Year-End Treasurer's Workshop

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[document updated for tax year 2008]

Why Do We Do What We Do?

One word explains it all... taxes. If it weren't for the requirement to settle up with our Uncle in Washington, DC, life would be simple. We could just keep track of the value of the investment club, determine some way to equitably divide up that value among the members and be done with it.

However, life isn't that simple. We are required to make an annual accounting of our income and pay taxes on that income. Once the income is taxed, we don't have to pay taxes again on the same money. So, we need to keep track of how much of our share of the club's value has already been taxed and how much is yet to be taxed.

Finally, the tax laws of the United States require that we determine the source/type of income and expense and report each of these amounts separately. In part, this is to allow economic analyses of income; in part, because different types of income are subject to different tax rates.

The year-end "closing of the books" process does all this for us. It provides the necessary allocation of income and expense to each member of the investment club, updates the amount of "already taxed" basis for each member, and provides the detailed information necessary to complete the club's and its members' tax returns.

Before we get to the actual process of closing the books, there are two decisions we need to make: how will we allocate income and expense, and will we distribute units as part of the allocation process.

Allocation Method

In theory, investment clubs can choose almost any method they wish to allocate income and expense to their members, provided that method is clearly stated in the club's Partnership Agreement. The only IRS restriction is that the allocation method must have "substantial economic effect". In the absence of an explicit allocation method in the Partnership Agreement, "the partner's share [of income, gain, loss, deduction, or credit] is determined according to the partner's interest in the partnership." (2008 Instructions for Form 1065 and IRS Reg. 1.704-1) [For the purposes of this workshop, I will ignore the arguments surrounding equal vs. proportional allocation of specific expenses other than to say that your club should adopt language in its Partnership Agreement that documents its choices.]

In practice, most investment clubs allocate income and expense according to the ownership percentage of the assets in the club. This is determined by the number of units each member owns, expressed as a percentage of the total number of units outstanding.

This still leaves us a choice. There are two allocation methods provided within the current investment club accounting software. (When I use "club accounting software" in lower case, I am referring to all of the current software available regardless of supplier, When I use "Club Accounting 3" or "Club Accounting Online", I am referring to specific software products of ICLUBcentral.) The two allocation methods are snapshot (non-time based) and time-based.

<u>Snapshot Allocation</u>

Snapshot (non-time based) Allocation is the older and less-favored allocation method. Its attraction is its simplicity and it was used when club financial records were kept by hand. In the Snapshot method, all income and expense are allocated using the end-of-year ownership percentages. If a member withdraws mid-year, a special allocation is made for that member using the income/expense up to the withdrawal date and her ownership percentage just prior to the withdrawal. One consequence of Snapshot Allocation is that a member who joins the club mid-year will share in income and expenses for the entire year.

<u>Time-based Allocation</u>

Time-based allocation is the favored allocation method. All income and expense are allocated using the ownership percentages on the date the income/expense items are realized. Members only receive allocations for the part of the year that they were members of the club. Computers and club accounting software make the numerous calculations painless.

Distributing Units

The second decision that has to be made before we get down to the nitty-gritty of closing the books is, "Do we want to distribute units as part of the allocation process or not?"

The traditional method as recommended by NAIC was to distribute units at the end of the year. In essence, the investment club was mimicking a mutual fund. The club would determine its net income and "distribute" it to the members in accordance with the allocation method chosen. The club's current value would be decreased by the amount of income distributed, thereby reducing the unit value. The distributed income would then be used to purchase additional units at the new unit value. The purchase of new units was recorded as a contribution of capital to the member's account. The net result was that the number of units and unit value changed for each member, but their percentage ownership and current value did not.

The problem with this method is that it can lead to some weird situations when a club has a net loss for the year. In this case, the loss is distributed to the members. The club's value is INCREASED by the amount of the loss distributed, thereby increasing the unit value. The distributed loss is then used to SELL units at the new unit value. The sale of new units was recorded as a reduction of capital to the member's account. The net result was that members had fewer units, each worth more, while their percentage ownership and current value remained constant. This was and remains extremely confusing to most club members.

In fact, there was never any need to distribute units. Mutual funds are required to distribute their income to shareholders each year in order to qualify for an exemption on paying taxes at the fund level. The choice of whether to reinvest that distribution in the mutual fund or keep the cash is up to the individual investor. Investment clubs are exempt from taxation at the club level by "definition". They are only required to report the taxable items to their members so that the members can pay the appropriate taxes at the individual level.

