## Modernized e-File Test Package for Forms 1065/1065-B Tax Year 2007

U.S. Return of Partnership Income

And

U.S. Return of Income for Electing Large Partnerships



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## Form 1065/1065-B Assurance Testing Tax Year 2007

#### WHAT'S NEW?

- We have included 2 tests for K-1 Aggregators.
- The Electronic Management System (EMS) cannot be used for transmitting Form 1065/1065-B returns after 12/27/2007. After this date, you will be able to transmit using IFA or A2A only. See <u>COMMUNICATIONS TEST FOR THE e-file SYSTEM</u> below for more information.
- IRS is requiring all authorized e-file providers to submit key information about their Web sites to the IRS by September 10, 2007. In the future, providers must submit new URLs to the IRS before the website is accessible on the internet. Failure to comply with these IRS e-file rules may result in suspension or expulsion from the IRS e-file program. More information can be found at irs.gov: Registration of Websites and URLs Frequently Asked Questions
- Test scenarios for Form 7004 are located in <u>Publication 4162</u>, <u>Modernized e-File Test Package for Form 1120/1120S</u>. The schemas for Form 7004 can be found at <u>Current Valid XML Schemas for 1120/1120S Modernized e-File</u>

#### WHO MUST TEST?

All software developers and K-1 Aggregators are required to perform the tests in this test package before they can be accepted into the electronic filing program for the 2008 (Tax Year 2007) filing season. Software developers supporting Form 1065 will perform tests 1- 5. Software developers supporting both Form 1065 and Form 1065-B will perform tests 1-8. K-1 Aggregators will perform tests 9 and 10.

Anyone who plans to transmit must perform a communications test and be accepted. Prior to testing, all software developers and transmitters must have obtained an Electronic Transmitter Identification Number (ETIN), Electronic Filer Identification Number (EFIN) and password through the application process. Refer to Publication 3112, IRS *e-file* Application Package for Form 8633 procedures. For the On-Line application procedures refer to the *e-services -* Online Tools for Tax Professionals website. This ETIN must be included in each message.

The ETIN will be set to "Test" until the transmitter passes the required communication testing with the IRS at which time the ETIN will be moved to "Production" status. The transmitter may also request a Test ETIN, which can be used to continue testing once the original ETIN has been moved to Production

status. If a transmitter has not revised their IRS *e-file* application to indicate they will be transmitting 1065 returns, their ETIN will not be valid and their submissions will be rejected. The transmission status (Test or Production) of the ETIN being used must match the Test/Production Indicator in the Message Header or the return will be rejected.

The transmitter must also register the system(s) that will be used to conduct business with MeF to obtain a systemID. If a transmitter and system(s) are not registered, the transmitter cannot access MeF for Fed/State processing.

#### WHY TEST?

The purpose of testing prior to live processing is to ensure that:

- filers transmit in the correct format and meet the Internal Revenue Service (IRS) Modernized e-File (MeF) electronic filing specifications;
- returns have few validation or math errors;
- IRS can receive and process the electronic returns;
- filers understand and are familiar with the mechanics of electronic filing;
- Aggregating Schedule K-1's with Form 1065 return data does not alter the information on the return.

#### WHAT IS TESTED?

The test package for the 2007 Assurance Testing System (ATS) consists of:

- five (5) return scenarios for Form 1065
- three (3) return scenarios for Form 1065-B
- two (2) test scenarios for K-1 Aggregators

The test returns include a limited number of forms and schedules that are accepted for electronic filing. Every conceivable condition cannot be represented in the tests; therefore, once you pass the tests, you may want to test any additional conditions you feel are appropriate as long as you use the predefined EINs and Name Controls, Tax Period and Form types..

The test scenarios provide the information needed to prepare the selected forms and schedules. You must correctly prepare and compute these returns before transmitting the tests. The IRS strongly recommends each return be run against a parser prior to being transmitted to the IRS. The IRS will run each return against a parser.

Below are some XML resources regarding XML schemas and software tools and parsers (these resources are provided for information only— the IRS is not endorsing any product).

You may chose any third party parser toolkit or use your own.

- W3C XML Home Page: http://www.w3.org/XML/
- W3C XML Schema Home Page: http://www.w3.org/XML/Schema
- XML Spy: http://www.xmlspy.com/
- Apache Xerces parser toolkit: http://xml.apache.org/
- Microsoft Core XML Services: Microsoft Core XML Services:

http://www.microsoft.com/downloads/details.aspx?Famil yID=31 44b72bb4f2- 46da-b4b6-c5d7485f2b42&DisplayLang=en

**Note:** The Modernized e-File (MeF) Assurance Testing System (ATS) is not configured exactly the same as the MeF Production system. Therefore, a tester should not expect the same response time when testing in the ATS environment versus the Production environment (especially regarding performance or load testing -- this includes testing a single extremely large return in one transmission, a lot of large returns in one transmission, or a large number of concurrent transmissions).

#### FORMATTING THE ENTITIES

The business entities presented in the test scenarios are shown in common usage with commas and periods. Refer to XML efile Types in Publication 4164 for proper formatting for the business name lines and addresses. No commas or periods are allowed.

### Example:

Test Scenario
Help For All, Inc.
31 Any Street
Anytown, MD 20901

#### XML Format

Help For All Inc (BusinessNameLine1Type) 31 Any St (StreetAddressType) Anytown (CityType) MD (StateType) 20901 (ZipCodeType)

#### **PASSWORDS**

New or revised applicants who will be transmitting to the IRS will receive an eight-digit alphanumeric password that will be used for testing and production. This password will be mailed to the applicants with instructions on how to acknowledge receipt in order to activate. After you receive your password, you will change it when you log in for the first time. It will be valid at the beginning of ATS, which will begin November 5, 2007. If testing will be done through the Internet, applicants will choose their passwords during On-Line Registration.

#### WHEN TO TEST

When you are ready to test call the e-Help Desk at **1-866-255-0654**. They will assist you in all preparations necessary to begin testing, including assigning you a Software ID to use when submitting your returns.

#### **TESTING GUIDELINES FOR SOFTWARE DEVELOPERS**

Software does not have to provide for all forms or schedules, nor for all occurrences of a particular form or schedule. You must advise the e-Help Desk at **1-866-255-0654** of all limitations to your Software package at the time of first contact, before testing begins. You must test the complete form with no field limitations except for the number of occurrences.

#### FEDERAL/STATE TESTING FOR FORMS 1065/1065-B

For Tax year 2007, we will not offer States ATS; however, the full ATS for both transmitters and states will be available on November 5, 2007. Any of the test returns may be used if you will be participating in the Federal/State electronic filing program for 1065/1065-B. Inform the e-Help Desk of which test you will be using. You should add the appropriate information in the generic state record and transmit the return as part of your regular transmission. Specific instructions are available from the participating states. Fed/State returns may be transmitted through Application to Application or Internet Filing Application (IFA).

#### **ELECTRONIC SIGNATURES**

Tax Professionals who file Form 1065/1065-B have two options of filing a totally paperless return for their clients using the Practitioner PIN method or the Scanned Form 8453 method (Form 8453-PE for Form 1065 and Form 8453-B for Form 1065-B). The selected signature option must be identified in the Return Header. MeF validates that a signature is present for each return. If the taxpayer uses a PIN to sign the return, all appropriate PIN information must be present in the return header. If the taxpayer elects to sign a Form 8453x, the scanned

8453x must be attached to the return. If the electronic return does not contain the required signatures, it will be rejected.

#### **Practitioner PIN**

The Practitioner PIN option can only be used if the taxpayer uses an ERO. It cannot be used if a taxpayer is filing through an On-Line Provider. If the signature option of "PIN Number" is chosen, the taxpayer and ERO will be required to sign the return with a personal identification number (PIN). The Practitioner PIN option consists of two PINs – one for the taxpayer and one for the Practitioner.

- Taxpayer PIN The taxpayer chooses the PIN that they wish to use to sign their return. The Taxpayer's PIN must be 5 numeric characters and cannot contain all zeros.
- Practitioner PIN The ERO selects an eleven position PIN to sign the return. The first 6 positions of the Practitioner PIN will be made up of the EFIN of the ERO and the next 5 positions will be made up of 5 numeric characters that the ERO will select.

The taxpayer must decide whether they want to enter their own PIN or whether they authorize the ERO to enter the PIN they choose as their signature. This authorization is made on Form 8879-PE or 8879-B.

The following fields are required for the Practitioner PIN method or the return will be rejected:

- Practitioner PIN
- PIN Entered By Indicator
- Name of Officer
- Title of Officer
- Taxpayer PIN
- Date Signed

#### Scanned Form 8453

The scanned Form 8453 method must be used if the taxpayer decides not to use the Practitioner PIN method for signing the return. The Form 8453PE or 8453-B must be completed and signed by all required parties and then scanned as a PDF file. The appropriate signature option of "Binary Attachment 8453 Signature Document" must be identified in the Return Header. If this option is chosen, the taxpayer and ERO (if applicable) must sign the paper 8453. The signed Form 8453-PE/8453-B must then be scanned into a PDF document and inserted into the electronic return as a binary attachment. The binary attachment must be named "8453 Signature Document".

#### REVIEWING ACK FILES AND CORRECTING TESTS

You may transmit as many test returns as necessary until you receive no error messages. Any Business Rules violations must be corrected in order to pass ATS testing.

#### FINAL TRANSMISSION

Once you receive no rejects, you will be required to transmit the returns in two separate, same-day transmissions in order to test the ability of your software to increment the transmission ID number that appears in the Transmission Header. If you have included the 7004 test scenarios in your testing, include these tests in the second transmission.

#### COMMUNICATIONS TEST FOR THE e-file SYSTEM

IRS allows two means of transmission for MeF, Internet Filing Application (IFA) and Application to Application (A2A) for Form 1065/1065B. The Electronic Management System (EMS) is no longer an option for these forms.

If you will be transmitting through the Internet, you will need to perform the communications test through the Internet.

If you will be transmitting through A2A, you will need to perform the communications test through A2A. If you will be transmitting through both portals, IFA and A2A, communications tests must be performed through both systems.

A Software Developer, who will not transmit, need not perform a communications test.

#### **USING YOUR OWN TEST**

After passing ATS testing, Software Developers, may test with their own data using the same password and ETIN. Transmitters will need to get a new Test ETIN to continue testing, because IRS will move the original ETIN to "production" status once the Communications Test is passed. You will continue to use the same password. Call the e-Help Desk at **1-866-255-0654** to obtain a new Test ETIN. You must use the same taxpayer entity information (names and EINs) that is provided in the test package for your independent tests. DO NOT use any other EINs. See Exhibit 3 for the list of valid EINs and Name Controls.

# EXHIBIT 1 VALID ZIP CODES

## STANDARD POSTAL SERVICE STATE ABBREVIATIONS AND ZIP CODES

State	Abbr.	ZIP Code
Alabama	AL	350nn-369nn
Alaska	AK	995nn-999nn
Arizona	AZ	850nn-865nn
Arkansas	AR	716nn-729nn, 75502
California	CA	900nn-908nn, 910nn-961nn
Colorado	CO	800nn-816nn
Connecticut	CT	060nn-069nn
Delaware	DE	197nn-199nn
District of Columbia	DC	200nn-205nn
Florida	FL	320nn-339nn, 341nn, 342nn,
		344nn, 346nn, 347nn, 349nn
Georgia	GA	300nn-319nn, 39815, 39834, 399nn
Hawaii	HI	967nn, 968nn
Idaho	ID	832nn-838nn
Illinois	IL	600nn-629nn
Indiana	IN	460nn-479nn
Iowa	IA	500nn-528nn
Kansas	KS	660nn-679nn
Kentucky	KY	400nn-427nn, 45275
Louisiana	LA	700nn-714nn, 71749
Maine	ME	03801, 039nn-049nn
Maryland	MD	20331, 206nn-219nn
Massachusetts	MA	010nn-027nn, 055nn
Michigan	MI	480nn-499nn
Minnesota	MN	550nn-567nn
Mississippi	MS	386nn-397nn
Missouri	MO	630nn-658nn
Montana	MT	590nn-599nn
Nebraska	NE	680nn-693nn
Nevada	NV	889nn-898nn
New Hampshire	NH	030nn-038nn
New Jersey	NJ	070nn-089nn
New Mexico	NM	870nn-884nn
New York	NY	004nn, 005nn, 06390, 100nn-149nn
North Carolina	NC	270nn-289nn
North Dakota	ND	580nn-588nn
Ohio	OH	430nn-459nn
Oklahoma	OK	730nn-732nn, 734nn-749nn

#### **EXHIBIT1 - Valid ZIP Codes Continued**

State Abbr. 2	ZIP Code	
Oregon	OR	970nn-979nn
Pennsylvania	PA	150nn-196nn
Rhode Island	RI	028nn, 029nn
South Carolina	SC	290nn-299nn
South Dakota	SD	570nn-577nn
Tennessee	TN	370nn-385nn
Texas	TX	733nn, 73949, 750nn-799nn
Utah	UT	840nn-847nn
Vermont	VT	050nn-054nn, 056nn-059nn
Virginia	VA	20041,201nn, 20301,20370,
-		220nn-246nn
Washington	WA	980nn-986nn, 988nn-994nn
West Virginia	WV	247nn-268nn
Wisconsin	WI	49936, 530nn-549nn
Wyoming	WY	820nn-831nn

# STANDARD POSTAL SERVICE STATE ABBREVIATIONS AND ZIP CODES FOR U.S.POSSESSIONS

U.S. Possession	Abbr.	ZIP Code
American Samoa	AS	967nn
Federated States of Micronesia	FM	969nn
Guam	GU	9691n, 9692n
Marshall Islands	MH	969nn
Commonwealth of the Northern Mariana Islands	MP	9695n
Palau	PW	969nn
Puerto Rico	PR	006nn, 007nn, 009nn
U.S. Virgin Islands	VI	008nn

Form 1065 and 1065-B returns with addresses in the American Possessions are considered to have domestic addresses for processing purposes. The partnership return filer address (1065/1065-B) must contain a state abbreviation to be treated as (and processed in Philadelphia) an American Possession.

#### APO/FPO CITY/STATE/ZIP CODES FOR MILITARY OVERSEAS ADDRESSES

City	State	ZIP Code
APO or FPO	AA	340nn
APO or FPO	AE	090nn-098nn
APO or FPO	AP	962nn-966nn

# **EXHIBIT 2** FOREIGN COUNTRY CODES

Code	Foreign Country	Code	Foreign Country
AF	Afghanistan	BM	Burma
AL	Albania	BY	Burundi
AG	Algeria	СВ	Cambodia
AQ	American Samoa	CM	Cameroon
AN	Andorra	CA	Canada
AO	Angola	CV	Cape Verde
AV	Anguilla	CJ	Cayman Islands
AY	Antarctica	CT	Central African Republic
AC	Antigua & Barbuda	CD	Chad
AR	Argentina	CI	Chile
AM	Armenia	CH	China
AA	Aruba	KT	Christmas Island
AT	Ashmore & Cartier Islands	IP	Clipperton Island
AS	Australia	CK	Cocos (Keeling) Islands
AU	Austria	CO	Colombia
AJ	Azerbaijan	CN	Comoros
BF	Bahamas	CF	Congo, Republic of the (Brazzaville)
BA	Bahrain	CG	Congo, Democratic Rep of the (Zaire)
FQ	Baker Islands	CW	Cook Islands
BG	Bangladesh	CR	Coral Sea Islands
BB	Barbados	VP	Corsica
BS	Bassas da India	CS	Costa Rica
ВО	Belarus	IV	Cote D'Ivoire (Ivory Coast)
BE	Belgium	HR	Croatia
BH	Belize	CU	Cuba
BN	Benin	CY	Cyprus
BD	Bermuda	EZ	Czech Republic
BT	Bhutan	DA	Denmark
BL	Bolivia	DJ	Djibouti
BK	Bosnia-Herzegovina	DO	Dominica
ВС	Botswana	DR	Dominican Republic
BV	Bouvet Island	TT	East Timor
BR	Brazil	EC	Ecuador
Ю	British Indian Ocean Territory	EG	Egypt
VI	British Virgin Islands	ES	El Salvador

BX	Brunei	EK	Equatorial Guinea
BU	Bulgaria	ER	Eritrea
UV	Burkina Faso	EN	Estonia
ET	Ethiopia	IR	Iran
EU	Europe Island Territory	ΙZ	Iraq
FK	Falkland Islands (Islas Malvinas)	EI	Ireland
FO	Faroe Islands	IS	Israel
FM	Federated States of Micronesia	IT	Italy
FJ	Fiji	JM	Jamaica
FI	Finland	JN	JanMayen
FR	France	JA	Japan
FG	French Guinea	DQ	Jarvis Island
FP	French Polynesia	JE	Jersey
FS	French Southern & Antartic Lands	JQ	Johnston Atoll
GB	Gabon	JO	Jordan
GA	The Gambia	JU	Juan de Nova Island
GZ	Gaza Strip	KZ	Kazakhstan
GG	Georgia	KE	Kenya
GM	Germany	KQ	Kingman Reef
GH	Ghana	KR	Kiribati
GI	Gibraltar	KN	Korea, Democratic People's Republic of (North)
GO	Glorioso Islands	KS	Korea, Republic of (South)
GR	Greece	KU	Kuwait
GL	Greenland	KG	Kyrgyzstan
GJ	Grenada	LA	Laos
GP	Guadeloupe	LG	Latvia
GQ	Guam	LE	Lebanon
GT	Guatemala	LT	Lesotho
GK	Guernsey	LI	Liberia
GV	Guinea	LY	Libya
PU	Guinea-Bissau	LS	Liechtenstein
GY	Guyana	LH	Lithuania
HA	Haiti	LU	Luxembourg
НМ	Heard Island & McDonald Islands	MC	Macau
НО	Honduras	MK	Macedonia
HK	Hong Kong	MA	Madagascar
HQ	Howland Island	MI	Malawi
HU	Hungary	MY	Malaysia

IC	Iceland	MV	Maldives
IN	India	ML	Mali
ID	Indonesia	MT	Malta
IM	Man, Isle of	PP	Papua-New Guinea
RM	Marshall Islands	PF	Paracel Islands
MB	Martinique	PA	Paraguay
MR	Mauritania	PE	Peru
MP	Mauritius	RP	Philippines
MF	Mayotte	PC	Pitcairn Islands
MX	Mexico	PL	Poland
MQ	Midway Islands	PO	Portugal
MD	Moldova	RQ	Puerto Rico
MN	Monaco	QA	Qatar
MG	Mongolia	RE	Reunion
МН	Montserrat	RO	Romania
MO	Morocco	RS	Russia
MZ	Mozambique	RW	Rwanda
WA	Namibia	WS	Samoa (Western)
NR	Nauru	SM	San Marino
BQ	Navassa Island	TP	Sao Tome and Principe
NP	Nepal	SA	Saudi Arabia
NL	Netherlands	SG	Senegal
NT	Netherlands Antilles	SE	Seychelles
NC	New Caledonia	SL	Sierra Leone
NZ	New Zealand	SN	Singapore
NU	Nicaragua	LO	Slovakia
NG	Niger	SI	Slovenia
NI	Nigeria	BP	Solomon Islands
NE	Niue	SO	Somalia
NF	Norfolk Island	SF	South Africa
CQ	Northern Mariana Island	SX	South Georgia & The South Sandwich Islands
NO	Norway	SP	Spain
MU	Oman	PG	Spratly Islands
ОС	Other Countries	CE	Sri Lanka
PK	Pakistan	SH	St. Helena
LQ	Palmyra	SC	St. Kitts & Nevis
PS	Palau	ST	St. Lucia Island
PM	Panama	SB	St. Pierre & Miquelon
VC	St. Vincent and the Grenadines	TV	Tuvalu
SU	Sudan	UG	Uganda
NS	Suriname	UP	Ukraine

SV	Svalbard	TC	United Arab Emirates
WZ	Swaziland	UK	United Kingdom (England, Northern Ireland, Scotland, and Wales)
SW	Sweden	UC	Unknown Country
SZ	Switzerland	UY	Uruguay
SY	Syria	UZ	Uzbekistan
TW	Taiwan	NH	Vanuatu
TI	Tajikistin	VT	Vatican City
TZ	Tanzania	VE	Venezuela
TH	Thailand	VM	Vietnam
TO	Togo	VQ	Virgin Islands (US)
TL	Tokelau	WQ	Wake Island
TN	Tonga	WF	Wallis & Futuna
TD	Trinidad & Tobago	WE	West Bank
TE	Tromelin Island	WI	Western Sahara
TS	Tunisia	YM	Yemen (Aden)
TU	Turkey	YO	Yugoslavia
TX	Turkmenistan	ZA	Zambia
TK	Turks and Caicos Islands	ZI	Zimbabwe

