A Guide To

Mutual Fund & Stock Basis Keeper

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For more information see http://www.denvertax.com/bk.htm

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Overview

Why Use This Program?

With the increasing popularity of mutual funds, you will find yourself spending more and more time keeping track of cost basis and calculating gains and losses. Making these calculations takes more than just subtracting the purchase price from the sales price. It's essential that you don't lose the basis from reinvested dividends.

The DTS - Mutual Fund and Stock Basis Keeper provides you with an easy way to track basis, calculate gains and losses, and even generate a Schedule D attachment with gains and losses grouped in Short Term and the Long Term categories. In addition, the DTS - Mutual Fund and Stock Basis Keeper can calculate Specific Identification, FIFO, and Average Cost - Single Category basis methods.

Not only will it do all of this, it will do it in a fraction of the time it would normally take!

Please Read This!

The DTS - Mutual Fund and Stock Basis Keeper has been designed to be easy to use and understand; however, you should always follow these rules:

**Always** exit Basis Keeper before turning off your computer.

**Never** turn off your computer without closing Windows first! Most Windows systems use disk caching and other performance enhancing features. Because of this, it is important to close Windows before turning off your machine. If you don't do this, information that you have entered into any program, including this one, could be lost or corrupted.

Installing and Starting

System Requirements

Microsoft Windows 3.1 or higher.

8 MB of RAM.

6 MB of hard disk space.

An 80486 or higher processor with 8 MB of RAM is recommended.

Installation

All commands you need to enter will be in **bold** type.

Installing To A Single Machine

For the purpose of these instructions, we are assuming that your CD drive is drive D, if it is not, please make the appropriate changes. To install the program to a single machine, use the following steps:

1. Click on the **Start** button. If your machine starts CDs automatically, Windows will do steps 1 and 2 for you!

2. Click on the **Run** menu item.

3. Type **D:SETUP** and press the **ENTER** key.

4. Follow the instructions in the installation program.

Installing To A Network

Network installations instructions are provided in a separate document to customers that have purchased rights to use this program on additional desktops.

Starting The DTS - Mutual Fund And Stock Basis Keeper

The installation program will create a "Denver Tax Software" Program Manager Group, if it doesn't already exist. The DTS - Mutual Fund and Stock Basis Keeper will be placed within this group.

To start the Mutual Fund and Stock Basis Keeper from the Start button, Click **Start – Programs – Denver Tax Software Group – Mutual Fund & Stock Basis Keeper**. This will load the Mutual Fund and Stock Basis Keeper and you can begin work!

Quick Start

How To Use The Mutual Fund & Stock Basis Keeper

A General Procedure To Follow

These are the steps to go from starting the program to printing any attachment to Schedule D:

1. Double click on the Basis Keeper icon to start the program from the Denver Tax Software Program Group.
2. Create basic information for your taxpayer by clicking on the picture of the file cabinet. The Optional Line in the taxpayer data entry screen is an excellent place to enter Social Security Numbers so that they will appear on any Schedule D attachments. If you have already created basic taxpayer information for the taxpayer you wish to work with, click on the picture of a file cabinet that has a drawer open.
3. If you have already created a portfolio for the taxpayer, click on the picture of the open file. If you have not already created a portfolio for the taxpayer, click on the picture of the closed file. If you only have one portfolio for the taxpayer, we recommend naming it "Securities."
4. If you want to add a new security, click on the picture of a plus and a dollar sign. When adding a security, be sure to include a symbol for that security, even if you have to make it up! The CUSIP number is optional.
5. After opening a portfolio and adding your securities, you should see a listing of security symbols in a box on the left. Double click on the symbol you want to work with.
6. You should now see a dialog box with buttons along the bottom for Buy, Reinvest, Sell, Stock Dividend, Adjust and Rollback. These will be explained later. ***Be sure to enter transactions for a given security in <u>chronological order</u>.***
7. After entering all the transactions for a taxpayer it is a good idea to run a Detailed Basis Report as described in steps 8 - 12.
8. Click on <u>R</u>eports from the Menu.
9. Click on <u>B</u>asis Analysis.
10. Enter the year-end date, and click on the circle to the left of the word "Detailed."
11. Click on the View button.
12. With mutual funds, the Detailed Basis Report can be lengthy. If you want to print the whole report, you may click on the picture of the printer. If the report is so long that you do not want to print it, you can save it to a disk file by clicking on the picture of the suitcase and selecting a Format of text. Then choose the filename that you want. We recommend keeping the text file with the taxpayer's records to document your work. In the unlikely event of an IRS examination, you could printout that text file.
13. To generate the attachments to Schedule D, choose Schedule <u>D</u> Attachment from the <u>R</u>eport Menu. For your file we recommend using the Summary Schedule D report as an attachment to the taxpayer's Schedule D. We recommend either printing or saving to a text file the Detailed Schedule D report. Instead of printing those reports from the start, you may want to choose <u>V</u>iew, and selecting print (the printer picture) or selecting export to a text file (the suitcase picture) while viewing the report on the screen.

Buy, Reinvest, Sell, Split, Stock Dividend, Adjust and Rollback

- <u>Buy</u>. Simply enter the information that is requested.
- <u>Reinvest</u>. This is to enter a dividend that is part of a dividend reinvestment plan which is the most common way mutual funds pay dividends. Enter the number of shares bought with the dividends and dollar amount of the dividend. Do not enter dividends that were paid directly to the taxpayer. Note that a reinvested dividend is actually a buy.

- <u>Sell</u>. This is for entering sells. If the 1099-B amount is to be reported net of commissions, enter the selling price as net of commissions, and do not enter any commission. If the 1099-B amount is to be reported before selling commissions, enter the selling price and commission or costs separately. The basis method could be FIFO, Average Cost - Single Category, or Specific Identification. Average Cost - Single Category is usually referred to as simply Average Cost. For Specific Identification the taxpayer must be able to show evidence of the blocksof stock were actually sold.
- <u>Split</u> and <u>Stock Dividends</u>. These are actually the same type of transaction. Both change the number of shares without changing the dollar amount of the basis. You will need to know the ratio that is related to the split or stock dividend.
- <u>Adjust</u>. This gives you the opportunity to edit the number of shares or basis of a block. This should be rarely used.
- <u>Rollback</u>. This will try to undo a transaction which was entered in error.

Getting Started

Starting Basis Keeper

When you start the Mutual Fund and Stock Basis Keeper (also referred to as Basis Keeper) you will see the Startup Screen. Denver Tax Software's address, and other information. The Startup screen will be visible until the program is ready to be used. When the program is ready, the Startup Screen will disappear, and the Main Screen will appear.

Entering Information

Basis Keeper uses the standard input procedures that most Windows programs use. To move from one input to another you can either use the mouse to select the input item you want, or press the **TAB** or **ENTER** key to move to the item.

To exit an input screen and keep any changes that you have made, either click on the **OK** button, or **TAB** to it and press the **ENTER** key. To exit an input screen, but not keep the data you have entered, use the same process as above but with the **Cancel** button instead.

To enter numeric information you may find it easier to use the numeric keypad. If you do this, make sure the **Num Lock** key is on.

Getting Help

While you are using the Basis Keeper, you can load the program's help file by using the **Help** | **Contents...** menu item. You can also get help on any screen or input you are working on by pressing the **F1** key on your keyboard. If you have not used Windows help before select the **Help** | **Help On Help...** menu item. This will load a tutorial on how to use Windows help files.

Accounting For Stock Basis

What's The Big Deal?

A Long Time Ago

Before mutual funds were popular, keeping track of stock basis was easily accomplished with pen and paper.   A typical investor would buy a block of 100 shares of XYZ Corp. for $1,000, and record that transaction in a stock book. A couple of years later that investor would buy another block of XYZ Corp.   When the stock was sold, the investor could look up the basis of that stock to determine the gain or loss. It took a little bit of work, but it wasn't too time consuming or difficult.

Today

Look what happens now when an investor, A. Client, buys the Big Dividend Mutual Fund on January 1.   A. Client paid $1,000 on January 1 for 100 shares in Big Dividend Mutual Fund.   So far it is pretty straight forward, but there is a problem. Four times a year the Big Dividend Mutual Fund distributes income and capital gains dividends that are reinvested back into the Big Dividend Mutual Fund.   That makes four income dividends, and four capital gains dividends per year.   Thus, A. Client is receiving eight reinvested dividends per year.   Each reinvestment is actually a separate purchase of a new block of stock.

Now, let's assume, that by the time A. Client sells Big Dividend Mutual Fund for $2,000, the mutual fund has paid $1,500 in reinvested dividends.   A. Client, remembering that the original purchase price was $1,000, enters $1,000 as the cost on Schedule D.   Thus, A. Client shows a gain of $1,000 ($2,000 - $1,000). Unfortunately, the cost at sale was $2,500 (original cost of $1,000 plus the reinvested dividends of $1,500), and, instead of a $1,000 gain, A. Client should have reported a $500 loss ($2,000 minus $2,500)!

You will **SAVE TIME** and your clients will **SAVE ON TAXES** by keeping better track of stock basis with the DTS Stock & Mutual Fund Basis Keeper. Note that erroneous reporting of a $500 loss as a $1,000 gain indicates a problem more serious than paying too much tax.   The less obvious problem is that the Big Dividend Mutual Fund may not have performed as well as A. Client thought it did. This could lead to poor financial decisions in the future.

Taxpayers And Portfolios

The DTS Stock & Mutual Fund Basis Keeper is an industrial strength program. This program can accommodate multiple taxpayers, and multiple portfolios. Of course, the program can handle simple single portfolio situations too.

What Is A Taxpayer?

A *Taxpayer,* for the purpose of this program, is very close to what a taxpayer would be as defined by the tax law. In most situations, you will be working with a person whose responsibilities will be limited to their own individual tax return. It is possible for a person that you work with to have responsibilities for stocks and mutual funds with several different taxpayers. For instance, investor A. Client could oversee investments in ACME, Inc., the A. Client Irrevocable Trust, and A. Client's children's investments. Those all represent separate Taxpayers for the purpose of this program.

Using the term *Taxpayer* helps group transactions so that the program can later generate schedules for specific tax returns. A word of caution - usually a grantor trust is not a separate taxpayer, but a *Portfolio* where the *Taxpayer* is the grantor.

What Is A Portfolio?

A *Portfolio*, for the purpose of this program, is a logical separation of securities for a taxpayer. The distinction of what assets get assigned to a specific portfolio can be quite arbitrary, unlike a *Taxpayer* which is usually determined by tax law.

The typical *Taxpayer* usually has one *Portfolio*. However, multiple portfolios for a taxpayer might be useful. It is important to remember that this program groups all portfolios for a Taxpayer onto the same Schedule D attachment.

The following are ideas of how securities might be separated into portfolios for this program:

- It is usually good practice to treat any grantor trusts as a portfolio.

- One might have Husband, Wife and Joint portfolios for an individual joint return, if there is some reason to separate assets or income.

- One might have a separate account for each brokerage house to help analyze performance.

- If you want to keep things simple, only have one portfolio for a taxpayer.

Garbage In, Garbage Out!

ENTER TRANSACTIONS FOR A SECURITY IN CHRONOLOGICAL ORDER! This program will figure out what blocks of stock have been sold when you enter the sale information. Let's say you bought 100 shares of XYZ Corp. on 1/1/70 and 100 shares of XYZ Corp. on 1/1/85. On 5/20/96 you sold 100 shares of XYZ Corp. If you used the FIFO method, discussed later, to determine the cost, you would use the cost of shares purchased on 1/1/70. However,

if you enter the 5/20/96 sale into the program before have entered the 1/1/70 purchase, the program will not be able to match the proper blocks of XYZ stock.

Tax Consequences

Method For Determining Basis For Multiple Blocks

If one sells only part of the shares for a security which was purchased at different times, he or she is faced with the problem of determining which shares were sold and what the cost of those shares was. There are four methods for determining the cost, and the program will use any one of these methods. Once you choose a method for a specific security, you are bound to stay with that method. The four methods are as follows:

1. First In First Out (FIFO). Shares are sold in the order they were acquired.

2. Specific Identification. The investor chooses the block(s) of stock that were sold. The investor *must be able to prove specifically which shares were sold*. This might prove difficult or impossible, if the stock is held by the broker instead of by the investor.

3. Average Cost - Single Category. This is the easiest. Simply an average of per share cost.

4. Average Cost - Double Category. Costs are averaged for the long-term and short-term holding periods. As with Specific Identification, the investor *must be able to prove specifically which shares were sold.* Shares move from the short-term holding period category to the long-term holding period category.

Other Tax Issues

Return Of Capital Distributions

Distributions from a company or mutual fund are usually taxable dividends. Those distributions can be easily entered into this program if they are reinvested.

In less common situations a distribution might be a Return Of Capital. A Return Of Capital should result in a reduction of basis, if basis exists. Otherwise, if the Return of Capital exceeds the basis, the Return Of Capital minus the basis should be reported as a capital gain.

When using this program to record a Return Of Capital which does not exceed basis and is reinvested, enter the distribution as a Reinvestment with a cost of $0.00, but be sure to enter the number of shares.

When using this program to record a Return Of Capital which does not exceed basis and is **not** reinvested, enter the distribution for the appropriate block of stock as an Adjustment with zero shares and the cost being negative the amount of the distribution.

Form 1099-B Considerations

When someone sells a security, they are supposed to receive a Form 1099-B which reports the sale to the IRS. Sometimes the 1099 amount will be net of selling expenses, such as commissions, but other times the 1099 amount will be gross, not reduced by any selling expense. You want the total sales for all Schedule D transactions to equal the Form 1099-B amount total. The way you enter a sale will depend on whether the 1099-B amount is net or gross of selling expenses. Use the following as a guide on how to enter the sale:

- Form 1099-B Amount As *Gross Sales Price*. Enter the Sales Price as the gross sales price, and enter the Fees as the selling expense.

