



3.111 - Equity

Policy Purpose and Scope

The purpose of this policy is to outline how equity related to PhotoBiz is recorded and monitored.

Roles and Responsibilities

The Controller is responsible for establishing and implementing any policy related to equity. The Assistant Controller is responsible for maintaining and updating this policy with the current procedures.

Operational Procedures

Currently there are two shareholders for PhotoBiz with respective ratios of fifty percent share each.

Prior to 2008, PhotoBiz was established as an LLC partnership. As such each year's earnings and/or losses were distributed to the partner's equity accounts based upon their established equity share.

Beginning with tax year 2008, PhotoBiz was converted to an S Corporation. This change resulted in the establishment of Additional Paid In Capital accounts for each shareholder and the creation of retained earnings. Under the S Corporation formation, the equity accounts will remain the same and any yearly earnings and/or losses will be maintained in the retained earnings account.

Each year the retained earnings account will be analyzed to ensure all recorded profits and/or losses are properly recorded and agree with those figures reported on the annual tax return.