At the beginning of today's installment, I stated that one of the objectives of the year-end closing process was to update the "already taxed" basis for each member. Once we've determined the net income/loss allocated to each member, all we have to do is add the income or subtract the loss from the cost basis for that member.

Therefore, the current recommendation is that clubs do NOT distribute units when they allocate income and expense.

The current club accounting software from ICLUBcentral (Club Accounting 3 [CA3] and Club Accounting Online [CAO]) allows you to choose whether to distribute units or not. Bivio (from bivio) does not allow you to distribute units.

To wrap up this section, let's make the two preliminary decisions and make sure our software is set correctly.

CA3: **Club**>**Settings** (in left bar) or **Tools**>**Settings** (in top bar). Enter a check in **Use time-based earnings allocation** if you want time-based allocation. (recommended) Remove the check to use snapshot allocation. If you don't already see an earlier year selected, enter **2008** for the first year to NOT distribute units. (recommended)

CAO: **Accounting**>**Utilities**>**Allocation Settings**. Select **Time based allocation** (recommended) or **Non-time based allocation**. If you don't already see an earlier year selected, enter **2008** for the first year to NOT distribute units. (recommended)

bivio: **Administration**>**Tools**>**Allocation Method**. Select **Time Based** (recommended) or **Snapshot**. bivio does not distribute units as part of the allocation process.

In the next installment, we'll tackle the actual steps taken to close the books and get ready to complete the club's tax return.

Closing the Books - Part 1

Today we'll begin the actual process to close the club's books for 2008. The procedures presented below are not the only way to close the club's books, but are the way that I have done them for the clubs I handle. If you have other suggestions, please post them as part of the message thread. In particular, I have no experience with bivio's AccountSync so there may be significant procedural differences that apply to clubs using that service.

Preparation

We need to gather the information necessary to close the books. Collect copies of all of the bank, broker and DRP statements for the year. If you've done your treasurer's tasks correctly throughout the year, you'll only need to refer to the December statements, but it's always useful to have everything close at hand. Since you won't have the December statements until sometime in January, you can't really begin your year-end tasks until then. In fact, I find that **this** week (the third week in January) is ideal for a first pass at the yearend tasks. On the other hand, you might want to wait even longer –

until you receive your tax reporting documents from your bank, broker, DRPs, etc. These should be mailed to you by January 31, and should arrive in early February.

IMPORTANT NOTES: Many brokers have asked for and received an extension until February 28 for issuing tax reporting documents. Also, in recent years, many clubs have received corrected tax reporting documents from their brokers. These corrected documents usually don't arrive until late February or early March, so you may want to wait before filing your taxes. (We'll discuss this in the tax session.)

Reconciliation of Cash Balances and Security Holdings

The first thing to do is generate a valuation statement for December 31. You want to compare each of the cash balances on the report to the cash balances reported by your bank/broker. If there are any discrepancies, you need to identify and reconcile them.

Perhaps there's an outstanding check or a deposit in transit, but if there are errors, now is the time to find them and correct them. Generate a report of all of the club's transactions for the year.

CA3: **Reports**>**Transaction Summary**. Set the dates to **1/1/08** to **12/31/08** and check the box for **Subtotal Tax Allocations**

CAO: **Reports**>**Transaction Summary**. Set the dates to **1/1/08** to **12/31/08**.

bivio: **Accounting**>**Reports**>**Transaction History**. Set the date to **12/31/2008**.

I would look for missing dividend or interest entries first. Companies usually pay dividends quarterly, so there should be four entries for each company you've owned for the whole year. Interest is usually paid monthly, so there should be twelve interest entries. If your club uses margin, make sure your margin interest is entered as an expense and not as income. (More on that tomorrow).

After you've finished with the cash entries, compare your December 31 valuation statement against your yearend broker and DRP statements to confirm that your records show the same number of shares of each security as your broker/DRP. Don't worry if the closing price per share is different as that isn't important for our purposes.

If you find a difference, review your transaction report for a missing or doubled entry. If your club reinvests dividends, the most likely source of error is a dividend that was mistakenly recorded as a cash dividend and not a reinvested dividend. You can see this in the transaction summary/history report.

At this point, I also would not worry about reconciling the amount of dividends or interest reported on your year-end statements with your club records as brokers often report these amounts one way on the monthly statements and then reclassify them on the tax reporting documents.

