it allows everyone in the club to share the burden of ensuring your club is doing correct record keeping. It should not be something only your treasurer has responsibility for.

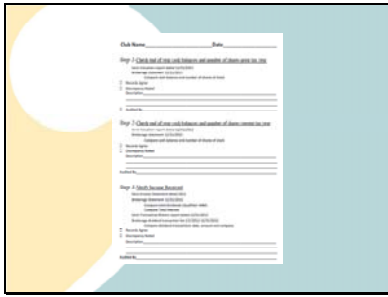
To demystify the whole process- Working through the steps of the audit will help everyone in the club become more familiar with club finances. They are not difficult but they are a little bit different than some might expect. If everyone has a basic understanding of what is important, the club treasurer does not have to waste time and energy explaining why they are required to do certain things a certain way and why certain investments will cause accounting problems for your club.



bivio provides you with a checklist you can use to work through the steps of your audit. You'll find a link to it on our help page. It's very straightforward to work through.



In it, you'll find a complete list of the records you will need to make comparisons. You'll be comparing records from your broker with reports from bivio.



You'll also find instructions on each of the 7 comparisons you should make.

During the audit webinars on Audit Party weekend, we'll demonstrate each of these so you can see exactly how to do them.



What is the audit process?

First, pick a date in January 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.

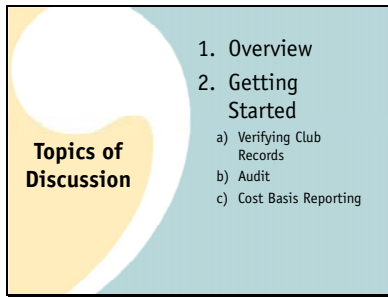
On the audit day the auditors will work through the audit steps, making the records comparisons.

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

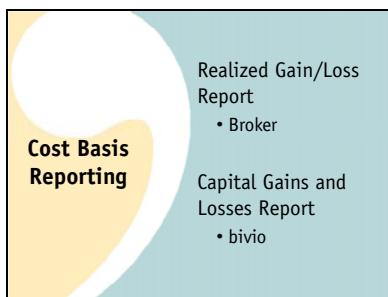
The treasurer will determine what action is needed, make corrections, and record the action taken

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.



Along with an annual audit, it's important to keep your records correct during the year. Routine checks help you avoid having to address any time consuming issues during tax time. Tax reporting on Capital gains and losses has changed significantly over the past couple of years. It has gotten much more stringent.

Let's talk now about what that means for you and your club. There are records checks you can be doing each time you sell some of your shares that can keep you on top of this in your accounting in a timely manner.



First a brief background. In 2011 the tax laws changed. Brokers are now required to report your cost basis and capital gains to the IRS. Your club tax return needs to agree with this information.

Fortunately, you don't have to wait until tax time to make sure you and your broker are in agreement. You can get a report anytime during the year from them called a "Realized Gain/Loss Report"

You can compare it to the Capital Gains and Losses Report bivio provides you

Capital Gains and Losses From 01/01/2013 To 12/31/2013

**Short-Term Capital Gains**

Description	Acquisition Date	Sale Date	Sales Price	Cost Basis	Gain/Loss
1.000001 Pubsco 101 (101)	01/15/2012	03/20/2013	154.40	154.40	0.00
1.000001 Pubsco 101 (101)	01/15/2012	03/20/2013	154.40	154.40	0.00
1.000001 Pubsco 101 (101)	01/15/2012	03/20/2013	154.40	154.40	0.00
			454.80	454.80	0.00

**Long-Term Capital Gains**

Description	Acquisition Date	Sale Date	Sales Price	Cost Basis	Gain/Loss
1.000001 Pubsco 101 (101)	01/15/2012	03/20/2013	154.40	154.40	0.00
1.000001 Pubsco 101 (101)	01/15/2012	03/20/2013	154.40	154.40	0.00
1.000001 Pubsco 101 (101)	01/15/2012	03/20/2013	154.40	154.40	0.00
			454.80	454.80	0.00

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

And a Realized Gain/Loss report from a Broker. Your's may not look exactly like this one, but it will have the same information on it.

You need to compare each sale shown on the bivio report

With the same sale shown on the brokerage report.

