

BETTERINVESTING CLUB TREASURERS WEBINAR

Closing the Investment Club's Books at Year-End 2024



December 2024

Presented by Doug Gerlach
&
the myICLUB.com Team



WELCOME & INTRODUCTIONS

DENNIS GENORD

Meet the Team



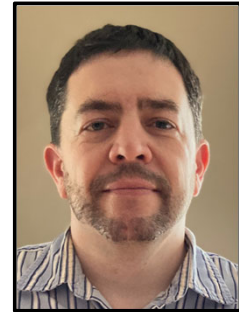
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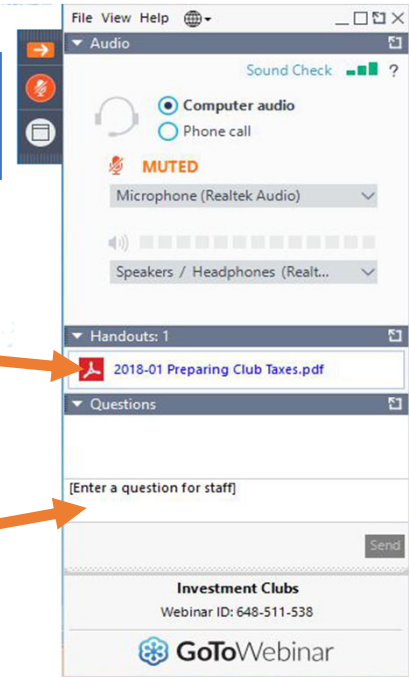
WHAT'S NEW FOR 2024

DOUG GERLACH

Handout & Questions

Handout in PDF format is available in Handouts tab.

Type questions in Questions box.



Investment Clubs
Webinar ID: 648-511-538
GoToWebinar

Upcoming Webinars

- Jan 8, 2025, 8:00 pm - 9:00 pm ET. **Conducting Your Investment Club's Annual Audit.**
- Jan 23, 2025, 8:00-9:00 ET. **Filing Your Investment Club's 2024 Taxes.**

Register (BI login required) at:
www.betterinvesting.org/learn-about-investing/our-events

myI CLUB.com Club Tax



- Federal: offers e-Filing or paper filing.
 - Expect release in January.
- State: e-Filing and/or paper filing offered for AZ, CA, IN, MA, NY, NJ, WI, CO, GA, IA, MD, MN, MO, OR, PA.
 - Other states may require filings (check at www.myI CLUB.com/taxes/).

Full details on club tax generation will be provided in January webinar.

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What's New for Tax Year 2024?



- **IRS Form 7004** e-Filing (to request Form 1065 automatic 6-month extension).
- **Club Tax Federal – Deluxe** for clubs w/30+ members or assets >\$1M or receipts >\$250K.
 - **Deluxe Add-on** is additional \$40.
- **Club Tax Federal – Basic** still used by most clubs at \$99.99.
- **Club Tax State for Additional State** \$60 (after 1st state at \$99.99).
- Disbanding clubs use **Club Tax Federal Final & Club Tax State Final (Short-Year) Return**.

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What Is a Larger Club?



- Clubs with 30 or more partners (based on the number of K-Is in Form 1065), OR
- Clubs that have receipts (income) greater than \$250,000 in the year, OR
- Clubs that have total assets of \$1 million or more (the sum of the **cost basis** of all owned securities plus cash on hand at year end), OR
- Clubs that file Schedule M-3. Schedule M-3 is optional unless the club has more than \$10 million in assets (as defined above) or more than \$35 million in receipts (as defined above), then schedule M-3 becomes required.

Are You a Larger Club?



Home Club Hub Buy/Renew Blog Help

PRE-ORDER 2024 MYICLUB CLUB TAX

Prepare your investment club's required federal and state tax returns with **myICLUB Club Tax**! Only available for clubs using myICLUB to manage their books, myICLUB Club Tax will quickly perform all necessary calculations and generate required forms for Internal Revenue Service (IRS) partnership returns as well as forms for 17 states. Club Tax Federal is available for investing partnerships of all sizes: **Basic** for most clubs and **Deluxe** for the very largest clubs with more complex returns.

Name: Doug Gerlach (#224088)
Club: [Ain't Nothing Fishy](#)

Based on your current club data, it appears that your club is a **large club that must use Club Tax Deluxe**. [What's this?](#)

Log in to myICLUB Club Tax Store, select club & this message will indicate **Basic or Deluxe**.