Reconciliation of Income and Expense, Gain and Loss

Within a week or so, your tax documents should arrive from your bank, broker, DRPs, etc. There are six types of tax reporting documents your club may receive:

- 1099-B - Proceeds from Broker and Barter Exchange Transactions
- 1099-DIV - Dividends and Distributions
- 1099-INT - Interest Income
- 1099-MISC - Miscellaneous Income
- 1099-OID - Original Issue Discount
- Schedule K-1 (Form 1065) - Partner's Share of Income, Credits, Deductions, etc.

The first three are common and most clubs can expect to receive them; the other three are rare. You would receive a 1099-MISC if your club's shares were lent by your broker to another investor to sell short and you received payments from that investor in lieu of the dividends/interest you should have received. You would receive a 1099-OID if you invest in certain types of securitized loans such as REMICs, and CMOs. You would receive a Schedule K-1 if your club invested in another partnership and/or certain natural resource royalty trusts. If your club receives one of these three forms, you will have to take additional steps to close your books and prepare your taxes that are beyond the scope of this workshop.

We'll need to look at a few other reports to reconcile the tax documents against the club's records: a tax allocation report and a capital gains report. Before you generate these reports, you may need to confirm that each of your club's investments is correctly classified within the accounting software.

CA3: 1) **Securities**, Double-click on each security and choose among **Common Stock**, **REIT**, **Other Publicly Traded**, **Mutual Fund** or **Fixed Income Investment**, or **Tools**>**Year-End Tasks** and go through the wizard. You will encounter a screen where you can review and change all of the security settings.

2) **Tools**>**Allocate Income and Expenses.** Select **2008**.

3) **Reports**>**Club Capital Gains.** Click the **Prev. Full Year** button.

4) **Reports**>**Allocation of Income and Expenses.** Choose **12/31/2008**.

CAO: 1) **Securities**>**Update Security Settings. C**lick on the **edit** link for each security and choose among **Stock** (**common**, **REIT** or **other**), **Mutual Fund** or **Other**.

2) **Accounting**>**Utilities**>**Allocate Income and Expenses.** Select **2008**.

3) **Reports**>**Club Capital Gains.** Set the dates from **1/1/08** to **12/31/08**.

4) **Reports**>**Allocation of Income and Expenses.** Choose **2008**.

bivio: 1) **Reports**>**Member Tax Allocations.** Choose **2008.**

2) **Reports**>**Capital Gains and Losses.** Choose **2008.**

Interest

Compare the interest reported on your 1099-INT (box 1 and/or box 3) with the totals reported on either the transaction report or the allocation report. If your club received any tax-exempt interest, it will be reported in box 8. In CA3 and CAO, it will be included in the "Cash Income and Expenses" section of the transaction report in the "Income" column. In bivio, you will have to subtract the tax-exempt interest from the interest total in the transaction report. Tax-exempt interest is reported separately on all allocation reports.

Dividends

Compare the ordinary dividends reported on your 1099-DIV (box 1a) with the total dividends reported on either the transaction report or the allocation report. Sources of differences could be missing entries (though we should have caught them in the earlier reconciliation of cash balances and stock holdings), and/or foreign taxes which weren't entered correctly in the software.

Next compare the qualified dividends reported on your 1099-DIV (box 1b) with the qualified dividends reported on the allocation report. If you find differences, make sure that you entered the ex-dividend dates correctly. In bivio, you get a chance to review the ex-dividend dates when you go through the tax interview. In CA3/CAO, you can review your entries by preparing a Security Dividends report.

CA3: **Reports**>**Security Dividends**. Set the dates from **1/1/08** to **12/31/08**. Check **Include inactive securities**. Then click on **Select all securities**.

CAO: **Reports**>**Security Dividends**. Set the dates from **1/1/08** to **12/31/08**. Choose both **Active** and **Inactive securities**.

Another source of errors is REIT and mutual fund distributions that were entered incorrectly. REIT and mutual fund distributions are nonqualified dividends by default, but some dsitributions may actually be "qualified". In CA3 and CAO, you will have been asked to enter the qualified amount when you generated the Allocation report. I have to confess that I'm not sure of the best way to do this in bivio. You could split the distributions between qualified and nonqualified when received by using different **Distribution Type** entries. I don't recall if bivio asks for this information as part of the tax return preparation process. Perhaps someone with relevant experience can post the answer.