You should make sure number of shares sold

Acquisition date

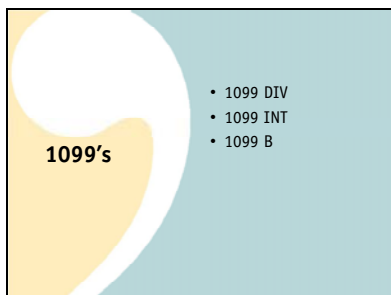
Sale Date

Sales Price

Cost basis

And Gain/Loss

Agree between the two reports. If they do not, or if you see a wash sale noted you need to determine the reasons for the difference. There may be corrections you need to make to your bivio records. The sooner in the year you find them, the more time you have to get any help you need to get them straightened out.

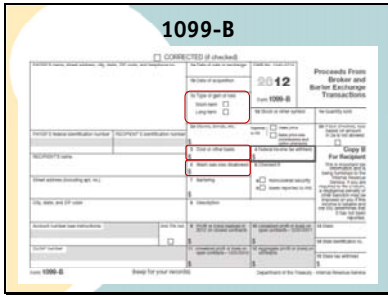


The reason you need to do this comparison is because at tax time your broker sends both you and the IRS the form I mentioned earlier called a 1099. The IRS compares it with your club tax return to make sure you haven't left anything off or reported anything incorrectly.

There are several types of 1099's. The most common ones a club will receive are a 1099-DIV for dividends,

a 1099-Int for Interest and a

1099 B showing stock sales.

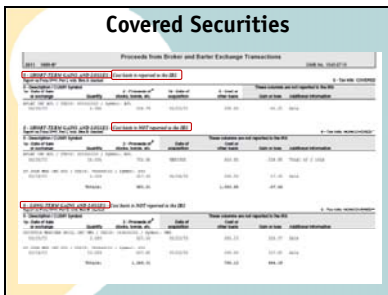


Within the last few years, there have been significant changes to the form 1099-B. Brokers now need to report certain capital gain related information to the IRS. In the past, all that was reported was the total proceeds from your stock sales. The IRS had no way to know you were reporting the correct taxable gains or losses on those sales. With the extra information they can now double check what you report. It includes:

Adjusted cost basis

Any non deductible loss due to wash sales

Whether a gain or loss is short- or long-term. The form you get might look like this, or it might have all this information in a different format. But it will still be called a 1099-B



Here's an example of what your 1099 B might end up looking like. You'll see there is a lot of information. First, your broker will probably separate

Short term gains and losses from

Long term gains and losses

Then, within each category, they will be sending capital gain information to the IRS for what are called Covered securities. These are the sales which are covered by the new tax reporting requirements.

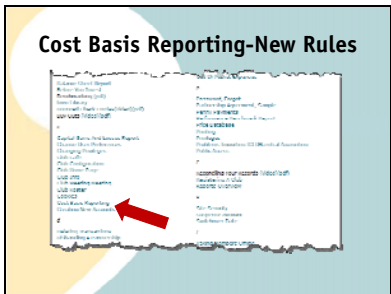
They might provide you with the same information about non-covered securities or they might provide it to you on a separate report you can download from their website called a "Realized gain/loss" report.



The information on this form needs to agree with the information on your tax forms or you need to have a valid reason why the brokers information is incorrect. The information gets reported on your club tax return on Schedule D and on a form which was new within the last couple of years, form 8949.

As part of your tax prep process, you'll be doing a schedule D review. During this step you'll be comparing what you have in biovia to what is shown on your 1099. If they don't agree, it's important that you find out why or your tax reporting may be wrong.

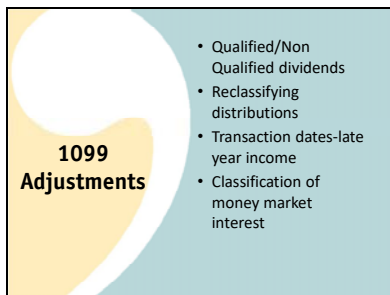
If you've been checking and correcting your sales during the year, you shouldn't have any surprises when you come to this step in your tax prep and it will go quickly. If not, you may discover you have a lot of work to do to get things to agree.



We did an entire presentation on cost basis reporting.

You can find a link to it on our help page.

I strongly recommend you review it, to determine what you need to know now to make sure you won't have any reporting issues at tax time.



Along with cost basis, there may be other records changes you'll need to make that you won't know about until you get your 1099. If you've done a club audit, most of the numbers on your 1099 will quickly line up with what you show in your records. But you might still have these things to address. The changes needed will not be automatically made for you in bivio.