- Form 1099-B Amount As *Net Sales Price*. Enter the Sales Price as the net sales price (gross sales price - selling expense), and enter the Fees as zero.

Limitations

Wash Sales

This program does not determine whether a wash sale has taken place. A wash sale is a sale resulting in a loss 30 days before or after an acquisition of the same security. That loss is not deductible for tax purposes. If you think this is an important feature, please contact technical support at 1-800-326-6686 so we can consider this for future updates.

Bonds

This program does not amortize discounts or premiums related to bond purchases. You can still use this program for bonds that have premiums or discounts, but you will have to enter the amortized premiums or discounts as adjustments. If you think this is an important feature, please contact technical support at 1-800-326-6686 so we can consider this for future updates.

Short Sales

This program does not compute gains and losses on short sales. Thus, the investment must be purchased before it is sold.

The Main Screen

General Description

The Main Screen is similar to the desktop. From the Main Screen you can select the different actions you want to perform, such as opening Taxpayer files and working with them. The important sections of the Main Screen are the Menu Bar, the Tool Bar, the Status Bar, the Work Area, and the Help Bar. All of these will be explained as you continue through this chapter.
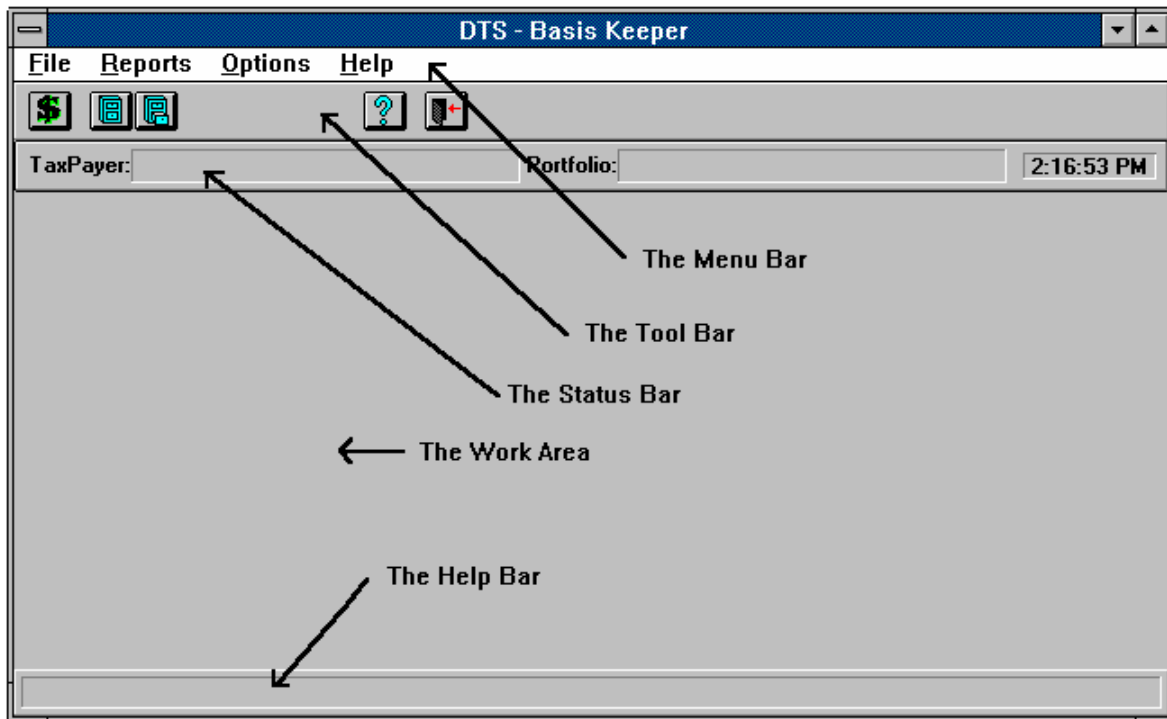
This is what the Main Screen should look like when you first start the program.

The Menu Bar

The menu bar contains menu items that you can select to perform any of the functions available in Basis Keeper. To select a menu item, simply click on the menu, and then on the menu item. If you don't have a mouse, press the **ALT** key and then the underlined letter of the menu you want, followed by the underlined letter of the menu item you want. If you wanted to open a Taxpayer File, for example, you would press the following keys, **ALT**, **T** (for Taxpayer), **O** (for Open Taxpayer File...).

The following is a list of all the menus and corresponding menu items. Please note that not all menus or menu items are available at all times. As you work with the program, menu items that are usable will become available.

The menus and their corresponding menu items are:

<u>F</u>ile

<u>S</u>ecurity Symbols File...

Loads the "Security Symbols" screen, where you can Add, Modify, and Delete Securities. For more information, see the chapter "" on page 19.

<u>P</u>rinter Setup...

Loads the standard Windows "Print Setup" screen, where you can change the default Windows printer and it's setup.

<u>C</u>ompress Files...

Loads the "Compress Files" screen, where you can select Files that you want to compress. For more information, see "Compressing Files" on page 49.

<u>R</u>epair Files...

Loads the "Repair Files" screen, where you can select files that you want to repair. For more information, see "Repairing Files" on page 51.

<u>D</u>esignate File Locations…

If you are only installing the program to one machine, you don't need to use this menu choice!

This menu choice is typically only used for network installs. You can choose the location where the taxpayer and the security symbol file (central.mdb) should be located. Assuming that F: is your server, we recommend using F:\BKDATA\TAXPAYER\ for taxpayer files and F:\BKDATA\SSF\ for the Security Symbol File. Only your network administrator should use this menu choice! For more information, see "Changing The Default File Directories" on page 51

Backup Taxpayer <u>T</u>o Disk...

Due to large file sizes and abundance of excellent backup and restore software, this program no longer has a backup and restore routine. If you click on this menu choice, a screen will describe where this program's data is located. See "Backing Up Your Data" on page 49.

Restore Taxpayer <u>F</u>rom Disk...

Due to large file sizes and abundance of excellent backup and restore software, this program no longer has a backup and restore routine. If you click on this menu choice, a screen will describe where this program's data is located. See "Backing Up Your Data" on page 49.

E_xit

Exits the Basis Keeper program. Never turn off your machine without doing this first!

_T_axpayer

New Taxpayer File...

Loads the "New Taxpayer" screen, where you can enter information about the Taxpayer, and create a new Taxpayer file. See "Creating A Taxpayer File" on page 22.

Open Taxpayer File...

Loads the "Open Taxpayer File" screen, where you can select and open a Taxpayer File. See "Opening An Existing Taxpayer File" on page 23.

Close Taxpayer File

This will close the current Taxpayer File.

Modify Taxpayer File...

Loads the "Modify Taxpayer" screen, where you can change information that has been entered about the taxpayer.   See "Modifying A Taxpayer File" on page 23.

Delete Taxpayer Info…

Use this choice to permanently delete taxpayer information.

_P_ortfolio

New Portfolio...

Loads the "New Portfolio" screen. This allows you to enter information on a new Portfolio, and create it.   See "Creating A New Portfolio" on page 25.

Open Portfolio...

Loads the "Open Portfolio" screen, where you can select a Portfolio and open it for work.   See "Opening An Existing Portfolio" on page 26.

Close Portfolio

Closes the Portfolio that is currently open.

Delete a Portfolio...

Loads the "Delete Portfolio" screen, where you can select and delete portfolios from the currently open Taxpayer File.   See "Deleting Portfolios" on page 26.

Modify Portfolio Info...

Loads the "Modify Portfolio Info" screen, where you can modify information on the Portfolio.   See "Modifying A Portfolio" on page 26.

Security

Add a Security...

Loads the "Add a Security" screen, where you select a Security and add it to the current portfolio.   See "Adding A Security To A Portfolio" on page 29.

*Delete **S**ecurity*

Deletes the security that is currently selected in the Security List.   See "Deleting A Security A Portfolio" on page 30.

*C**hange Sell Method...*

Loads the "Sell Method" screen allowing you to select the Sell Method to be used for this security.

*Delete **B**lock*

Deletes the block of stock that is currently selected in the Block List.   See "Deleting Blocks" on page 39.

*M**odify Transaction...*

Loads the "Modify <Transaction>" screen, where you can modify the Transaction that is currently selected in the Transaction List.   See "Modifying Single Transactions" on page 39.

*Delete **T**ransaction*

Deletes the transaction that is currently selected in the Transaction List. See "Deleting A Single Transaction" on page 37.

*Modify **E**ntire Sell...*

After selecting a Sell transaction by clicking on it's row in the Transaction List, this menu item will locate the entire sell throughout all blocks and allow you to modify (re-enter) it. See "Modifying Entire Sells, Stock Splits, Or Stock Dividends" on page 40.

*Modify Entire Sp**l**it...*

After selecting a Stock Split transaction by clicking on it's row in the Transaction List, this menu item will locate the entire stock split throughout all blocks and allow you to modify (re-enter) it. See "Modifying Entire Sells, Stock Splits, Or Stock Dividends" on page 40.

*Modify Entire **D**ividend...*

After selecting a Stock Dividend transaction by clicking on it's row in the Transaction List, this menu item will locate the entire stock dividend throughout all blocks and allow you to modify (re-enter) it. See "Modifying Entire Sells, Stock Splits, Or Stock Dividends" on page 40.

Actions

Buy Shares...

Loads the "Buy Shares" screen, where you can enter a buy (purchase of shares) transaction and add it to the security currently selected in the Security List. See "Entering A Buy Or Reinvestment" on page 30.

Reinvestment...

Loads the "Reinvestment" screen, where you can enter a reinvested dividend transaction and add it to the Security currently selected in the security List. See "Entering A Buy Or Reinvestment" on page 30.

Sell Shares...

Loads the "Sell Shares" screen, where you can enter a sale of shares for the security currently selected in the Security List. See "Entering A Sale" on page 32.

Stock Split...

Loads the "Stock Split" screen, where you can enter a stock split for the block currently selected in the Block List, or for the entire security currently selected in the Security List. See "Entering A Stock Split Or Stock Dividend" on page 35.

Stock Dividend...

Loads the "Stock Dividend" screen, where you can enter a stock dividend for the block currently selected in the Block List, or for the entire Security currently selected in the Security List. See "Entering A Stock Split Or Stock Dividend" on page 35.

Adjust Block...

Loads the "Adjust Block" screen, where you can enter an adjustment to the block that is currently selected in the Block List. See "Entering An Adjustment" on page 36.

Rollback...

Loads the "Rollback Transactions" screen, where you can remove (Rollback) any type of transaction after a specified date for either the block currently selected in the Block List, or for all blocks in the security currently selected in the Security List. See "Deleting Groups Of Transactions" on page 37.

Reports

Taxpayer Listing...

Generates a Taxpayer Listing. For more information see "Taxpayer Listing" on page 41.

Security Listing...

Generates a Security Listing. For more information see "Security Listing" on page 41.

Transaction Listing...

Generates a Transaction Listing. For more information see "Transaction Listing" on page 42.

Basis Analysis...

Generates a Basis Analysis. For more information see "Basis Analysis" on page 43.

Schedule D Attachment...

Generates a Schedule D Attachment. For more information see "Schedule D Attachment" on page 44.

Options

Show Tool Bar

Allows you to turn the Tool Bar on and off. A checkmark indicates that the Tool Bar will be displayed (on).

Show Tool Tips

Allows you to turn Tool Tips on and off. A checkmark indicates that Tool Tips will be displayed (on).

Show Help Bar

Allows you to turn the Help Bar on and off. A checkmark indicates that the Help Bar will be displayed (on).

Open Only Portfolio

Allows you to select whether you want Taxpayer Files, with only one portfolio in them, to automatically open the Portfolio when you open the Taxpayer File. A checkmark indicates that this option is turned on.

Auto-Recalculate Shares

Allows you to select whether you want the Total Shares on the Security Display updated each time you enter a new transaction or change to a different security. A Checkmark indicates that recalculation will occur.

Note: If Auto-Recalculation is turned on the total shares in the current security is updated immediately after adding, modifying, or removing any transactions. If it is off, the total shares will not be updated; however, adding, modifying, and removing transactions will take less time. You can always get an updated total shares by clicking on the total shares display.

Delete Backup Files...

Loads the "Delete Backup Files" screen, where you can get information on deleting backup files, and also delete any backup files that the Basis Keeper has created.   See "Backing Up Your Data" on page 49.

Help

Contents...

Loads the Basis Keeper help file program, where you can get help on this program.

Help On Help...

Loads the Windows Help On Help file that explains how to use Windows help files, such as this program's help file.

About...

Loads the Basis Keeper's About box.   The About box contains information on this program such as the version number, information on Denver Tax Software, Inc., and the different ways that you can contact us.

The Tool Bar

What Is The Tool Bar?

The Tool Bar is a panel that appears at the top of the Main Screen and provides a quick way to access menu items. Each button on the Tool Bar represents a frequently used menu item. To use a button on the Tool Bar you only need to click on the button. This will activate the corresponding menu item automatically. Please note that Tool Bar buttons are only visible if the corresponding menu item is available.

The Tool Bar can be turned on and off using the **Options | Show Tool Bar** menu item.

The Tool Bar looks like this:

The Tool Bar Buttons

The following is a list of the Tool Bar buttons and their corresponding menu and menu item.

File | Security Symbols File...

Taxpayer | New Taxpayer File...

Taxpayer | Open Taxpayer File...

Portfolio | New Portfolio...

Portfolio | Open Portfolio...

Security | Add a Security...

Help | Contents...

File | Exit

The Status Bar

The Status Bar is a panel that appears at the top of the Main Screen, under the Tool Bar. It provides the name of the current Taxpayer File and Portfolio, and the time. The Status Bar provides you with a way to know exactly what taxpayer and portfolio you are working with.