## EXHIBIT 3

## **VALID EINS AND NAME CONTROLS**

<u>For 1065</u>	Name Control	Tax Period Ending
·	-	<u>Month</u>
66-000001	SAMS	12
66-000002	JENN	12
66-000003	CARL	12
66-000004	EAST	12
66-000005	SHOE	12

<u>For 1065-B</u>	Name Control	Tax Period Ending Month
66-000006	ABCO	12
66-000007	ABCC	12
66-000008	BLAC	12

# Exhibit 4 Tax Year 2007 1065/1065-B Test Scenarios

#### **TAX YEAR 2007 1065/1065-B TEST SCENARIOS**

#### 1. 1065, 4562 (2), 4797, 8825, 8844, 8882, 1065 SCH K-1 (102), Form 8453-PE,

#### ATTACHMENTS:

Itemized Other Deductions Statement Other Credits and Credit Recapture Statement Schedule L Other Assets Statement Schedule L Other Current Liabilities Statement Ordinary Business Income (Loss) Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)

**NOTE:** Please use the same data for the additional ninety-nine (99) Schedule K-1s, but increment the entity information as follows:

**EIN:** 001-06-1001 **Name:** Taxpayer A1 **Address:** PO Box 0001

**EIN:** 001-06-1002 **Name:** Taxpayer A2 **Address:** PO Box 0002

**EIN:** 001-06-1003 **Name:** Taxpayer A3 **Address:** PO Box 0003

#### 2. 1065, 4562, 4797, 8824, 1065 SCH K-1 (2), Form 8453-PE

ATTACHMENTS:
Self-Charged Interest Election
Section 195 Election
Itemized Other Deductions Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE

# 3. 1065, Schedule M-3 (Form 1065) 4562, 8865, 1065 SCH K-1 (3), 8865, 8865 SCH O. 8865 SCH P

#### ATTACHMENTS:

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement

Other Income (Loss) Statement

Itemized Other Deductions Statement

Publicly Traded Partnership Statement

Ownership of Any Interest in Another Partnership or Foreign Entity Statement

Section 754 Election

Income (Loss) From Foreign Partnerships Schedule

**BINARY ATTACHMENTS: None** 

#### 4. 1065, 4562, 4797, 8308, 1065 Sch D, 1065 Sch K-1 (3), Form 8453-PE

#### ATTACHMENTS:

Other Income (Loss) Statement

Itemized Other Deductions Statement

Itemized Section 263A Costs Schedule

Inventoriable Costs Paid Schedule

Section 754 Election

Partnership's Charitable Contributions Statement

Schedule L Other Current Assets Statement

Schedule L Other Assets Statement

Schedule L Other Current Liabilities Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)

# 5. 1065, 4562 (2), 4797, 6252 (2), 8825, 1065 Sch K-1 (4), Sch F (Form 1040), Form 8453-PE

#### ATTACHMENTS:

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement Other Income (Loss) Statement

Itemized Other Deductions Statement

Ownership of Any Interest in Another Partnership or Foreign Entity Statement

Schedule L Other Current Assets Statement

Schedule L Other Current Liabilities Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)

#### 6. 1065-B, 4797, 1065-B SCH K-1 (2), Form 8453-B

ATTACHMENTS:

Itemized Other Deductions Schedule
Inventoriable Costs Paid Schedule
Balance Sheets Discrepancy Statement
Schedule L Other Current Assets Statement

BINARY ATTACHMENTS: Scanned Form 8453-B (8453 Signature Document)

#### 7. 1065-B, 4562 (2), 8825, 1065-B SCH K-1 (2), Form 8453-B

#### ATTACHMENTS:

Itemized Other Deductions Schedule Schedule K-1(Form 1065-B) Miscellaneous Item Statement Qualified Nonrecourse Financing Statement

BINARY ATTACHMENTS: Scanned Form 8453-B (8453 Signature Document)

#### 8. 1065-B, 8308, 1065-B SCH K-1 (102)

#### ATTACHMENTS:

Itemized Other Deductions Schedule

**BINARY ATTACHMENTS: None** 

**NOTE:** Please use the same data for the additional ninety-eight (98) Schedule K-1s, but increment the entity information as follows:

**EIN:** 001-06-2001 **Name:** Taxpayer B1 **Address:** PO Box 0001

EIN: 001-06-2002 Name: Taxpayer B2 Address: PO Box 0002

**EIN:** 001-06-2003 **Name:** Taxpayer B3 **Address:** PO Box 0003

- 9. K-1 Aggregator Testing same forms and attachments as Test Scenario #1
- 10. K-1 Aggregator Testing same forms and attachments as Test Scenario #3

#### **TEST SCENARIO 1**

#### FORMS REQUIRED:

1065, 4562 (2), 4797, 8825, 8844, 8882, 1065 SCH K-1 (102), Form 8453-PE

#### **ATTACHMENTS:**

Itemized Other Deductions Statement
Other Credits and Credit Recapture Statement
Schedule L Other Assets Statement
Schedule L Other Current Liabilities Statement

Schedule L Other Current Liabilities Statement Ordinary Business Income (Loss) Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)

#### **HEADER INFO**

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, NV 89501

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: ERO

PractionerPIN: None

PIN Entered by - N/A

Signature Option: Binary Attachment 8453 Signature Document

Return Type: 1065

**Filer:** EIN: 69-0000001

Name: Sam Starling LLP Name Control: SAMS Address: 631 N McKinley Dr Reno, NV 89510

Partner: Name: Sam Starling

Title: President Taxpayer PIN: Phone: 555-555-0000

Email Address: Anymail@email.com

DateSigned: 04/01/2008

**Preparer:** Name: Jesse James

SSN: 000-11-0001 Phone: 555-555-555

Email Address: Anymail@email.com

Date Prepared: 04/01/2008

Self Employed: No

**IRS PAYMENT:** N/A

#### **Details for attachments to Form**

#### **Itemized Other Deductions Statement** (Form 1065, Page 1, Line 20)

Travel and Entertainment	5,600,000
Other	28,750,000
Utilities	10,000,000
Fees	6,387,848

#### Other Credits and Credit Recapture Statement (Form 1065, Page 3, Schedule K, Line 15f)

Childcare	35,600
Empowerment	40,000

#### Schedule L Other Assets Statement (Form 1065, Page 4, Schedule L, Line 13b and 13d)

Type	BOY Amount	EOY Amount
Client Receivable	7,148,515	10,916,115
Other	6,030,400	4,227,867

#### Schedule L Other Current Liabilities Statement (Form 1065, Page 4, Schedule L, Line 17b and 17d)

Type	BOY Amount	EOY Amount
Other Current Liabilities	2,315,178	4,138,515
Other Accrued Liabilities	3,162,974	2,045,400

#### Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

Sam Starling's Statement ONLY	
Education	20,000
Flight Instructor	20,000
Legal Services	8,028,140

**NOTE:** Please use the same data for the additional ninety-nine (99) Schedule K-1s, but increment the entity information as follows:

**EIN:** 001-06-1001 **Name:** Taxpayer A1 **Address:** PO Box 0001

EIN: 001-06-1002 Name: Taxpayer A2 Address: PO Box 0002

**EIN:** 001-06-1003 **Name:** Taxpayer A3 **Address:** PO Box 0003

	10	165		U.S. Return of	<b>Partnersh</b> i	p Inc	come	1	OMB No. 1545-009	99
	n artment of the nal Revenu		2007							
		usiness activity	I I a a Alaa	Name of partnership				D En	nployer identification	number
		ervices	Use the IRS	Sam Starling, LLP				6		
		oduct or service	label.	Number, street, and room or suite	no. If a P.O. box, s	ee the ins	structions.	<b>E</b> Da	ate business started	
L	egal S	ervices	Other- wise,	631 N McKinley St					10/01/1977	
<b>C</b> B	usiness c	ode number	print	City or town, state, and ZIP code					otal assets (see the structions)	
	541110 Reno, NV 89510								108,367,919	
H I	Check a		thod: <b>(1)</b> K-1. Attach	Initial return (2) Final return (2) Accrum one for each person who was a attach Schedule M-3)	ual (a a partner at any tir	3) 🗌 O ne durin	ther (specify) ▶ g the tax year ▶			
Caı	ution. Ir	nclude <b>only</b> tr	ade or bus	siness income and expenses o	n lines 1a throug	gh 22 b	elow. See the instruc	ctions f	or more informat	tion.
	12 0	Gross receipts	or sales			1a	323,455,613			
	1			inces			020,100,010	1c	323,455,613	
	1			nedule A, line 8)				2	0_0,100,010	
e				ne 2 from line 1c				3		
Income				from other partnerships, esta				4		
nc	1	-	. ,	tach Schedule F (Form 1040			,	5		
_	1		6	10,000						
				m 4797, Part II, line 17 (atta ach statement)	7	. 0,000				
	8 T	otal income	(1088) (atta	ombine lines 3 through 7				8	323,465,613	
(s)								9	110,535,025	
(see the instructions for limitations)	1	the second control of								
mita								10	22,675,031 2,042,164	
for li				pe	12	2,0-12,10-1				
SUC 1								13	25,922,173	
nctic								14	12,226,452	
nstn	1							15	14,622	
he i						16a	7,292,891	13	14,022	
99				l, attach Form 4562)		16b	18,275	16c	7,274,616	
			•	ed on Schedule A and elsewh				17	1,214,010	
ions				ict oil and gas depletion.)				18	4.255.918	
		letirement pla	,					19	1,=00,000	
큠		mployee ben	, ,						7,100,361	
Deduct		ther deduction		h statement) the amounts shown in the f	ar right column	for line	s 9 through 20	20	50,737,848	
_				ome (loss). Subtract line 21		101 11116	s 9 tillough 20 .	22	80,681,403	
	22 C			I declare that I have examined this ret		nnanving	schedules and statement			vledge
	gn ere	and belief, it is on all informat	s true, correction of which	pt, and complete. Declaration of prepressive preparer has any knowledge.	oarer (other than ge	neral part	ner or limited liability cor	mpany m Ma wit	nember manager) is  by the IRS discuss this high the preparer shown below.	based
		Signature	of general	partner or limited liability company n	nember manager		Date			
Pai		Preparer's signature			Date		Check if self-employed ▶	Pr	reparer's SSN or PT	IN
	parer's Only	Firm's name (		<b>.</b>			EIN ►	-		
	, omy	if self-employed address, and a	ZIP code				Phone no.	(	)	
For	Privacy	Act and Pap	erwork Re	eduction Act Notice, see separ	rate instructions		Cat. No. 11390Z		Form <b>1065</b>	(2007)

Page 22 of 194

Form	1065 (2007)	P	age 2
Sc	hedule A Cost of Goods Sold (see the instructions)		
1	Inventory at beginning of year		
2	Purchases less cost of items withdrawn for personal use		
3	Cost of labor	$\longrightarrow$	
4	Additional section 263A costs (attach statement)		
5	Other costs (attach statement)	$\longrightarrow$	
6	Total. Add lines I tillough 5		
7 8	Inventory at end of year		
	Check all methods used for valuing closing inventory:		
ou	(i) Cost as described in Regulations section 1.471-3		
	(ii) Lower of cost or market as described in Regulations section 1.471-4		
	(iii) ☐ Other (specify method used and attach explanation) ▶		
b	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶		
С	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)		
d	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? Yes	_	No
е	Was there any change in determining quantities, cost, or valuations between opening and closing inventory?    Yes  If "Yes," attach explanation.	Ш	No
Sc	hedule B Other Information		
1	What type of entity is filing this return? Check the applicable box:	Yes	No
	☐ Domestic general partnership b ☐ Domestic limited partnership		
	□ Domestic limited liability company d □ Domestic limited liability partnership		
	☐ Foreign partnership f ☐ Other ▶		
2	Are any partners in this partnership also partnerships?	~	
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign		
	entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and		
	301.7701-3? If "Yes," see instructions for required attachment		
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details.		~
5	Does this partnership meet all three of the following requirements?		
а			
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
С	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return		~
	extensions) for the partnership return		
	or Item N on Schedule K-1.		
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and	~	
7	8813. See the instructions		~
7			~
8 9	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?  At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority		_
Ŭ	over a financial account in a foreign country (such as a bank account, securities account, or other financial		
	account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the		
	name of the foreign country. ►		~
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		<b>/</b>
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by at-		
	taching the statement described under <i>Elections Made By the Partnership</i> in the instructions		~
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ▶		
_			
	gnation of Tax Matters Partner (see the instructions) r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:		
	ne of Identifying number of TMP		
_TM	P OF TWIP		
des	dress of ignated ————————————————————————————————————		
TMI	p <b>y</b>		

Form **1065** (2007)

Form 1065 (2007) Schedule K Partners' Distributive Share Items **Total amount** 80,681,403 1 Ordinary business income (loss) (page 1, line 22) 203,125 2 2 Net rental real estate income (loss) (attach Form 8825) . 3a Other gross rental income (loss) . . . . . . . . 3b **b** Expenses from other rental activities (attach statement).  ${\bf c}\,$  Other net rental income (loss). Subtract line 3b from line 3a Зс 22,675,031 ncome (Loss) Guaranteed payments . . . . . 4 92,650 5 Interest income . . . 6a Dividends: a Ordinary dividends **b** Qualified dividends 7 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) 9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) **b** Collectibles (28%) gain (loss) . . . . . . . . . . . . . . . 9h 9с c Unrecaptured section 1250 gain (attach statement) . . . Net section 1231 gain (loss) (attach Form 4797) . . . . . . 10 Other income (loss) (see instructions) Type ▶ \_\_\_\_ 11 Self-Employ- Deductions ment 12 **12** Section 179 deduction (attach Form 4562) . . . . 13a Contributions . . . . . . . . . . . . . . . . 13a **b** Investment interest expense . 13b 13c(2) Section 59(e)(2) expenditures: **(1)** Type ▶ (2) Amount ▶ Other deductions (see instructions) Type ▶ 13d 55,024,842 14a Net earnings (loss) from self-employment . . . . . . . . . . . 14a 14b **b** Gross farming or fishing income . . . . . . . . . . . . . **c** Gross nonfarm income . . . 55,024,842 14c 15a Low-income housing credit (section 42(j)(5)) . . . . . . . . . 15a 15b **b** Low-income housing credit (other) . . . Credits 15c c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468). . 15d d Other rental real estate credits (see instructions) Type ▶ .... e Other rental credits (see instructions) 15e Type ▶ 75,600 f Other credits (see instructions) Type ▶ 15f **16a** Name of country or U.S. possession ▶\_\_\_\_ 16b Foreign Transactions  $\boldsymbol{b}$  Gross income from all sources  $\ .\ .\ .\ .\ .\ .$  . . . . . . 16c c Gross income sourced at partner level . Foreign gross income sourced at partnership level 16f d Passive category ► \_\_\_\_\_ e General category ► \_\_\_\_\_ Deductions allocated and apportioned at partner level 16h Deductions allocated and apportioned at partnership level to foreign source income 16k i Passive category ► \_\_\_\_\_ j General category ► \_\_\_\_\_ I Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐ . 16I m Reduction in taxes available for credit (attach statement) . 16m n Other foreign tax information (attach statement) . 17a 199,456 Alternative Minimum Tax 17a Post-1986 depreciation adjustment . . . **b** Adjusted gain or loss . . . . . . 17b 17c c Depletion (other than oil and gas) . . . 17d Oil, gas, and geothermal properties—gross income Oil, gas, and geothermal properties—deductions 17e Other AMT items (attach statement) 17f 18a Other Information 18a Tax-exempt interest income . 18b **b** Other tax-exempt income . . 18c 775,128 **c** Nondeductible expenses . . . 19a 75,140,310 19a Distributions of cash and marketable securities 19b **b** Distributions of other property 92.650 20a 20a Investment income . . 20h **b** Investment expenses c Other items and amounts (attach statement)

Form **1065** (2007)

Form 1065 (2007)

Form 1065 (2007) Page 4 Analysis of Net Income (Loss) Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of 103,652,209 Schedule K, lines 12 through 13d, and 16l (ii) Individual (iii) Individual (v) Exempt 2 Analysis by (i) Corporate (iv) Partnership (vi) Nominee/Other (active) (passive) organization partner type: 55.065.902 a General partners **b** Limited partners 48,586,307 Schedule L End of tax year **Balance Sheets per Books** Beginning of tax year Assets (a) (c) (d) 15,374,582 41,036,739 1 Cash . . . . . . . . 2a Trade notes and accounts receivable . **b** Less allowance for bad debts . . . 4 U.S. government obligations . . . . 5 Tax-exempt securities . . . . . 6 Other current assets (attach statement) Mortgage and real estate loans . . . 7 8 Other investments (attach statement) . 64,937,028 79,134,516 9a Buildings and other depreciable assets. 32,123,456 32,813,572 26,947,318 52,187,198 **b** Less accumulated depreciation . . . 10a Depletable assets . . . . . . . . . **b** Less accumulated depletion . . . 11 Land (net of any amortization). . 12a Intangible assets (amortizable only) . . . **b** Less accumulated amortization 13,178,915 15,143,982 Other assets (attach statement) . . . . 13 61,367,069 108,367,919 Total assets . . . . . . . 14 **Liabilities and Capital** 15 Accounts payable . . . . . . . 16 Mortgages, notes, bonds payable in less than 1 year. 5,478,152 6,183,915 Other current liabilities (attach statement) . . . 17 11,000,000 11,000,000 All nonrecourse loans . . . . . . . . 18 Mortgages, notes, bonds payable in 1 year or more. 19 Other liabilities (attach statement) . . . . . 20 44,888,917 91,184,004 21 Total liabilities and capital 61,367,069 108,367,919 22 Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions). 121,435,397 Net income (loss) per books . . . . Income recorded on books this year not included 1 Income included on Schedule K, lines 1, 2, 3c, on Schedule K, lines 1 through 11 (itemize): 2 a Tax-exempt interest \$ ..... 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize): Guaranteed payments (other than health 7 Deductions included on Schedule K, lines 1 22,675,031 insurance) . . . . . . . . . . through 13d, and 16l, not charged against Expenses recorded on books this year not book income this year (itemize): **a** Depreciation \$ 46.058.219 included on Schedule K, lines 1 through 13d, and 16l (itemize): 46,058,219 a Depreciation \$ ..... **b** Travel and entertainment \$ 5.600.000 Add lines 6 and 7 . . 46,058,219 5,600,000 Add lines 1 through 4 . . . . . . Income (loss) (Analysis of Net Income (Loss), 149,710,428 103,652,209 line 1). Subtract line 8 from line 5 Schedule M-2 Analysis of Partners' Capital Accounts 44,888,917 Distributions: a Cash . . . . . . 75,140,310 Balance at beginning of year . . . . Capital contributed: a Cash . . . **b** Property . . . . . . 2 **b** Property . . . Other decreases (itemize): ..... 121,435,397 Net income (loss) per books . . . . Other increases (itemize): ..... 75.140.310 8 Add lines 6 and 7. Add lines 1 through 4 166,324,314 9 Balance at end of year. Subtract line 8 from line 5 91,184,004

Printed on recycled paper

**Depreciation and Amortization** OMB No. 1545-0172 200 (Including Information on Listed Property) Attachment Sequence No. **67** ► See separate instructions. ► Attach to your tax return. Name(s) shown on return Business or activity to which this form relates Identifying number 69-0000001 Sam Starling, LLP Rental **Election To Expense Certain Property Under Section 179** Part I Note: If you have any listed property, complete Part V before you complete Part I. \$125,000 Maximum amount. See the instructions for a higher limit for certain businesses. 2 2 Total cost of section 179 property placed in service (see instructions) . 3 \$500,000 3 Threshold cost of section 179 property before reduction in limitation Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-4 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions (b) Cost (business use only) (a) Description of property 6 Listed property. Enter the amount from line 29 . . . . . . . . . 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 9 9 Tentative deduction. Enter the **smaller** of line 5 or line 8. . . . . . 10 10 Carryover of disallowed deduction from line 13 of your 2006 Form 4562 . 11 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 13 Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶ 13 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see 14 Property subject to section 168(f)(1) election 15 Other depreciation (including ACRS) 16 MACRS Depreciation (Do not include listed property.) (See instructions.) **Section A** 18.275 17 MACRS deductions for assets placed in service in tax years beginning before 2007 18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here Section B--Assets Placed in Service During 2007 Tax Year Using the General Depreciation System (b) Month and (c) Basis for depreciation (d) Recovery (a) Classification of property (e) Convention (f) Method (a) Depreciation deduction vear placed in (business/investment use service only-see instructions) 19a 3-year property b 5-year property 7-year property 10-year property d 15-year property f 20-year property 25 yrs. g 25-year property 9/1 27.5 yrs. h Residential rental ММ 27.5 yrs. S/L ММ property 39 yrs. ММ S/L i Nonresidential real property ММ S/L Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System

For Paperwork Reduction Act Notice, see separate instructions.