Federal

Club Tax Federal - Basic [?] \$99.99
Imports club data to generate IRS partnership tax forms, including Form 1065, Schedules B-1, B-2, K, K-1, K-3, & D, if required. Includes e-

State

Club Tax Basic - State [?] First State: 99.99
Supported states: Arizona, California, Colorado, Georgia, Indiana, Illinois, Iowa, Maryland, Each Add'l: 60.00

Tax Return Calendar



JAN

Order myICLUB.com Club Tax.
Create Audit Committee.
Confirm all 2024 Transactions Are Recorded in Books.

FEB

Receive 1099s & Confirm Accuracy of Data.
Convene Audit Committee & Audit Books.

MAR

By March 17: Generate & File Club IRS Return,
& Distribute K-1s to Partners.
File State Returns by Appropriate Deadlines.



CLOSING YOUR CLUB'S BOOKS

What Is “Closing the Books?”



Series of suggested steps to:

1. Ensure accuracy of club's books.
2. Catch errors before they compound & become incredibly difficult to resolve.
3. Provide members with details about club performance & results.
4. Comply with partnership tax law & prepare to generate federal & state tax returns.

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CHECK SETTINGS IN MYICLUB.COM

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Use Recommended Allocation Setting




- Check that “Time-based” allocation method is selected.
 - Allocates income/expenses & gains/losses to members as of ownership on date of each transaction.
 - Fairer to members with different ownership levels during year.
- Default when club is set up, but ensure has not been changed.
- According to IRS, this method must be used if % ownership changes during year.

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Check “Time-based allocation” Method



- In myICLUB.com, go to in Accounting > Utilities > Allocation Settings.



Allocation Settings

Customize how your club's year-end allocation of income and expenses is performed with these advanced settings. Investment clubs formed in or after 2010 will not need to adjust these settings, and most investment clubs formed before 2010 will not need to adjust these settings more than once.

Time-based Allocation Settings
The time-based method allocates income and expenses from taxable transactions to each member at year-end according to the amount of the club each member owned at the time of the transaction. This is the default and the recommended method of allocating income and expenses as it is fairer for members. The non-time-based method allocates income and expenses according to the amount each member owned at the time of their withdrawal or as of the end of the club's fiscal year. This method was used before computerized club accounting software was developed and, while acceptable, can create less “fair” allocations, especially for members with significant changes in ownership in the club throughout the course of the year.

Select the method for your club

Time based allocation
 Non-time based allocation

Accounting

Summary

Wizards

Securities

Members

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Use Recommended Reinvestment Setting



- **Do not** distribute/reinvest units.
 - It's needlessly complex & messes up return calculations
- Select 1st year you did/will not distribute units.
 - New clubs: 1st year of operation is selected by default & shouldn't ever be changed.

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Select First Year Using Non-Reinvestment



- In myICLUB.com, go to in Accounting > Utilities > Allocation Settings.

| | |
|--|---|
| <p>Cash Accounts</p> <p>Utilities</p> <p>Get stock quote</p> <p>Backup manager</p> <p>Import accounting records</p> <p>Export accounting records</p> <p>Start club books</p> <p>Enter</p> <p>Allocation</p> | <p>Reinvestment of Allocated Income and Expenses</p> <p>When first developed, investment club accounting followed a similar method of unit accounting as used by mutual funds, with year-end allocations of income and expenses reinvested in the purchase or sale of units in the club. Later, this reinvestment was deemed unnecessary, so the mandatory reinvestment of units as part of the year-end allocation was removed in myICLUB.com. Members' cost basis (paid in plus earnings) are still adjusted by the year-end allocation, but no reinvestment of units occurs. Since clubs may have used reinvestment in the past, this setting allows those clubs to maintain accurate records before the switchover to the new, simpler allocation method. Allocations in years prior to the year selected will use the old methodology and reinvest units at year-end. Allocations starting with (and including) the year selected will use the new methodology and not units will not be adjusted. Effective with the 2010 year, reinvestment of units was discontinued entirely.</p> <p>Select the year in which your club began using the new year-end allocation methodology if prior to 2010:</p> <p>2006 ▾</p> |
|--|---|

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Correctly Identify Types of All Securities




- Not all Securities are “Stocks.”
- When first purchased in myICLUB.com, many securities by default are identified as **Common Stocks**.
- If security is not “common stock,” then must be changed in myICLUB.com in order for tax returns to be generated correctly.