The Status Bar looks like this:

TaxPayer: A. Client   Portfolio: Securities   3:14:40 PM

The Work Area

The Work Area is the center section of the screen, between the Status Bar and the Help Bar. This area contains the Security List and the Security Display. This area is where you work on your securities. When both the Security List and the Security Display are visible the Work Area looks like this:

The Work Area.

For more information on the Security List, see "The Security List" on page 28.

For more information on the Security Display, see "The Security Display" on page 28.

The Help Bar

The Help Bar is a panel at the bottom of the Main Screen. The Help Bar displays information about inputs when you move the mouse pointer over them, or when you **TAB** into an input. It also keeps you updated when the program is performing a time-consuming operation.

The Help Bar can be turned on and off using the **Options | Show Help Bar** menu item.

The Help Bar looks like this:
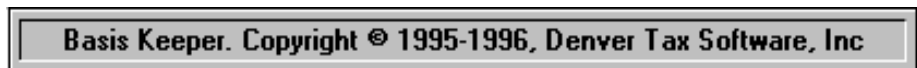
Security Symbol Information

What Is The Security Symbols File?

The Security Symbols File is where securities and some information pertaining to them are stored. Each security must have a symbol, and can also have a name and a CUSIP number. This file provides a central location where you can view the securities and retrieve information on them. To do this, you can use the **File | Security Symbols File...** menu item to load the "Security Symbols" screen.

Working With The Security Symbols File

To access the Security Symbols File, click on the **File | Security Symbols File...** menu item to load the "Security Symbols" screen. The screen looks like this:
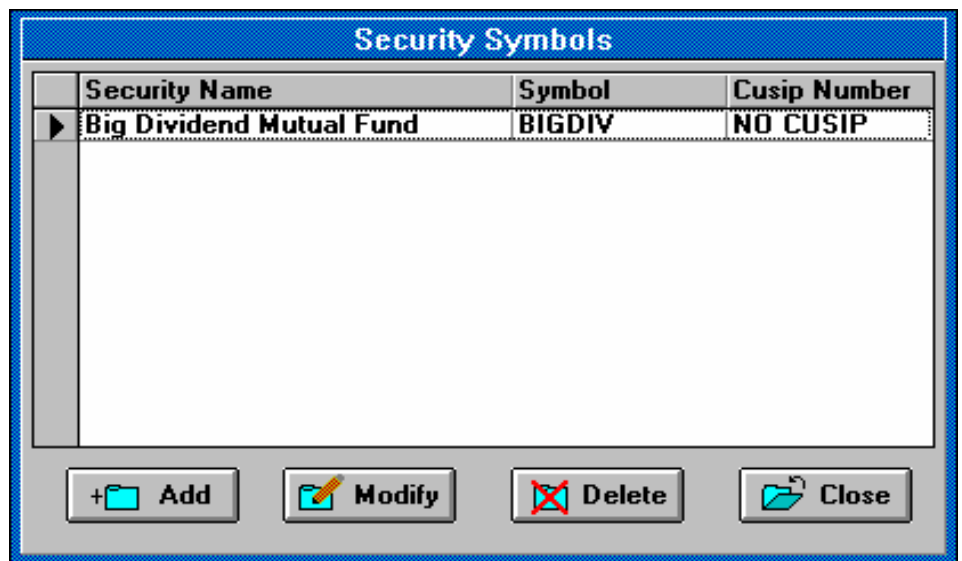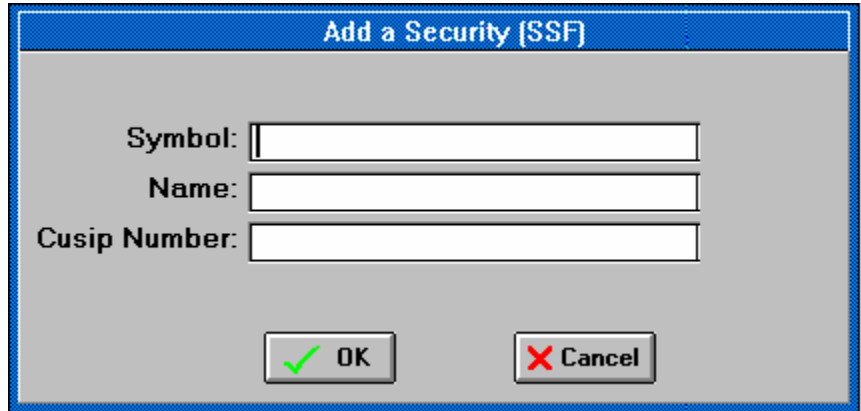
The "Security Symbols" screen.

The grid in the center of the screen lists all the securities in the Security Symbols File, with the symbol, name, and CUSIP. In the example above, the user did not enter a CUSIP. From this screen you can Add, Modify, and Delete securities. See the following sections for information on these functions. To close the "Security Symbols" screen, click on the **Close** button.

Adding A Security

To add a security to the Security Symbols File click on the **Add** button of the "Security Symbols" screen. After doing this, the "Add a Security (SSF)" screen will appear:

The "Add a Security (SSF)" screen.

Inputs

Symbol:

Enter the security's symbol here. Security symbols are always displayed in CAPS, and are unique to the Mutual Fund or Stock they represent. If you don't know a security's symbol you can make one up for the purposes of this program. You will have to make up a symbol for a security which does not have a published symbol. *Be careful!* Once you have chosen a symbol it is difficult to change it without losing data.

Name:

Enter the security's name here. It is important to enter the correct name of the security, as this is printed on the reports generated by this program.

CUSIP:

Enter the security's CUSIP number. Every Mutual Fund and Stock has a unique CUSIP that is used to identify it. This number is useful to have, but is not required. If you don't have it, just leave this input empty.

Buttons

When you have entered the information for the security, click on the **OK** button to add the security to the Security Symbols File. If you decide you don't want to add the security, click on the **Cancel** button.

Modifying A Security

To modify a security in the Security Symbols File you need to click on the row with the security you wish to modify (it will become highlighted), and then click on the **Modify** button. This will load the "Modify Security (SSF)" screen, with information on the security.

The "Modify Security (SSF)" screen looks the same as the "Add a Security (SSF)" screen, except that the caption at the top will read "Modify Security (SSF)". When modifying a Security you can only change the security name and CUSIP. Because security symbols identify a security, they can not be changed.

If you entered a symbol incorrectly, you will need to delete the security and re-create it with the correct symbol. *Be careful* when doing this! Securities in Taxpayer Files must use the symbol they were created with to access information in the Security Symbols File. Any changes made here will affect securities in Taxpayer Files.

The inputs for this screen are the same as the inputs for the "Add a Security (SSF)" screen, please see the section "Adding A Security" on page 20 for descriptions of them.

Deleting A Security

To delete a security from the Security Symbols File, click on the row with the security you wish to delete (the row will become highlighted.) Then click on the **Delete** button. You will be asked to confirm the deletion, and if you answer YES the security will be deleted.

Be careful that you don't delete securities that are being used in a Taxpayer File. If you do, the information for the security will have to be re-entered when the Taxpayer File and security are opened for work.
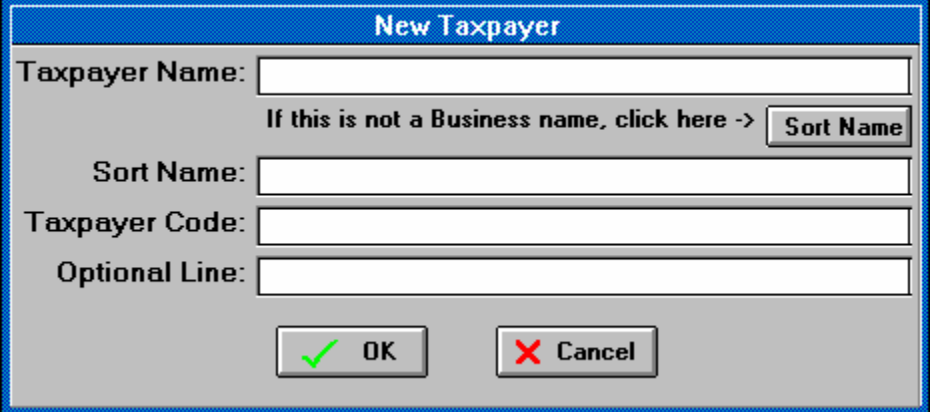
Working with Taxpayers

For information on what a taxpayer is, please refer to the section "What Is A Taxpayer?" on page 7.

Creating A Taxpayer File

To create a Taxpayer File you need to use the **Taxpayer | New Taxpayer File...** menu item. After doing this, the "New Taxpayer" screen will appear. It looks like this:

New Taxpayer
Taxpayer Name: [ ]
If this is not a Business name, click here -> [Sort Name]
Sort Name: [ ]
Taxpayer Code: [ ]
Optional Line: [ ]
[✓ OK]   [✗ Cancel]

The "New Taxpayer" screen.

Inputs

Taxpayer Name:

Enter the taxpayer's name here. You should not leave this input empty as it will be printed on the reports generated by this program.

Sort Name:

The Sort Name is used when you want to sort taxpayers in a special order, such as by last name. Unless you have a special sorting order that you use, we suggest entering people's names in the following order - last, first, and middle initial/name. To have the program do this for you, click on the **Sort Name** button. If the taxpayer is a business we suggest you enter the proper business name.

Taxpayer Code:

The Taxpayer Code is a code that is unique to each taxpayer, and must be entered. The Taxpayer Code is always entered in CAPS. If you don't have a code system for your clients/taxpayers, we suggest using their last name

(or part of) and a number. For example, A. Client's Taxpayer Code would be CLIENT01.

Optional Line:

The Optional Line is provided for you to enter additional information about the taxpayer. We suggest that you enter the taxpayer's social security number here, as it will be printed on the Schedule D attachment.

Buttons

When you have entered the information for the taxpayer, click on the **OK** button to create the taxpayer and Taxpayer File. If you decide you don't want to create this taxpayer, click on the **Cancel** button.

Opening An Existing Taxpayer File

To open an existing Taxpayer File you need to use the **Taxpayer | Open Taxpayer File...** menu item. The "Open Taxpayer File" screen will appear. It looks like this:
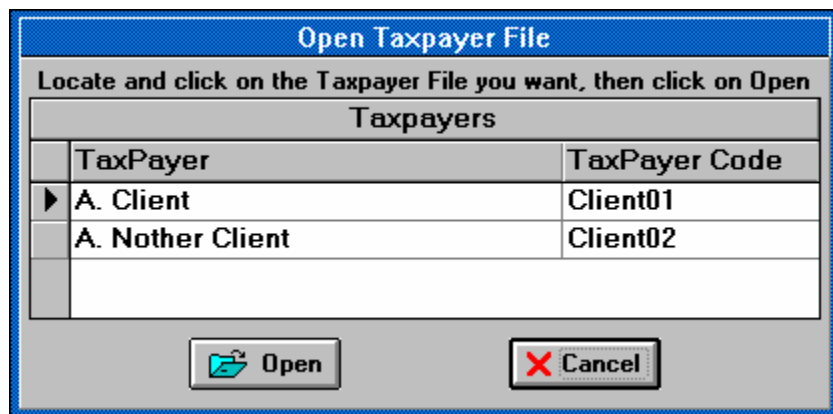
The "Open Taxpayer File" screen.

To open a Taxpayer File, click on the row in the grid with the taxpayer that you want to open, then click on the **Open** button. If you decide you don't want to open a Taxpayer File, click on the **Cancel** button.

Closing A Taxpayer File

When you are finished working with a Taxpayer File you can close it by using the **Taxpayer | Close Taxpayer** menu item. This will remove the Security List and Security Display from the Work Area, and clear the Status Bar.

Modifying A Taxpayer File

To modify a Taxpayer File, you must first open it (see "Opening An Existing Taxpayer File".) After opening the Taxpayer File, select the **Taxpayer | Modify Taxpayer Info...** menu item. This will load the "Modify Taxpayer" screen. This screen looks the same as the "New Taxpayer" screen.

You can use this screen to modify any of the information that was entered for the taxpayer.   For information on the inputs, refer to the section "Inputs" on page 22.

To enter the modifications you made into the Taxpayer File, click on the **OK** button. If you decide you don't want to enter these modifications, click on the **Cancel** button.
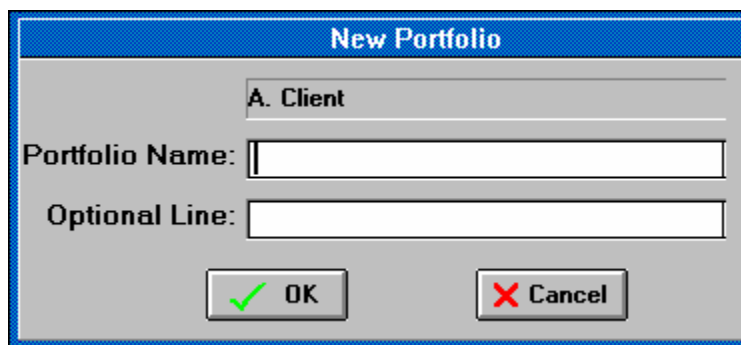
Working with Portfolios

For information on what a portfolio is, please refer to the section "What Is A Portfolio?" on page 7.

Creating A New Portfolio

To create a Portfolio you need to use the **Portfolio | New Portfolio...** menu item. After doing this the "New Portfolio" screen will appear. It looks like this:

The "New Portfolio" screen.

Inputs

Portfolio Name:

Enter the name of the portfolio here. If you only have one portfolio, we suggest naming it "Securities"; however, you might want to use the name of a brokerage house, or any other name that would describe the portfolio.