For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . .

Listed property. Enter amount from line 28 . . .

Part IV Summary (see instructions)

20a Class life

**b** 12-year

c 40-year

. 23 Cat. No. 12906N

ММ

S/L

S/L

5/1

21

Form **4562** (2007)

18,275

12 <u>yr</u>s.

40 yrs.

**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.

Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain comproperty used for entertainment, recreation, or amusement.)   Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, or 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.	omplete <b>only</b>	
Property used for entertainment, recreation, or amusement.)  Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, or 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.  Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobile and the placed in the	es.)  Yes No	
Section A — Depreciation and Other Information (Caution: See the Instructions for limits for passenger automobile 24a Do you have evidence to support the Businsss/investment use claimed?   Yes   No   24b   If "Yes," is the evidence written?	es.)  Yes No	
Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobile 24a Do you have evidence to support the business/investment use claimed?	Yes No	
24a Do you have evidence to support the business/investment use claimed?	Yes No	
Type of property (list base placed in Business/ Investment Percentage Cost or other behalds frish)  Type of property (list base placed in Business/ Investment Percentage)  Special allowance for qualified New York Liberty or Guf Opportunity Zone property placed in service during the tax 25  Special allowance for qualified New York Liberty or Guf Opportunity Zone property placed in service during the tax 25  Property used more than 50% in a qualified business use (see instructions).  26 Property used more than 50% in a qualified business use:	(i) Elected	
Type of property (list or placed in vehicles (rist) service percentage bases in part of percentage vehicles (rist) service percentage bases in part of percentage vehicles (rist) percentage bases by the percentage vehicles (rist) percentage bases by the percentage vehicles (rist) percentage	Elected	
year and used more than 50% in a qualified business use;    Property used more than 50% in a qualified business use;   96	cost	
Property used more than 50% in a qualified business use:    96		
27 Property used 50% or less in a qualified business use:		
96   27 Property used 50% or less in a qualified business use:   96   96   96   96   96   96   96   96		
Property used 50% or less in a qualified business use:		
96     5/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1. 28  29 Add amounts in column (i), lines 26. Enter here and on line 7, page 1. 29  Section B—Information on Use of Vehicles  Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related pers (fo you provided vehicles to your employees?  Total business/investment miles driven during the year (do not include commuting miles)  Total commuting miles driven during the year. Add lines 30 through 32  Was the vehicle available for personal use during off-duty hours?  Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees  Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employ not more than 5% owners or related persons (see instructions).  Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees  Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employ not more than 5% owners or related persons (see instructions).  Do you maintain a written policy statement that prohibits personal use of vehicles, including commuting, by your employees?  See the instructions for vehicles used by corporate officers, directors, or 1% or more owners  Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?  10 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.  29 Add amounts in column (i), lines 25 through 27. Enter here and on line 21, page 1.  29 Section B—Information on Use of Vehicles  Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related persol ff you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for Vehicle 1 Vehicle 2 Vehicle 3 Vehicle 4 Vehicle 5 Vehicle 5  Total other personal (noncommuting) miles driven during the year. Add lines 30 through 32  30 Total miles driven during the year. Add lines 30 through 32  31 Total miles driven during the year. Add lines 30 through 32  32 Was the vehicle available for personal use during off-duty hours?  33 Was the vehicle used primarily by a more than 5% owner or related person?  36 Is another vehicle available for personal use?  Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees  Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employ not more than 5% owners or related persons (see instructions).  37 Do you maintain a written policy statement that prohibits personal use of vehicles, including commuting, by your employees?  38 Do you maintain a written policy statement that prohibits personal use of vehicles, including commuting, by your employees?  39 Do you treat all use of vehicles by employees as personal use?  40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?  41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)	-	
Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1. 29  Add amounts in column (i), line 26. Enter here and on line 7, page 1. 29  Section B—Information on Use of Vehicles  Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person for vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for Vehicle 2 vehicle 3 vehicle 4 vehicle 5 vehicle 5 vehicle 6 vehicle 6 vehicle 6 vehicle 6 vehicle 7 vehicle 7 vehicle 8 vehicle 8 vehicle 6 vehicle 7 vehicle 7 vehicle 7 vehicle 8 vehicle 9 vehicle	-	
Section B—Information on Use of Vehicles  Section B—Information on Use of Vehicles Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related pers If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for  Total business/investment miles driven during the year (do not include commuting miles)  Total commuting miles driven during the year  Total other personal (noncommuting) miles driven  Total commuting miles driven  Total commuting miles driven more than 5% owners or related persons  Total other personal (noncommuting)  Total commuting miles driven  Total commuting miles driv	-	
Section B—Information on Use of Vehicles  Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related pers ff you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for outling the year (do not include commuting miles)  Total business/investment miles driven during the year (do not include commuting) miles)  Total commuting miles driven during the year  Total other personal (noncommuting) miles driven during the year. Add lines 30 through 32  Was the vehicle available for personal use during off-duty hours?  Was the vehicle used primarily by a more than 5% owner or related person?  Is another vehicle available for personal use?  Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees  Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employ not more than 5% owners or related persons (see instructions).  So Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?  See the instructions for vehicles used by corporate officers, directors, or 1% or more owners  Do you treat all use of vehicles by employees as personal use?  Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?  Do you meet the requirements concerning qualified automobile demonstration use? (See instructions).		
Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related pers if you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for during the year (do not include commuting miles)  Total business/investment miles driven during the year (do not include commuting miles)  Total commuting miles driven during the year and lines 30 through 32  Total other personal (noncommuting) miles driven during the year. Add lines 30 through 32  Was the vehicle available for personal use during off-duty hours?  Was the vehicle used primarily by a more than 5% owner or related person?  Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees  Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employ not more than 5% owners or related persons (see instructions).  Section Section Section Section B for vehicles used by employees?  Bo you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?  See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.  Do you provide more than five vehicles to your employees as personal use?  Do you provide more than five vehicles to your employees, obtain information from your employees?  Do you provide more than five vehicles to your employees, and retain the information received?  Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
during the year (do not include commuting miles).  Total commuting miles driven during the year are some some some some some some some som	son. r those vehicles	
Total commuting miles driven during the year Total other personal (noncommuting) miles driven Total other personal (noncommuting) miles driven Total miles driven Total miles driven Total miles driven during the year. Add lines 30 through 32 Total miles driven during the year. Add lines 30 through 32 Total miles driven during the year. Add lines 30 through 32 Total miles driven during the year. Add lines 30 through 32 Total miles driven during the year. Add lines 30 through 32 Total miles driven during the year. Add lines 30 through 32 Total miles driven during the year. Add lines 30 through 32 Total other personal use driven lines with a prohibit sall personal use of vehicles used by Their Employees Total other personal during the year. Add lines 30 through 32 Total other personal use of vehicles for Use by Their Employees Total miles driven lines with a prohibit sall personal use of vehicles used by employees about the use of the vehicles by employees as personal use of vehicles, except commuting, by your employees? Total other personal during hierarchy and the prohibit sall personal use of vehicles, including commuting, by your employees? To be you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? To be you treat all use of vehicles by employees as personal use? To you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? To you meet the requirements concerning qualified automobile demonstration use? (See instructions.)	(f) Vehicle 6	
Total other personal (noncommuting) miles driven		
miles driven		
lines 30 through 32		
use during off-duty hours?	Vaa Na	
more than 5% owner or related person?  Is another vehicle available for personal use?  Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees  Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employ not more than 5% owners or related persons (see instructions).  37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?  See the instructions for vehicles used by corporate officers, directors, or 1% or more owners  39 Do you treat all use of vehicles by employees as personal use?  40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?  40 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)	Yes No	
Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees  Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employ not more than 5% owners or related persons (see instructions).  37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?  38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees?  See the instructions for vehicles used by corporate officers, directors, or 1% or more owners  39 Do you treat all use of vehicles by employees as personal use?  40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?  41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees  Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employ mot more than 5% owners or related persons (see instructions).  37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?  38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees?  See the instructions for vehicles used by corporate officers, directors, or 1% or more owners  39 Do you treat all use of vehicles by employees as personal use?  40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?  40 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employ not more than 5% owners or related persons (see instructions).  37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?  38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees?  See the instructions for vehicles used by corporate officers, directors, or 1% or more owners  39 Do you treat all use of vehicles by employees as personal use?  40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?  41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
by your employees?	ees who <b>are</b>	
Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees?  See the instructions for vehicles used by corporate officers, directors, or 1% or more owners  Do you treat all use of vehicles by employees as personal use?  Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?  Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)	Yes No	
<ul> <li>Do you treat all use of vehicles by employees as personal use?</li> <li>Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?</li> <li>Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)</li> </ul>		
<ul> <li>Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?</li> <li>Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)</li> </ul>		
the use of the vehicles, and retain the information received?		
<b>Note:</b> If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.		
Part VI Amortization		
(a)		
(a) (b) (c) (d) Amortization Description of costs Description of costs Date amortization Amortizable Code Amortization Amortizable	(f) tization for is year	
42 Amortization of costs that begins during your 2007 tax year (see instructions):		
Amortization of costs that began before your 2007 tax year		
Total. Add amounts in column (f). See the instructions for where to report	m <b>4562</b> (200	

Form **4562** (2007)

**Depreciation and Amortization** OMB No. 1545-0172 200 (Including Information on Listed Property) Attachment Sequence No. **67** ► See separate instructions. ► Attach to your tax return. Name(s) shown on return Business or activity to which this form relates Identifying number 69-0000001 Sam Starling, LLP **Legal Services Election To Expense Certain Property Under Section 179** Part I Note: If you have any listed property, complete Part V before you complete Part I. \$125,000 Maximum amount. See the instructions for a higher limit for certain businesses. 2 2 Total cost of section 179 property placed in service (see instructions) . 3 \$500,000 3 Threshold cost of section 179 property before reduction in limitation Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-4 4 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions (b) Cost (business use only) (a) Description of property 6 Listed property. Enter the amount from line 29 . . . . . . . . . 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 9 9 Tentative deduction. Enter the **smaller** of line 5 or line 8. . . . . . . 10 10 Carryover of disallowed deduction from line 13 of your 2006 Form 4562 . 11 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 13 Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶ 13 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see 3,258,175 14 Property subject to section 168(f)(1) election 15 Other depreciation (including ACRS) 625,392 16 MACRS Depreciation (Do not include listed property.) (See instructions.) **Section A** 2.745.142 17 MACRS deductions for assets placed in service in tax years beginning before 2007 18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here Section B--Assets Placed in Service During 2007 Tax Year Using the General Depreciation System (b) Month and (c) Basis for depreciation (d) Recovery (a) Classification of property (e) Convention (f) Method (a) Depreciation deduction vear placed in (business/investment use service only—see instructions) 19a 3-year property b DB 285.740 5-year property 1.428.700 5 HY 325,098 7-year property 2,275,000 HY 10-year property d 15-year property f 20-year property 25 yrs. g 25-year property S/L 27.5 yrs. h Residential rental ММ 27.5 yrs. S/L ММ property 39 yrs. ММ S/L i Nonresidential real property 1.425.000 39 35.069 ММ S/L Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System 20a Class life S/L **b** 12-year 12 <u>yr</u>s. S/L c 40-year ММ 5/1 40 yrs. Part IV Summary (see instructions) 21 Listed property. Enter amount from line 28 . . . Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr. 7,274,616 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs 23

Cat. No. 12906N

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Form	4562 (2007)														Page 2
	rt V Listed	I Property (Ir							, cellula	ır telep	hone	s, cert	ain cor	nputer	
		For any vehicle				,		,	e rate or	deduc	ting le	ase exp	oense,	comple	te <b>onl</b> y
	24a, 24	4b, columns (a,	) through (d	c) of Se	ction A	, all of	Section	n B, and	d Sectio	n C if a	applica	ble.			
	tion A—Depre								1						
24a	Do you have evid	dence to support t	1	investme	nt use cl	aimed?	Yes	□ No	<b>24b</b> If	"Yes,"	is the e	vidence	written		s N
Тур	(a) be of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage		<b>(d)</b> t or other basis			oreciation vestment nly)	(f) Recovery period	Met	g) hod/ ention		(h) reciation duction	Ele secti	(i) ected on 179 cost
25	Special allowance year and used mo	e for qualified New ore than 50% in a	York Liberty o	or Gulf Op ness use	portunity (see instr	Zone prouctions).	operty pla	aced in se	ervice durir	ng the tax	25				
26		more than 50													
			%												
			%												
			%												
27	Property used	50% or less i	· ·		ness us	e:									
			% %							S/L -					
			%							5/L -					
28	Add amounts	in column (h),	,,,		27. Ente	er here	and or	line 21	. page 1		28				
29		in column (i), I										٠	. 29	•	
									/ehicles						
Con If you	nplete this sect provided vehicles	ion for vehicles to your employee	s used by a es, first answe	a sole per the que	ropriet estions in	or, part Section	ner, or C to see	other"r if you me	nore tha eet an exc	n 5% o	owner, comple	" or relating this	ated pe section	rson. for those	vehicles
30		/investment mile			a) cle 1		<b>b)</b> cle 2		c) cle 3	(d Vehic	-		<b>e)</b> icle 5	(1 Vehic	f) cle 6
24	miles)	miles driven durin													
31 32	-	ersonal (noncor	-												
	miles driven .														
33	Total miles driv	ven during the y h 32	ear. Add		NI-				N1 -	<b>V</b>	NI-			V	NI-
34		le available for duty hours? .		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35		cle used primar owner or related													
36	•	cle available for													
		Section C—Qu		r Emp	oyers '	Who P	rovide	Vehicle	s for U	se by 1	Their E	mploy	ees		
	wer these ques						comp	leting S	ection E	for ve	hicles	used b	y empl	oyees w	/ho <b>are</b>
not	more than 5%	owners or rela	ted persor	ıs (see	instruct	ions).									
37		ain a written po byees?							of vehicle	es, inclu	uding (	commu 	ting, 	Yes	No
38	Do you maintair	a written policy tions for vehicles	statement th	nat proh	bits per	sonal us	e of veh	icles, exc							
39		all use of vehic													
40		de more than f		-											
41		e vehicles, and le requirements													
41		nswer to 37, 38										 hicles.			
Pa		tization	.,,,		,		1								
			(	b)		(	c)		(d	)		e)		(f)	
	<b>(a)</b> Description	of costs	Date am	ortization gins		Amor	tizable ount		Cod	de	peri	tization od or entage		ortization f this year	for
42	Amortization o	f costs that beg	gins during	your 20	07 tax y	/ear (se	e instru	ctions):			1				
					+										
42	Amortization of	of costs that be	egan befor	e vour	 2007 ts	x vear				_		43			
43			- 5	- y - ui		, Jui,									
43 44	Total. Add an	nounts in colur	nn (f). See	the ins	tructior	-		report.				44			

4797

### **Sales of Business Property**

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

► Attach to your tax return. ► See separate instructions.

OMB No. 1545-0184 Attachment Sequence No. **27** 

Department of the Treasury Internal Revenue Service Name(s) shown on return Identifying number Sam Starling, LLP 69-000001 Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions). Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Part I Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions) (e) Depreciation (f) Cost or other (g) Gain or (loss) (a) Description of property (b) Date acquired (mo., day, yr.) basis, plus improvements and expense of sale (c) Date sold (d) Gross allowed or Subtract (f) from the sum of (d) and (e) allowable since acquisition no., day, yr.) 2 3 Gain, if any, from Form 4684, line 39 . . . . . . . . . . . . . . . 4 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 . Section 1231 gain or (loss) from like-kind exchanges from Form 8824 .  $\,$  . 5 5 6 Gain, if any, from line 32, from other than casualty or theft . . . . . 6 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below. 8 Part II Ordinary Gains and Losses (see instructions) Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less): Loss, if any, from line 7. . . . 11 12 12 Gain, if any, from line 7 or amount from line 8, if applicable. 10,000 13 Gain, if any, from line 31 . . . . . . . . . . . . 13 Net gain or (loss) from Form 4684, lines 31 and 38 . . . 14 14 15 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 16 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . 10,000 17 Combine lines 10 through 16 . . . . . . . . . . . . For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip 18 lines a and b below. For individual returns, complete lines a and b below: If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, 18b

For Paperwork Reduction Act Notice, see separate instructions.

line 14

Form 4797 (2007)

Page 2

Form 4797 (2007)

9	(a) Description of section 1245, 1250, 1252, 1254, or 1255 pr	onerty				(b) Date acc	quired	(c) Date sold
<del>-</del>			` (mo., day,		(mo., day, yr.)			
<u>A</u>	Furniture and Fixtures					10/01/2	<b>00</b> 6	01/19/2007
B C								
D								
	These columns relate to the properties on lines 19A through 19D		Property A	Property	В	Property	, C	Property D
0	Gross sales price (Note: See line 1 before completing.)	20	10,000 10,000					
1	Cost or other basis plus expense of sale	22	10,000					
2	Depreciation (or depletion) allowed or allowable	23	10,000					
	Adjusted basis. Subtract line 22 from line 21							
4	Total gain. Subtract line 23 from line 20	24	10,000					
25	If section 1245 property:							
а	Depreciation allowed or allowable from line 22	25a	10,000					
b	Enter the <b>smaller</b> of line 24 or 25a	25b	10,000					
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.							
а	Additional depreciation after 1975 (see instructions)	26a						
b	Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions)	26b						
С	Subtract line 26a from line 24. If residential rental property <b>or</b> line 24 is not more than line 26a, skip lines 26d and 26e	26c						
d	Additional depreciation after 1969 and before 1976	26d						
е	Enter the <b>smaller</b> of line 26c or 26d	26e						
f g	Section 291 amount (corporations only)	26f 26g						
		Log						
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a							
_	partnership (other than an electing large partnership).  Soil, water, and land clearing expenses	27a						
a b	Line 27a multiplied by applicable percentage (see instructions)	27b						
c	Enter the <b>smaller</b> of line 24 or 27b	27c						
28	If section 1254 property:							
а	Intangible drilling and development costs, expenditures for							
	development of mines and other natural deposits, and							
	mining exploration costs (see instructions)	28a						
<u>b</u>	Enter the smaller of line 24 or 28a	28b						
29	If section 1255 property:							
а	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a						
b	Enter the <b>smaller</b> of line 24 or 29a (see instructions)	29b						
Sun	nmary of Part III Gains. Complete property columns		ough D through	line 29b b	efo	re going to	line	30.
								40.00
80	Total gains for all properties. Add property columns A through	n D, lin	e 24				30	10,00 10,00
81	Add property columns A through D, lines 25b, 26g, 27c, 28b,						31	
32	Subtract line 31 from line 30. Enter the portion from casualty of other than casualty or theft on Form 4797, line 6						32	(
Pa	rt IV Recapture Amounts Under Sections 179 (see instructions)	and 2	280F(b)(2) Whe	n Busines	s L	lse Drops	s to 5	0% or Less
						(a) Sect 179	ion	(b) Section 280F(b)(2)
3	Section 179 expense deduction or depreciation allowable in p	orior ve	ars		33			
-		•			34			

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Form **4797** (2007)

Form

(Rev. December 2006) Department of the Treasury Internal Revenue Service

# Rental Real Estate Income and Expenses of a Partnership or an S Corporation ► See instructions on back. ► Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