Similarly, entries in boxes 2a, 2b, or 3 of your 1099-DIV can point you to other errors associated with REIT/mutual fund distributions. Check your software entries to see that they accurately reflect the nature of the REIT/mutual fund distributions as follows.

Capital gains distributions (Form 1099-DIV, box 2a) should be entered as:

CA3: **Transactions**>**Enter New**>**Select Transaction Type: (Reinvested) Dividend or Distribution**>**Type: Long term capital gain**

CAO: **Accounting**>**Securities**>**Cash Dividend (or Reinvest)**>**Type: Long term capital gain**

bivio: **Accounting**>**Investments**>**Income** or **Reinvest**>**Distribution Type: Long-term Capital Gain. NOTE:** If there is an entry in box 2b of Form 1099-DIV, you must subtract this amount before entering the long-term capital gain distribution in bivio.

Unrecaptured Section 1250 Gain (Form 1099-DIV, box 2b) is entered in the tax programs in CA3 and CAO (to be discussed in the tax session). In bivio, you will enter it as:

bivio: **Accounting**>**Investments**>**Income** or **Reinvest**>**Distribution Type: Unrecaptured Section 1250 Gain**

Non-dividend distributions (return of capital, Form 1099-DIV, box 3) should be entered as:

CA3: **Transactions**>**Enter New**>**Select Transaction Type:** (**Reinvested**) **Dividend or Distribution**>**Type:Return of capital**

CAO: **Accounting**>**Securities**>**Cash Dividend** (or **Reinvest**)>**Type: Return of capital**

bivio: Accounting>**Investments**>**Income** or **Reinvest**>**Distribution Type: Return of Capital**

Capital Gains

Compare the sales proceeds on the capital gains report to the total proceeds reported on Form 1099-B. One possible source of differences is cash-in-lieu received from the sale of fractional shares of stock that were recorded either in your software or by the broker as a dividend. These are correctly reported as sale proceeds. There are also some brokers who don't report cash-in-lieu at all on a 1099 form if the amount is less than $10. While the total sales proceeds in the capital gains report should match the 1099-B, you only need to worry if the total sales proceeds shown on your report are less than that shown on the 1099-B. The IRS won't care if you over-report your sales.

Other Income

Most clubs should not have any other sources of income. If your transaction summary report shows any other form of income, you should review the specific entries and determine if you have made them correctly. You might want to ask here or on the club-treasurers list for assistance in making this determination.

Since this is getting long, we'll save the analysis and closing of the expense side of the books for tomorrow's session.

Closing the Books - Part 2

In the last session, we reconciled the cash accounts and security holdings and began the reconciliation of income and expense by analyzing the different income items associated with the club's operations for the year and how they are reported at year-end via the various reports available in the accounting software.

Let's continue now with the expenses, deductions, and credits. With the exception of taxes withheld (either foreign or backup withholding), none of these will be reported directly to the IRS by a third party, so the issue for you as club treasurer is to confirm that the software entries match the actual use of funds.

Deductible Operating Expenses

Most routine expenses of running an investment club are deductible as ordinary business expenses. These deductible expenses include such items as software, tax prep, BI dues, room rental, printing, photocopying, postage, bank charges, etc. Some other deductible expenses (charitable contributions, investment interest expense, taxes, etc.) receive special treatment and need to be reported separately on the club's tax return (see relevant sections below). And certain expenses such as meals and entertainment are not deductible as business expenses for tax purposes, but they reduce your members' ownership value in the club. (See Non-Deductible Expenses below).

There is another wrinkle to consider when reviewing your expense entries -- allocation method. Back in the second session, when we discussed allocation methods, I stated that my personal preference was proportional allocation for all expenses, but that some clubs preferred equal allocation for some or all of their expenses.

You can review your expense entries on the transaction summary/history report for the year to confirm that they are assigned correctly. CA3 and CAO only give you the option of deductible or nondeductible and you need to use the comment field to identify the expense. Bivio allows you to categorize the expenses directly.

Both CA3 and bivio provide reports (**Club Expenses** and **Income and Expense History** respectively) that make it easy to review your expenses for the year. Otherwise, you can use the transaction summary report in all three programs. Only bivio's **Transaction History** report identifies equally allocated expenses as such. In CA3 and CAO you will have to review each transaction's entry in the database.

Charitable Contributions

Charitable contributions should be identified as such in the transaction summary/history report. They are also listed separately on the allocation reports. If your club had any charitable contributions, make sure that you've allocated them in accordance with your club's Partnership Agreement/decision.