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Check Security Type



- In myICLUB.com, go to Accounting:



Accounting

Summary

View/edit transactions



BrokerSync

Wizards

Reconcile accounts

Pre-meeting

Accounting

Portfolio [\[view/edit transactions\]](#)

| Symbol | Type | Shares | Last Close * | Market Value |
|--------|--------------|------------|--------------|--------------|
| AAPL | Common Stock | 404.553899 | \$194.83 | \$78,819.24 |
| AL | Common Stock | 200 | \$40.54 | \$8,108.00 |
| CCS | Common Stock | 400 | \$86.25 | \$34,500.00 |
| CHD | Common Stock | 50 | \$91.42 | \$4,571.00 |
| DRI | Common Stock | 20.159989 | \$162.14 | \$3,268.74 |
| ELUXY | Common Stock | 100 | \$21.58 | \$2,158.00 |
| EXR | REIT | 75 | \$152.21 | \$11,415.75 |
| FAST | Common Stock | 120 | \$64.64 | \$7,756.80 |
| GILD | Common Stock | 110 | \$78.59 | \$8,644.90 |

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Update Security Type

■ In myCLUB.com, go to Accounting > Securities > Update Security Settings for each security to be edited:

Accounting

Summary

Edit security settings

This page allows you to edit the symbol, name, security type, tax status, and (for mutual funds and fixed cash investments) method used for cost basis calculation.

Basic Settings

Company Name

Symbol [\(What's this?\)](#)

Exchange

Security Type

Common Security Types

| Security Type | Set in Program As: |
|---------------------------------------|--------------------|
| Stocks | Stock - Common |
| Mutual Funds | Mutual Fund |
| Real Estate Investment Trusts (REITs) | Stock - REIT |
| Exchange Traded Funds (ETFs) | Stock - Other |
| Limited Partnerships & Other | Other |
| Money Market, CD, Bond | Fixed Income |
| Cryptocurrency | Cryptocurrency |

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How to Look Up Security Type



- Use myI CLUB Stock Quote.
- Always verify externally.

Get Stock Quotes/Information

Get a current price, historical growth chart, or review the split and dividend history (including ex-dividend dates) about a security.

EXR [Symbol lookup](#)

EXTRA SPACE STORAGE INC (NYSE: EXR)

Extra Space Storage is a fully integrated real estate investment trust that owns, operates, and manages almost 2,400 self-storage properties in 41 states, with over 180 million net rentable square feet of storage space. Of these properties, approximately one half is wholly owned, while some facilities are owned through joint ventures and others are owned by third parties and managed by Extra Space Storage in exchange for a management fee. (<http://www.extraspace.com>)

| | |
|-----------------------------------|--|
| 12/20/23 Close: \$152.21 | 52-week High/Low: \$101.19 - \$170.30 |
| P/E (TTM): 23.7 | Size: \$1,924.2 M (Mid) |
| EPS (TTM): \$6.41 | Market Cap: \$21,565.3 M (Large-cap) |
| Div & Yield: \$6.48 (4.3%) | Sector: Real Estate |
| Insiders: 1.2% | Industry: REIT - Industrial |
| Institutional: 75.1% | Security Type: Real Estate Investment Trust |
| Beta: 1.3 | Domiciled: United States |
| Volume: 1,400,540 | Release Business: United States |



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Securities to Avoid in Clubs



- Some securities pose problems for clubs:
 - Gold/Precious Metals/Commodities (or ETFs that hold).
 - Real Estate Investment Trusts (REITs).
 - Business Development Companies (BDCs).
 - Royalty Trusts, Publicly Traded Partnerships (PTPs), Master Limited Partnerships (MLPs).
 - Cryptocurrency.
 - Equity options.
- Problems include additional complexity for treasurer: workarounds, manual calculations, additional entries, additional tax forms.
 - Contact myI CLUB.com for (limited) support on dealing with these securities.
- Sell **NOW** before another year passes to eliminate problems in future years.



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Correctly Identify Countries of All Securities



- IRS is collecting more information on “foreign” investments.
 - “Foreign” company is any company that is not a U.S. company.
 - *ADRs are always “foreign companies.”*
- When first purchased in myICLUB.com, many countries are identified by default as being in **United States**.

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Check Countries



- In myICLUB.com, go to Reports > Global Diversification Report:

ANY IC

StockWatches
My Assigned Stocks
Generate Report
StockWatcher
Assignments
Club Watch List

Monthly
Unified Report
Valuation Statement

Global Diversification

Report as of 12/31/2023 (Most recent club valuation statement). Exclude Cash from Percentages

| Country | Company | Market value | % of Club |
|--------------------------------|-----------------------------|--------------------|-------------|
| Canada | Royal Bank of Canada (RY) | \$988.60 | 0.2% |
| Total Canada Companies | | \$988.60 | 0.2% |
| Denmark | Novo Nordisk (NVO) | \$989.80 | 0.2% |
| Total Denmark Companies | | \$989.80 | 0.2% |
| Sweden | Electrolux AB Class (ELUXY) | \$2,098.00 | 0.5% |
| Total Sweden Companies | | \$2,098.00 | 0.5% |
| UK | Shell PLC (SHEL) | \$16,177.50 | 3.8% |
| Total UK Companies | | \$16,177.50 | 3.8% |
| United States of America | Nextgen Healthcare (NXGN) | \$7,182.00 | 1.7% |
| | SPAXX (SPAXX) | \$521.48 | 0.1% |
| | Paysign Inc (PAYS) | \$5,140.00 | 1.2% |