11 Taxes 11 1 12 12 13 14 15 12 15 15 15 15 15 15 15 16 17 17 17 18 17 18 18 18 18 18 18 18 18 18 18 18 18 18	Name	•						Emplo	yer identification nu	ımber
Rental Real Estate Income	San							69	0000001	
Rental Real Estate Income   A B C D	_1_	Show the kind and location of ea	ach pro	perty. See page 2	to list additional	prope	ties.			
Rental Real Estate Income   A B C D	Α	Rental								
Rental Real Estate Income										
Rental Real Estate Income   A B C D	В									
Rental Real Estate Income	С									
Rental Real Estate Income 2 Gross rents  Rental Real Estate Expenses 3 Advertising 3 4 Auto and travel 4 5 Cleaning and maintenance 5 6 Commissions 6 7 Insurance 7 8 Legal and other professional fees 9 10 Repairs 10 11 Taxes 11 11 Taxes 11 11 Taxes 11 12 Utilities 12 13 Wages and salaries 13 14 Depreciation (see instructions) 15 Other (list) ▶ 10 11 Total expenses for each property. Add lines 3 through 15 16 Total expenses. Add gross rents from line 12, columns A through H 17 1,234,900 18 Total expenses. Add gross rents from line 16, columns A through H 18 (1,031,775) 19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities 19 10 Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1) 20a  17 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   2 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   2 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   2 1 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   2 2 2 3 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   3 Auto-and trusts in which this partnerships, setates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:   2 1 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   4 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	D									
Rental Real Estate Income 2 Gross rents  Rental Real Estate Expenses 3 Advertising 3 4 Auto and travel 4 5 Cleaning and maintenance 5 6 Commissions 6 7 Insurance 7 8 Legal and other professional fees 9 10 Repairs 10 11 Taxes 11 11 Taxes 11 11 Taxes 11 12 Utilities 12 13 Wages and salaries 13 14 Depreciation (see instructions) 15 Other (list) ▶ 10 11 Total expenses for each property. Add lines 3 through 15 16 Total expenses. Add gross rents from line 12, columns A through H 17 1,234,900 18 Total expenses. Add gross rents from line 16, columns A through H 18 (1,031,775) 19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities 19 10 Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1) 20a  17 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   2 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   2 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   2 1 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   2 2 2 3 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   3 Auto-and trusts in which this partnerships, setates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:   2 1 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   4 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2						Prop	erties			
2 Gross rents		Rental Real Estate Income		Α	В				D	
Rental Real Estate Expenses  3	2	•	2	1,234,900						
3 Advertising 3 4 Auto and travel 4 4 5 Cleaning and maintenance 5 5 6 6 7 1120S: Schedule K, line 2, or white here and on:  9 Auto and travel 4 4 7 7 7 7 7 8 1 8 1 8 1 8 1 8 1 8 1 8 1 8	_	Groce reme								
3 Advertising 3 4 Auto and travel 4 4 5 Cleaning and maintenance 5 5 6 6 7 1120S: Schedule K, line 2, or white here and on:  9 Auto and travel 4 4 7 7 7 7 7 8 1 8 1 8 1 8 1 8 1 8 1 8 1 8		Rental Real Estate Expenses								
4 Auto and travel 4	3		3							
5 Cleaning and maintenance			4							
6 Commissions 6 7 Insurance 7 7 8 Legal and other professional fees 8 1 9 Interest 9 9 10 Repairs 10 Repairs 10 11 Taxes 11 11 11 12 Utilities 12 Utilities 12 Utilities 13 Wages and salaries 13 14 Depreciation (see instructions) 14 18,275 15 Other (list)  16 1,031,775 16 17 Total gross rents. Add gross rents from line 2, columns A through H 17 1,234,900 18 Total expenses. Add total expenses from line 16, columns A through H 18 (1,031,775 ) 19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities rom partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1) 20a  19 Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:  (1) Name (2) Employer identification number 21 203.125			5							
7			6							
8 Legal and other professional fees 9 Interest 9 Intere	7		7							
9 Interest 9   10 Repairs 10   10   11 Taxes 11   1   12   12   13   14   18,275   15   15   15   15   15   16   1,031,775   16   1,031,775   17 Total gross rents. Add gross rents from line 2, columns A through H 17   1,234,900   18 Total expenses. Add total expenses from line 16, columns A through H 18   1,031,775   19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities   19   19 Net income (loss) from rental real estate activities   19   10 Net income (loss) from rental real estate activities   19 Net income (loss) from rental real estate activities   19 Net income (loss) from rental real estate activities   19 Net income (loss) from rental real estate activities   19 Net income (loss) from rental real estate activities   19 Net income (loss) from rental real estate activities   19 Net income (loss) from rental real estate activities   19 Net income (loss) from rental real estate activities   19 Net income (loss) from rental real estate activities   19 Net income (loss) from rental real estate activities   19 Net income (loss) from rental real estate activities   19 Net income (loss) from rental real estate activities   19 Net rental real estate income (loss) is shown on line   20a. Attach a schedule if more space is needed:   20a Net income (loss) from rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:   21 Net rental real estate income (loss).	8		8							
11 Taxes 12 Utilities 12 Utilities 12 Utilities 13 Wages and salaries 13 Uages and salaries 14 Depreciation (see instructions) 14 18,275 Utilities 15 Utilities 16 Utilities 17 Utilities 17 Utilities 18 Utilities 18 Utilities 19 Utilities	9	Interest	. 9							
11 Taxes	10	Repairs	. 10							
13 Wages and salaries	11	Taxes								
Depreciation (see instructions) Other (list)  15  16  Total expenses for each property. Add lines 3 through 15  17  Total gross rents. Add gross rents from line 2, columns A through H  Total expenses. Add total expenses from line 16, columns A through H  18  Total expenses. Add total expenses from line 16, columns A through H  19  Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities  20a  Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)  b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:  (1) Name  (2) Employer identification number  21  Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:  Form 1065 or 1120S: Schedule K, line 2, or	12	Utilities								
15 Other (list) \( \) \(	13	Wages and salaries								
16 Total expenses for each property. Add lines 3 through 15  17 Total gross rents. Add gross rents from line 2, columns A through H  18 Total expenses. Add total expenses from line 16, columns A through H  19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities  20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)  b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:  (1) Name  (2) Employer identification number  • Form 1065 or 1120S: Schedule K, line 2, or	14									
16 Total expenses for each property. Add lines 3 through 15  17 Total gross rents. Add gross rents from line 2, columns A through H  18 Total expenses. Add total expenses from line 16, columns A through H  19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities  20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)  19 Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:  (1) Name  (2) Employer identification number  21 203.125  22 203.125	15	Other (list)	.   -	1,013,500						
Add lines 3 through 15			15							
Add lines 3 through 15			-   -							
Add lines 3 through 15			+ +							
Total gross rents. Add gross rents from line 2, columns A through H  Total expenses. Add total expenses from line 16, columns A through H  Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities  Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)  Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:  (1) Name  (2) Employer identification number  Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:  Form 1065 or 1120S: Schedule K, line 2, or	16		16	1 031 775						
Total expenses. Add total expenses from line 16, columns A through H  18 Total expenses. Add total expenses from line 16, columns A through H  19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities  20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)  b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:  (1) Name  (2) Employer identification number  21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:  • Form 1065 or 1120S: Schedule K, line 2, or		Add lines 3 through 15	. 10	1,031,773						
Total expenses. Add total expenses from line 16, columns A through H  18 Total expenses. Add total expenses from line 16, columns A through H  19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities  20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)  b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:  (1) Name  (2) Employer identification number  21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:  • Form 1065 or 1120S: Schedule K, line 2, or	47	Tatal average versta. Add average vers		line O selvinese A	Alexante III			17	1 234 900	
19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	17	Total gross rents. Add gross ren	is irom	line 2, columns A	through H			-17	1,204,000	
19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	1Ω	Total expenses Add total expen	sos fror	n line 16 columns	A through H			18	( 1.031.775	)
estate activities	10	Total expenses. Add total expen	363 1101	ir line 10, coluirins	A tillough i				,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
estate activities	10	Net gain (loss) from Form 4797	Dart II	ine 17 from the d	isposition of pro	narty fr	rom rental real			
20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	13							19		
this partnership or S corporation is a partner or beneficiary (from Schedule K-1)  b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:  (1) Name  (2) Employer identification number  21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:  • Form 1065 or 1120S: Schedule K, line 2, or										
this partnership or S corporation is a partner or beneficiary (from Schedule K-1)  b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:  (1) Name  (2) Employer identification number  21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:  • Form 1065 or 1120S: Schedule K, line 2, or	20a	Net income (loss) from rental real	estate	activities from part	nerships, estates	s. and t	rusts in which			
b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:  (1) Name  (2) Employer identification number  21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:  • Form 1065 or 1120S: Schedule K, line 2, or								20a		
20a. Attach a schedule if more space is needed:  (1) Name  (2) Employer identification number  21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:  Form 1065 or 1120S: Schedule K, line 2, or	b	Identify below the partnerships, es	tates, o	r trusts from which	net income (loss)	is show	vn on line			
21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:  • Form 1065 or 1120S: Schedule K, line 2, or					, ,					
21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:  • Form 1065 or 1120S: Schedule K, line 2, or		(1) Nama		(0) Empl	over identification	n numb	oor			
21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:  • Form 1065 or 1120S: Schedule K, line 2, or		(i) Name		( <b>2)</b> Emplo	oyer identiliidatio	ii iiuiiik	Jei			
21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:  • Form 1065 or 1120S: Schedule K, line 2, or										
Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:  Form 1065 or 1120S: Schedule K, line 2, or										
• Form 1065 or 1120S: Schedule K, line 2, or									202.425	
	21				igh 20a. Enter th	e resul	t here and on:	21	203.125	
			ie K, iin	e∠, or						

Page 2 Form 8825 (12-2006)

1	Show the kind and location of ea	ach pro	operty.					
E							 	
F							 	
G							 	
н							 	
			I	_	<b></b>			
				1	rop	erties		
	Rental Real Estate Income		Е	F		G	Н	
2	Gross rents	. 2						
	Rental Real Estate Expenses							
3	Advertising	. 3						
4	Auto and travel							
5	Cleaning and maintenance							
6	Commissions	_						
7	Insurance							
8	Legal and other professional fees.	. 8						
9	Interest							
10	Repairs	. 10						
11	Taxes	. 11						
12	l Itilities	12						

16	Total expenses for each property. Add lines 3 through 15

Utilities . . . . . . .

Wages and salaries . . .

Depreciation (see instructions)

Other (list) ▶ ..... ----- 13

14

15

16

#### Instructions

12

14

Section references are to the Internal Revenue Code.

#### What's New

The IRS will revise this December 2006 version of Form 8825 only when necessary. Continue to use this version of the form for tax years beginning after 2006 until a new revision is issued.

Purpose of form. Partnerships and S corporations use Form 8825 to report income and deductible expenses from rental real estate activities, including net income (loss) from rental real estate activities that flow through from partnerships, estates, or trusts.

Before completing this form, be sure to read:

- Passive Activity Limitations in the instructions for Form 1065 or Form 1120S, or Passive Loss Limitation Activities in the instructions for Form 1065-B, especially for the definition of "rental activity."
- Extraterritorial Income Exclusion in the instructions for Form 1065, 1065-B, or 1120S.

Specific Instructions. Form 8825 provides space for up to eight properties. If there are more than eight properties, attach additional Forms 8825.

The number of columns to be used for reporting income and expenses on this form may differ from the number of rental real estate activities the partnership or S corporation has for purposes of the passive activity limitations. For example, a partnership owns two apartment buildings, each located in a different city. For purposes of the passive activity limitations, the partnership grouped both buildings into a single activity. Although the partnership has only one rental real estate activity for purposes of the

passive activity limitations, it must report the income and deductions for each building in separate columns.

However, if the partnership or S corporation has more than one rental real estate activity for purposes of the passive activity limitations, attach a statement to Schedule K that reports the net income (loss) for each separate activity. Also, attach a statement to each Schedule K-1 that reports each partner's or shareholder's share of the net income (loss) by separate activity (except for limited partners in an electing large partnership). See Passive Activity Reporting Requirements in the instructions for Form 1065, Form 1065-B, or Form 1120S for additional information that must be provided for each activity.

Complete lines 1 through 16 for each property. But complete lines 17 through 21 on only one Form 8825. The figures on lines 17 and 18 should be the combined totals for all forms.

Do not report on Form 8825 anv:

- Income or deductions from a trade or business activity or a rental activity other than rental real estate. These items are reported elsewhere.
- Portfolio income or deductions.
- Section 179 expense deduction.
- Other items that must be reported separately to the partners or shareholders.
- Commercial revitalization deductions.

Line 1. Show the kind of property rented out (for example, "apartment building"). Give the street address, city or town, and state.

Line 14. The partnership or S corporation may claim a depreciation deduction each year for

rental property (except for land, which is not depreciable). If the partnership or S corporation placed property in service during the current tax year or claimed depreciation on any vehicle or other listed property, complete and attach Form 4562, Depreciation and Amortization. See Form 4562 and its instructions to figure the depreciation deduction.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 hr., 27 min.; Learning about the law or the form, 34 min.; Preparing the form, 1 hr., 37 min.; Copying, assembling, and sending the form to the IRS, 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## **Empowerment Zone and Renewal Community Employment Credit**

► Attach to your tax return.

OMB No. 1545-1444 Attachment Sequence No. 99

Department of the Treasury Internal Revenue Service Identifying number Name(s) shown on return Sam Starling, LLP
Part I Current Year Credit 69-000001

Гаг	Current fear Credit			
1	Enter the total qualified wages paid or incurred during calendar year 20		1a	40.000
а	Qualified empowerment zone wages			40,000
b	Qualified renewal community wages	1b	40.000	
2	Add lines 1a and 1b. You must subtract this amount from your deduction	on for salaries and wages	2	40,000
3	Employment zone and renewable community employment credit from pacooperatives, estates, and trusts		3	
4	Add lines 2 and 3. Partnerships and S corporations, report this amount on			
•	to line 5		4	40,000
5	Empowerment zone and renewal community employment credit include			
	activities (see instructions)		5	
6	Subtract line 5 from line 4		6	
7	Passive activity credit allowed for 2007 (see instructions)	7		
8	Carryforward of empowerment zone and renewal community employment		8	
9	Carryback of empowerment zone and renewal community employment credit fr		9	
10	Add lines 6 through 9. Cooperatives, estates, and trusts, go to line 11. All complete Part II		10	
11	Amount allocated to the patrons of the cooperative or the beneficiaries			
•	instructions)	,	11	
12	Cooperatives, estates, and trusts. Subtract line 11 from line 10. Use this a	mount to complete Part II	12	
Par	t II Allowable Credit			
13	Regular tax before credits:			
•	Individuals. Enter the amount from Form 1040, line 44; Form 1040NR, line	41		
•	Corporations. Enter the amount from Form 1120, Schedule J, line 2; or the			
	your return		13	
•	Estates and trusts. Enter the sum of the amounts from Form 1041, Schedu			
	1b, or the amount from the applicable line of your return			
14	Alternative minimum tax:	,		
•	Individuals. Enter the amount from Form 6251, line 35			
•	Corporations. Enter the amount from Form 4626, line 14		14	
•	Estates and trusts. Enter the amount from Form 1041, Schedule I, line $56$			
5	Add lines 13 and 14		15	
6a	Credits from Form 1040, lines 47 through 50 and lines 52 through 54 (or	16a		
	Form 1040NR, lines 44, 45, and 47 through 49)	16b		
b	Foreign tax credit	16c		
С	Credits from Forms 5735 and 8834	16d		
d	Non-business alternative motor vehicle credit (Form 8910, line 18)	16e		
e	Non-business alternative fuel vehicle refueling property credit (Form 8911, line 19)		16f	
	Add lines 16a through 16e		17	
7 8	Net regular tax. Subtract line 16f from line 13. If zero or less, enter -0-	<b>18</b>		
9		19		
	,	-		
20	Enter 25% (.25) of the excess, if any, of line 18 over \$25,000 (see instructions)	20		
21	Multiply line 19 by 75% (.75)	21		
22	Enter the greater of line 20 or line 21		22	
23	Subtract line 22 from line 17. If zero or less, enter -0-		23	
24	General business credit (Form 3800, line 19)		24	
25	Subtract line 24 from line 23		25	
26	Credit allowed for the current year. Cooperatives, estates, and trusts. En			
	line 25. Report this amount on Form 1041, Schedule G, line 2c; or Form 112			
	line 25 is smaller than line 12, see instructions. <b>All others.</b> Enter the <b>smaller</b> of			
	this amount on Form 1040, line 55; Form 1040NR, line 50; Form 1120, S	·		
	applicable line of your return. If line 25 is smaller than line 12, see instructions		26	

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 16145S

Form **8844** (2007)

Identifying number

Form **8882**(Rev. December 2006)
Department of the Treasury Internal Revenue Service

Name(s) shown on return

# Credit for Employer-Provided Childcare Facilities and Services

► Attach to your tax return.

OMB No. 1545-1809

Attachment Sequence No. 131

Sam Starling, LLP 69-000001 1 Qualified childcare facility expenditures paid or incurred 2 2 Enter 25% (.25) of line 1 . . . . Qualified childcare resource and referral expenditures paid or incurred 3 4 Enter 10% (.10) of line 3 . . . . . . . . Credit for employer-provided childcare facilities and services from partnerships, S corporations, 35,600 5 estates, and trusts . . . . . . . . . . . . . . . 35,600 6 Add lines 2, 4, and 5 Enter the smaller of line 6 or \$150,000. Estates and trusts, go to line 8. All others report this amount as follows: partnerships and S corporations, report this amount on Schedule K; all others, 35,600 7 report the credit on the applicable line of Form 3800, (e.g., line 1n of the 2006 Form 3800) . . . 8 Amount allocated to beneficiaries of the estate or trust (see instructions) . Estates and trusts. Subtract line 8 from line 7. Report the credit on the applicable line of Form 3800 (e.g., line 1n of the 2006 Form 3800)

### **General Instructions**

Section references are to the Internal Revenue Code.

#### What's New

- The tax liability limit is no longer figured on this form. Instead, it must be figured on Form 3800, General Business Credit.
- Taxpayers that are not partnerships, S corporations, estates, or trusts, and whose only source of this credit is from those pass-through entities, are not required to complete or file this form. Instead, they can report this credit directly on line 1n of Form 3800.
- The IRS will revise this December 2006 version of the form only when necessary. Continue to use this version for tax years beginning after 2005 until a new revision is issued.

#### **Purpose of Form**

Employers use Form 8882 to claim the credit for qualified childcare facility and resource and referral expenditures. The credit is part of the general business credit. You may claim the credit any time within 3 years from the due date of your return on either an original or amended return.

For details, see section 45F.

#### **How To Figure the Credit**

The credit is 25% of the qualified childcare facility expenditures plus 10% of the qualified childcare resource and referral expenditures paid or incurred during the tax year. The credit is limited to \$150,000 per tax year.

Qualified childcare expenditures are amounts paid or incurred:

- To acquire, construct, rehabilitate, or expand property that:
  - Is to be used as part of a qualified childcare facility of the taxpayer,
  - 2. Is depreciable (or amortizable) property, and
  - **3.** Is not part of the principal residence of the taxpayer or any employee of the taxpayer;
- For the operating expenses of a qualified childcare facility of the taxpayer, including expenses for training of employees, scholarship programs, and providing increased compensation to employees with higher levels of childcare training; or
- Under a contract with a qualified childcare facility to provide childcare services to employees of the taxpayer.

**Note.** Any expenses for childcare included in qualified childcare facility expenditures may not exceed the fair market value of such care.

A *qualified childcare facility* is a facility that meets the requirements of all applicable laws and regulations of the state or local government in which it is located, including the licensing of the facility as a childcare facility. The following conditions must also be met.

- The principal use of the facility must be to provide childcare (unless the facility is also the personal residence of the person operating the facility).
- Enrollment in the facility must be open to employees of the taxpayer during the tax year.