Investment Interest Expense (Margin Interest)

Most clubs do not incur margin interest as the model BI investment club Partnership Agreement includes a prohibition on incurring debt in the club's name. However, some clubs do use margin, Margin interest should be separately identified because it receives special treatment on your club members' individual tax returns. In bivio, margin interest can be identified as such when you enter the expense and it will be identified on the transaction report and reported separately on the allocation report. If your club uses CA3 or CAO, there is a special workaround for margin interest. Contact customer support for the details.

Foreign Taxes

Foreign taxes are reported to the club on Form 1099-DIV/1099-INT in box 6. Compare this amount to the amount shown in the **Cash and Reinvested Dividends (Distributions)** section of the transaction report. The total foreign tax paid is also reported separately in the allocation reports.

Backup Withholding

Most clubs will not experience backup withholding. If your club does, it is probably the result of your bank/broker not having the club's correct EIN. Backup withholding is reported on Form 1099-DIV/1099-INT in box 4. Backup withholding can be applied as a direct credit against your club members' personal income tax liability (similar to W-2 withholding). In bivio, backup withholding can be identified as such when you enter the expense and it will be identified on the transaction report and reported separately on the allocation report. If your club uses CA3 or CAO, there is a special workaround for backup withholding. Contact customer support for the details.

Non-Deductible Expenses

Non-deductible expenses are listed separately on the transaction reports. Check to make sure you've correctly identified the non-deductible expenses. Bivio allows you to categorize the non-deductible expense more finely than CA3 or CAO.

Final Reports

At long last, we've finished reviewing our club's records and are ready to officially close the books. In CA3 and CAO, this means redoing the Allocation process if any changes were made during the review process.

CA3: **Tools**>**Allocate Income and Expenses.** Select **2008**.

CAO: **Accounting**>**Utilities**>**Allocate Income and Expenses.** Select **2008**.

In bivio, the allocation process is continuous and doesn't require any direct action from the treasurer.

Now print the official reports for the club's permanent files and its members. I believe in overkill here and so I print just about everything.

Club Reports

CA3: Valuation Statement (12/31)

Member Status Report (12/31)

Transactions Summary (1/1 - 12/31)

Club Capital Gains (1/1 - 12/31)

Allocation of Income and Expense Statement

Individual Valuation Units Ledger (1/1 – 12/31) (all members)

Cash Journal Listing (1/1 – 12/31)

Complete Journal/Ledger (1/1 – 12/31)

Income/Expense and Balance Sheet (12/31)

Member Deposit Report (1/1 - 12/31)

Withdrawal Distribution Reports for all members who took a withdrawal during the year

CAO: Valuation Statement (12/31)

Complete Journal/Ledger (1/1 – 12/31)

Individual Valuation Units Ledger (1/1 – 12/31) (all members)

Cash Journal Listing (1/1 – 12/31)

Member Status Report (12/31)

Transaction Summary (1/1 - 12/31)

Cash Contributions (1/1/-12/31)

Capital Gains (1/1 - 12/31)

Allocation of Income and Expense Statement (2008)

Income/Expense Statement and Balance Sheet (2008)

Withdrawal Distribution Reports for all members who took a withdrawal during the year

bivio: Valuation (NAV) (12/31)

Investment Performance (12/31)

Member Status (12/31)

Member Performance (12/31)

Transaction History (1/1 - 12/31)

Balance Sheet (2008)

Income Statement (2008)

Transaction Ledger (2008)

Member Tax Allocations (2008)

Capital Gains and Losses (2008)

Income and Expense History (2008)

Member Contributions and Withdrawals (2008)

Withdrawal Reports for all members who took a withdrawal during the year

Member Reports

Copies of the following reports are given to each member:

CA3: Valuation Statement (12/31)

Allocation of Income and Expense

Member Status Report (12/31)

Income/Expense and Balance Sheet (12/31)

Individual Valuation Units Ledger (1/1 – 12/31) for that member

Withdrawal Distribution Report to each member who took a withdrawal during the year

CAO: Valuation Statement (12/31)

Allocation of Income and Expense

Member Status Report (12/31)

Income/Expense and Balance Sheet (12/31)

Individual Valuation Units Ledger (1/1 – 12/31) for that member

Withdrawal Distribution Report to each member who took a withdrawal during the year

bivio: Valuation (NAV) (12/31)

Member Status (12/31)

Balance Sheet (2008)

Income Statement (2008)

Member Tax Allocations (2008)

Investment Performance (12/31)

Member Performance (12/31)

Withdrawal Report to each member who took a withdrawal during the year

In the final session of this workshop, we'll see how the club's tax return is completed from the various reports and tax reporting documents.