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Update Country



- In myI CLUB.com, go to :Accounting > Securities > Update Security Settings:

Wizards

- Securities
- Buy
- Sell
- Cash Distribution
- Reinvest

Advanced Settings

Federal Tax-Free?

Country: Canada (What's this?)

Quote Symbol: RY (What's this?)

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How to Look Up Country



- Use myI CLUB Stock Quote.
- Country of Domicile is usually appropriate.
- Confirm in SEC filings.

Get Stock Quotes/Information

Get a current price, historical growth chart, or review the split and dividend history (including ex-dividend dates) about a security.

EXR [Symbol lookup](#)

EXTRA SPACE STORAGE INC (NYSE: EXR)

Extra Space Storage is a fully integrated real estate investment trust that owns, operates, and manages almost 2,400 self-storage properties in 41 states, with over 180 million net rentable square feet of storage space. Of these properties, approximately one half is wholly owned, while some facilities are owned through joint ventures and others are owned by third parties and managed by Extra Space Storage in exchange for a management fee. (<http://www.extraspace.com>)

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| Insiders: 1.2% | Industry: REIT - Industrial |
| Institutional: 75.1% | Security Type: Real Estate Investment Trust |
| Beta: 1.3 | Domiciled: United States |
| Volume: 1,400,540 | Primary Business: United States |

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Ensure Member Information Is Correct



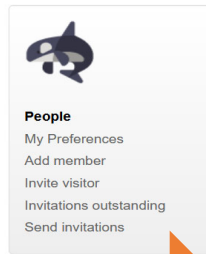
- To prepare club's tax returns, make sure information in each member's profile is correct, especially:
 - Social Security/Tax ID numbers.
 - Address.
 - Entity type (Individual, Trust, Custodial, etc.)
 - If member is "Foreign partner" (unsupported in Club Tax).
- Members can edit themselves, or administrator can edit.

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Update Member Profile



- In myI CLUB.com, go to People > Member Profile:



Edit Member Profile

Member's Current StockWatcher Duties

None

[Prepare StockWatcher Report](#) [StockWatcher Assignments](#)

Personal Information

First Name:

Middle Name:

Last Name:

E-mail:

Social Security Number:

Partner Entity: [\(What's this?\)](#)

Entity Name:

Custodial Account:

Custodian: Must be current member or visitor.

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Questions?



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FINALIZE YEAR'S TRANSACTIONS

RUSSELL MALLEY

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Consider Charitable Donations



- Club can donate securities or cash to qualifying charities.
 - myCLUB.com is only program that supports donations of securities.
- Charitable deduction passes through to members.
- For donations of securities, cost basis is stepped up to present value (thus can avoid capital gains)!
 - Can be useful to reduce taxes on realized capital gains for overweighted position.

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Accounting

Summary

Wizards

Securities

Members

Cash Accounts

Interest

Expense

Bank/Money market

Record Charitable Contributions

Use this form to record the a donation to a charity or non-profit. This donation will be distributed separately from other expenses.

If this is a cash only donation, please click the "Cash only donation" below after entering the information in the form. If the donation included stocks, please click the "Select stocks" button.

| | | |
|---------------------|---|--|
| Date | <input type="text" value="12/7/"/> | Date of the charitable contribution. |
| Amount | \$ <input type="text"/> | The total amount of the charitable contribution. This amount includes the cash amount of the contribution, and also the total value of any donated stocks. |
| Account | <input type="text" value="Sea*Trade"/> | Choose the account from which the contribution funds were drawn. |
| Distribution method | <input type="text" value="By ownership share"/> | Enter whether this charitable contribution should be equally divided between all members of the club or by weighted ownership percentage in the club. |
| Comments | <input type="text"/> | |

Finalize Club Data in Books



- Ensure all transactions up to & including 12/31 are entered in books.
- **HOWEVER:**
 - Do NOT enter withdrawal or other transaction on 12/31.
 - Move to 12/30 any transaction that happened on 12/31.
 - Move to 12/30 any mutual fund distribution that is paid in next year BUT taxable in prior year.