Optional Line:

The Optional Line is provided for you to enter any additional information about the portfolio that you wish to include.

Buttons

When you have completed the inputs, you can create the new portfolio by clicking on the **OK** button. If you don't wish to add the portfolio, click on the **Cancel** button.

After creating a new portfolio the Security List will appear in the Work Area. Because it is a new portfolio, there will be no securities in it and the Security List will be empty.

Opening An Existing Portfolio

To open an existing portfolio, you first need to open the Taxpayer File. Then you need to use the **Portfolio | Open Portfolio...** menu item. After doing this, the "Open Portfolio" screen will appear. It looks like this:
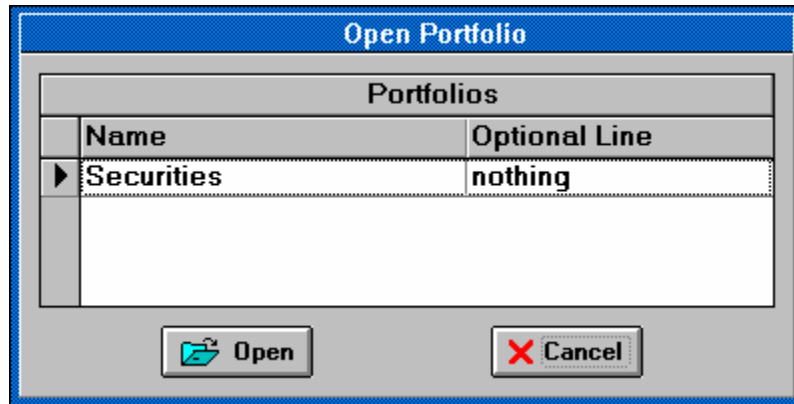
The "Open Portfolio" screen.

To open a Portfolio, click on the row with the portfolio that you want to open, and then click on the **Open** button. After opening a security, the Security List will appear with all the securities in the portfolio listed in it. If you decide that you don't want to open a portfolio, click on the **Cancel** button.

Closing A Portfolio

When you are finished working with a portfolio you can close it by using the **Portfolio | Close Portfolio** menu item. This will clear the Work Area and Status Bar.

Deleting Portfolios

To delete a portfolio from a Taxpayer File, you must first have the Taxpayer File open. Then you need to use the **Portfolio | Delete a Portfolio...** menu item. The "Delete Portfolio" screen will appear. It looks the same as the "Open Portfolio" screen, but has a **Delete** button.

Use the "Delete Portfolio" screen to select the portfolio you wish to delete from the grid. Then click on the **Delete** button. The program will ask you to verify the deletion. Click on **YES** if you still want to, or **NO** if you don't.

To exit the "Delete Portfolio" screen, click on the **Cancel** button.

Modifying A Portfolio

To modify a portfolio, you must first open it (see "Opening An Existing Portfolio".) After opening the portfolio, select the **Portfolio | Modify Portfolio Info...** menu item. This will load the "Modify Portfolio" screen. This screen looks the same as the "New Portfolio" screen.

You can use this screen to modify any information that was entered for the portfolio. For information on the inputs, refer to the section "Inputs" on page 25.

To enter the modifications you made into the portfolio, click on the **OK** button. If you decide you don't want to enter these modifications, click on the **Cancel** button.

Working with Securities

The Security List

The Security List displays all of the securities that are in the current portfolio. It appears at the left side of the Work Area when a portfolio is opened. To select a security from the Security List you can either click on the security with the mouse, or use the **TAB** key to select the Security List (the heading turns blue when it is selected,) and then use the **arrow** keys to move to the security you want. Once the correct security is highlighted use the **spacebar** or **Enter** key to select it.

After selecting a security from the Security List, the Security Display will appear, with information on the security.

The Security Display

The Security Display contains information on the security selected in the Security List. This information includes the security's name, CUSIP, the optional line you entered for this security, the blocks of shares in the security, the transactions for each block, and the number of shares in this security (for this portfolio). There is also a set of buttons at the bottom of the security display. These buttons can be used like Tool Bar buttons to quickly activate the menu items in the **Actions** menu.

The Security Display looks like this:

The Security Display.

Inputs

Name:

The name of the security, for more information see "Name:" on page 20.

CUSIP:

The security's CUSIP, for more information see "CUSIP:" on page 20.

Optional Line:

Enter any additional information you want to keep about the security.

The Block List

The Block List displays all the blocks of stock that are in the security for the current portfolio. You can use the same method to select a block from the Block List as you would a security from the Security List. When you select a block, the Transaction List will display all the transactions (Buys, Sells, etc...) for that block.

The Transaction List

The Transaction List displays all of the transactions that have been entered for the block that is selected in the Block List. The scrollbar at the bottom of the Transaction List can be used to view all of the information about each transaction. If there are more transactions than will fit in the Transaction List, a scrollbar will appear at the right side of the Transaction List to allow you to scroll through all of the transactions.

Above the Transaction List is a button with an ellipsis (...) in it. This button can be used to view a list of transaction types. By clicking on one of the transaction types you can make the Transaction List display only that type of transaction. This can be useful if, for example, you need to see all of the Sells for a particular block. To use this list, click on the **ellipsis** button, and then on the type of transaction you wish to view. Select **All** to view all of the transactions for a block.

Adding A Security To A Portfolio

You can add a security to an opened portfolio using the **Security** | **Add a Security...**menu item. This will load the "Add a Security" screen. This screen is similar to the "Add a Security (SSF)" screen that is used to add a security to the Security Symbols File, however it has an additional input and button.

Inputs

Symbol:

see "Symbol:" on page 20.

Name:

see "Name:" on page 20.

CUSIP:

see "CUSIP:" on page 20.

Optional Line:

Enter any additional information you want to keep about the security.

Notes

When you enter a security symbol and press the **TAB** key, the program will search the Security Symbols File for that symbol, and if it is found, the program will fill in the security's name and CUSIP.

Buttons

If you know the security is in the Security Symbols File, you can use the **Find** button to load the "Security Symbols" screen. The "Security Symbols" will have a **Select** and **Close** button. Select the security you want to add by clicking on the row it is in, and then click on the **Select** button. The security's information will be entered in the "Add a Security" screen for you. If you don't find the security you want, just click on the **Close** button.

When you have entered the information for the security, click on the **OK** button to add the security to the portfolio. If you decide you don't want to add this security, click on the **Cancel** button.

Deleting A Security From A Portfolio
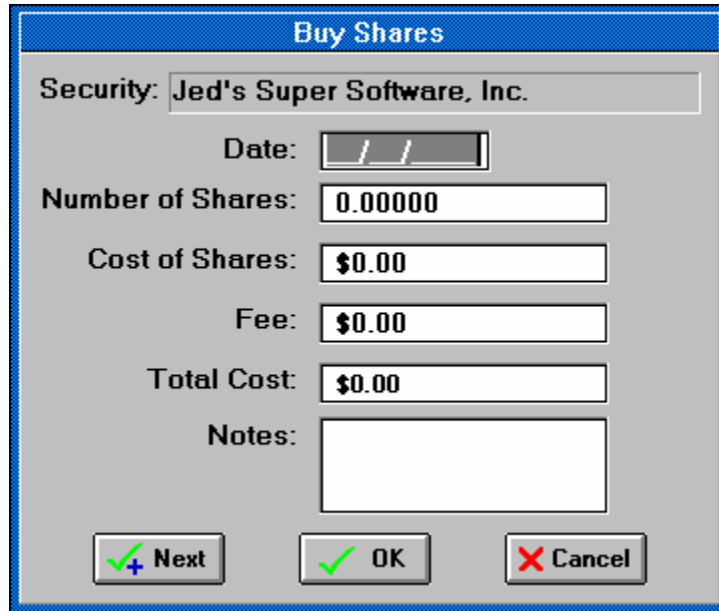
To delete a security from a portfolio, you must select the security by clicking on the row in the Security List that has the security's symbol. The row will become highlighted. Then click on the **Security | Delete Security** menu item. The program will ask you to verify the deletion, and if you click YES it will remove the security from the portfolio.

Warning! This will also delete all of the transactions in the security for that portfolio.

Entering A Buy Or Reinvestment

Buys and reinvestments are treated in the same way by the program. To enter a buy you need to use the **Actions | Buy Shares...** menu item, and to enter a reinvestment of dividends, you need to use the **Actions | Reinvestment...** menu item. Either the "Buy Shares" or "Reinvestment" screen will appear depending on which item you selected. Both forms look like this:

The "Buy Shares" screen.

Inputs

Date:

Enter the date the buy or reinvestment occurred on.

Number Of Shares:

Enter the number of shares acquired in the buy or reinvestment.

Cost Of Shares:

Enter the cost of the shares.

Fee:

Enter any fee or commission charged on the buy or reinvestment.

Notes:

Enter any additional information about the buy or reinvestment that you want to include.

Total Cost

The Total Cost section of the screen will always display the total of the Cost Of Shares and Fee. This is provided so you can double check your inputs.
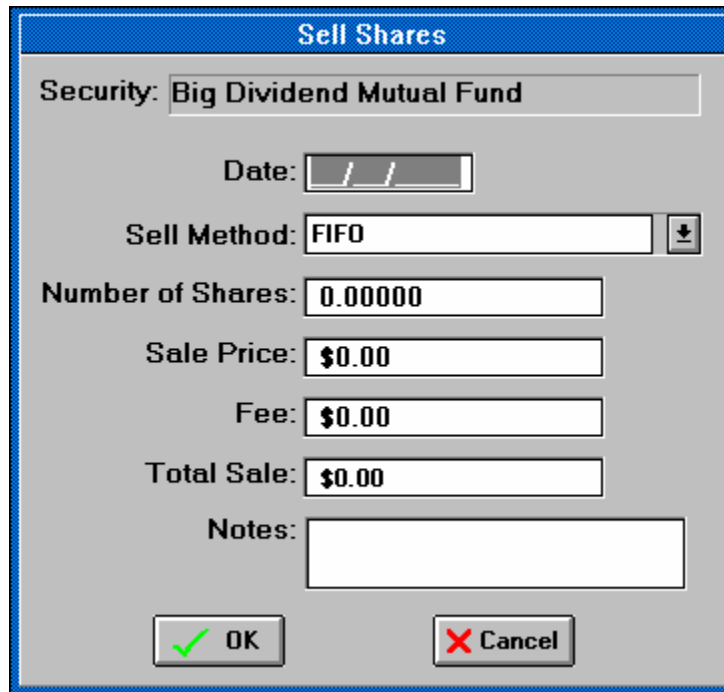
Buttons

To add the buy or reinvestment to the security, click on the **OK** button. The program will add a new block to the security and place the buy or reinvestment in the new block. If you want to add the buy and then add another buy, click on the **Next**

button. This will add the buy, and clear the screen for the next buy to be entered. To cancel the buy or reinvestment, click on the **Cancel** button.

Entering A Sale

To enter a sale of shares, use the **Actions | Sell Shares...** menu item. the "Sell Shares" screen will appear. It looks like this:

The "Sell Shares" screen.

Inputs

Date:

Enter the date the sale was made.

Sell Method:

Select the method you wish to use in determining cost basis. If you have a mouse, click on the button at the right side of the input to see the list. Click on the method you desire. With the keyboard, use the arrow keys to scroll through the methods available, until the method you desire is displayed in the input.

Please note! Pursuant to Treasury Regulation §1.1012(e)(6), once a method has been selected and declared, it can not be changed without prior written permission of the IRS Commissioner. The program will allow you to change the method, however there may be tax consequences if you do this.

Number Of Shares:

Enter the number of shares sold. If you selected the Specific Identification method, this input will not be available. Instead, you should click on the **Select** button that will appear next to this input. For more information on this, see the section "Selecting Specific Shares".

Sale Price:

Enter the price the shares were sold for. If your 1099-B amount is reported as Gross Sales Price, then enter only the sales price. If your 1099-B amount is reported as net of selling expenses, then enter the sales price minus selling expense.

Fee:

Enter the selling expense of the sale. If your 1099-B amount is reported as net of selling expenses, enter 0 and enter the **Sale Price** as sales price minus selling expense.

Notes:

Enter any additional information about the sale.

Total Cost

The Total Cost section of the screen will always display the total of the Cost Of Shares minus the Fee. This is provided so you can double check your inputs.

Buttons

To add the sell to the security, click on the **OK** button. If you selected the FIFO or Average Cost - Single Category methods, the program will determine which shares to sell and enter the sell information. To cancel the sell, click on the **Cancel** button.

Selecting Specific Shares

If you are using the Specific Identification method for cost basis you will need to click on the **Select** button to select the actual shares that were sold. When you do this, the "Sell Specific Shares" screen will appear. It looks like this:
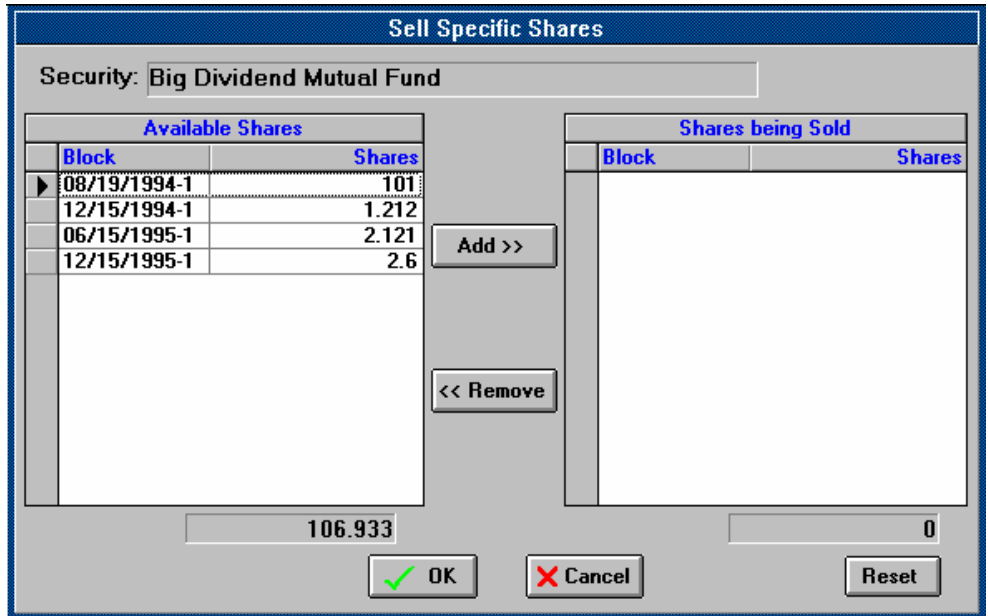
The "Sell Specific Shares" screen.