651106

				Final K-1	Amend	ded K-	1 OMB No. 1545-	-0099
Schedule K-1			Pa	art III	Partner's Share	e of	Current Year Incom	ne,
(Form 1065)	Deductions, Credits, and Other Items							
Department of the Treasury	For calendar year 2007, or ta	ax	1	Ordinary b	ousiness income (loss)	15	Credits	
Internal Revenue Service	year beginning	, 2007			403,407		K	200
	ending	, 20	2	Net rental	real estate income (loss	)		
Partner's Share of	f Income, Deductions,		<u> </u>	011	1,016	40		178
Credits, etc.	► See back of form and separate	instructions.	3	Other net	rental income (loss)	16	Foreign transactions	
Part I Informat	tion About the Partnership	n	4	Guarantee	ed payments			
A Partnership's employer		Υ	1					
69-000001			5	Interest in	come			
B Partnership's name, add	dress, city, state, and ZIP code				463			
Sam Starling, LLP			6a	Ordinary of	lividends			
631 N McKinley Dr								
Reno, NV 89510			6b	Qualified of	dividends			
C IRS Center where partne	orabin filed return		7	Royalties				
	ersnip tilea return		8	Not abort	torm conital gain (loss)			
Ogden			l °	Net short-	term capital gain (loss)			
	ublicly traded partnership (PTP)		9a	Net long-t	erm capital gain (loss)	17	Alternative minimum tax (AMT)	items
E	tion number, if any							997
Office in Form 627	is attached		9b	Collectible	es (28%) gain (loss)			
Part II Informat	tion About the Partner							
G Partner's identifying nur	nber		9с	Unrecaptu	red section 1250 gain			
000-00-0001								
<b>H</b> Partner's name, address	s, city, state, and ZIP code		10	Net section	n 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses	
Taxpayer A1						-		
PO Box 0001			11	Other inco	ome (loss)		C 3,	,876
Reno, NV 89510								
Consuel months of	Limited partner of	th 1 1 C						
I	member	or other LLC				19	Distributions	
J Domestic partner	Foreign partner		12	Section 17	79 deduction	1	A 375,	,702
K What type of entity is th	nis partner? Individual		13	Other ded	uctions			
L Partner's share of profit						20	Other information	
Begii	nning _   Ending							
Profit	.5 %	.5 %					Α	463
Loss	.5 %	.5 %						
Capital	.5 %	.5 %	14	Self-emplo	yment earnings (loss)			
			' '	ocii ciripio	yment carnings (1005)			
M Partner's share of liability	ties at year end: .    .   .   .   .\$	55,000						
l								
	\$		*Se	e attach	ed statement for a	dditio	onal information.	
N Partner's capital accour	nt analysis:							
Beginning capital accou	unt\$	224,445	<u> </u>					
Capital contributed duri			ŏ					
Current year increase (d	,	607,177	Jse					
Withdrawals & distribution	ons\$ <u>(</u>	375,702 )	S					
Ending capital account	\$	455,920	For IRS Use Only					
Tax basis	GAAP Section 704(b) book		- <u>F</u>					
Other (explain)	4001 704(D) DOOK							

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

				Final K-1	Ameno	led K-	1 OMB No. 15	545-0099
Schedule K-1		20 <b>17</b>	Pa	art III	Partner's Share	e of	Current Year Inco	ome,
(Form 1065)		Z\U\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\			Deductions, Cr	edit	s, and Other Item	s
Department of the Treasury	For calendar ye	ar 2007, or tax	1	Ordinary I	ousiness income (loss)	15	Credits	
Internal Revenue Service	year beginning	, 2007			8,068,140		K	4,000
	ending _	, 20	2	Net rental	real estate income (loss	)		
Partner's Share of	f Income, Dedu	ıctions,			20,312			3,560
Credits, etc.	► See back of form a	nd separate instructions.	3	Other net	rental income (loss)	16	Foreign transactions	
Part I Informat	tion About the Pa	artnershin	4	Guarantee	ed payments			
A Partnership's employer		ar triorornp	1		, , , , , , , , , , , , , , , , , , , ,			
69-000001			5	Interest in	come			
B Partnership's name, add	dress, city, state, and ZIP	code	1		9,265			
Sam Starling, LLP			6a	Ordinary of	dividends			
631 N McKinley Dr								
Reno, NV 89510			6b	Qualified	dividends			
<b>Q</b> 150 0 1 1			7	Royalties				
C IRS Center where partn	ership filed return			NI-t -bt				
Ogden			8	Net short-	term capital gain (loss)			
	oublicly traded partnership	, ,	9a	Net long-	term capital gain (loss)	17	Alternative minimum tax (A	MT) items
	ation number, if any					''	,	19,946
<b>F</b> ☐ Check if Form 827 <sup>-</sup>	i is attached		9b	Collectible	es (28%) gain (loss)			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Part II Informat	tion About the Pa	artner						
G Partner's identifying nur	mber		9с	Unrecaptu	ured section 1250 gain			
000-00-0022								
<b>H</b> Partner's name, address	s, city, state, and ZIP cod	de	10	Net section	on 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses	
Sam Starling								
PO Box 99			11	Other inco	ome (loss)		C	77,513
7 Birch Branch St Johns, NFLD								
Canada, AIC5N5								
I		nited partner or other LLC mber				19	Distributions	
J Domestic partner	For	reign partner	12	Section 1	79 deduction	1	A 7,5	14,031
		org. Parare.						
K What type of entity is th	nis partner? Individua	al	13	Other dec	luctions			
L Partner's share of profit						20	Other information	
Begi	nning	Ending						
Profit	10 %	10 %					<i>A</i>	9,265
Loss	10 %	10 %						
Capital	10 %	10 %	14	Self-emplo	yment earnings (loss)			
N. Dankarada ahama at Kabili	W t t		1	Con ompio	ymone carmigo (loce)			
M Partner's share of liabili	ities at year end: 	1,100,000						
l		,,						
			*Se	e attach	ed statement for a	dditio	onal information.	
N Partner's capital accour	nt analysis:							
Beginning capital accou	unt\$	4,488,892	<u></u>					
Capital contributed duri			Ŏ					
Current year increase (c	,		Jse					
Withdrawals & distributi		<u>7,514,031 )</u> 9,118,401	SS (					
Ending capital account	\$	3,110,401	For IRS Use Only					
Tax basis	GAAP Section 70	04(b) book	요					
Other (explain)		- (2)						

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

				Final K-1	Amend	led K-	1 OMB No. 1545-0099
Schedule K-1		<b>୭</b> ⋒ <b>1</b> 7	Pa	art III	Partner's Share	of	Current Year Income,
(Form 1065)					Deductions, Cr	edit	s, and Other Items
Department of the Treasu		lar year 2007, or tax	1	Ordinary b	ousiness income (loss)	15	Credits
Internal Revenue Service		ning, 2007			32,272,561		K 16,000
	endi	ng, 20	2	Net rental	real estate income (loss)		
Partner's Share	e of Income, D				81,250		P 14,240
Credits, etc.	► See back of fo	orm and separate instructions.	3	Other net	rental income (loss)	16	Foreign transactions
		<b>D</b>					
	mation About the		4	Guarantee	ed payments		
l	loyer identification number	er	5	Interest in	22,675,031		
69-000001	e, address, city, state, an	d ZID codo	-l°	Interest in			
·		d ZIF Code	6a	Ordinary of	37,060		
Sam Starling, LL			l oa	Ordinary C	dividends		
631 N McKinley I Reno, NV 89510	Dr		6b	Qualified of	dividends		
Reno, NV 05510			"	Qualifica	arvidorido		
			7	Royalties			
C IRS Center where	partnership filed return		1 .	, ioyaii.oo			
Ogden			8	Net short-	term capital gain (loss)		
	is a publicly traded partne	vrchip (PTP)			J (,		
	gistration number, if any	, , ,	9a	Net long-t	erm capital gain (loss)	17	Alternative minimum tax (AMT) items
	n 8271 is attached						A 79,782
oneck ii i oiii	1 027 1 13 attached		9b	Collectible	es (28%) gain (loss)		,
Part II Infor	mation About the	e Partner					
G Partner's identifying	ng number		9с	Unrecaptu	red section 1250 gain		
69-1000001							
H Partner's name, ad	ddress, city, state, and Zl	P code	10	Net section	on 1231 gain (loss)	18	Tax-exempt income and
Barton and Jenk	ins Enterprise						nondeductible expenses
RR 510 W	•		11	Other inco	ome (loss)		C 310,051
Anchorage, AK 9	99502						
			-				
I ✓ General partr		Limited partner or other LLC				10	Distributions
member-mana	ager	member	12	Coation 1	79 deduction	19	Distributions
J Domestic part	tner	Foreign partner	'2	Section	79 deduction		A 30,056,124
	Port	orchin	13	Other ded	luctions		
	y is this partner? Parti	lership	'	Other ded	lactions	20	Other information
	profit, loss, and capital:						outer information
Profit	Beginning 40 %	Ending 40 %					A 37,060
Loss	40 %	40 %					7, 01,000
Capital	40 %	40 %					
<u>Japitai</u>	- ,0	- /0	14	Self-emplo	yment earnings (loss)		
M Partner's share of	liabilities at year end:				A 55,024,842		
l		4,400,000					
l					C 55,024,842		
			*Se	e attach	ed statement for a	dditid	onal information.
N Partner's capital a	ccount analysis:						
Beginning capital	account\$	17,955,567	<u>&gt;</u>				
Capital contributed	d during the year .\$		For IRS Use Only				
Current year increa	ase (decrease)\$	48,574,159	lse				
Withdrawals & dist	tributions\$ <u>(</u>	30,056,124	S				
Ending capital acc	count\$	36,473,602	<u>≝</u>				
			For				
Tax basis		on 704(b) book	1				
Other (explain	1)		1				

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

### **TEST SCENARIO 2**

#### FORMS REQUIRED:

1065, 4562, 4797, 8824, 1065 SCH K-1 (2), Form 8453-PE

### **ATTACHMENTS:**

Self-Charged Interest Election Section 195 Election Itemized Other Deductions Statement

**BINARY ATTACHMENTS:** Scanned Form 8453-PE

### **HEADER INFO**

Tax Period: Calendar Year 2007

**Preparer Firm** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, NV 89501

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: ERO

PractionerPIN: None PIN Entered by – N/A

Signature Option: Binary Attachment 8453-PE Signature Document

**Return Type: Form 1065** 

**Filer:** EIN: 69-0000002

Name: Jennings Boats LLC Name Control: JENN Address: Rt 1 Box 843

Bar Harbor, ME 04609

**Partner:** Name: Daniel Jennings

Title: Chief Executive Officer

Taxpayer PIN:

Phone: 555-555-0000

Email Address: Anymail@email.com

Date Signed: 04/15/2008

**Preparer:** Name: Paul Jennings

SSN: 000-10-0002 Phone: 555-555-555

Email Address: Anymail@email.com

Date Prepared: 04/15/2008

Self Employed: No

**IRS PAYMENT:** N/A

### **Details for attachments**

### **Self-Charged Interest Election** (Form 1065)

Name of Partnership	Address	EIN	Regulation Section 1.469-7(g) Declaration		
Jennings Boats	Rt 1 Box 843 Bar Harbor, ME 04609	69-0000002	Yes		

### Section 195 Election (Form 1065)

Description of Trade or Business	r Number of Months Description of Expenditure Amortized Start-Up		Date Trade or Business Began
Business	Expenditure i informed	Expenditure	Begun
Boats Sales and	Sixty (60)	Pre-organization	01/01/2007
Services		Costs	

### Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Amortization	1,200
Professional Fees	225,000
Insurance	84,022

	11	165	1	U.S. Return of Part	nershi	p Inc	ome	L	OMB No. 1545-0099			
		the Treasury se Service (77)	For calend	dar year 2007, or tax year beginning ▶ See separate			, 20		2007			
		usiness activity	Lloo the	Name of partnership				D	Employer identification nu	mber		
	Boat Sa		Use the IRS	Jennings Boat, LLC				_	69 0000002			
		oduct or service	label.	Number, street, and room or suite no. If a	P.O. box, s	ee the inst	ructions.	E	Date business started			
	Sales a	nd Services	Other- wise,	Rt 1 Box 843				┸	01/01/2007			
<b>C</b> B	usiness c	ode number	print	City or town, state, and ZIP code				F Total assets (see the				
	44	41222	or type.	Bar Harbor, ME 04609				\$	instructions) \$ 2,749,483			
G H I J												
Ca	ution. Ir	nclude <b>only</b> tr	ade or bus	iness income and expenses on lines	1a throug	gh 22 be		ctions	for more information	n.		
	<b>1a</b> G	iross receipts	s or sales			1a	4,212,980					
	b L	ess returns a	and allowa	nces		1b	350,000	1c	3,862,980			
	1			nedule A, line 8)				2	3,508,023			
πe				ne 2 from line 1c				3	354,957			
ncome				from other partnerships, estates, a		4						
<u>=</u>	1	•	, ,	tach Schedule F (Form 1040))		•	,	5				
	1			m 4797, Part II, line 17 (attach For				6	9,000			
		• ,		ach statement)	,			7				
	8 T	otal income	(loss). Co	ombine lines 3 through 7				8	363,957			
l (SI				er than to partners) (less employm				9	150,000			
atior	1	Suaranteed pa		10	110,000							
iii.	1		-		11	5,562						
(see the instructions for limitations)	1				12	,						
ons	1				13	265,740						
ucti	1							14	33,450			
nstr								15	95,362			
the				Lattoch Form 4562)		16a	100.976		30,302			
366				<i>l, attach Form 4</i> 562) ed on Schedule A and elsewhere on		16b	100,570	16c	100,976			
S	1							17	100,370			
tions				ict oil and gas depletion.)				18				
Œ		letirement pla	,					19	1,250			
귱				ams				20	310,222			
Deduct		ther deduction		n statement) the amounts shown in the far righ	t column	for lines	9 through 20	21	1,072,562			
_				ome (loss). Subtract line 21 from li		101 111100	o anough 20 .	22	(708,605)			
_	22 0			declare that I have examined this return, inclu		nnanving s	chedules and statement			edge		
and belief,			s true, correction of which	tt, and complete. Declaration of preparer (otl preparer has any knowledge.	her than ge	neral partn	er or limited liability cor	mpany	member manager) is between the manager manager manager is between the member manager is between the manager is bea	ased return <u>r</u> (see		
		Signature	e of general	partner or limited liability company member i	manager		Date					
Do:	d	Preparer's			Date		Check if		Preparer's SSN or PTIN			
Pai	a parer's	signature			04	15/2008	self-employed ▶		000-10-0002			
	e Only	Firm's name (or if self-employed	aved)						9 0000098			
_	,	address, and	ZIP code	1065 EFILE DR. ANYTOWN, N	V 89501		Phone no.	(	<b>555</b> ) <b>555-5555</b>			
For	Privacy	Act and Pap	erwork Re	duction Act Notice, see separate ins	structions		Cat. No. 11390Z		Form <b>1065</b> (2	2007)		

	1065 (2007)	Р	age 2
Sc	hedule A Cost of Goods Sold (see the instructions)		
1	Inventory at beginning of year		
2	Taronases reserved thems withdrawn for personal ase	2,453	
3	Cost of labor		
4	Additional section 263A costs (attach statement)	1,245	
5	other decid fattach state menty	3,698	
6	7 2 22	5,675	
7	inventory at end of year	8,023	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	5,020	
Эa	(i) ✓ Cost as described in Regulations section 1.471-3		
	(ii) Lower of cost or market as described in Regulations section 1.471-4		
	(iii) ☐ Other (specify method used and attach explanation) ▶		
b	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶		
	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)		
	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership?	s 🖊 I	No
е	Was there any change in determining quantities, cost, or valuations between opening and closing inventory?	s 🖊 I	No
	If "Yes," attach explanation.		
Sc	hedule B Other Information		NI.
1	What type of entity is filing this return? Check the applicable box:	Yes	No
а			
	✓ Domestic limited liability company  d □ Domestic limited liability partnership		
_	☐ Foreign partnership f ☐ Other ►		~
2	Are any partners in this partnership also partnerships?		
3	entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and		
	301.7701-3? If "Yes," see instructions for required attachment		~
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section		
·	6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details .		~
5	Does this partnership meet all three of the following requirements?		
а			
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including		
	extensions) for the partnership return		~
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1.		
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and		
	8813. See the instructions		<b>V</b>
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		~
8	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		~
9	At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority		
	over a financial account in a foreign country (such as a bank account, securities account, or other financial		
	account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ▶		
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		~
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under <i>Elections Made By the Partnership</i> in the instructions		~
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ▶		
	gnation of Tax Matters Partner (see the instructions) r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:		
des TM			
	dress of ignated ————————————————————————————————————		
TM			

Form 1065 (2007) Schedule K Partners' Distributive Share Items **Total amount** (708,605)1 Ordinary business income (loss) (page 1, line 22) 2 Net rental real estate income (loss) (attach Form 8825) . 3a Other gross rental income (loss) . . . . . . . . 3b **b** Expenses from other rental activities (attach statement).  ${\bf c}\,$  Other net rental income (loss). Subtract line 3b from line 3a Зс 110,000 Income (Loss) Guaranteed payments . . . . . 4 250 5 Interest income . . . 6a Dividends: a Ordinary dividends **b** Qualified dividends 7 Royalties . . . . . . . . . . . 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) 9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) **b** Collectibles (28%) gain (loss) . . . . . . . . . . . . . . . 9h 9с c Unrecaptured section 1250 gain (attach statement) . . . Net section 1231 gain (loss) (attach Form 4797) . . . . . . 10 Other income (loss) (see instructions) Type ▶ \_\_\_\_\_ 11 Self-Employ- Deductions ment 12 **12** Section 179 deduction (attach Form 4562). . . . 13a Contributions . . . . . . . . . . . . . . . . 13a **b** Investment interest expense . 13b 13c(2) Section 59(e)(2) expenditures: **(1)** Type ▶ Other deductions (see instructions) Type ▶ 13d (248,803)14a Net earnings (loss) from self-employment . . . . . . . . . . . . 14a 14b **b** Gross farming or fishing income . . . . . . . . . . . . . c Gross nonfarm income . . . . . . . (248,803)14c 15a Low-income housing credit (section 42(j)(5)) . . . . . . . . . 15a 15b **b** Low-income housing credit (other) . . . . Credits 15c c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468). . 15d d Other rental real estate credits (see instructions) Type ▶ ---15e e Other rental credits (see instructions) Type ▶ f Other credits (see instructions) Type ▶ 15f **16a** Name of country or U.S. possession ▶\_\_\_\_\_ Foreign Transactions **b** Gross income from all sources . . . . . . . . . . 16b 16c c Gross income sourced at partner level . Foreign gross income sourced at partnership level 16f d Passive category ► \_\_\_\_\_ e General category ► \_\_\_\_\_ Deductions allocated and apportioned at partner level 16h Deductions allocated and apportioned at partnership level to foreign source income 16k i Passive category ► \_\_\_\_\_ j General category ► \_\_\_\_\_ I Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐ . 161 m Reduction in taxes available for credit (attach statement) . 16m n Other foreign tax information (attach statement) . 17a Alternative Minimum Tax 17a Post-1986 depreciation adjustment . . . b Adjusted gain or loss . . . . .c Depletion (other than oil and gas) . . . 17b 17c 17d Oil, gas, and geothermal properties—gross income Oil, gas, and geothermal properties—deductions 17e Other AMT items (attach statement) 17f 18a Other Information 18a Tax-exempt interest income . **b** Other tax-exempt income . . . . 18b 600 18c **c** Nondeductible expenses . . 19a 19a Distributions of cash and marketable securities 19b **b** Distributions of other property 250 20a Investment income . . 20a **b** Investment expenses 20h c Other items and amounts (attach statement)

