

Sunsets 1/1/2016

48-2c-903 Capital accounts.

- (1)
 - (a) A capital account shall be maintained for each member.
 - (b) The capital account of each member represents that member's share of the net assets of the company.
 - (c) Except as otherwise provided in the articles of organization or operating agreement, the capital accounts of all members shall be adjusted, either increased or decreased, to reflect the revaluation of company assets, including intangible assets such as goodwill, on the company's books in connection with any of the following events:
 - (i) a capital contribution, other than a de minimis contribution, made by or on behalf of a new member or an additional capital contribution, other than a de minimis contribution, made by or on behalf of an existing member;
 - (ii) a distribution, other than a de minimis amount, made in partial or complete redemption of a member's interest in the company;
 - (iii) the dissolution and winding up of the company;
 - (iv) a merger of the company; or
 - (v) the grant of an interest in the company other than a de minimis interest, on or after May 6, 2004, as consideration for the provision of services to or for the benefit of the company by:
 - (A) an existing member acting in the capacity of a member; or
 - (B) a new member acting in a member capacity or in anticipation of becoming a member.
- (2) Upon any revaluation event under Subsection (1):
 - (a) the book value of company assets shall be adjusted to fair market value; and
 - (b) unrealized income, gain, loss, or deduction inherent in those company assets that have not been previously reflected in the members' capital accounts shall be allocated to the members' capital accounts.