The "Sell Specific Shares" screen has two grids. The first grid, labeled "Available Shares" lists the blocks that are available for selling, and the number of shares in them. The second grid, labeled "Shares being Sold" lists the blocks that have been selected for sale, and the number of shares being sold from each block. Under each grid is a total of the number of shares in the grid. These totals can be used to determine exactly how many shares you have left, and how many shares you have selected for the sale.

After selecting the shares you want to include in the sale, click on the **OK** button. If you decide you don't want to make this sale, click on the **Cancel** button. For information on adding and removing shares from the sale, see the following two sections.

Adding Shares To The Sale

To add shares to the sale, click on the row (Available Shares grid) that has the block you wish to sell from. The row will become highlighted. Then, click on the **Add>>** button. A small box will appear asking you how many shares you wish to sell from the block. Enter the number of shares and click **OK**, or click **Cancel** if you don't wish to sell from that block.

Please Note! The "Sell Specific Shares" screen will list all shares that have been entered, even if they were purchased after the date of the sell. It is your responsibility to verify that you only select shares that were purchased before the date of sale. *Remember, enter all transactions in chronological order!*

Removing Shares From The Sale

If you want to remove shares from the sell, click on the row in the "Shares being Sold" grid that has the block you wish to remove shares from. It will become highlighted. Then click on the **<<Remove** button. A screen will appear that you can enter the amount you wish to remove. Click on the **OK** button to remove them, or the **Cancel** button if you don't wish to remove them.

If you decide you want to remove all of the shares for sale and start again, click on the **Reset** button, and the program will clear the "Shares being Sold" grid and let you start again.

Entering A Stock Split Or Stock Dividend

Stock Splits and Stock Dividends are entered in the same manner in this program, however, you must enter them using the correct input screen. To enter a Stock Split, use the **Actions | Stock Split...** menu item, and for a Stock Dividend, use the **Actions | Stock Dividend...** menu item. The "Stock Split" screen and "Stock Dividend" screen have the same inputs and look like this:

The "Stock Dividend" screen.

Inputs

Date:

Enter the date the stock split or stock dividend occurred.

Calculate for:

Select whether you want the stock split or stock dividend calculated for the current block (this block) or all blocks in the security, by clicking on the circle next to the option you want. If you are entering information for the first time, block by block, you should use the "this block" option. Once you have all of the security's blocks entered, you can use the "All Blocks" option to calculate stock splits and stock dividends for all of the blocks at once.

Ratio of Number of New Shares:

Enter the ratio of new shares received. For a 2 for 1 stock split, you would enter 2. For a .1 per 1 stock dividend, you would enter .1.

To Number of Old Shares:

Enter the ratio of old shares. For a 2 for 1 stock split, you would enter 1. For .1 per 1 stock dividend, you would enter 1.

Notes:

Enter any additional information about the stock split or stock dividend.

Buttons

To add the stock split or stock dividend to the security, click on the **OK** button. To cancel the stock split or stock dividend , click on the **Cancel** button.

Notes

If a stock split or stock dividend is on the same date as other transactions, *the program will assume that all other transactions occurred before the stock split or stock dividend*. If the stock split or stock dividend needs to be before the transactions on the same date, you will need to enter it on the day before it actually occurred.

Entering An Adjustment

To enter an adjustment to a block, use the **Actions | Adjust Block...** menu item. The "Adjust Block" screen will appear. It looks like this:

The "Adjust Block" screen.

Inputs

Date:

Enter the date the adjustment occurred on.

Adjustment to Shares:

Enter the number of shares to adjust the block by. Negative numbers are permitted.

Adjustment to Cost Basis:

Enter the amount to adjust the Cost Basis by. Negative amounts are permitted.

Notes:

Enter any additional information about the adjustment, such as the reason for adjusting the block.

Buttons

To add the adjustment to the block, click on the **OK** button. To cancel the adjustment, click on the **Cancel** button.

Deleting Transactions

Deleting A Single Transaction

To delete a single transaction from the Transaction List you need to use the **Security | Delete Transaction** menu item. *Make sure you have the correct security, block, and transaction selected before doing this*.

Deleting Groups Of Transactions

This program allows you to 'rollback' transactions to a certain date. This allows you to easily remove incorrect groups of transactions. You can rollback one, some, or all transaction types that occurred after a specified date. To do this, use the **Actions | Rollback...** menu item. The "Rollback Transactions" screen will appear:

The "Rollback Transactions" screen.

Inputs

Rollback to:

Enter the **last** date that you want the transaction type(s) left intact on. All transaction types that you select will be removed that have a date **after** this date. See the example below.

Blocks:

Select whether you want to rollback transactions in the current block (Only this block) or transactions in all blocks (All Blocks.)

Rollback:

Select the types of transactions you want to rollback.

Buttons

To rollback the transactions, click on the **OK** button. To cancel the rollback, click on the **Cancel** button.

An example:

To rollback all stock splits and stock dividends after the year 1994 for the current block, you would enter "12/31/1994" for **Rollback to:**, select "Only this block" for **Blocks:**, and put an 'X' in **Rollback:** for the Stock Split and Stock Dividend types. See the picture of the "Rollback Transactions" screen above to see how this would look.

Deleting Blocks

To delete an entire block from the Block List you need to use the **Security | Delete Block** menu item. ***Be careful! This will also delete all transactions that are contained within the block***.

Modifying Single Transactions

If you notice a transaction that is incorrect, you can correct it using the **Security | Modify Transaction...** menu item. This will load a "Modify <Transaction Type>" screen. The "Modify Buy" screen looks like this:

```
┌─────────────────────────────────────────┐
│             Modify Buy                   │
├─────────────────────────────────────────┤
│  Security: Big Dividend Mutual Fund      │
│                                          │
│     Block: 08/19/1994-1                  │
│                                          │
│             Date: 8/19/1994              │
│  Number of Shares: 100.00000             │
│    Cost of Shares: $1,345.80             │
│              Fee: $2.50                  │
│            Notes: A. Client's first      │
│                   purchase!              │
│                                          │
│      ✓ OK            ✗ Cancel            │
└─────────────────────────────────────────┘
```

The "Modify Buy" screen.

Inputs

For some transaction types, only some of these inputs are applicable. Only those that are applicable are shown on the "Modify <Transaction>" screen.

Date:

Enter the correct date the transaction occurred on.

Number of Shares:

Enter the correct number of shares that were acquired or sold. *If the transaction was a sale (or some other loss of shares) this will be a negative amount.*

Cost of Shares (Sale Price):

Enter the correct cost of the shares, or the sale price if it was a sell. If the transaction was a sale please refer to the section "Form 1099-B " on page 9.

Fee:

Enter the correct fee, commission, or selling expense for the transaction. If the transaction was a sale please refer to the section "Form 1099-B Considerations" on page 9.

Notes:

Enter any additional information about the transaction.

Buttons

To enter the modification, click on the **OK** button. To cancel the modification, click on the **Cancel** button.

Modifying Entire Sells, Stock Splits, Or Stock Dividends

When you enter Sells, Stock Splits, or Stock Dividends you will often end up with more than a single transaction. You may have two sells in two different blocks that make up the entire Sell. For example, if you have a block with 100 shares, and another with 200 shares, and you enter a sell for 150 shares, you may get two sell transactions. One of these could be for 100 shares from the first block, and the other for 50 shares from the second block.

If you want to modify one of these sells, it's easier to have the computer find all of these single transactions and let you modify the entire transaction, rather than modifying each single transaction separately.

To do this, click on one of the transactions that makes up the Sell, Stock Split, or Stock Dividend. The row it is in will become highlighted. Then click on the **Security** menu, and then the appropriate **Modify Entire...** menu item. This will find the single transactions and you let you modify the entire transaction at once.

Please Note! The program considers any single transactions on the same date as of the same transaction. Thus if you had two different Sells that took place on the same day, the program will combine them together. If this is the case, you will have to modify the Sell by modifying each single transaction.

Basis Keeper Reports

Taxpayer Listing

The Taxpayer Listing report provides a list of basic information for each taxpayer. This information includes the taxpayer's name, sort name, taxpayer code, the taxpayer's optional line, the name of the file (file name) holding the taxpayer's information, and a list of the portfolio's for the taxpayer.

This report can be accessed through the **Reports | Taxpayer Listing...** menu item. This will load the "Taxpayer Listing Options" screen that looks like this:
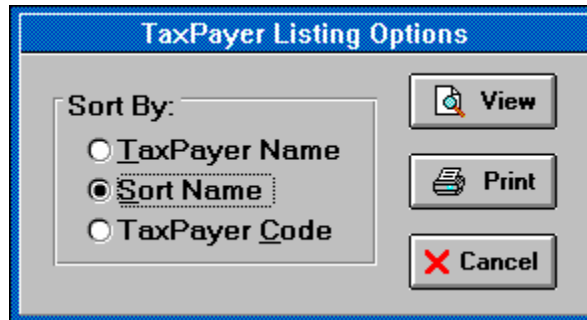
The "Taxpayer Listing Options" screen.

Inputs

Sort By:

Select whether you want the Taxpayers sorted by Taxpayer Name, Sort Name, or Taxpayer Code. To do this, click on the option you desire.

Viewing The Report

To view the report, click on the **View** button. To print a single copy of the report click on the **Print** button. To cancel the report, click on the **Cancel** button. For more information on viewing the report, printing multiple copies of the report, and exporting the report, see the section "The Report Viewer" on page 46.
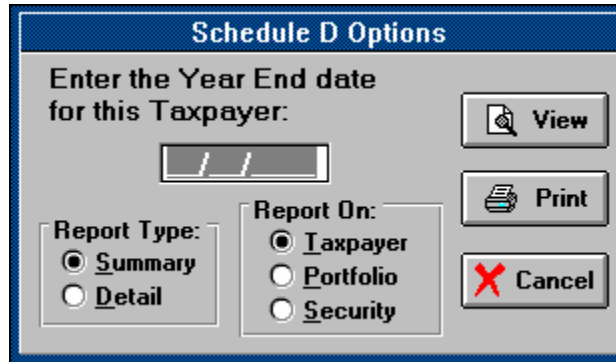
Security Listing

The Security Listing report provides a listing of the securities for a taxpayer, or for an individual portfolio. The listing groups the securities by portfolio and provides the security's name, symbol, CUSIP, optional line, and sell method.

This report can be accessed with the **Reports | Security Listing...** menu item. The "Security Listing Options" screen will appear. It looks like this:
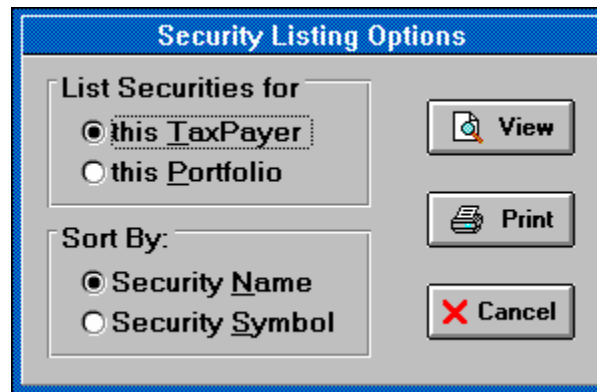
The "Security Listing Options" screen.

Inputs

List Securities for:

Select whether you want to see all of the securities for a taxpayer (this Taxpayer) or only the securities in the current portfolio (this Portfolio.) To do this, click on the option you desire.

Sort By:

Select whether you want the securities sorted by name (Security Name) or symbol (Security Symbol.)

Viewing The Report

To view the report, click on the **View** button. To print a single copy of the report click on the **Print** button. To cancel the report, click on the **Cancel** button. For more information on viewing the report, printing multiple copies of the report, and exporting the report, see the section "The Report Viewer" on page 46.

Transaction Listing

The Transaction Listing Report provides a listing of all of the transactions that have occurred on and between two dates. This report can be printed for an entire Taxpayer, a Portfolio, or a Security. The transaction listing is useful for verifying that you've entered all transactions for a period correctly, and combined with the Basis Analysis report can be useful for helping to make journal entries.

To access the Basis Analysis report, use the **Reports | Transaction Listing...** menu item. This will load the "Transaction Listing Options" screen. It looks like this:

The "Transaction Listing Options" screen.

Inputs

Transactions For:

Select whether you want transactions listed for the entire Taxpayer, the current Portfolio, or the current Security.

Beginning Date:

Enter the first date you want included in the transaction listing.

Ending Date:

Enter the last date you want included in the transaction listing.

Viewing The Report

To view the report, click on the **View** button. To print a single copy of the report, click on the **Print** button. To cancel the report click on the **Cancel** button. For more information on viewing the report, printing multiple copies of the report, and exporting the report, see the section "The Report Viewer" on page 46.