Form	1065 (2007)									F	Page <b>4</b>
Ana	llysis of Net Inco	ome (Loss)									
1	Net income (loss). Schedule K, lines 1								1	(598,355)	
2	Analysis by partner type:	(i) Corporate	(ii) Individua (active)	al (ii	i) Indiv (passiv	idual	(iv) Partnership	(v) Exe		(vi) Nominee/	/Other
а	General partners		(244,1	78)							
	Limited partners		(244,1	78)							
Sch	nedule L B	alance Sheets p	per Books		Begi	nning of	tax year		End of	tax year	
		Assets		(	a)		(b)	(c)		(d)	
1	Cash									75	5,500
	Trade notes and a							4	2,555		
	Less allowance for									42	2,555
3	Inventories									2,22	5,675
4	U.S. government of										
5	Tax-exempt securi										
6	Other current asse										
7	Mortgage and real		,								
8	Other investments										
	Buildings and other							50	1,229		
	Less accumulated	•						10	0,976	400	0,253
	Depletable assets										
	Less accumulated										
	Land (net of any a										
	Intangible assets (	,							6,000		
	Less accumulated								500	ţ	5,500
	Other assets (attac										
	Total assets	,								2,749	9,483
		ties and Capital									
15	Accounts payable	-								496	6,442
	Mortgages, notes, b										
17	Other current liabil		•							345	5,622
18	All nonrecourse los										
19	Mortgages, notes, b	onds payable in 1 y	year or more .								
20	Other liabilities (att	tach statement)									
21	Partners' capital a	ccounts									,450)
22	Total liabilities and	capital	<u> </u>							2,749	9,483
Sch	nedule M-1 R	econciliation of ote. Schedule M-3	3 may be req	uired inst	ead of	<b>ks Wit</b> f Sched	th Income (Los dule M-1 (see ins	ss) per Retructions).	eturn		
1	Net income (loss)	per books		<u>(518,450)</u>	6	Income	recorded on books	this year no	t include	ed	
2	Income included on	Schedule K, lines 1, 2	2, 3c,			on Sche	edule K, lines 1 thr	rough 11 (ite	emize):		
	5, 6a, 7, 8, 9a, 10,	and 11, not recorde	ed on		а	Tax-ex	empt interest \$ .				
	books this year (iten										
3	Guaranteed paym	•					ions included on		,		
	insurance)						n 13d, and 16l, r		d again	st	
4	Expenses recorded						come this year (it		00.50	_	
	included on Sched		ough		а		ciation \$				
	13d, and 16l (itemize	,									0 505
a											0,505
b	Travel and enterta	ainment \$	.000	600			es 6 and 7				0,505
5	Add lines 1 through	ah 1		600 (517,850		Income	(loss) (Analysis o Subtract line 8 fro	of Net Incom	ne (Loss	(508	,355)
5 Sch		nalysis of Partn				<del>c</del> 1).	CUDITACT IIITE O ITC	лишео ,		. (590	,000)
				. A000u		Dietelle	utional = O!				
1	Balance at beginn			50,000		UISTIIDU	utions: <b>a</b> Cash				
2	Capital contribute			20,000	-	Other	<b>b</b> Prope decreases (itemiz	rty			
3	Net income (loss)	<b>b</b> Property .		518,450)			aecreases (iterniz	•			
4	Other increases (if	•		, , , , , , , , , , , , , , , , , , ,	1						
7	Outer increases (ii	emize):			8		es 6 and 7				
5	Add lines 1 through			468,450)	_		at end of year. Sub				,450)
				Printed on I			,			1065	

Page 44 of 194

Form **4562** (2007)

**Depreciation and Amortization** OMB No. 1545-0172 200 (Including Information on Listed Property) Attachment Sequence No. **67** ► See separate instructions. ► Attach to your tax return. Name(s) shown on return Business or activity to which this form relates Identifying number 69-0000002 Jennings Boat, LLC **Boat Sales Election To Expense Certain Property Under Section 179** Part I Note: If you have any listed property, complete Part V before you complete Part I. \$125,000 Maximum amount. See the instructions for a higher limit for certain businesses. 2 2 Total cost of section 179 property placed in service (see instructions) . 3 \$500,000 3 Threshold cost of section 179 property before reduction in limitation Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-4 4 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions (b) Cost (business use only) (a) Description of property 6 Listed property. Enter the amount from line 29 . . . . . . . . . 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 9 9 Tentative deduction. Enter the **smaller** of line 5 or line 8. . . . . . 10 10 Carryover of disallowed deduction from line 13 of your 2006 Form 4562 . 11 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 13 Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶ 13 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see 73,487 14 Property subject to section 168(f)(1) election 15 Other depreciation (including ACRS) 16 MACRS Depreciation (Do not include listed property.) (See instructions.) **Section A** 17 MACRS deductions for assets placed in service in tax years beginning before 2007 18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here Section B--Assets Placed in Service During 2007 Tax Year Using the General Depreciation System (b) Month and (c) Basis for depreciation (d) Recovery (a) Classification of property (e) Convention (f) Method (a) Depreciation deduction vear placed in (business/investment use service only-see instructions) 19a 3-year property 3 HY 200 DB 7,481 22,444 b 5 300 5-year property 1.500 HY 200 DB 200 DB 7-year property 26,555 7 HY 3,795 10-year property d 15-year property f 20-year property 25 yrs. g 25-year property S/L 27.5 yrs. h Residential rental ММ 27.5 yrs. S/L ММ property 39 yrs. ММ S/L i Nonresidential real property 425,600 39 10.913 ММ S/L Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System 20a Class life S/L **b** 12-year 12 <u>yr</u>s. S/L c 40-year ММ 5/1 40 yrs. Part IV Summary (see instructions) 5,000 21 Listed property. Enter amount from line 28 . . . Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr. 100,976 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs 23

Cat. No. 12906N

For Paperwork Reduction Act Notice, see separate instructions.

Total business/investment miles driven during the year (do not include commuting miles)  Total commuting miles driven during the year and total miles driven during the year (do not include commuting) miles driven during the year. Add lines 30 through 32  Was the vehicle available for personal use during off-duty hours?  Was the vehicle available for personal use during off-duty hours?  Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who not more than 5% owners or related persons (see instructions).  To you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?  See the instructions for vehicles used by corporate officers, directors, or 1% or more owners  Do you treat all use of vehicles used by corporate officers, directors, or 1% or more owners  Do you treat all use of vehicles used by corporate officers, directors, or 1% or more owners  Do you treat all use of vehicles used by corporate officers, directors, or 1% or more owners  Do you meet the requirements concerning qualified automobile demonstration use? (See instructions).  Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.  Part VI Amortization  (a) Date mortization begins before your 2007 tax year (see instructions):  Start Up 01/01/2007 6,000 195 5	Form	4562 (2007)														Page 2
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete or 24a, 24b, columns (pl through (c) of Section B, and Section C. If applicable)  Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)  42a Do you have evidence to support the bisiness/investment use claimed?	Par	rt V Listed	d Property (In	nclude aut	tomobi	les, certa	in ot	her ve	ehicles	, cellula	ar telep	hone	s, certa	ain con	nputers	s, and
24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.  Section A—Depreciation and Other Information (Cautions See the instructions for limits for passagner automobiles.)  24a Do you have evidence to support the besiness/investment use claimed?		prope	rty used for e	entertainm	ent, re	creation,	or a	muse	ment.)							
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24a Dy you have evidence to support the business/investment use claimed? Yes_No 24b If "Yes," is the evidence written? Yes_No Yes No Yes Yes No Yes No Yes No Yes No Yes No Yes Yes No Yes No Yes Yes No Yes No Yes No Yes Yes Yes No Yes Yes Yes Yes Yes No Yes Yes Yes Yes Yes Yes No Yes																
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Special allowance for qualified New York Liberty or Gulf Opportunity Zone properly placed in service during the tax year and used more than 50% in a qualified business use;	24a	Do you have evid	dence to support i		investme T	nt use ciaim	lea? L		□ No	24b II	"Yes," i	s the e	vidence	written?		
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax gas and used more than 50% in a qualified business use (see instructions).  26 Property used more than 50% in a qualified business use:  27 Property used 50% or less in a qualified business use:  28 Section B—Information on Use of Vehicles  29 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1. 28 5,000  29 Add amounts in column (h), line 26. Enter here and on line 7, page 1. 29  29 Add amounts in column (h), line 26. Enter here and on line 7, page 1. 29  30 Total business/investment miles driven during the year (do not include commuting) miles driven during the year (do not include commuting) miles driven during the year (do not include commuting) miles driven during the year (do not include) and year (provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles and used for personal use during the year (do not include commuting) miles driven during the year. Add lines 30 through 32  30 Total business/investment miles driven during the year. Add lines 30 through 32  31 Total commuting miles driven during the year. Add lines 30 through 32  32 Was the vehicle available for personal use during driven during the year and the personal use during the year and the personal use of vehicles in the personal use?  33 Total miles driven during the year and the personal use of vehicles in the personal use?  34 Was the vehicle available for personal use?  35 Was the vehicle available for personal use?  36 Is another vehicle available for personal use?  37 Do you maintain a written policy statement that prohibits personal use of vehicles, including commuting, by your employees?  38 Do you maintain a written policy statement that prohibits and personal use of vehicles used by employees as personal use?  39 Do you maintain a written policy statement that prohibits and personal use?  40 D	21	oe of property (list	Date placed in	investment use	1	t or other		s for der iness/inv	estment/	Recover	/ Met	hod/	Depr	eciation	Ele secti	cted on 179
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See the instructions for vehicles used by corporate officers, directors, or 1% or more owners  39 Do you treat all use of vehicles by employees as personal use?  40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?  41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)  Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.  Part VI Amortization  (a)  Description of costs  (b)  Date amortization begins  Amortizable amount  Amortizable amount  Amortizable section  Amortization period or percentage  42 Amortization of costs that begins during your 2007 tax year (see instructions):  Start Up  01/01/2007  6,000  195  5  43 Amortization of costs that began before your 2007 tax year.  43  44 Total. Add amounts in column (f). See the instructions for where to report.	38									 cept.com	mutina.	 by you	· · · r emplov	ees?		
Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?  1 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)  Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.  Part VI Amortization  (a)  Description of costs  (b)  Date amortization begins  (c)  Amortizable amount  Amortizable amount  Amortization of costs that begins during your 2007 tax year (see instructions):  Start Up  01/01/2007  6,000  195  5  43  Amortization of costs that began before your 2007 tax year.  43  Total. Add amounts in column (f). See the instructions for where to report.	•															
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Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)  Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.  Part VI Amortization  (a) Description of costs  (b) Date amortization begins  (c) Amortizable amount  (d) Code section  (e) Amortization period or percentage  Amortization of costs that begins during your 2007 tax year (see instructions):  Start Up 01/01/2007 6,000 195 5  43 Amortization of costs that began before your 2007 tax year	40	•			-									oout		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.  Part VI Amortization  (a) Description of costs  (b) Date amortization begins  (c) Amortizable amount  (d) Code section period or period or percentage  42 Amortization of costs that begins during your 2007 tax year (see instructions):  Start Up 01/01/2007 6,000 195 5  43 Amortization of costs that began before your 2007 tax year.  44 Total. Add amounts in column (f). See the instructions for where to report.																
Part VI Amortization  (a) Description of costs  (b) Date amortization begins  (c) Amortizable amount  (d) Code section period or percentage  Amortization of costs that begins during your 2007 tax year (see instructions):  Start Up 01/01/2007 6,000 195 5  43 Amortization of costs that began before your 2007 tax year	41															
(a) Description of costs  (b) Date amortization begins  (c) Amortizable amount  (d) Code section  (e) Amortization period or percentage  (f) Amortization for this year  42 Amortization of costs that begins during your 2007 tax year (see instructions):  Start Up  01/01/2007  6,000  195  5  43 Amortization of costs that began before your 2007 tax year.  43 Total. Add amounts in column (f). See the instructions for where to report.	Dor			3, 39, 40, 01	r 41 IS	res, ao n	OT CO	mpiete	Section	n B for ti	ne cove	rea vei	nicies.			
Amortization of costs that begins during your 2007 tax year (see instructions):  Start Up 01/01/2007 6,000 195 5  Amortization of costs that began before your 2007 tax year	Par	Allion	uzauon									Τ,	٥)			
Amortization of costs that begins during your 2007 tax year (see instructions):  Start Up 01/01/2007 6,000 195 5  Amortization of costs that began before your 2007 tax year			of costs	Date am	ortization		Amorti	zable		Co	de	Amort	tization od or		rtization f	or
Start Up 01/01/2007 6,000 195 5  43 Amortization of costs that began before your 2007 tax year	42	Amortization o	f costs that beg	gins during	your 20	07 tax yea	ır (see	instru	ctions):			1 1 3 3	5 -			
Total. Add amounts in column (f). See the instructions for where to report											195	5	5			1,20
Total. Add amounts in column (f). See the instructions for where to report																
													43			
Printed on recycled paper Form 4562 (2	44	Total. Add an	nounts in colur	mn (f). See	the ins	_	for wh	nere to	report				44			1,20
						Printe	d on re	cycled pa	aper					Fo	rm <b>456</b>	<b>2</b> (2007)

### **Sales of Business Property**

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

► Attach to your tax return. ► See separate instructions.

OMB No. 1545-0184 Attachment Sequence No. **27** 

Department of the Treasury Internal Revenue Service Name(s) shown on return Identifying number 69-000002 Jennings Boat, LLC Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions). Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Part I Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions) (e) Depreciation (f) Cost or other (g) Gain or (loss) (a) Description of property (b) Date acquired (mo., day, yr.) basis, plus improvements and expense of sale (c) Date sold (d) Gross allowed or Subtract (f) from the sum of (d) and (e) allowable since acquisition no., day, yr.) 2 3 Gain, if any, from Form 4684, line 39 . . . . . . . . . . . . 4 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 . . . Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . 5 5 6 Gain, if any, from line 32, from other than casualty or theft . . . . . . 6 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below. 8 Part II Ordinary Gains and Losses (see instructions) Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less): Loss, if any, from line 7 . . . . . . . . . 11 12 12 Gain, if any, from line 7 or amount from line 8, if applicable . . . 13 Gain, if any, from line 31 . . . . . . . . . . . . 13 14 Net gain or (loss) from Form 4684, lines 31 and 38 . . . 14 15 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 9.000 16 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . 9,000 17 Combine lines 10 through 16 . . . . . . . . . . . . For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip 18 lines a and b below. For individual returns, complete lines a and b below: If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, 18b line 14

For Paperwork Reduction Act Notice, see separate instructions.

Form 4797 (2007)

Page 2

Form 4797 (2007)

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255 (see instructions) (b) Date acquired (mo., day, yr.) (c) Date sold (mo., day, yr.) (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:

Α						
В						
_ <u>D</u>						
	These columns relate to the properties on lines 19A through 19E	D. ▶	Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20				
21	Cost or other basis plus expense of sale	21				
22	Depreciation (or depletion) allowed or allowable	22				
23	Adjusted basis. Subtract line 22 from line 21	23				
24	Total gain. Subtract line 23 from line 20	24				
25	If section 1245 property:					
а	Depreciation allowed or allowable from line 22	25a				
b	Enter the <b>smaller</b> of line 24 or 25a	25b				
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
а	Additional depreciation after 1975 (see instructions)	26a				
b	Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions)	26b				
С	Subtract line 26a from line 24. If residential rental property or					
	line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d	Additional depreciation after 1969 and before 1976	26d				
е	Enter the <b>smaller</b> of line 26c or 26d	26e				
f	Section 291 amount (corporations only)	26f				
<u>g</u>	Add lines 26b, 26e, and 26f	26g				
27	If section 1252 property: Skip this section if you did not					
	dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
а	Soil, water, and land clearing expenses	27a				
b	Line 27a multiplied by applicable percentage (see instructions)	27b				
С	Enter the <b>smaller</b> of line 24 or 27b	27c				
28	If section 1254 property:					
а	Intangible drilling and development costs, expenditures for					
	development of mines and other natural deposits, and					
L	mining exploration costs (see instructions)	28a				
<u>b</u>	Enter the smaller of line 24 or 28a	28b				
29	If section 1255 property:					
а	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a				

b Enter the smaller of line 24 or 29a (see instructions) . . | 29b | Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30. 30 Total gains for all properties. Add property columns A through D, line 24 . . . . . . . . . . . . . . . . 31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 . . . . . 32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from

other than casualty or theft on Form 4797, line 6 Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions)

			(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33		
34	Recomputed depreciation (see instructions)	34		
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35		

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Form **4797** (2007)

Form **8824** 

Department of the Treasury Internal Revenue Service

## **Like-Kind Exchanges**

(and section 1043 conflict-of-interest sales)

► Attach to your tax return.

OMB No. 1545-1190

2007

Attachment Sequence No. 109

Name(s) shown on tax return

Jennings Boat, LLC

Part I Information on the Like-Kind Exchange

Pa	Information on the Like-Kind Exchange								
1	Note: If the property described on line 1 or line 2 is real or personal property given up ▶ 1999 Saturn SL2	roperty located outside the Unit							
2	Description of like-kind property received ▶ 2007 Pilot								
3	Date like-kind property given up was originally acquired (month, day, year)								
4	Date you actually transferred your property to other party (month,	day, year)	4	07 / 22 / 2007					
5	Date like-kind property you received was identified by written noticeday, year). See instructions for 45-day written notice requirement		5	07 / 22 / 2007					
6	Date you actually received the like-kind property from other party (mont	th, day, year). See instructions	6	07 / 22 / 2007					
7 Pa	Was the exchange of the property given up or received made with (such as through an intermediary)? See instructions. If "Yes," comport II Related Party Exchange Information	a related party, either directly plete Part II. If "No," go to Par	or in	directly □Yes ☑No					
8	Name of related party	Relationship to you	Rela	ted party's identifying number					
	Address (no., street, and apt., room, or suite no., city or town, state, and ZIP code)								
9	During this tax year (and before the date that is 2 years after the latexchange), did the related party directly or indirectly (such as through part of the like-kind property received from you in the exchange?.	ugh an intermediary) sell or di	spose	of any					
10	During this tax year (and before the date that is 2 years after the la exchange), did you sell or dispose of any part of the like-kind prop								
	If both lines 9 and 10 are "No" and this is the year of the exchange, g year of the exchange, stop here. If either line 9 or line 10 is "Yes," congain or (loss) from line 24 <b>unless</b> one of the exceptions on line 11 app	mplete Part III and report on th							
11	If one of the exceptions below applies to the disposition, check the	ne applicable box:							
а	☐ The disposition was after the death of either of the related part	rties.							
b	$\hfill \square$ The disposition was an involuntary conversion, and the threat	of conversion occurred after	the ex	change.					
С	You can establish to the satisfaction of the IRS that neither to principal purpose. If this box is checked, attach an explanation		ion ha	ad tax avoidance as its					

For Paperwork Reduction Act Notice, see page 5.