There might be slight changes to make sure Qualified dividends are being correctly reported, especially if you own mutual funds. Some mutual fund dividends are qualified. Others are not.

If you have had distributions from mutual funds and REIT's and even from some stocks, some of the distribution amounts may need to be reclassified. If their distributions are not really dividends, but are a return of capital or a long term capital gain, you will have to go back and manually split up each dividend distribution you have received during the year. You may find this information on the company investor relations pages near the end of the year. If not, you won't know what changes to make until the information is reported to you on the 1099. There is a step during the tax prep process where you will make this comparison. It is important to make any changes shown on your 1099 form as some of them will affect cost basis of your stocks.

You may need to change the dates on interest or dividend income originally recorded as received early in the new year to a date late in the tax year. It will depend on the year your broker has reported the income received.

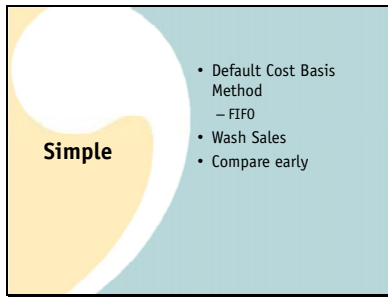
If you have been keeping your club cash in a money market fund at your broker, they may have classified your earnings as dividends rather than interest. This is OK, you just need to make sure that your bivio records record the income in the same manner. If you've recorded the earnings as interest, you will have to edit the transactions and call them dividends.





This all sounds like a lot, but there are many things you can do to keep your club record keeping as simple as possible. The more closely you follow these recommendations, the more quickly and painlessly you will get your taxes done. There is no reason to be a club treasurer with a big or complicated job unless you make it that way.

When it comes to cost basis reporting, here are some suggestions.



First. Make sure you know what Default Cost Basis Method Your broker will be applying. This is important if you own more than one lot of a particular stock or mutual fund. If you have a sale and you don't sell all of it at one time, you, (and your broker) will need to identify which lots were sold. You can tell them to select certain lots at the time of the sale, but if you don't they will apply a default method.

The IRS assumes and bivio uses, FIFO or first in, first out, as the default method.

To keep things simple, make sure your broker is also using this both for stocks AND for mutual funds and ETF's. I'd recommend you check on this ASAP. It cannot be changed once a sale has happened and if they use something other than FIFO, you will have to make manual adjustments in your bivio records to bring them into agreement.

You'll also need to check whether your broker is showing you had any wash sales this year. If you have, you will need to make adjustments to your records when you prepare your taxes. Our Schedule D reconciliation form that gives you the tools you need to handle these. To avoid wash sales, make sure you do not make investment purchases within 30 days before or after a sale where you had a loss.

Please, spend some time now comparing the information your broker has for cost basis with your bivio records. That way if there are issues that need to be investigated, you'll have time to get them straightened out. They sometimes are not simple or quick to work through and, if you will need our help, we are probably going to be very busy during tax season helping clubs address questions. The earlier you can get the questions to us, the quicker we can help you get an answer. As I showed you earlier, you can do these comparisons each time during the year that you have a sale. There is no reason you need to wait until tax time.



While we're talking about keeping things simple and making comparisons between bivio and your broker,

let's talk a little about the impact of dividend reinvesting on keeping your club records.

# DRIP's Dividend Reinvesting

Capital Gains and Losses from 10/1/2012 to 11/14/2013

Symbol	Description	Acquisition Date	Gain Date	Sales Price	Cost Basis	Short-Term Adjustment	Gain/Loss
01	Microsoft Corp. (MSFT)	10/1/2012	10/12/2012	622.70	522.00	0.00	100.70
02	Microsoft Corp. (MSFT)	10/1/2012	10/12/2012	622.70	522.00	0.00	100.70
03	Microsoft Corp. (MSFT)	10/1/2012	10/12/2012	622.70	522.00	0.00	100.70
04	Microsoft Corp. (MSFT)	10/1/2012	10/12/2012	622.70	522.00	0.00	100.70
05	Microsoft Corp. (MSFT)	10/1/2012	10/12/2012	622.70	522.00	0.00	100.70
06	Microsoft Corp. (MSFT)	10/1/2012	10/12/2012	622.70	522.00	0.00	100.70
07	Microsoft Corp. (MSFT)	10/1/2012	10/12/2012	622.70	522.00	0.00	100.70
08	Microsoft Corp. (MSFT)	10/1/2012	10/12/2012	622.70	522.00	0.00	100.70
09	Microsoft Corp. (MSFT)	10/1/2012	10/12/2012	622.70	522.00	0.00	100.70
10	Microsoft Corp. (MSFT)	10/1/2012	10/12/2012	622.70	522.00	0.00	100.70

Automatic dividend reinvesting means you tell your broker to automatically purchase new shares of a stock when you receive a dividend. We'd highly recommend that you think twice about doing that.