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Review Books for Problem Transactions



- **Member “Fees” ONLY used for penalties.**
 - Such as bounced check fees.
 - Do not use to try to offset expenses.
 - All other money put in by members should be recorded as Member Payments.
- **Dividends from stocks ARE entered as “Security Transactions.”**
 - CANNOT be entered as Cash transactions.
 - Must include Ex-Dividend date to determine proper tax treatment.
 - Use Securities Distributions Report to review ex-dividend dates.
- **Member Withdrawals NOT entered on valuation dates.**

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Use myICLUB.com Reports



- Various reports such as **Security Distributions** can be used to verify transactions.



StockWatcher
 My Assigned Stocks
 Generate Report
 StockWatcher Assignments
 Club Watch List
Monthly

Security Distributions



Report for dates from 1/1/2023 to 12/31/2023 (generated on 12/21/2023).

| Date Paid | Ex-Div Date | Security | Qualifying Amount | Non-Qualifying Amount | Remarks |
|-----------|-------------|--------------------------------------|-------------------|-----------------------|---------|
| 1/10/2023 | 12/15/2022 | Air Lease | \$40.00 | \$0.00 | |
| 1/19/2023 | 11/9/2022 | Shell PLC | \$125.00 | \$0.00 | |
| 1/31/2023 | 12/29/2022 | Stryker | \$30.00 | \$0.00 | |
| 2/1/2023 | 1/9/2023 | Darden Restaurants | \$24.20 | \$0.00 | |
| 2/16/2023 | 2/10/2023 | Apple | \$92.92 | \$0.00 | |
| 2/24/2023 | 1/25/2023 | Royal Bank of Canada | \$13.20 | \$0.00 | |

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YEAR-END VALUATIONS

RUSSELL MALLEY

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Create Year-End Valuation



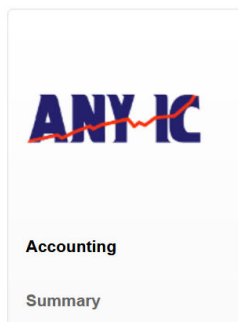
- Clubs must create one year-end valuation to close out year.
 - This is only valuation required outside of monthly valuations.
- First, create Securities Valuation/Valuation Statement for 12/31.
 - If market closed on 12/31, security prices from last day market was open will be used (still represents valuations as of 12/31).
 - Do NOT use Valuation Statement from December meeting.
- Remember, do NOT enter any transactions on 12/31 – move these to 12/30.

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Create Year-End Valuation



- In myICLUB.com, go to Accounting > Securities > Create new valuation.




Create New Valuation

Create a new official securities valuation and download or enter prices for all the club's securities as of that date. This is typically only done once a month pursuant to the terms in your club's operating documents.

Step 1 : Choose a valuation date

Select the date on which you wish to value your club securities.

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- Accounting
- Summary
- Wizards
- Securities
 - Buy
 - Sell
 - Cash Distribution
 - Reinvest
 - Stock split
 - Merger

Review/Edit Securities Valuations

Step 2 : Value securities for 12/31/2023 [What's a Quote Symbol?](#)

| Symbol | Quote Symbol | Price | Shares owned on 12/31/2023 | Price date |
|--------|--------------|----------|----------------------------|------------|
| AAPL | AAPL | \$195.89 | 404.553899 | 12/31/2023 |
| AL | AL | \$40.51 | 200.000000 | 12/31/2023 |
| CCS | CCS | \$84.55 | 400.000000 | 12/31/2023 |
| CHD | CHD | \$92.93 | 50.000000 | 12/31/2023 |
| DRI | DRI | \$167.17 | 20.159989 | 12/31/2023 |
| ELUXY | ELUXY | \$20.98 | 100.000000 | 12/31/2023 |
| EXR | EXR | \$151.61 | 75.000000 | 12/31/2023 |
| FAST | FAST | \$64.63 | 120.000000 | 12/31/2023 |
| GILD | GILD | \$79.5 | 110.000000 | 12/31/2023 |
| GMED | GMED | \$50.63 | 185.000000 | 12/31/2023 |
| META | META | \$344.62 | 100.000000 | 12/31/2023 |
| MLR | MLR | \$41.69 | 210.000000 | 12/31/2023 |



- StockWatcher
 - My Assigned Stocks
 - Generate Report
 - StockWatcher Assignments
 - Club Watch List
- Monthly
 - Unified Report
 - Valuation Statement
 - Member Status
- Portfolio

Valuation Statement

Valuation statement as of 12/31/2023 (generated on: 12/19/2023).