Basis Analysis

The Basis Analysis report can provide either a detailed or summary analysis of basis for the taxpayer's securities.. This report can be printed for an entire Taxpayer, a Portfolio, or a Security. The detailed analysis reports the number of shares, total cost basis, and cost basis per share for each block in each security, transaction by transaction. This report is a useful tool for verifying your data and documenting your calculations. The summary analysis reports the number of shares, total cost basis, and cost basis per share for each security.

To access the Basis Analysis report, use the **Reports | Basis Analysis...** menu item. This will load the "Basis Analysis Options" screen. It looks like this:

The "Basis Analysis Options" screen.

Inputs

Year End Date

Enter the year end date for the taxpayer. This should be the last day of the tax year for this taxpayer.

Report Type:

Select whether you want the Summary or Detail Basis Analysis report.

Report On:

Select whether you want the report to include the entire taxpayer, the current portfolio, or the current security.

include Schedule D Attachment:

Check this box if you want to include the Schedule D Attachment report. This report will be shown in a different Report Viewer screen than the Basis Analysis report.

Viewing The Report

To view the report, click on the **View** button. To print a single copy of the report, click on the **Print** button. To cancel the report click on the **Cancel** button. For more information on viewing the report, printing multiple copies of the report, and exporting the report, see the section "The Report Viewer" on page 46.

Schedule D Attachment

The Schedule D Attachment can be reported in either a detailed or summary format. This report can be printed for an entire Taxpayer, a Portfolio, or a Security. The detailed Schedule D Attachment reports each sale, from each block, for each security. This includes the number of shares, date acquired, date sold, sale price, cost, loss, and gain, as well as totals for each security, and short term, mid term and long term totals. The summary Schedule D Attachment reports sales by security, divided into short term, mid term and long term categories. You will probably want to use the summary report as your Schedule D attachment. The detailed report would

be better suited in your workpapers to support the Schedule D attachment (summary report.)

To access the Schedule D Attachment report use the **Reports | Schedule D Attachment...** menu item. This will load the "Schedule D Options" screen. It looks like this:

The "Schedule D Options" screen.

Inputs

Year End Date:

Enter the year end date for the taxpayer. This should be the last day of the tax year for this taxpayer.

Report Type:

Select whether you want the Summary or Detail Schedule D Attachment report.

Report On:

Select whether you want the report to include the entire taxpayer, the current portfolio, or the current security.

Viewing The Report

To view the report, click on the **View** button. To print a single copy of the report, click on the **Print** button. To cancel the report, click on the **Cancel** button. For more information on viewing the report, printing multiple copies of the report, and exporting the report, see the section "The Report Viewer" on page 46.

Schedule D Export File

Schedule D Export File -- Overview

The Basis Keeper can create a Schedule D export file. A Schedule D attachment file contains the same information that would be entered into tax preparation software.

Thus, for every sale this file will contain a line that includes a description of the security, date acquired, date sold, sales proceeds and cost basis.

This export file is a CSV file. A CSV file can either be directly imported into the better tax software programs or it can be opened in Excel. From Excel, you can save the Schedule D file as an Excel (XLS) file. There is an example of how to import a Schedule D Attachment file into tax preparation software in Appendix A. See Appendix A - Importing Schedule D Attachment Into Tax Prep Software.

How To Create A Schedule D Export File

1. Start creating a Schedule D Report. We strongly that you choose a **Detailed** Report Type rather than a **Summary** Report Type.
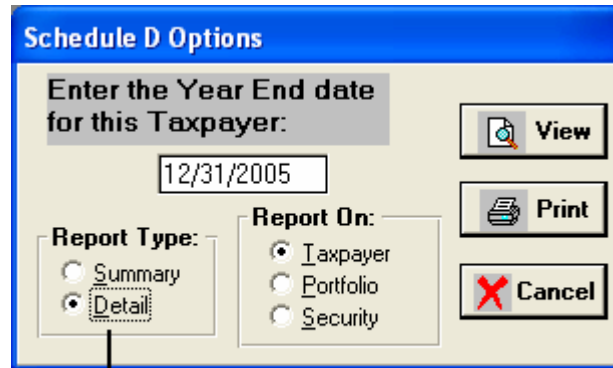
Detailed Report Type

2. After selecting **View** or **Print** from the Schedule D Options, you will be asked whether you want to create a Schedule D export file. **Click** on the **Yes** button.

3. You will be next prompted for the filename of the Schedule D attachment file and the folder.

4. When the Schedule D attachment file is complete you will see a message like:
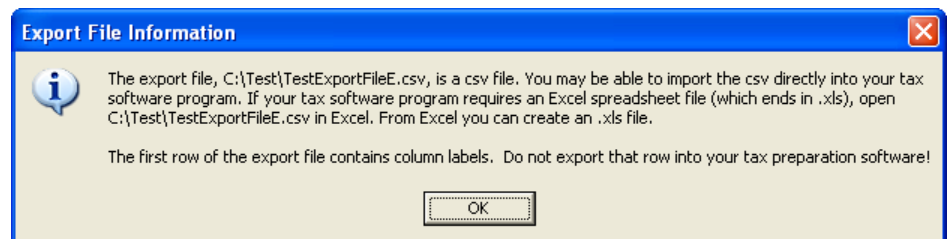
The Report Viewer

The Report Viewer is a screen that allows you to display the reports. The following screen image shows the "Report Viewer" screen with A. Client's detailed Basis Analysis. The various buttons and functions of the Report Viewer will be described below.
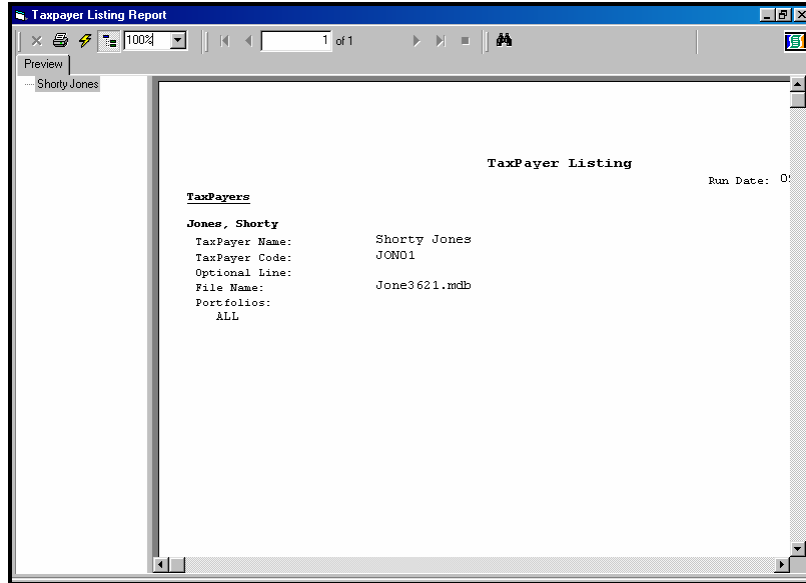
The "Report Viewer" screen.

Page Controls

`1 of 1` Page Register

The Page Register displays the number of pages in the report and the page that is currently being viewed. The first number is the page that is displayed in the Report and the second number is the number of pages in the report.

◄, ► Previous Page and Next Page

These buttons allow you to move to the next or previous page in the report.

◄◄, ►► First Page and Last Page

These buttons allow you to quickly move to the first or last page in the report.
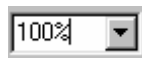
`100%` Report Viewer Page Size - Zoom

This button allows you to switch the Report Viewer's page size. This allows you to view the entire page, the full width of the page, or the page at actual size. The scrollbars on the right and bottom of the viewer allow you to scroll to any part of the page that is not visible in the viewer.

🔍 Search Report

This button allows you to search for words or text within the report.

Turn Tree View On or Off

This lets you add or remove the Tree View. The Tree View is the panel to the left of the report

Close Report Viewer

Use this button to close the Report Viewer when you are finished.

Other Controls

Print

The Print button will load a screen where you can select the number of copies and what pages in the report you want to print, and print them.

File Management

Backing Up Your Data

Have you ever lost your investment records before? Even if you haven't, you can probably imagine the problems and loss of time that would result if you did. This problem still exists even with personal computers. It is possible for files to get deleted accidentally, or damaged, causing the loss of important information and precious time.

Because there is always the possibility of files being damaged and lost, it is important to keep 'backup' copies of important files. By making backups you can retrieve data that may have been damaged or lost. You can either use the backup and restore routine that is part of Window or you can use any number of third party backup programs. To use the backup program that is part of Windows click **Start** – **Programs** – **Accessories** – **System Tools** – **Backup**.

To locate were data is stored by the program choose the **File | Backup Taxpayer To Disk** menu item.

Automatic Backups

When Basis Keeper repairs or compresses files (see the following sections) it creates backups of the files it works with. This is done in the unlikely event that these files get damaged. This can occur for numerous reasons, such as the power to the computer being unexpectedly interrupted. In any case these files are there in case you need them.

The backup files are usually kept in a sub-directory of the directory that Basis Keeper is in. This is usually the C:\BK\DATA\CLIENT sub-directory for Taxpayer Files, and C:\BK\DATA\CENTRAL sub-directory for the Security Symbols File. These files will have the same name as the file they are a backup of, except they will have an extension of .BAK. Because Taxpayer Files can get very large, having backups of them can consume large amounts of hard drive space that you may need. These backup files can be copied to a floppy disk and/or deleted. To delete them, use the **Options | Delete Backups...** menu item.

Note: This will only delete backups that are created when compressing or repairing files. It will not delete backups that you have made in other directories.

Compressing Files

Taxpayer Files can get very large over time as more and more transactions are entered into them. When securities, blocks, or transactions are deleted from files, the space they used is still taken up by the file. Because of this Basis Keeper provides a way that this space can be removed from the file to give you more hard drive space, and also increase the speed the program can access the Taxpayer File. This is done by compressing the file.

To compress a file, use the **File | Compress Files...** menu item. The "Compress Files" screen will appear:
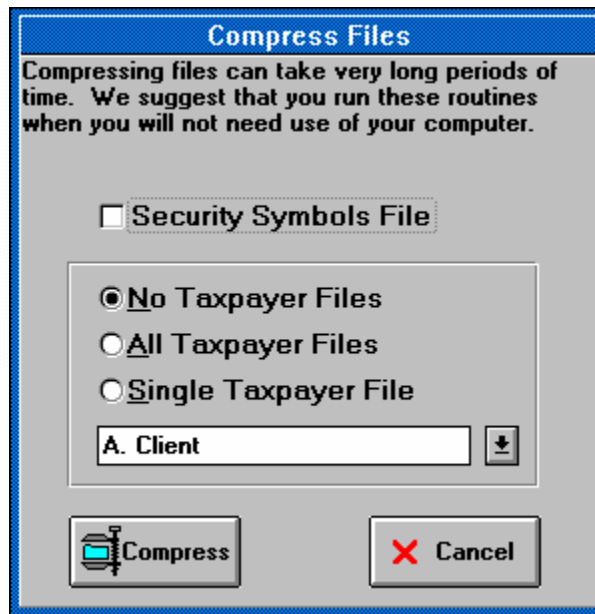
The "Compress Files" screen.

Inputs

Security Symbols File:

Check this box if you want to compress the Security Symbols File.

Taxpayer Files:

Select whether you want to compress No Taxpayer Files, All Taxpayer Files, or a Single Taxpayer File. If you want to compress a single Taxpayer File, use the combo box to locate the Taxpayer File you wish to compress.

Once you have selected the files you wish to compress, click on the **Compress** button. If you decide that you don't want to compress any files, click on the **Cancel** button. When you click on the **Compress** button, the "Compressing Files..." screen appears:
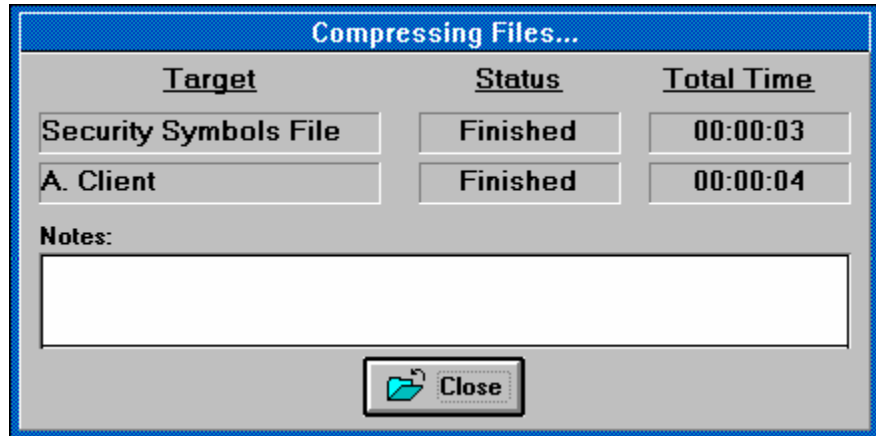
The "Compressing Files..." screen.

This screen shows the files that are going to be compressed, their status (in reference to being compressed) and the amount of time it took to compress them. The compressing will begin when the screen appears, and when it is finished a **Close** button will appear. After viewing the status, times, and any notes, you can click on the **Close** button to return to work.

If for any reason a file can't be compressed a message will appear in the Notes: section of the screen. The message will indicate which file and what the reason was. Taxpayer Files can not be compressed if they are open. This is the most common reason for a file not being compressed. This is the "Permission Denied" error. You will need to close the file, using the **Taxpayer | Close Taxpayer File** menu item, and then try to compress it again.

Repairing Files

There is always the possibility that files may get corrupted (damaged.) While the Basis Keeper can attempt to repair corrupted files, it is best to have backups of your files. If the program informs you that a file is corrupted or damaged, use the **File | Repair Files...** menu item to attempt to repair the file.

The repair process, and screens, are the same as the compress process and screens. See the section "Compressing Files" above on how the process works.

Only under unusual circumstances can this repair function fix corrupted files.