Why do we recommend that?

Because each dividend that you reinvest is a new lot of stock with it's own cost basis. Each lot has a separate purchase date, number of shares and cost basis. You could end up having to verify an awful lot of transactions.

Here is a capital gains list from a real club that was doing dividend reinvestment. But this is only page 1

01	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	597.00	521.00	0.00	76.00
02	Microsoft Corp. (MSFT)	12/09/2008	09/11/2013	41.00	50.00	0.00	(9.00)
03	Microsoft Corp. (MSFT)	12/09/2008	09/11/2013	41.00	50.00	0.00	(9.00)
04	Microsoft Corp. (MSFT)	03/09/2009	09/11/2013	59.13	50.00	0.00	9.13
05	Microsoft Corp. (MSFT)	09/11/2009	09/11/2013	1.00	0.00	0.00	1.00
06	Microsoft Corp. (MSFT)	09/11/2009	09/11/2013	0.00	0.00	0.00	0.00
07	Microsoft Corp. (MSFT)	09/11/2009	09/11/2013	0.00	0.00	0.00	0.00
08	Microsoft Corp. (MSFT)	09/11/2009	09/11/2013	0.00	0.00	0.00	0.00
09	Microsoft Corp. (MSFT)	09/11/2009	09/11/2013	0.00	0.00	0.00	0.00
10	Microsoft Corp. (MSFT)	09/11/2009	09/11/2013	0.00	0.00	0.00	0.00

It goes on...

01	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
02	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
03	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
04	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
05	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
06	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
07	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
08	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
09	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
10	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00

And on...

01	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
02	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
03	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
04	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
05	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
06	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
07	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
08	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
09	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00
10	Microsoft Corp. (MSFT)	08/01/2008	09/11/2013	0.00	0.00	0.00	0.00

And on...

And on...

(and the year wasn't even over yet)

Comparing all of these transactions with the brokers information is an awful lot of work for a club treasurer

for only \$345.62 in gains for this club. But if your club is doing DRIP investing, it is very important that you do this.

Topics of Discussion	
1. Overview	
2. Getting Started	
3. Simple	
a) Cost Basis Reporting	
b) Dividend Reinvesting	
c) Scope	

It's all about keeping things simple. We want you to be able to have a club and to spend your time and energy learning about investing, not partnership accounting. If you follow our guidelines you can do this. Here is another important thing to be aware of.

That is the kinds of investments you can account for using bivio.

Scope of bivio Tax Program	
• Stocks	
• Stock mutual funds and ETF's	
• Options trading- (Active Partnership)	

It is important to understand that different types of investments have different types of tax reporting requirements. bivio is designed to let you have a simple way to have an investment club and easily comply with tax requirements. Because of this, the types of investments you can own in your club are limited. bivio is only designed to easily do the accounting and tax preparation for certain types of investments.

Basically, these are publicly traded stocks and

stock mutual funds and stock ETF's (Exchange traded funds)

In addition, if you have an Active Partnership subscription, you can account for options trading. Our Preferred level subscription also lets you account for up to 10 options transactions.

**Scope of bivio Tax Program**

**Problems**

- MLP's and PTP's
- MELP-Access Midstream Partners LP
- MELP-Alliance Resources Partners LP
- MELP-Buckeye Partners LP
- MELP-Cheniere Energy Partners LP
- MELP-Enbridge Energy Partners LP
- MELP-Energen Products Partners LP
- MELP-Energy Transfer Equity LP
- MELP-Energy Transfer Partners LP
- MELP-Ferrelgas Partners LP
- MELP-Fiducary-Cayman MLP Opportunity
- MELP-Kinder Morgan Energy Partners LP
- MELP-Midstream Partners LP
- MELP-MLP Strategic Equity Fund
- MELP-Sunoco Partners LP
- MELP-TTC Pipelines LP
- MELP-Tortoise Energy Capital Corp.
- MELP-Tortoise North American Energy Corp.
- MELP-Tortoise Energy Capital Corp.
- MELP-United Gasoline Fund LP
- MELP-Universal Health Health Trust
- MELP-United States Natural Gas Fund LP
- MELP-United States Oil Fund LP
- And More.....