[Create a New Valuation](#) [Edit/Delete an Existing Valuation](#)

Choose from your club's official valuation dates 12/31/2023 ▼

Include the compound annual return (CAR) in the valuation statement. [\(What's this?\)](#)

Start return calculations from 9/13/1997 ▼

Submit

| Security | Date of first buy | Shares owned | Price/ share | Cost/ share | Market value | Total cost | % Gain Loss | % of total |
|-----------------------------|-------------------|--------------|--------------|-------------|--------------|-------------|-------------|------------|
| Apple (AAPL) | 01/25/07 | 404.5539 | \$195.89 | \$16.9475 | \$79,248.06 | \$6,856.17 | 1,055.9% | 18.4% |
| Air Lease (AL) | 06/15/14 | 200.0000 | \$40.51 | \$38.0000 | \$8,102.00 | \$7,600.00 | 6.6% | 1.9% |
| Century Communities (CCS) | 10/03/17 | 400.0000 | \$84.55 | \$36.2750 | \$33,820.00 | \$14,510.00 | 133.1% | 7.9% |
| Church & Dwight (CHD) | 01/24/00 | 50.0000 | \$92.93 | \$10.4650 | \$4,646.50 | \$523.25 | 788.0% | 1.1% |
| Darden Restaurants (DRI) | 07/13/14 | 20.1600 | \$167.17 | \$57.3352 | \$3,370.15 | \$1,155.88 | 191.6% | 0.8% |
| Electrolux AB Class (ELUXY) | 07/25/23 | 100.0000 | \$20.98 | \$24.1800 | \$2,098.00 | \$2,418.00 | -13.2% | 0.5% |
| Extra Space Storage (EXR) | 07/01/17 | 75.0000 | \$151.61 | \$66.8300 | \$11,370.75 | \$5,012.25 | 126.9% | 2.6% |
| Fastenal (FAST) | 06/13/08 | 120.0000 | \$64.63 | \$36.1467 | \$7,755.60 | \$4,337.60 | 78.8% | 1.8% |

Questions?



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COLLECTING DOCUMENTS & ALLOCATING INCOME & EXPENSES

SEAN PULRANG

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Collect Bank/Brokerage Tax Documents



- Year-end statements begin to be delivered in early January.
- Financial institutions & certain securities provide customers & IRS with required documents from January – March.
 - Increasingly are delivered electronically, so look on brokerage website.
 - Often are released prior to announcement being sent to customers!
 - May have access to preliminary info if final is not available.
- IRS has deadlines for when info is required to be sent, but not uncommon for brokerage firms to be late.

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Financial Institution Documents to Expect



- By January 31, 2025:
 - 1099-DIV - Dividends & Distributions.
 - 1099-INT - Interest Income.
 - 1099-MISC - Miscellaneous Income.
 - 1099-OID - Original Issue Discount.
- By February 17, 2025 (*Feb 15th in most years*):
 - 1099-B - Proceeds From Broker & Barter Exchange Transactions (or Consolidated 1099).
- By March 17, 2025 (*Mar 15th in most years*):
 - K-1 (Form 1065) - Partner's Share of Income, Credits, Deductions, etc. (*If club owns LP or similar entity, even if it trades on exchange, may have to request filing extension.*)

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Reconcile Club Data



- Financial institution tax docs should match what you report to IRS.
 - Exceptions possible for spinoffs, merger with cash, other corporate actions.
- Verify club's books agree with bank/brokerage statements & 1099s.
 - Brokers required to report tax basis of sold stocks for lots bought after Jan 2011, so Form 1099s are now more complex.
- Check Form 1099 totals match:
 - Capital Gains Report, Allocation Report, Valuation Statement, Transaction Summary.

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Conduct Annual Club Audit



- See newly-updated **Investment Club Audit Checklist** in your myCLUB File Storage.
- Attend our January 8, 2025, webinar for more details.

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Why Allocate Income & Expenses?



- Partnerships (& LLCs) are “pass-through” entities for tax purposes.
 - Partnership income is not taxed federally or by most states, but instead is “passed through” to partners.
- Each year, must allocate each partner’s share of income & expenses.
 - Income & expenses are allocated according to each partner’s ownership percentage.
 - Required by partnership tax law to track member cost basis in club (PIPE).
- **Note:** According to IRS, expenses **must be allocated by capital account** ownership unless otherwise specified in partnership agreement.

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Allocate Income & Expenses



- After all transactions are entered in myICLUB.com, allocate income & expenses for entire year.
 - **myICLUB.com:** Accounting > Utilities > Allocate income & expenses
- Done only once each year at year-end, generally after receiving 1099s.
- Can re-run if necessary.