Cat. No. 12311A

Form **8824** (2007)

	8824 (2007)		Page 2
Name	(s) shown on tax return. Do not enter name and social security number if shown on other side.	Your	social security number
Par	t III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property	/ Rece	eived
	Caution: If you transferred and received (a) more than one group of like-kind properties or (b) cash of		
	see Reporting of multi-asset exchanges in the instructions.		(,,
	Note: Complete lines 12 through 14 only if you gave up property that was not like-kind. Otherway	vise, go	to line 15.
12	Fair market value (FMV) of other property given up		
13	Adjusted basis of other property given up		
14	Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale	14	
	Caution: If the property given up was used previously or partly as a home, see Property used as home in the instructions.		
15	Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced		
	(but not below zero) by any exchange expenses you incurred (see instructions)	15	9,000
16	FMV of like-kind property you received	16	30,000
17	Add lines 15 and 16	17	39,000
18	Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any		
	exchange expenses <b>not</b> used on line 15 (see instructions)	18	25,000
19	Realized gain or (loss). Subtract line 18 from line 17	19	14,000
20	Enter the smaller of line 15 or line 19, but not less than zero	20	9,000
21	Ordinary income under recapture rules. Enter here and on Form 4797, line 16 (see instructions) .	21	9,000
22	Subtract line 21 from line 20. If zero or less, enter -0 If more than zero, enter here and on Schedule		
	D or Form 4797, unless the installment method applies (see instructions)	22	
23	Recognized gain. Add lines 21 and 22	23	9,000
24	Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions <b>Basis of like-kind property received.</b> Subtract line 15 from the sum of lines 18 and 23	24	5,000
25	Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23	25	25,000
Paı	Note: This part is to be used only by officers or employees of the executive branch of the Fe officers of the Federal Government for reporting nonrecognition of gain under section 1043 on twith the conflict-of-interest requirements. This part can be used only if the cost of the replacements of the divested property.	ederal (	Government or judicia of property to comply
Pai	Note: This part is to be used only by officers or employees of the executive branch of the Fe officers of the Federal Government for reporting nonrecognition of gain under section 1043 on twith the conflict-of-interest requirements. This part can be used only if the cost of the replacements basis of the divested property.  Enter the number from the upper right corner of your certificate of divestiture. (Do not attach a copy of your certificate. Keep the certificate with your records.).	ederal ( the sale ent pro	Government or judicia of property to comply operty is more than the
Pai	Note: This part is to be used only by officers or employees of the executive branch of the Fe officers of the Federal Government for reporting nonrecognition of gain under section 1043 on the with the conflict-of-interest requirements. This part can be used only if the cost of the replacements basis of the divested property.  Enter the number from the upper right corner of your certificate of divestiture. (Do not attach a copy of your certificate. Keep the certificate with your records.) ▶  Description of divested property ▶	ederal ( the sale ent pro	Government or judicia of property to comply perty is more than the
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Par 226 227 228 229 330 331 332 333	Note: This part is to be used only by officers or employees of the executive branch of the Fe officers of the Federal Government for reporting nonrecognition of gain under section 1043 on twith the conflict-of-interest requirements. This part can be used only if the cost of the replacements of the divested property.  Enter the number from the upper right corner of your certificate of divestiture. (Do not attach a copy of your certificate. Keep the certificate with your records.).  Description of divested property ▶  Date divested property was sold (month, day, year)  Sales price of divested property (see instructions).  Basis of divested property.  Realized gain. Subtract line 31 from line 30  Cost of replacement property purchased within 60 days after date	ederal (the saletent pro	Government or judicia of property to comply perty is more than the
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Par 226 227 228 229 331 332 333 334	Note: This part is to be used only by officers or employees of the executive branch of the Fe officers of the Federal Government for reporting nonrecognition of gain under section 1043 on twith the conflict-of-interest requirements. This part can be used only if the cost of the replacements basis of the divested property.  Enter the number from the upper right corner of your certificate of divestiture. (Do not attach a copy of your certificate. Keep the certificate with your records.).  Description of divested property  Description of replacement property  Date divested property was sold (month, day, year)  Sales price of divested property (see instructions).  Basis of divested property.  Realized gain. Subtract line 31 from line 30  Cost of replacement property purchased within 60 days after date of sale.  Subtract line 33 from line 30. If zero or less, enter -0-  Ordinary income under recapture rules. Enter here and on Form 4797, line 10 (see instructions)	ederal (che sale ent pro	Government or judicia of property to comply perty is more than the
Par 226 227 228 229 331 332 333 334	Note: This part is to be used only by officers or employees of the executive branch of the Fe officers of the Federal Government for reporting nonrecognition of gain under section 1043 on twith the conflict-of-interest requirements. This part can be used only if the cost of the replacements basis of the divested property.  Enter the number from the upper right corner of your certificate of divestiture. (Do not attach a copy of your certificate. Keep the certificate with your records.).  Description of divested property  Description of replacement property  Date divested property was sold (month, day, year)  Sales price of divested property (see instructions)  Basis of divested property  Realized gain. Subtract line 31 from line 30  Cost of replacement property purchased within 60 days after date of sale  Subtract line 33 from line 30. If zero or less, enter -0-	ederal (the sale ent pro	Government or judicia of property to comply perty is more than the
Par 226 227 228 229 330 331 332 333 334 335 336	Note: This part is to be used only by officers or employees of the executive branch of the Fe officers of the Federal Government for reporting nonrecognition of gain under section 1043 on the with the conflict-of-interest requirements. This part can be used only if the cost of the replacements as of the divested property.  Enter the number from the upper right corner of your certificate of divestiture. (Do not attach a copy of your certificate. Keep the certificate with your records.).  Description of divested property ▶  Date divested property was sold (month, day, year)  Date divested property was sold (month, day, year)  Sales price of divested property (see instructions).  Basis of divested property  Realized gain. Subtract line 31 from line 30  Cost of replacement property purchased within 60 days after date of sale  Subtract line 33 from line 30. If zero or less, enter -0-  Ordinary income under recapture rules. Enter here and on Form 4797, line 10 (see instructions) Subtract line 35 from line 34. If zero or less, enter -0 If more than zero, enter here and on	ederal (the sale ent product) 29 32 34 35	Government or judicia of property to comply perty is more than the
Par 226 227 228 229 330 331 332 333	Note: This part is to be used only by officers or employees of the executive branch of the Fe officers of the Federal Government for reporting nonrecognition of gain under section 1043 on twith the conflict-of-interest requirements. This part can be used only if the cost of the replacembasis of the divested property.  Enter the number from the upper right corner of your certificate of divestiture. (Do not attach a copy of your certificate. Keep the certificate with your records.).  Description of divested property ▶  Description of replacement property ▶  Date divested property was sold (month, day, year)  Sales price of divested property (see instructions).  Basis of divested property.  Realized gain. Subtract line 31 from line 30  Cost of replacement property purchased within 60 days after date of sale  Subtract line 33 from line 30. If zero or less, enter -0-  Ordinary income under recapture rules. Enter here and on Form 4797, line 10 (see instructions) Subtract line 35 from line 34. If zero or less, enter -0 If more than zero, enter here and on Schedule D or Form 4797 (see instructions)	29 32 34 35	Government or judicia of property to comply perty is more than the

		Final K-1 Amend	led K-1	OMB No. 1545-0099
Schedule K-1 20 <b>07</b>	D			Current Year Income,
(Form 1065)	F			s, and Other Items
Department of the Treasury  For calendar year 2007, or tax	1	Ordinary business income (loss)	15	Credits
Internal Revenue Service year beginning, 2007		(354,302)		
ending, 20	2	Net rental real estate income (loss)		
Partner's Share of Income, Deductions,	3	Other net rental income (loss)	16	Foreign transactions
Credits, etc. ▶ See back of form and separate instructions.		other net remainments (1835)		1 oroigit transactions
Part I Information About the Partnership	4	Guaranteed payments		
A Partnership's employer identification number	<u> </u>			
69-0000002  B Partnership's name, address, city, state, and ZIP code	5	Interest income		
	6a	Ordinary dividends		
Jennings Boat, LLC Rt 1 Box 843		,		
Bar Harbor, ME 04609	6b	Qualified dividends		
	<u> </u>			
C IRS Center where partnership filed return	7	Royalties		
Ogden	8	Net short-term capital gain (loss)		
D Check if this is a publicly traded partnership (PTP)				
E Tax shelter registration number, if any	9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
F Check if Form 8271 is attached	9b	Collectibles (28%) gain (loss)		
Part II Information About the Partner	1 35	Conectibles (2070) gain (1033)		
G Partner's identifying number	9с	Unrecaptured section 1250 gain		
000-10-0001				
H Partner's name, address, city, state, and ZIP code	10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
James Stephens 4640 Madison Lane	11	Other income (loss)		C 300
Boston, MA 02109				
	-			
I General partner or LLC Limited partner or other LLC member-manager member			19	Distributions
J Domestic partner Foreign partner	12	Section 179 deduction		
K What type of entity is this partner? Individual	13	Other deductions		
L Partner's share of profit, loss, and capital:			20	Other information
Beginning Ending Profit 0 % 50 %				A 125
Loss 0 % 50 %				A 120
Capital <b>0</b> % <b>50</b> %				
	14	Self-employment earnings (loss)		
M Partner's share of liabilities at year end:				
Nonrecourse				
Qualified nonrecourse financing\$	*Se	ee attached statement for a	dditic	onal information.
Recourse				
N Partner's capital account analysis:				
Beginning capital account\$	کار			
Capital contributed during the year .\$ 25,000  Current year increase (decrease) \$ (259,225)	Ō			
	Us <sub>e</sub>			
Withdrawals & distributions \$ (234,225)	RS			
Ending dapital account	For IRS Use Only			
Tax basis GAAP Section 704(b) book	"			
Other (explain)				

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

					Final K-1	Amend	ded K-	1 OMB No. 15	45-0099
Schedule K-1 (Form 1065)		200	7	Pa	art III			Current Year Inco	
•			_		0 "			s, and Other Item	S
Department of the Treasury Internal Revenue Service	•	ear 2007, or tax		1	Ordinary	business income (loss) (354,303)	15	Credits	
				2	Net rental	real estate income (loss			
Partner's Share of			, 20						
Credits, etc.	► See back of form a	•	structions.	3	Other net	rental income (loss)	16	Foreign transactions	
Part I Informat	tion About the D	ortnorchin		4	Guarante	ed payments			
A Partnership's employer	tion About the P	artifership		1	Guarantee	110,000			
69-000002				5	Interest in	•			
B Partnership's name, add	dress, city, state, and ZIF	code		1		125			
Jennings Boat, LLC				6a	Ordinary	dividends			
Rt 1 Box 843									
Bar Harbor, ME 0460	9			6b	Qualified	dividends			
				7	Povelties				
C IRS Center where partne	ership filed return			<b>┤</b> ′	Royalties				
Ogden				8	Net short-	term capital gain (loss)			
	ublicly traded partnership	(PTP)		1		, , ,			
	tion number, if any	, ,		9a	Net long-	term capital gain (loss)	17	Alternative minimum tax (A	MT) items
F Check if Form 8271	1 is attached			- 01-	0-11	(000()			
Dort II Informat	tion About the D	orthor		9b	Collectible	es (28%) gain (loss)			
Part II Informat G Partner's identifying nun	tion About the P	artner		9c	Unrecapti	ured section 1250 gain			
000-10-0001	11001					3			
H Partner's name, address	s, city, state, and ZIP co	de		10	Net section	on 1231 gain (loss)	18	Tax-exempt income and	
Daniel Jennings								nondeductible expenses	
PO Box 1589				11	Other inco	ome (loss)			C 300
Bar Harbor, ME 0460	9								
General partner or									
I		nited partner or e ember	other LLC				19	Distributions	
J Domestic partner	Г	reign partner		12	Section 1	79 deduction			
'									
K What type of entity is th	nis partner? Individu	al		13	Other dec	ductions			
L Partner's share of profit							20	Other information	
_	nning 0 %	Ending	<b>50</b> %						A 125
Profit Loss	0 %		50 %						A 123
Capital	0 %		50 %						
<u> </u>	7.5			14	Self-emplo	syment earnings (loss)			
M Partner's share of liabilit	ties at year end:					A (248,803)			
Nonrecourse	\$								
l	nancing\$	_		+0		C (248,803)		11.6	
Recourse	\$	2,	375,869	^Se	e attach	ed statement for a	aditio	onal information.	
N. Dort I	-t			1					
N Partner's capital accour  Beginning capital accou	•			_					
Capital contributed duri			25,000	) Jul					
Current year increase (d	• ,		259,225)	se (					
Withdrawals & distribution	, ,		)	Ü					
Ending capital account	\$	(2	234,225)	For IRS Use Only					
<b>.</b>		04/5)		For					
Tax basis G	SAAP Section 7	04(b) book							

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Cat. No. 11394R

### **TEST SCENARIO 3**

### FORMS REQUIRED:

1065, 4562, Form 1065 SCH K-1 (3), Schedule M-3 (Form 1065) 8865, Schedule O (Form 8865), Schedule P (Form 8865)

### **ATTACHMENTS:**

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement

Other Income (Loss) Statement Itemized Other Deductions Statement

Ownership of Any Interest in Another Partnership or Foreign Entity Statement

Publicly Traded Partnership Statement

Section 754 Election

Income (Loss) From Foreign Partnerships Schedule

**BINARY ATTACHMENTS: None** 

**HEADER INFO** 

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

123 Any Street Anytown, NY 11717

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: ERO PractionerPIN:

EFIN: Self-select PIN: Self-select PIN Entered by – ERO

Signature Option: PIN Number

**Return Type:** 1065

**Filer:** EIN: 69-0000003

Name: Carlton Asset Management L P

Name Control: CARL

Address: 1678 South Hoover Blvd

San Francisco, CA 94101

**Partner:** Name: T Carlton

Title: President Taxpayer PIN: Phone: 555-555-5555

Email Address: Anymail@email.com

Date Signed: 03/15/2008

**Preparer:** Name: John Smith

SSN: 000-20-0001 Phone: 631-555-1212

Email Address: Anymail@email.com

Date Prepared: 03/14/2008

Self Employed: No

**IRS Payment:** N/A

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### **Details for attachments to Form**

# Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement (Form 1065, Line 4)

Partnership, Estate or	Address	EIN	Amount
Trusts Name			
Mai Tai Investments	1-2-3 Ginsu Chuo-Ku	69-0000099	\$10,229,525
	Tokyo, 190-2182		

### Other Income (Loss) Statement (Form 1065, Page 1, Line 7)

Cancellation of Debt	\$540,000
Services Fees	\$399,880,252

### Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Legal and Accounting	\$216,572
Bank Fees	\$142,080
Travel and Entertainment	\$40,000

### **Publicly Traded Partnership (Form 1065)**

3.5% Publicly Traded Partnership Tax	Overpayment	Balance Due	Zero Liability	Data Stream for Computation
\$14,372,742	0	0	0	Total Income multiplied by 3.5%

# Ownership of Any Interest in Another Partnership or Foreign Entity Statement (Form 1065, Schedule B, Question 3)

	Type of Entity	Entity Name	EIN	Country
ſ	Partnership	Mai Tai Partnership	69-0000099	.Japan

### Section 754 Election (Form 1065, Page 2, Schedule B, Line 11)

Name of Partnership	Carlton Asset Management L P
Partnership Address	1678 South Hoover Blvd San Francisco, CA 94101
Section 754 Declaration	Made a section 754 declaration

### Income (loss) From Foreign Partnerships Schedule (Form 1065, Schedule M-3, Part II, Line 8)

Name	EIN	EOY Profit	EOY Loss	Income per	Amount
		Sharing	Sharing	Income	
		Percentage	Percentage	Statement	
Mai Tai	69-0000099	25%	25%	\$10,229,525	\$10,229,525
Investments					

1065 U.S. Return of Partnership Income							OMB No. 1545-0099				
		the Treasury	For calend	dar year 2007, or tax year beginning ▶ See separat			ı	, 20		2007	
A P	rincipal b	usiness activity		Name of partnership					D Em	ployer identification	number
	<i>l</i> lanage		Use the IRS	Carlton Asset Managment, LP					69	000000	3
<b>B</b> Pi	rincipal pro	oduct or service	label.	Number, street, and room or suite no. If	a P.O. box, se	ee the inst	tructions.		E Dat	te business started	ł
F	inancia	al Invest	Other- wise,	1678 South Hoover Blvd						10/23/1998	3
<b>C</b> B	usiness c	ode number	print	City or town, state, and ZIP code						tal assets (see the tructions)	
	52	23900	or type.	San Francisco, CA 94101					\$	6, <b>725</b> ,256	
H I	Check a		thod: <b>(1)</b> [ K-1. Attach	☐ Initial return (2) ☐ Final return (3☐ Cash (2) ☐ Accrual none for each person who was a parteattach Schedule M-3)	ner at any tin	3) 🗌 Ot ne during	ther (speci	ear ▶			
Caı	ution. In	nclude <b>only</b> tr	ade or bus	siness income and expenses on line	es 1a throug	gh 22 be	elow. See	the instruction	ons fo	or more informa	tion.
	1a G	iross receipts	or sales			1a					
				nces					1c		
				nedule A, line 8)					2		
ne									3		
Income				Subtract line 2 from line 1c							
<u>n</u>		-	it (loss) (attach Schedule F (Form 1040))								
			s) from Form 4797, Part II, line 17 (attach Form 4797)								
				ach statement)					7	400,420,252	
	8 T	otal income	(loss). Co	ombine lines 3 through 7				_ : : : <u> </u>	8	410,649,777	
us)				ner than to partners) (less employ					9	1,179,658	
(see the instructions for limitations)				o partners				I	10	561,900	
Ē				pe					11	8,610	
for									12		
tions									13	729,654	
truci									14	871,972	
ins									15		
e th	<b>16a</b> D	epreciation (	if required	l, attach Form 4562)		16a	62	,765			
	b Le	ess depreciat	ion report	ed on Schedule A and elsewhere	on return	16b			16c	62,765	
ions		epletion (Do	not dedu	ict oil and gas depletion.)				· · · ⊢	17		
	<b>18</b> R	etirement pla	ans, etc					· · · ⊢	18	345,678	
Deduct	19 E	mployee ben	efit progra	ams					19		
ě		ther deduction						· · · ⊢	20	398,652	
_				the amounts shown in the far rig		for lines	s 9 through		21	4,158,889	
	22 0			ome (loss). Subtract line 21 from					22	406,490,888	
Sig He	gn ere	and belief, it is on all informat	s true, correction of which	declare that I have examined this return, in tt, and complete. Declaration of preparer ( preparer has any knowledge.	(other than ger	npanying s	ner or limite	nd statements, d liability comp	May with	ember manager) is the IRS discuss this the preparer shown be	based return
_		, ,	or general	Saration of infinited hability company member	Date		Date		Dro	eparer's SSN or PT	IN
Pai	d	Preparer's signature			Date		Check self-er	c if mployed ▶	٦   ١٠١٩	palet 5 John Ut P1	11.1
Pre	parer's	Firm's name (	or voure				seii-ei		<del>-</del>		
Use	Only	if self-employe	ed),	<b>-</b>				EIN ▶	i	\	
_		address, and						Phone no.	(		
For	Privacy	Act and Pap	erwork Re	duction Act Notice, see separate i	nstructions.		Cat. I	No. 11390Z		Form <b>1065</b>	(2007)

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Form	1065 (2007)	Р	age 2
Sc	hedule A Cost of Goods Sold (see the instructions)		
1	Inventory at beginning of year		
2	Purchases less cost of items withdrawn for personal use		
3	Cost of labor		
4	Additional section 263A costs (attach statement)		
5	Other costs (attach statement)		
6	Total. Add lines I tillough 5		
7 8	Inventory at end of year		
	Check all methods used for valuing closing inventory:		
ou	(i) Cost as described in Regulations section 1.471-3		
	(ii) Lower of cost or market as described in Regulations section 1.471-4		
	(iii) ☐ Other (specify method used and attach explanation) ▶		
b	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶		
С	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)		
d	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? Yes		No
е	Was there any change in determining quantities, cost, or valuations between opening and closing inventory?    Yes  If "Yes," attach explanation.	Ш	No
Sc	hedule B Other Information		
1	What type of entity is filing this return? Check the applicable box:	Yes	No
	☐ Domestic general partnership b ☑ Domestic limited partnership		
	☐ Domestic limited liability company ☐ Domestic limited liability partnership		
	☐ Foreign partnership f ☐ Other ▶		
2	Are any partners in this partnership also partnerships?	~	
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign		
	entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and		
	301.7701-3? If "Yes," see instructions for required attachment	~	
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details.		~
5	Does this partnership meet all three of the following requirements?		
а			
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
С	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return		~
	extensions) for the partnership return		
	or Item N on Schedule K-1.		
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and		
7	8813. See the instructions	~	<u> </u>
7			~
8 9	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?  At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority		_
Ŭ	over a financial account in a foreign country (such as a bank account, securities account, or other financial		
	account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the		
	name of the foreign country. ►		<b>V</b>
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		~
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during		
	the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under <i>Elections Made By the Partnership</i> in the instructions	_	
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached		
	to this return   1		
	gnation of Tax Matters Partner (see the instructions) r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:		
	me of Identifying number of TMP		
Add	dress of		
des TMI	ignated December 2015		

Form 1065 (2007) Schedule K Partners' Distributive Share Items Total amount 406,490,888 1 Ordinary business income (loss) (page 1, line 22) 2 2 Net rental real estate income (loss) (attach Form 8825) . 3a Other gross rental income (loss) . . . . . . . . 3b **b** Expenses from other rental activities (attach statement).  ${\bf c}\,$  Other net rental income (loss). Subtract line 3b from line 3a Зс 561,900 Income (Loss) Guaranteed payments . . . . . 4 36,525 5 Interest income . . . 6a Dividends: a Ordinary dividends **b** Qualified dividends 7 Royalties . . . . . . . . . . . 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) 9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) **b** Collectibles (28%) gain (loss) . . . . . . . . . . . . . . . 9h 9с c Unrecaptured section 1250 gain (attach statement) . . . Net section 1231 gain (loss) (attach Form 4797) . . . . . . 10 Other income (loss) (see instructions) Type ▶\_\_\_\_ 11 43,332 Self-Employ- Deductions ment 12 **12** Section 179 deduction (attach Form 4562). . . . 13a Contributions . . . . . . . . . . . . . . . . 13a **b** Investment interest expense . 13b 13c(2) Section 59(e)(2) expenditures: **(1)** Type ▶ Other deductions (see instructions) Type ▶ 13d 41,210,989 14a Net earnings (loss) from self-employment . . . . . . . . . . . 14a 14b **b** Gross farming or fishing income . . . . . . . . . . . . **c** Gross nonfarm income . . . 41,210,989 14c 15a Low-income housing credit (section 42(j)(5)) . . . . . . . . . 15a **b** Low-income housing credit (other) . . . . 15c c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468). . 15d d Other rental real estate credits (see instructions) Type ▶ --e Other rental credits (see instructions) 15e Type ▶ f Other credits (see instructions) Type ▶ 15f **16a** Name of country or U.S. possession ►JA 16b 10.229.525 Foreign Transactions **b** Gross income from all sources . . . . . . . . . . . . . 16c c Gross income sourced at partner level . Foreign gross income sourced at partnership level d Passive category ► 10,229,525 e General category ► 16f Deductions allocated and apportioned at partner level 16h Deductions allocated and apportioned at partnership level to foreign source income 16k i Passive category ► \_\_\_\_\_ j General category ► \_\_\_\_\_ 632,510 I Total foreign taxes (check one): ▶ Paid ✓ Accrued □ . 16I m Reduction in taxes available for credit (attach statement) . 16m n Other foreign tax information (attach statement) . 17a Alternative Minimum Tax 17a Post-1986 depreciation adjustment . . . b Adjusted gain or loss . . . . . .c Depletion (other than oil and gas) . . . 17b 17c 17d d Oil, gas, and geothermal properties-gross income Oil, gas, and geothermal properties—deductions 17e Other AMT items (attach statement) 17f 18a Other Information 18a Tax-exempt interest income . **b** Other tax-exempt income . . . . 18b 18c 1,111 **c** Nondeductible expenses . . 19a 408,202,737 19a Distributions of cash and marketable securities 19b **b** Distributions of other property 36,525 20a Investment income . . 20a 20h **b** Investment expenses c Other items and amounts (attach statement)