If your club holds any of the following types of investments, you will, at a minimum, have a lot of extra accounting and tax preparation work to do. In some cases, you will not even be able to use bivio to prepare your taxes because we don't handle the tax issues that come along with the investment.

Problem investments include:

MLP's and PTP's- Master Limited Partnerships and Publicly Traded Partnerships such as Kinder Morgan, KMP or Energy Transfer Partners, ETP. Bivio does not have the capabilities to account for or report taxes on investments in these correctly. If you own any, you'll need to find an accountant to help you with your club taxes.

**Scope of bivio Tax Program**

**Problems**

1. Name
2. K-1 Distributions
3. Before You Invest
4. Red Highlight - Accounting>Investments Page

How will you know if you own any of these?

- It may have the word Partnership, LP or Partners in its name.
- It will pay distributions that are reported to you on a K-1 form rather than a 1099.
- We have a help page called "Before You Invest" that will take you to a comprehensive list of tickers of these investments.
- We try and highlight them in Red when you go to Accounting>Investments in bivio.

**Scope of bivio Tax Program**

**Problems**

- Commodity ETF's
  - GLD
  - SLV

Commodity ETF's. All ETF's are not the same. ETF's that hold commodities rather than stock such as

GLD and

SLV bring extra tax issues with them. Addressing them requires many manual calculations for each month you owned them. You then need to make many changes to your bivio records and to your tax forms. We can give you instructions on what needs to be done, but we cannot do them for you. It is not easy. You probably want to stay away from investing in them.

**Scope of bivio Tax Program**

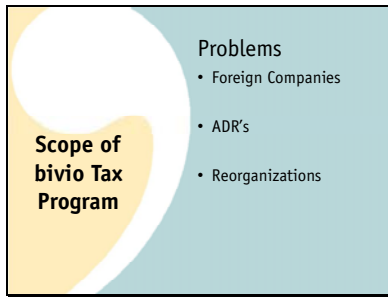
**Problems**

- REIT's
  - AMT American Tower
  - CMG Duke Realty Corporation
  - ESE Essex Property Trust
  - FRT Federal Realty Investment Trust
  - FTR Finance East - Iowa RE Real Estate (REIT)
  - KRC Kinco Realty Corporation
  - NY Capital Capital Management
  - NNN National Retail Properties Inc.
  - O Realty Income Corp.
  - QRE Corporate Properties Trust, Inc.
  - PRF Proventus Active US REIT
  - RGLD SPDR S&P 500 Real Estate REIT
  - VNO Vanguard REIT ETF
  - WEL Westgate Realty Investors
  - WRE Washington Real Estate Investment Trust

And more....

REIT's-Real estate investment trusts. There are many of these.

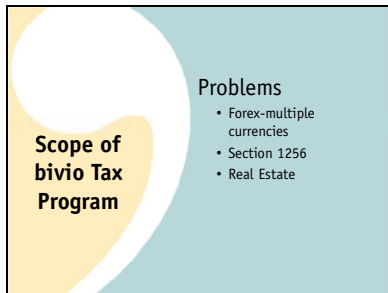
Here are just a few examples. They also require extra adjustments to your records during tax preparation. You won't know what adjustments are needed until you get your 1099 forms. (or you may get late season adjustments you need to handle). If you do not feel comfortable making manual accounting changes in your records, you'll probably want to steer clear of investing in REIT's. We've had experience with many many treasurers working through the end of year REIT adjustments who tell us they are going to tell their clubs to "Sell the REIT asap" and not buy any more in the future.



## Investments in Foreign Companies.

You can often invest in the stock of foreign companies by purchasing what are called ADR's on the US exchanges. These are not usually an issue for your club accounting.

Problems sometimes come up however if the companies you have invested in go through any sort of reorganization such as splits, spinoffs and mergers. These can have tax implications you need to address. While we try and help you work through what you need to do, we find that there is a wide variation in the completeness of information that is provided by the companies for handling US tax issues. This can create delays or uncertainty in handling your taxes.