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Extra Step for REITs & Mutual Funds

- If own REITs, Mutual Funds, or “Other” securities, you will be prompted to enter any Qualified Dividend or Unrecaptured Section 1250 Gain during Allocation process.
 - Section 199A Dividends + Qualified Dividends on Form 1099 are entered as “Dividends” in myICLUB.
 - Long-term Capital Gain Distributions + Unrecaptured Section 1250 Gains on Form 1099 are entered as “Long-term Capital Gain Distributions.”
 - Allocation process will differentiate these for tax filing.
- This figure will be on Form 1099 from brokerage, but may also be available from REIT or fund website in early January.

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Handling Fund Distributions



- Mutual funds, REITs, & ETFs report breakdown of quarterly distributions only at year-end.
- Distributions can include:
 - Dividends.
 - Short-term & long-term gains.
 - Return of capital.
 - Interest.
- Other categories will require manual entries in club books.
- If Allocation is done prior to receipt of 1099 information, may need to redo Allocation to correct entries.

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Accounting

Summary

Wizards

Securities

Members

Cash Accounts

Utilities

Allocate Income and Expenses

Enter Additional 1099-DIV Information

You should have your Form 1099-DIV from your mutual fund/REIT/other security available when entering values on this screen. Enter the amount of qualifying dividends (box 1b) and the amount of Unrecaptured Section 1250 Gains (box 2b) distributed by the mutual fund/REIT/other security.

| Security | Qualifying Dividend | Unrecap. Sec. 1250 Gain |
|----------|---------------------------|-------------------------|
| EXR | 11.29 (Total: \$81.00) | 0.00 (Total: \$0.00) |
| SPAXX | 0.00 (Total: \$928.89) | 0.00 (Total: \$0.00) |

OK Cancel

Note: To create accurate allocation, you must have information from Form 1099-DIV or from security that made the distributions.

Completing Allocation



- Once report is generated, provide copies or link to members.
 - NOTE: If any transactions are changed during prior year, should regenerate Allocation.
 - Members should know that report should be considered “preliminary” until data is confirmed by 1099.
- REMINDER: If needed, can regenerate Allocation as many times as necessary prior to preparing tax returns.

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- StockWatcher**
- My Assigned Stocks
- Generate Report
- StockWatcher Assignments
- Club Watch List
- Monthly**
- Unified Report
- Valuation Statement
- Member Status
- Portfolio**

Allocation of Income and Expenses



Allocation of Income and Expenses as of 12/31/2023 (generated on: 12/19/2023).

If you would like to generate or re-generate the allocation for a given year, please [follow this link](#).

Year of Allocation

2023

| | Non-Qual Divs | Qual Divs | Tax-Free Int | ST Cap Int | ST Cap Gain | LT Cap Gain | Other Inc | Inv Exp | Non-Inv Exp | Frng Tax | Charity | Total |
|-------------------|---------------|-----------|--------------|------------|-------------|-------------|-----------|---------|-------------|----------|---------|------------|
| Alphonse, Earl ZZ | \$13.07 | \$5.84 | \$0.15 | \$0.00 | \$0.00 | \$176.61 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$195.67 |
| Cod, Alantis | \$255.63 | \$114.24 | \$2.71 | \$0.00 | \$0.00 | \$3,347.20 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$3,719.78 |
| Crabb, Dungy | \$56.13 | \$25.08 | \$0.60 | \$0.00 | \$0.00 | \$739.47 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$821.28 |
| Dorado, Portia | \$49.56 | \$22.15 | \$0.53 | \$0.00 | \$0.00 | \$653.61 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$725.85 |
| Finn, Sarah | \$65.79 | \$29.41 | \$0.70 | \$0.00 | \$0.00 | \$865.88 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$961.78 |
| Gerlach, Doug | \$48.10 | \$21.50 | \$0.52 | \$0.00 | \$0.00 | \$634.59 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$704.71 |
| Hallbut, Hally | \$55.12 | \$24.64 | \$0.59 | \$0.00 | \$0.00 | \$726.39 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$806.74 |
| Headly, Dogfish | \$0.02 | \$0.00 | \$0.02 | \$0.00 | \$0.00 | \$5.80 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$5.84 |
| Malley, Russell | \$14.29 | \$6.36 | \$0.16 | \$0.00 | \$0.00 | \$192.33 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$213.14 |
| Mussel, Elon | \$67.87 | \$30.33 | \$0.73 | \$0.00 | \$0.00 | \$892.98 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$991.91 |

Allocation Report Items



- Allocated Income & Expenses will be reported to members on Schedule K-1 when tax return is generated.
- Once Allocation has been generated by treasurer, **Member Tax Summary Report** is available for each member.