Moving Files

It is often necessary to move Taxpayer Files from one machine to another. To do this you can use Windows backup feature or a third parties backup program (see "Backing Up Your Data" on page 49) or you can use the Taxpayer Listing to get the file name and copy them yourself. If you you might get a message when you start Basis Keeper that a Taxpayer File exists but that there is not record for it. Click on the **Create** button to create a record.

Changing The Default File Directories

Note! Unless you have a good reason for doing this, don't do it! Changing default directories may make it difficult or impossible to answer some technical support

questions. This capability is provided primarily for Network users. If you want to change the default directories, you should either be an experienced network administrator or plan to pay for technical support!

The default storage directories for the Security Symbols File and Taxpayer Files can be changed. This is done by making changes via the **File** – **Designate File Locations…** menu choice.

Network administrators might wish to store the Security Symbols File and Taxpayer Files in a directory that can be accessed by all users.

To make any of these changes, use steps as follows:

1. Create the directories on server for the Security Symbols File and Taxpayer Files. Assuming your server's drive is F:, we suggest using F:\BKDATA\SSF and F:\BKDATA\TAXPAYER for the Security Symbols File and Taxpayer Files, respectively.

2. If this is a first time install, this step (2) can be ignored. If you have already been using the program, copy the appropriate files into F:\BKDATA\SSF and F:\BKDATA\TAXPAYER. The central.mdb file should be moved to F:\BKDATA\SSF. Run the Taxpayer Report to determine what files need to go into F:\BKDATA\TAXPAYER.

3. From the main screen click on **File** and **Designate File Location…**. That will bring up the following screen.
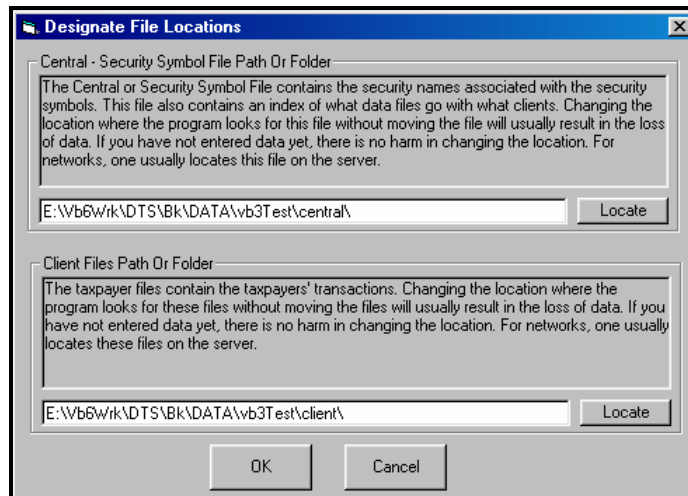
4. Please read the information in the Designate File Locations screen. You can either type in the desired directories or folders or click on the **Locate** buttons. If you click on a Locate button, you will see the Windows Open File screen as follows:
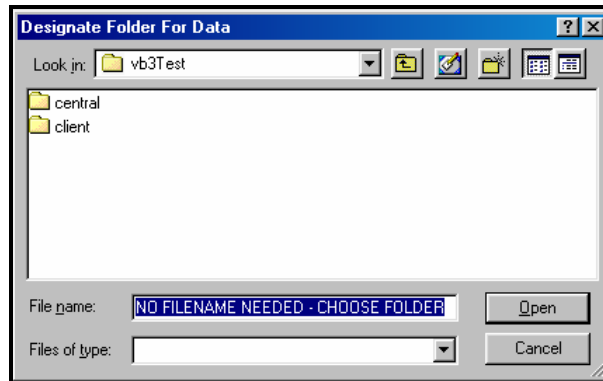
5. If you use the **Designate Folder For Data** screen, you can use it to select or even create the folder where you want the data to reside. Since you are choosing a folder, not a file, do not type anything in **File name** edit box. When you click on the **Open** button, you will return to the **Designate File Location** screen.

Tutorial

Overview

This chapter provides an opportunity to learn how the DTS - Mutual Fund and Stock Basis Keeper works. This example will show you how to create a Taxpayer File, create a portfolio, enter transactions, and create reports, such as the Schedule D Attachment.

Try This!

In this example, when you are asked to 'click' on an item you should either click on that item with your mouse or use the equivalent keyboard commands to activate it. If you are unfamiliar with using the Windows operating environment we suggest you either read your Windows manual, use Windows Help, or have someone teach you.

Any button or input you need to click on will be in **Bold**, and any information you need to enter will be in **"bold type surrounded by quotes"**. Do not enter the quotes, only the text within the quotes.

Click on the **Start** – **Programs** – **Denver Tax Software Group** – **Mutual Fund & Stock** to start the program.

You should soon see the Startup Screen, and when the program is ready, the Main Screen. When the Main Screen is visible and the mouse pointer is no longer an hourglass, we can begin:

First we will create a Taxpayer File for A. Client.

- Click on the **Taxpayer** menu, then the **New Taxpayer File...** menu item, or click on the **Tool Bar button** with a closed file cabinet on it.

The "New Taxpayer" screen should appear.

- Enter **"A. Client"** for the Taxpayer Name, then press **TAB**.

The Sort Name button should now be highlighted, so

- Press **ENTER** to have the program enter a Sort Name.

- Press **TAB** to move to the Taxpayer Code input.

- Enter **"CLIENT01"**, and press **TAB**.

- Enter **"123-45-6789"**, and press **TAB** to move to the OK button.

- Either use the mouse to click on the **OK** button, or press **ENTER**.

The program will create a Taxpayer File for A. Client, and load it. If you look at the Status Bar, you will see that A. Client appears in the Taxpayer section.

Now we will create a portfolio to put securities in.

- Click on the **Portfolio** menu, then the **New Portfolio...** menu item, or click on the **Tool Bar button** with the closed folder on it.

The "New Portfolio" screen will appear,

- Enter **"Securities"** for the Portfolio Name, and press **TAB**.

- For now, we will leave the Optional Line blank, so press **TAB**.

- Either click on the **OK** button, or press **ENTER**.

The program will now create the portfolio. You should see the portfolio name appear in the Status Bar to tell us that we have it open. You should also see the Security List appear on the left side of the Work Area.

Now that we have a portfolio, we can add a security to it.

- Click on the **Security** menu, then the **Add a Security...** menu item, or click on the **Tool Bar button** with the plus symbol and dollar sign.

The "Add a Security" screen should appear.

- Enter **"BIGDIV"** for the Symbol and press **TAB**.

- Enter **"Big Dividend Mutual Fund"** for the Name, then press **TAB**.

- This is an imaginary security, so we won't enter a CUSIP, just press **TAB** again.

- Enter **"Delete this security after doing the Tutorial"** for Optional Line, and press **TAB**.

- Now click on the **OK** button, or press **ENTER,** to add the security to this portfolio.

A message box will appear because we didn't enter a CUSIP. We don't have one for this security, so

- Click on the **YES** button.

The security will be added to the portfolio, it's symbol will appear in the Security List, and the Security Display will appear for this security.

Now we can begin entering transactions for the security. We will enter them in *Chronological order* to help ensure the calculations are correct.

- Click on the **Actions** menu, then the **Buy Shares...** menu item, or just click on the **Buy** button at the bottom of the Security Display.

The "Buy Shares" screen will appear.

- Enter **"02251995"** in the Date input, and press **TAB**.

Notice how the Date input formats the date correctly as you entered it.

- Enter **"100"** for the Number of Shares, and press **TAB**.

- Enter **"1348.30"** for the Cost of Shares, and press **TAB**.

- Enter **"2.50"** for the Fee, and press **TAB**.

- Enter **"A. Client's first buy"** for Notes, and press **TAB** twice.

Before we enter this buy, notice how the Total Cost shows the sum of the Cost of Shares and Fee. You can use this to verify that you entered the amounts correctly.

- Click on the **OK** button, or press **ENTER** to enter the buy into the security.

The buy will be entered into the security. You should see a new block appear in the Block List, and the buy appear in the Transaction List.

Now, we'll enter a reinvestment for A. Client.

- Click on the **Actions** menu, then the **Reinvestment...** menu item, or click on the **Reinvest** button.

The "Reinvestment" screen will appear. Because reinvestments and buys are entered in the same way, we'll provide the information, and you can enter it in. Use the same methods you used to enter the Buy. You can also use the ENTER key in the same way you use the TAB key, so try that too.

- Date: **"06301995"**
- Number of Shares: **"1.2"**
- Cost of Shares: **"16.80"**
- Fee: **"0"**
- Notes: **"A. Client's first reinvestment"**

After clicking **OK**, a new block with the reinvestment should be added.

Big Dividend Mutual Fund made a mistake when they printed the screen for the reinvestment, and has made an adjustment. We'll enter it now.

- Click on the **Actions** menu then the **Adjust Block...** menu item, or click on the **Adjust** button.

The "Adjust Block" screen will appear.

- Enter **"09271995"** for the Date, then press **TAB**.
- Enter **"0"** for Adjustment to Shares, then press **TAB**.
- Enter **"2.40"** for Adjustment to Cost Basis, then press **TAB**.
- Enter **"reinvestment correction"** for the Optional Line, then press **TAB**.
- Either click on the **OK** button, or press **ENTER**.

The adjustment will be added to the reinvested block, and will appear in the Transaction List.

On October 9th, the Big Dividend Mutual Fund issued a stock dividend of 1 share per every 100. We'll enter this stock dividend next.

- Click on the **Actions** menu, then the **Stock Dividend...** menu item, or press the **Stock Dividend** button.

The "Stock Dividend" screen will appear.

- Enter **"10091995"** for the Date, then press **TAB**.
- Click on **All Blocks** for the Calculate For: input, then press **TAB**.
- Enter **"1"** for Ratio of Number of New Shares, the press **TAB**.
- Enter **"100"** for To Number of Old Shares, then press **TAB**.
- We'll leave Notes empty this time, so press **TAB**.
- Click on the **OK** button, or press **ENTER**.

The stock dividend will be added to both blocks. It's important to check to make sure the number of shares for each block matches your records. We can see that it was added to the current block, but we should also check the first block to make sure it was added there also.

- Click on the row in the **Block List** with "02/25/1995-1" in it.

Now we can see that it was added to all blocks. Next we'll add a sell.

- Click on the **Actions** menu then the **Sell Shares...** menu item, or click on the **Sell** button.

The "Sell Shares" screen will appear.

- Enter **"09051995"** for the date, then press **TAB**.

- Click on the **button** to the right of the Sell Method input.

A list of methods will drop down from the input. We will use FIFO.

- Click on **FIFO**, then press **TAB**.

- Enter **"50"** for the Number of Shares, then press **TAB**.

- Enter **"674.15"** for the Sale Price, then press **TAB**.

- Enter **"2.50"** for the Fee, then press **TAB.**

- Enter **"A. Client's first sell"** for the Optional Line, then press **TAB**.

- Click on the **OK** button, or press **ENTER**.

The program will calculate the shares for the block and enter a sale record into the first block, because we are using FIFO.

Oops! We didn't enter the sale in proper chronological order. We're lucky this time, because there aren't many transactions in the block. We'll be able to correct it fairly easily.

After the sell, we'll only have 50 shares left in the block. That means the amount for the stock dividend is incorrect, but what should the correct amount be. First we need to see what the stock dividend was. To see exactly what it was,

- Move the mouse onto the gray column headings on the Transaction Grid. Then move it over the vertical bar that separates the Transaction and Shares headings. The mouse pointer will change to a bar with two arrows sticking out of it.

- Hold down the mouse button and move the mouse to the right, about a quarter of an inch. Release the mouse button. The full description of the stock dividend should be visible now. If it isn't, try this technique again until it is.

Now we know that it was a 1 per 100 stock dividend. So if there are 50 shares in the block, the correct Shares for the stock dividend should be .5. Let's fix it,

- Click on the row in the Transaction List with the stock dividend (it will become highlighted), then click on the **Security** menu and the **Modify Transaction...** menu item, or double-click on the row in the Transaction List with the stock dividend.

The "Modify Stock Dividend" screen will appear.

- We don't want to modify the date, so press **TAB**.

- Enter **".5"** for the Number of Shares, then press **TAB** twice.

- Click on the **OK** button, or press **ENTER**.

The stock dividend transaction will be modified and corrected in the Transaction List.

That's all of the transactions for 1995. Now we need to prepare an attachment to A. Client's Schedule D. To do this, we'll

- Click on the **Reports** menu, then the **Schedule <u>D</u> Attachment...** menu item.

The "Schedule D Options" screen will appear.

- Enter **"12311995"** for the Year End Date, and press **TAB**.

- Click on **Summary** for Report Type, and press **TAB**.

- Click on the **View** button, or press **ENTER**.

After the program calculates the results, the Report Viewer will appear with A. Client's Summary Schedule D Attachment.

Now you have successfully created a taxpayer, entered transactions, and generated a Schedule D attachment! You should have enough of the basics now to use the rest of this program, but feel free to try other things with A. Client for more practice!

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MUTUAL FUND AND STOCK BASIS KEEPER

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Mutual Fund & Stock Basis Keeper

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Appendix A - Importing Schedule D Attachment Into Tax Prep Software

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The Basics

The Mutual Fund & Stock Basis Keeper can create a Schedule D Attachment (export) file. This file can be then imported into the better tax preparation software programs. For some tax preparation programs, the Mutual Fund & Stock Basis Keeper export file will work without modifications. For other tax preparations, you will need to convert the Mutual Fund & Stock Basis Keeper export file into a Excel, XLS, file. To learn how to create a Schedule D Attachment export file, see Schedule D Export File.

The following briefly discusses how to import the Schedule D Attachment into the two of the major professional tax preparation software packages. There are other good tax preparation programs, but the file import steps should be similar.