Other investments which you are not able to handle with bivio include:

Forex trading-Foreign currency exchange trading

Section 1256 Contracts

And investments in real estate



If you have any questions about something your club is about to invest in, please ask us before you buy it. We will be glad to research it for you and let you know if it will cause you any problems in your accounting or your taxes.

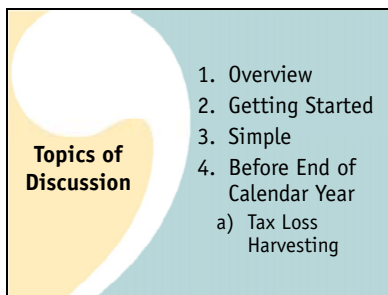
In addition, you can find a specific list of some of the investments we know cause trouble

at this link on our help page labeled “Before You Invest”

There are always clubs that find out the hard way that they have purchased an investment that will create problems. And, they often do not have enough of it to make dealing with the tax implications worth it.

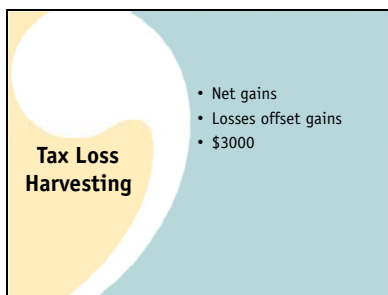
Unfortunately, it will probably mean you will need outside tax help to prepare your clubs taxes for this years taxes.

If you’d like to use bivio for your taxes next year, you should sell problem investments prior to the end of this calendar year



The final things I wanted to talk about tonight are a few things that you should make sure to address prior to the end of this calendar year if you are going to consider doing them.

One of them some clubs consider is called Tax loss harvesting.



When you sell stocks you have a capital gain or loss. You will pay taxes on any

net gains,

Net gains are the difference between any gains you have and any losses.

In addition, up to \$3000 in losses can be used to offset income you’ve earned in other ways, such as your regular salary income from your regular job.



**Tax Loss Harvesting**

- What does this mean?

Loss  
AND  
Recognized gains

- Sell losers to offset gains

So what does this mean for you?

If you have stocks which are showing a loss


AND

You have sold stocks and are showing a net gain on your sales,

you might want to sell some of the losers so you can lower the amount of gain you will be taxed on.

**Tax Loss Harvesting**

- Caveat
- Wash Sale



Just a caveat about doing this, however:

If you want to keep the stock that is currently showing the loss, you can purchase it back later. But make sure you do not repurchase it within 30 days of when you make your sale. If you do, you will trigger the wash sale rule and your loss will be disallowed. That means you won't be able to use it to offset your gains after all.

**Topics of Discussion**

1. Overview
2. Getting Started
3. Simple
4. Before End of Calendar Year
  - a) Tax Loss Harvesting
  - b) Prevent problems in future

In addition to tax loss harvesting,

there are some other things you can do now to minimize or prevent an impact on future years taxes.

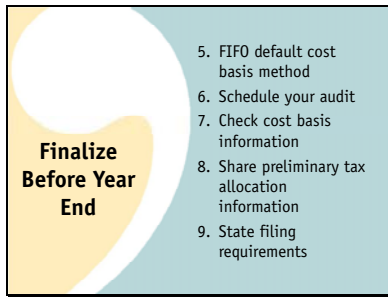


Sell any problem investments such as MLP's, REITS and commodity ETF's prior to year end to avoid tax headaches next year. You will probably find that the amount of income you have received from them this year does not justify the extra expense you will have to incur to get your club taxes prepared correctly by an outside source. If you own them now, you'll be stuck with the headaches for this tax season. But if you sell them before the end of the year you will be able to avoid having the same problems next year.

Consider selling DRIP's and/or discontinuing automatic dividend reinvestments. As you saw, it gives you a lot more work to do to keep your club records correctly. You'll also have more chances of triggering a wash sale ( and the accounting complications that come along with it) if you sell any of your holdings. With brokerage commissions low or non existent, simplify your club accounting and improve your portfolio management by accumulating dividends. Invest regularly by consciously making a decision for each purchase rather than doing it automatically in extremely small amounts.

Pay out pending withdrawals- Otherwise the withdrawing members will have tax consequences on next years taxes as well as this years.

If you are going to disband you might want to try and complete your disbanding transactions before the end of the calendar year. If transactions occur into the new year, you will be dealing with taxes for both this year and next year. This may or may not be possible if you are already scheduled to receive dividends from any of your investments. They will need to be reported in the tax year you actually receive them.