Taxes

We're coming down the homestretch. Let's look at how the club's tax return is prepared. We won't go through every item on the return; rather, we'll focus on how the numbers transfer from the reports to Schedules K and K-1. Then we'll review briefly some of the peculiarities associated with the tax modules provided for the accounting software.

From Allocation to 1065

The following table shows how the numbers flow from the allocation report to the tax return on Schedules K and K-1. Club totals are reported on Schedule K. Each member's share of the club totals is shown on the respective K-1.

(The table appears on the next page)

From Allocation to 1065

Item	Schedule K	Schedule K-1
Taxable Interest Income	Line 5	Line 5
Tax-Exempt Interest	Line 18a	Line 18, code A
Ordinary Dividends	Line 6a	Line 6a
Qualified Dividends	Line 6b	Line 6b
Short-term Capital Gain (Loss)*	Line 8	Line 8
Long-term Capital Gain (Loss)*	Line 9a	Line 9a
Unrecaptured Section 1250 Gain (not shown in CA3/CAO reports-get from 1099-DIV, box 2b)	Line 9c	Line 9c
Other Income	Line 11	Line 11, code A
Charitable Contributions	Line 13a	Line 13, code A [Cash contributions (50%)] Line 13, code E [Capital gain property to a 50% organization (30%)]
Investment Interest Expense (need workaround to show in CA3/CAO reports)	Line 13b	Line 13, code H
Other Deductible Expense	Line 13d	Line 13, code K [Deductions - portfolio (2% floor)]
Non-Deductible Expense	Line 18c	Line 18, code C
Backup Withholding (need workaround to show in CA3/CAO reports)	Line 15f	Line 15, code O
Gross Foreign Dividends	Line 16d	Line 16, code D
Foreign Taxes	Line 16l	Line 16, code L
Distributions of Cash (withdrawals)	Line 19a	Line 19, code A
Distributions of Securities (withdrawals)	Line 19b	Line 19, code B
*Entries for Schedule K, Lines 8 and 9a transfer from Schedule D, Lines 5 and 11 respectively		

Tax Preparation Using Accounting-Vendor Software

The following sections do not walk you through the entire tax return preparation process, but only cover certain items that require additional data input from your year-end reports or tax reporting documents.

CA3/CAO

You begin the tax preparation process by clicking on **Taxes**>**2008 Tax Printer**. If your club owns any REITs, mutual funds, or "other" securities and you have correctly identified them in the security profile (see session 3 of this workshop), you should eventually get to a screen that asks for the amount of qualifying dividends (REIT, mutual fund, "other") from Form 1099-DIV, box 1b and Unrecaptured Section 1250 Gain (REIT) from Form 1099-DIV, box 2b. (Note: If your club owns any of these in a brokerage account with other securities, you may have to calculate manually the amount of qualifying dividend which is associated with each investment.)

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You begin the tax preparation process by clicking on **Accounting**>**Taxes.** Along the way, you will be asked to choose between Time Based and Snapshot allocation (see session 2). Next you will be asked to identify those investments (REITs, mutual funds, etc.) that do not pay dividends that are 100% qualifying. As best I can tell, if you have a REIT or mutual fund whose dividends are not 100% qualifying, you have a two step process. You need to go back to the **Accounting** section and edit each of the distribution transactions to identify the part of each distribution that is qualifying (if any) before indicating in the tax interview that the security pays nonqualifying dividends. Finally, you then get a chance to review and correct the ex-dividend dates for each of the distributions received in 2008.

Once you've completed the tax interview for any of the tax software, you should print a full copy of Form 1065, Schedule D (if you had any capital gains/losses), all Schedules K-1, and all supporting statements to file with the IRS. You should print a second complete copy for the club's permanent records. Finally, you should provide each member (current and withdrawn) with a copy of his/her Schedule K-1.

Congratulations!! You're done for another year.

Thank you for taking the time to stick with me as this took a bit longer than expected. I'll see you on the boards here, at bivio's club_cafe, or over at BI's club-treasurers.

Ira Smilovitz