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Member Tax Summary



This report is provided in order to assist individual partners in the preparation of their personal tax returns. However, the information provided here should be considered preliminary until the club's books are finalized for the year and the partners' Schedules K-1 are generated and distributed.

Dungy Crabb
12 Untimely Road
Interim AK 99999

Partner's Share of Income, Deductions, Credits, etc.
For calendar/tax year 2023

| | |
|--------------------------------|-----------------|
| Non-Qualified Dividends | \$56.13 |
| Interest | \$0.60 |
| Qualified Dividends | \$25.08 |
| Investment Expense | \$0.00 |
| Foreign Taxes Paid | \$0.00 |
| Short-Term Capital Gain (Loss) | \$0.00 |
| Long-Term Capital Gain (Loss) | \$739.47 |
| Other Income | \$0.00 |
| Tax-Free Interest | \$0.00 |
| Charitable Contributions | \$0.00 |
| Non-Investment Expense | \$0.00 |
| Total | \$821.28 |

Note: If the club has foreign source income, it may need to be reported to each member on Schedule K-3 to accompany

- Summarizes each member's tax allocations.
- Can be useful when provided to member's personal tax preparer to help get started with member's individual tax return.
- Values should be considered preliminary until club tax return is finalized.

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Questions?



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OTHER YEAR-END TASKS

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Provide Reports for Members



- Remind members that they have access to:
 - **Valuation Statement** for 12/31.
 - **Allocation of Income & Expenses** for 1/1 to 12/31.
 - **myICLUB Member Tax Summary Report:**
 - Provides enough detail for tax preparer to begin work on member's return while awaiting K-1s.
 - No member should file individual return until club issues K-1s to members.
- **Optionally:**
 - **Portfolio Diversification Reports & Club Performance/Benchmarking Report** (useful for year-end review).
 - **Complete Journal** for year.

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Ordering Club Tax



- Pre-order from Taxes tab in your myICLUB.com club website or call 1-877-33-ICLUB.
- After pre-ordering, Club Tax will be released in **Taxes** tab of your myICLUB.com website once IRS & state approvals are received.

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Check the Taxes Tab in myICLUB.com



Your Clubs: /Ain't Nothing Fshy Stock quote:

Welcome, Doug
My Account | Logout

- Home
- Accounting
- Reports
- Watch List
- Taxes**
- People
- Voting
- Discussions
- File Storage
- Calendar
- Videos
- Help

2024 Club Tax



Important Updates

- New for 2025: Information and updates on myICLUB Club Tax State and Federal releases [can now be found here](#).
- New for 2025: LLCs are subject to [new reporting requirements with the Department of the Treasury](#).
- New for 2024: The IRS now allows investing partnerships to [opt out of completing Schedules K-2 and K-3 with their Form 1065 return](#).
- New for 2023: The IRS changed the "Where to file" addresses. If mailing your federal return, [confirm the current mailing address](#).
- Change of address of responsible party? You may need to file [form 8822-B](#) with IRS. ([Help](#))

Order Status

| Club Tax | Status | | |
|--------------------------|-----------|--------------------------------------|----------------------------|
| Federal | Purchased | <input type="button" value="Go"/> | User Guide |
| Federal Extension E-File | Purchased | <input type="button" value="Go"/> | User Guide |
| State | Purchased | <input type="button" value="Go"/> AZ | User Guide |

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GETTING HELP

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myICLUB.com Technical Support



1. Check Frequently Asked Questions (FAQ): www.myICLUB.com/faq/
2. Request online support: www.myICLUB.com/support.aspx
3. Telephone support line: 1-877-33-ICLUB
 - Open 9:30 AM to 6:00 PM ET, Monday – Friday
 - Open late on Thursday until 9:00 PM ET for West Coast customers.
 - Busiest day is Monday – *plan your problems accordingly!* 😊



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Club Basics

How to Start a Club
About myICLUB.com
Why Switch to myICLUB?
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Club Forum

Club Taxes ★

Club FAQs
Club Fundamentals
Club Primers & Tutorials
Club Transactions
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General Technical

Club Support

Club Webinars & Videos
User & Quick Start Guides
Contact Us
About ICLUBcentral
myICLUB & Referral Instruction

Need Help with myICLUB?

We're here to help myICLUB users with questions about investment club accounting and operations, and about using the myICLUB website. Here are some resources that can help you quickly find the answers you need.



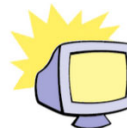
[Click the Help links on pages for context-sensitive help.](#)



[Visit our Investment Club Forum \(registered myICLUB users only\).](#)



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[Contact us by telephone.](#)

Questions?



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Thank You!

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