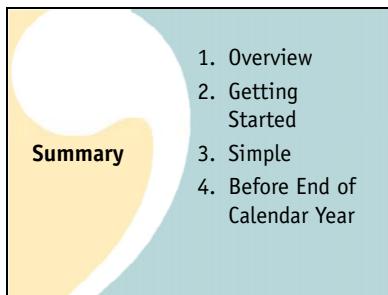
Make sure your broker is using FIFO as your default cost basis method for not only stocks, but also mutual funds and ETF's.

Put your audit on your schedule for January so your members can plan to be available.

Just to reiterate, check your cost basis information. The sooner you check it, the less chance any issues you find will delay your tax filing.

Share preliminary tax allocation information with members-This may be needed by those that have to file estimated taxes or fill in things like financial aid applications or Farm returns. Make sure to make it clear that amounts are preliminary and subject to final records verification.

Make sure you know what kind of state tax filing requirements you might have. Bivio provides some state tax forms and offers you a very cost effective approach for handling club taxes for states we don't provide.



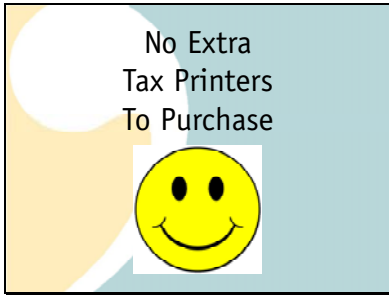
To summarize, we've touched on a lot of information tonight.

We've given you an overview of the tax forms you need to file and how you'll use bivio to prepare them.

We've covered the importance of making sure your bivio records are correct and steps you can take right now to ensure that.

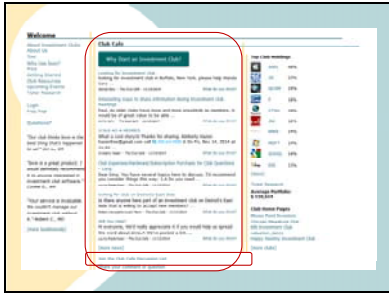
We've touched on things you should do to make sure your club record keeping is kept as simple as possible

And we've highlighted some things you should make sure you get done before the end of this calendar year.



Don't forget! Federal Tax preparation software is already included in your annual bivio subscription.

You do not need to worry about purchasing a separate "tax printer".



Finally, just a reminder that bivio is committed to providing you information about a variety of opportunities to learn about both club operations and investing.

We encourage you to join our Club Café discussion list. We send out regular hints and tips about running your club, preparing your taxes and choosing your investments. If you'd like to discuss an issue your club has with other clubs, you can post your question here to get some feedback.

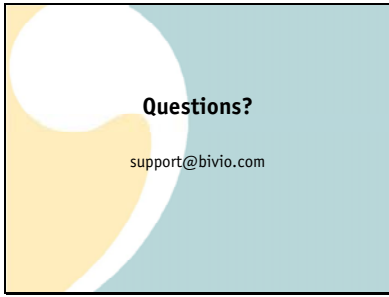
You'll need to join the list to participate, but its easy to do by going to the link you'll find here on our homepage



You can also follow our activities and receive timely tips and information on Facebook , on twitter and on Google+



We're here to support you during tax season. The quickest way to get answers to many questions is to go to our help page. You'll find a link to it at the bottom of your screen when you are logged in to your club.

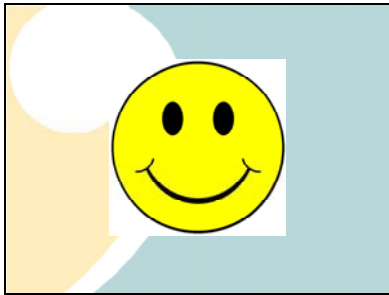


If you can't find an answer there, email your question to:

[support@bivio.com](mailto:support@bivio.com)

Even if you feel you need a phone call. You'll get a better response if you email us and let us know 2 or three times you will be available. That way we can try and call you back when we know you'll be there.

Cost basis issues can take us a while to help you work through. The sooner you ask them, the quicker you'll have an answer.



You've done the right thing to spend a little time with us today getting oriented about what is involved with getting your records ready and preparing your club taxes.

If you take a little time now taking care of anything I mentioned that applies to you prior to the end of the calendar year,



You'll be able to relax and spend your time enjoying the holiday season!