ProSystem fx

Use the Worksheets View method of input.

From the Income/Deductions\Gains and Losses worksheet you will see the Stock, Securities and Other Non-Passive Transactions summary grid, click the Import button. Follow the wizard.

UltraTax CS

Go to the Income – B&D screen. Move down to the Schedule D – Sale of Capital Assets area. Click on **S** button. See the example that follows below.

Import Example Using UltraTax CS

Go to the **Income – B&D** screen. Move down to the **Schedule D – Sale of Capital Assets area**. Click on **S** button. The screen should look like this:

Statement Menu Choice

5. **Click** on the **Statement** menu choice.

6. **Click** on **Import Spreadsheet**. The screen should now look like this:
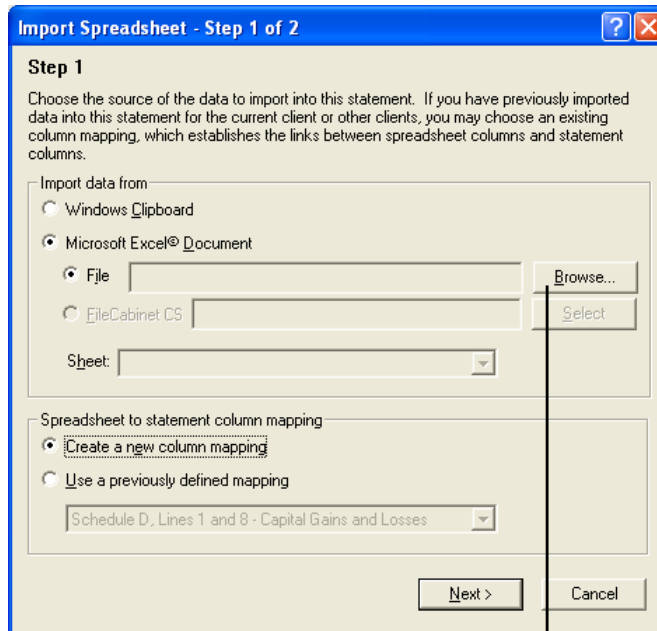
Select the export file.

7. **Click** on the **Browse** button to select the export file.

8. After selecting the file, **click** on the **Next>** button. The screen should look like this:
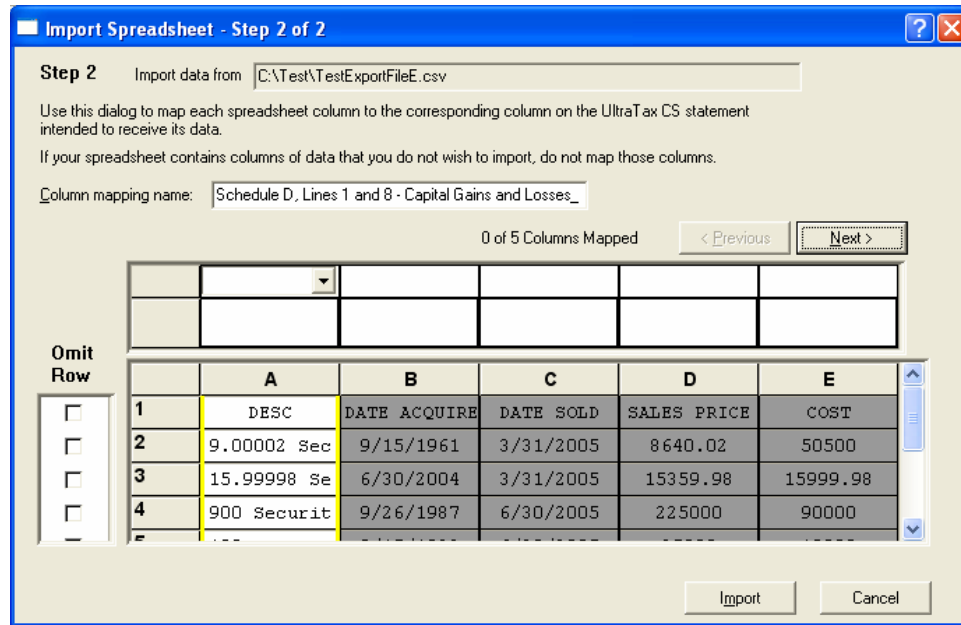
9. **Click** on the first column's **drop down button**, and choose **Desc**. Choose column descriptions for each column as you did for "Desc." See the screen image below:
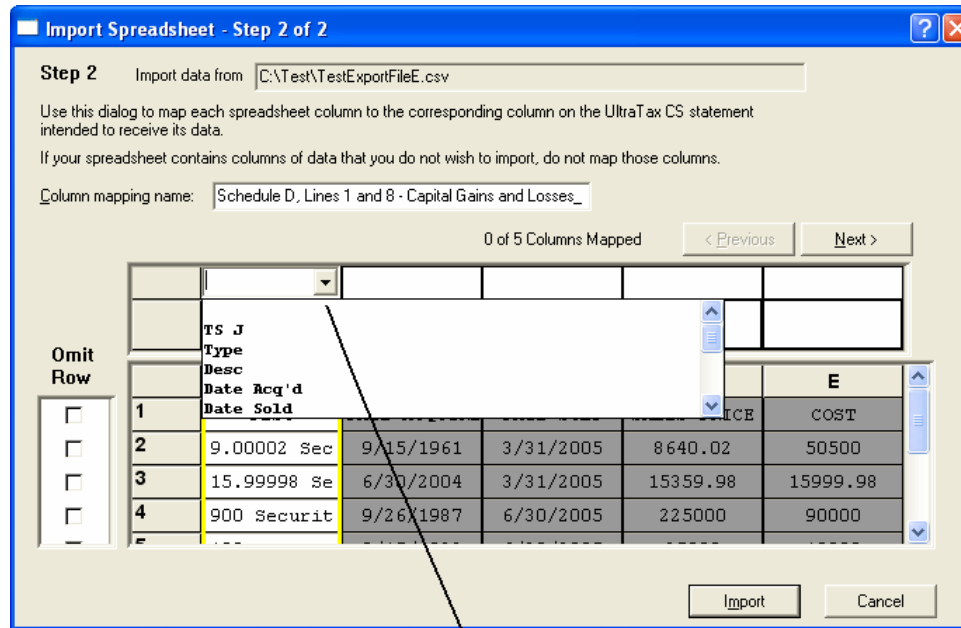
10. Make sure that you check the box to omit the first row. The screen should look like

this:

Omit the first row.   Import button
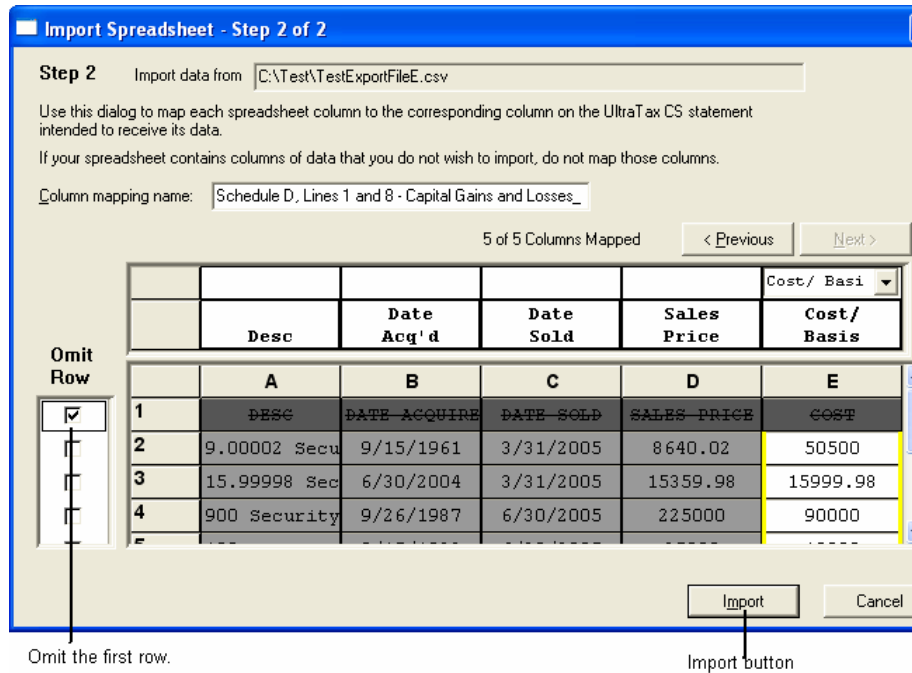
11. **Click** the **Import** button. Afterwards the statement screen should look something like this:
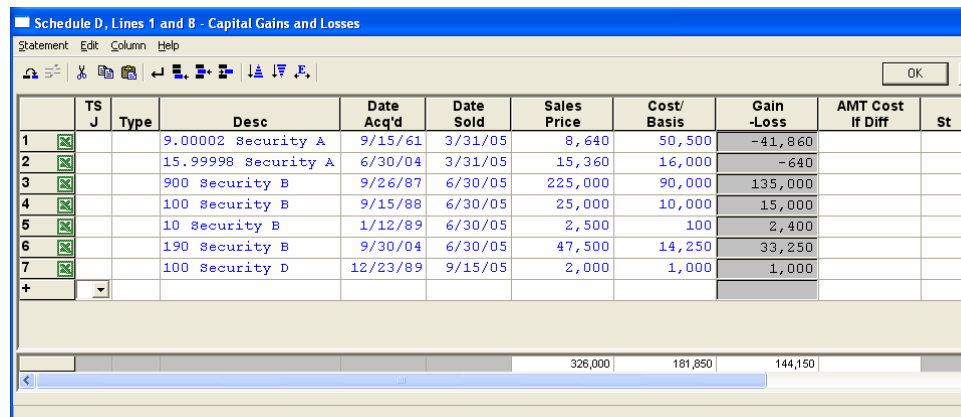
Creating An Excel (XLS) Export File

Some tax preparation programs will not import the Schedule D Attachment CSV export file but they will import Excel XLS files. That is no problem at all. It is very easy to create an XLS file from a CSV file. Use the steps as follows:

Start Excel.

Choose File – Open. Make sure you have the right folder open.

Choose the "Text Files (*.prn; *.txt; *.csv)" file type. See the below screen:
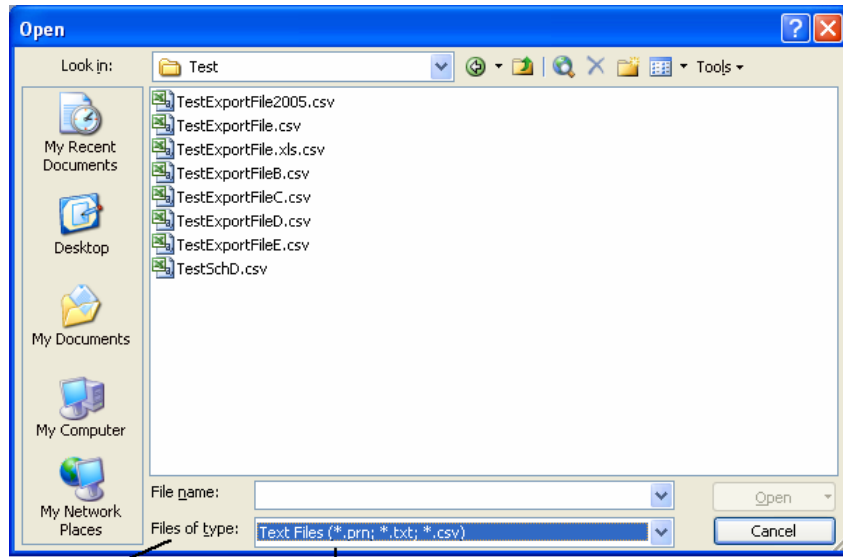
Files of Type: → Text Files ... *.csv)

12. Select and open the Schedule D Attachment export CSV file that you created with the Mutual Fund & Stock Basis Keeper program. After you pressed the Open button, the spreadsheet should appear as a normal Excel spreadsheet.

13. Now choose Excel menu choices **File – Save As**. The screen should look like this:
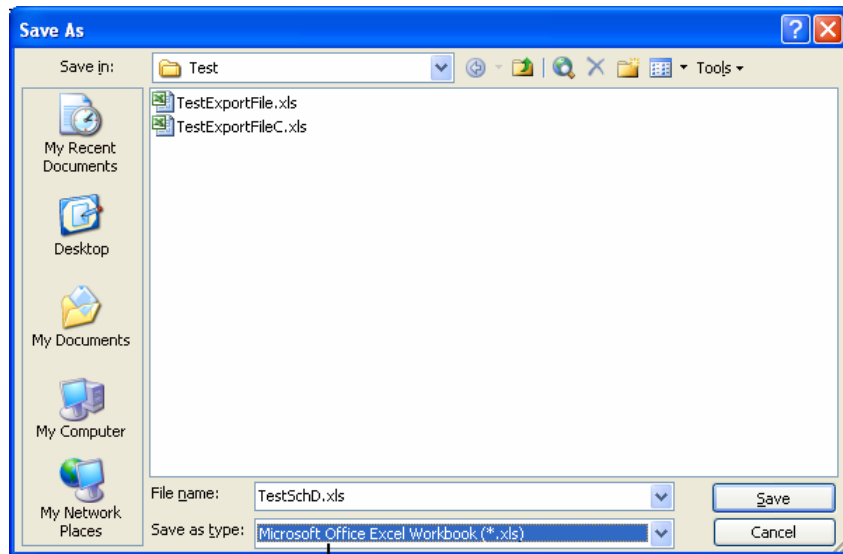
XLS file type

14. Change the file type to "Microsoft Office Excel Workbook (*.xls)".

15. **Click** on the **Save** button.

16. Exit Excel.

For more information see http://www.denvertax.com/bk.htm

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