Form	1065 (2007)								Page 4
Ana	lysis of Net Inco	ome (Loss)							
1	Net income (loss). Schedule K, lines 1	Combine Schedule 2 through 13d, and							406,413,471
2	Analysis by partner type:	(i) Corporate	(ii) Individua (active)	al (iii)	Indiv (passi	/idual	(iv) Partnership	(A) Evennet	(vi) Nominee/Other
а	General partners						41,147,05	7	
b	Limited partners				4,0	58,516	361,207,89	8	
Sch	nedule L B	alance Sheets p	er Books		Begi	inning o	f tax year	End o	of tax year
	·	Assets		(a	1)		(b)	(c)	(d)
1	Cash						5,232,390		6,027,450
	Trade notes and a						0,202,000		
						_			
	Less allowance fo								
	Inventories							-	
	U.S. government							-	
	Tax-exempt secur					-			
	Other current asse	•	,			-			
	Mortgage and rea								
8	Other investments	(attach statement)							
9a	Buildings and other	er depreciable asse	ets		621,			1,682,950	
b	Less accumulated	depreciation .		1,	372,	379	249,361	1,435,144	247,806
10a	Depletable assets								
b	Less accumulated	depletion							
11	Land (net of any a	mortization)							
12a	Intangible assets (	amortizable only)							
	Less accumulated	• •							
	Other assets (attac								
	Total assets						5,481,751		6,275,256
	Liabili	ties and Capital							
15	Accounts payable						1,567,623		3,049,605
16		oonds payable in less							
17		lities <i>(attach staten</i>							
	All nonrecourse lo								540,000
								-	0.0000
19		oonds payable in 1 y							
20 21	Other liabilities (at	,					3,914,128	-	2,685,651
	Total liabilities and	ccounts					5,481,751		6,275,256
Sol				200/ 200	Baa	Ico M/i		oo) nor Dotur	0,273,230
SCI		econciliation of ote. Schedule M-3							
1	Net income (loss)	per books			6	Income	recorded on books	s this year not includ	ded
2	Income included on	Schedule K, lines 1, 2	2, 3c,			on Sch	edule K, lines 1 th	rough 11 (itemize):	
	5, 6a, 7, 8, 9a, 10,	and 11, not recorde	d on		а	Tax-ex	cempt interest \$		
		nize):					·		
3		ents (other than he			7	Deduc	tions included on	Schedule K, lines	s 1
-					-			not charged again	
4		d on books this year					ncome this year (i		
•	•	dule K, lines 1 thro			а		, ,		
	13d, and 16l (itemi		74911						
а	Depreciation \$	,							
	Travel and enterta				8				
	avo. and ontone	μιπιστιε ψ						of Net Income (Los	
5	Add lines 1 through	gh 4				line 1).	Subtract line 8 fr	om line 5	
		nalysis of Partn		Accour	nts				<u> </u>
1		ning of year		,914,128		Dietrih	utions: a Cach		408,202,737
-	_	ing of year d: <b>a</b> Cash	• • —	,	0	סוווסוח			
2	Capital Contribute				7	Oth - "		erty	
_	Not income (In)	<b>b</b> Property	400	,974,260	7		•	ze):	
3		per books	• • —	,517,200					
4	Other increases (i	temize):			8				
5	Add lines 1 through	gh 4	410	,888,388				otract line 8 from line	
	, aa mies i uiiou	9	710	,500,500	3	Daialice	at end of year. Sur	Juanume o mom ille	2,003,031

Printed on recycled paper

**Depreciation and Amortization** OMB No. 1545-0172 200 (Including Information on Listed Property) Attachment Sequence No. **67** ► See separate instructions. ► Attach to your tax return. Name(s) shown on return Business or activity to which this form relates Identifying number Carlton Asset Management LP 69-000003 **Carlton Asset Management LP Election To Expense Certain Property Under Section 179** Part I Note: If you have any listed property, complete Part V before you complete Part I. \$125,000 Maximum amount. See the instructions for a higher limit for certain businesses. 43,332 2 2 Total cost of section 179 property placed in service (see instructions) . \$500,000 3 3 Threshold cost of section 179 property before reduction in limitation Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-4 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions 5 (b) Cost (business use only) (a) Description of property **6** Office Equipment 23.456 23.456 Furniture/fixtures 19,876 19,876 Listed property. Enter the amount from line 29 . . . . . . . . . 43,332 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 9 43,332 9 Tentative deduction. Enter the **smaller** of line 5 or line 8. . . . . . . 10 10 Carryover of disallowed deduction from line 13 of your 2006 Form 4562 . 125.000 11 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 43,332 12 13 Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶ 13 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see 14 Property subject to section 168(f)(1) election 15 Other depreciation (including ACRS) 43,766 16 MACRS Depreciation (Do not include listed property.) (See instructions.) Part III **Section A** 18.999 17 MACRS deductions for assets placed in service in tax years beginning before 2007 18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here Section B--Assets Placed in Service During 2007 Tax Year Using the General Depreciation System (b) Month and (c) Basis for depreciation (d) Recovery (a) Classification of property (e) Convention (f) Method (a) Depreciation deduction vear placed in (business/investment use service only-see instructions) 19a 3-year property b 5-year property 7-year property 10-year property d 15-year property f 20-year property 25 yrs. g 25-year property 5/1 27.5 yrs. ММ h Residential rental 27.5 yrs. S/L ММ property 39 yrs. ММ S/L i Nonresidential real property ММ S/L Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System 20a Class life S/L **b** 12-year 12 <u>yr</u>s. S/L c 40-year ММ 9/1 40 yrs. Part IV Summary (see instructions) 21 Listed property. Enter amount from line 28 . . . Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr. 62,765 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs 23 For Paperwork Reduction Act Notice, see separate instructions. Form **4562** (2007) Cat. No. 12906N

Form	4562 (2007)														Page 2
		Property (In	nclude aut	omobi	iles, ce	rtain o	ther v	ehicles	, cellul	ar telep	hone	s, certa	ain co	mputer	
		ty used for e		,				,							
		For any vehicle 1b, columns (a)		-	_			_			_		oense,	complet	te <b>onl</b> y
Sec	tion A—Depre												tomob	iles )	
	Do you have evid											evidence			s⊡No
	(a) be of property (list	(b) Date placed in	(c) Business/ investment		(d) st or other	, Bas	(e) is for de	oreciation	(f)		<b>g)</b> thod/		(h) eciation	Ele	(i) ected
	vehicles first)	service	use percentage		basis	ua)	use or	vestment nly)	period		ention	ded	luction		on 179 ost
25	Special allowance year and used mo	for qualified New	York Liberty o	or Gulf Op	oportunity	Zone pro	operty pla	aced in se	ervice duri	ng the tax	25				
26	Property used														
			%		70.011.000										
			%												
			%												
27	Property used	50% or less i	1	1	ness us	se:									
			%							S/L -					
			%							5/L -					
			%		07 5 1					S/L -				_	
28 29	Add amounts Add amounts										28		. 2	0	
	Add amounts	iii colaitiii (i), i							/ehicles				. 2	9	
Com	plete this secti	on for vehicles									owner,	" or rela	ated pe	erson.	
If you	provided vehicles	to your employee	es, first answe	er the que	estions in	Section	C to see	if you me	eet an exc	ception to	compl	eting this	section	for those	vehicles
30	Total business/investment miles driven during the year (do not include commuting			(a) Vehicle 1 Ve			(b) (c) Vehicle 2 Vehicle		-	<b>(d</b> Vehic			e) cle 5	(f) Vehicle 6	
		miles)													
31	Total commuting	miles driven durin													
32		al other personal (noncommuting) es driven													
33	Total miles driv		ear. Add												
34	Was the vehicl use during off-		personal	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehic	le used primar													
36	Is another vehicuse?	cle available for	personal												
	S	Section C—Qu	estions fo	r Emp	loyers	Who P	rovide	Vehicle	s for U	se by 1	Their E	Employ	ees		
	wer these quest						comp	leting S	ection E	3 for ve	hicles	used by	y empl	oyees w	ho <b>are</b>
not	more than 5%		· ·											\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	NI -
37	Do you mainta by your emplo													Yes	No
38	Do you maintain See the instruct														
39	Do you treat a	all use of vehic	les by emp	oloyees	as per	sonal u	se? .								
40	Do you provid the use of the														
41	Do you meet the														
Dat	Note: If your a	nswer to 37, 38 t <b>ization</b>	3, 39, 40, oi	r 41 is "	Yes," d	o not co	omplete	Section	n B for t	he cove	red ve	nicles.			
Pai	rt VI Amort	iization										(a)			
	(a) Description	of costs	Date am	<b>b)</b> ortization gins	1	Amor	<b>c)</b> tizable ount		Co sect	de	Amor peri	( <b>e)</b> tization od or entage		<b>(f)</b> ortization f this year	or
42	Amortization of	f costs that bed	gins during	your 20	07 tax v	year (se	e instru	ctions):			herce	ornaye			
						`									
												$\Box$			
43	Amortization of											43			
44	Total. Add am	nounts in colur	nn (f). See	the ins	$\overline{}$							44			
					<b>⊕</b> Pi	rinted on r	ecycled pa	aper					F	orm <b>456</b>	<b>2</b> (2007

		_		Final K-1	Amen	ded K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)	2007	7 [	Pa	art III			Current Year Income, s, and Other Items
Department of the Treasury	For calendar year 2007, or tax		1	Ordinary	business income (loss)	15	Credits
Internal Revenue Service	year beginning	2007			40,649,089		
Partner's Share of	ending f Income, Deductions,		2	Net renta	I real estate income (los	5)	
Credits, etc.	► See back of form and separate ins	tructions.	3	Other ne	t rental income (loss)	16	Foreign transactions  A Japan
Part I Informat	tion About the Partnership		4	Guarante	eed payments		
A Partnership's employer	-				561,900		B 1,022,953
69-000003			5	Interest i	ncome		
B Partnership's name, add	dress, city, state, and ZIP code				3,653		D 1,022,953
Carlton Asset Manag	gement LP		6a	Ordinary	dividends		
1678 S Hoover Blvd							L 63,251
San Francisco, CA 9	4101		6b	Qualified	dividends		
<b>0</b> IDO O	and in Clark was		7	Royalties	•		
C IRS Center where partn	ersnip tilea return	-				-	
Ogden			8	Net short	-term capital gain (loss)		
	ublicly traded partnership (PTP)	-	9a	Net long	-term capital gain (loss)	17	Alternative valuinaves toy (ANAT) items
	tion number, if any		•	1101 10119	torri oupriur guiri (1000)	''	Alternative minimum tax (AMT) items
<b>F</b> ☐ Check if Form 827	1 is attached	-	9b	Collectib	les (28%) gain (loss)		
Part II Informat	tion About the Partner				, , , , , , , , , , , , , , , , , , , ,		
G Partner's identifying nur			9с	Unrecapt	tured section 1250 gain		
69-3000001							
H Partner's name, address	s, city, state, and ZIP code		10	Net secti	on 1231 gain (loss)	18	Tax-exempt income and
XYZ Management							nondeductible expenses
7272 W Truman Ave			11	Other inc	come (loss)		C 111
Sacramento, CA 958	13						
General partner or		ther LLC				19	Distributions
member-manager	member	-	12	Section 1	179 deduction	19	Distributions A 40 830 374
J Domestic partner	☐ Foreign partner		12	Section	4,333		A 40,820,274
	Partnershin	-	13	Other de		Ή	
	nis partner? Partnership					20	Other information
	nning Ending						
Profit	10 %	10 %					A 3,653
Loss	10 %	10 %					
Capital	10 %	10 %					
			14	Self-empl	oyment earnings (loss)		
M Partner's share of liabili					A 41,210,989	)	
Nonrecourse	\$	54,000					
Qualified nonrecourse fi	inancing\$		*0-		C 41,210,989		and information
Recourse	\$		Se	e attacr	ned statement for a	additi	onal information.
N Partner's capital accour	•	391,413	_				
Beginning capital accou			July				
Capital contributed duri Current year increase (c	40.6	697,426	é				
Withdrawals & distributi	40.93	0,274 )	Ų				
Ending capital account	σ	268,565	RS				
			For IRS Use Only				
Tax basis	GAAP Section 704(b) book		Щ				
Other (explain)							

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

		Final K-1 Amend	ded K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)	P			Current Year Income, s, and Other Items
Department of the Treasury For calendar year 2007, or tax	1	Ordinary business income (loss)	15	Credits
Internal Revenue Service year beginning	2007	361,776,890		
ending, 2		Net rental real estate income (loss	(3)	
Partner's Share of Income, Deductions,				
Credits, etc.   See back of form and separate instruc	etions 3	Other net rental income (loss)	16	Foreign transactions
				A Japan
Part I Information About the Partnership	4	Guaranteed payments		
A Partnership's employer identification number				B 9,104,282
69-000003	5	Interest income		
<b>B</b> Partnership's name, address, city, state, and ZIP code		32,507		D 9,104,282
Carlton Asset Management LP	6a	Ordinary dividends		
1678 S Hoover Blvd	-			L 562,934
San Francisco, CA 94101	6b	Qualified dividends		
	<u> </u>	<b>5</b>		
C IRS Center where partnership filed return	7	Royalties		
		Not also at town and the large (large)		
Ogden	8	Net short-term capital gain (loss)		
D Check if this is a publicly traded partnership (PTP)	9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
E Tax shelter registration number, if any		riot long torm papital gain (1996)	''	Alternative minimum tax (AIVIT) Items
F	9b	Collectibles (28%) gain (loss)		
Part II Information About the Partner				
G Partner's identifying number	9c	Unrecaptured section 1250 gain		
69-3000002				
H Partner's name, address, city, state, and ZIP code	10	Net section 1231 gain (loss)	18	Tax-exempt income and
ABC Investments				nondeductible expenses
93 E Oaks Dr	11	Other income (loss)	1	C 989
Los Angeles, CA 90052				
I ☐ General partner or LLC	LLC			
member-manager member			19	Distributions
J Domestic partner Foreign partner	12	Section 179 deduction		A 363,300,436
		38,567		
K What type of entity is this partner? Partnership	13	Other deductions		
L Partner's share of profit, loss, and capital:			20	Other information
Beginning Ending				4 00 507
	9 %			A 32,507
	9 %			
Capital 89 % 89	9 %	Self-employment earnings (loss)		
	'	Cell-employment earnings (1033)		
M Partner's share of liabilities at year end:	,600			
1401116664136				
Qualified nonrecourse financing\$		ee attached statement for a	dditio	onal information.
Recourse		or attached statement for t	· · · · · · · · · · · · · · · · · · ·	STIGIT III OTT I GLIOTII
N. Dowtnow's conital account analysis				
N Partner's capital account analysis:  Beginning capital account	,574			
Capital contributed during the year .\$	(,091 (,091 (,229 ()091			
Current year increase (decrease)\$ 362,207	,091 g			
Withdrawals & distributions \$ ( 363,300,4	<u>36</u> )			
Ending capital account \$ 2,390	, <b>229</b>			
	or			
Tax basis GAAP Section 704(b) book	"			
Other (explain)				

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

				Final K-1	Amend	ded K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)	G C	2007	Pa	art III			Current Year Income, s, and Other Items
Department of the Treasury	For calendar year 20	07 or tax	1	Ordinary I	business income (loss)	15	Credits
Internal Revenue Service	•	, 2007			4,064,909		
		, 20	2	Net rental	real estate income (loss	5)	
Partner's Share of							
Credits, etc.	► See back of form and se	,	3	Other net	rental income (loss)	16	Foreign transactions
							A Japan
	tion About the Partn	ership	4	Guarantee	ed payments		
A Partnership's employer	identification number						B 102,295
69-0000003			5	Interest in	ncome		
<b>B</b> Partnership's name, add	dress, city, state, and ZIP code	9			365		D 102,295
Carlton Asset Manag	jement LP		6a	Ordinary	dividends		
1678 S Hoover Blvd							L 6,325
San Francisco, CA 9	4101		6b	Qualified	dividends		
			7	Royalties			
C IRS Center where partner	ership filed return						
Ogden			8	Net short-	term capital gain (loss)		
D Check if this is a po	ublicly traded partnership (PTF	P)		Not love a	t (1)		
E Tax shelter registra	tion number, if any		9a	Net long-	term capital gain (loss)	17	Alternative minimum tax (AMT) items
F   Check if Form 8271	1 is attached		0.5	Callastible	(000() in (loos)		
	C. Al. III. D. I		9b	Collectible	es (28%) gain (loss)		
	tion About the Partn	er	9c	Linroconti	used coetion 1050 gain		
G Partner's identifying nur	nber		90	Onrecapit	ured section 1250 gain		
69-3000003	a city state and ZID code		10		1001 : (1 )	10	Tay ayampt income and
<b>H</b> Partner's name, address	s, city, state, and ZIP code		10	Net section	on 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
T Carlton			44	Otto	(1)	-	C 44
888 NW Peach St	4404		11	Other inco	ome (loss)		C 11
San Francisco, CA 9	4101					-	
							-
			+				
I	Limited   Limited   member	partner or other LLC				19	Distributions
			12	Section 1	79 deduction		A 4,082,027
J Domestic partner	Foreign	partner	'-	Cootion	433		A 4,082,021
	. Individual		13	Other dec		1	
	nis partner? Individual		"	011101 0101		20	Other information
L Partner's share of profit	•					-	
Begii Profit	nning 1 %	Ending 1 %					A 365
Loss	1 %	1 %					A 505
Capital	1 %	1 %					
σαριταί	• 70	. 70	14	Self-emplo	syment earnings (loss)		
M. Doutnor's share of liabilit	tion at waar and				,		
M Partner's share of liabilit	ties at year end: \$	5,400					
l	nancing\$						
	\$		*Se	e attach	ed statement for a	additio	onal information.
necourse	φ						
N Partner's capital accour	nt analysis:		1				
Beginning capital accou	*	39,141	>				
Capital contributed duri			luC				
Current year increase (d	•		Se (				
Withdrawals & distribution	, ,		Ĭ				
Ending capital account		26,857	RS				
			For IRS Use Only				
Tax basis	SAAP Section 704(b)	book	Ľ				
Other (explain)	.,						

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

# SCHEDULE M-3 (Form 1065)

## **Net Income (Loss) Reconciliation** for Certain Partnerships

► Attach to Form 1065 or Form 1065-B.
 ► See separate instructions.

	ment of the Treasury I Revenue Service					
	of partnership	► See separate		Employe	r identif	ication number
Carl	ton Asset Mana	gement, LP		69		0000003
This	Schedule M-3 The amount of the	3 is being filed because (check all that of the partnership's total assets at the end of the partnership's adjusted total assets for bunt of adjusted total assets for the tax year	f the tax year is equal to \$10 n the year is equal to \$10 millio			B is checked,
	<ul><li>✓ The amount of receipts for the little of the li</li></ul>	of total receipts for the taxable year is equal to tax year 410,686,302.  It is a reportable entity partner with respect one in the partnership's capital, profit, or loss	al to \$35 million or more. If bo to the partnership owns or is	deemed to	own ar	n interest of 50
		e of Reportable Entity Partner		Maximum F		age Owned or
E	☐ Voluntary File	er				
Par	t I Financi	al Information and Net Income (Loss)	Reconciliation			
c 2 3a	<ul> <li>No. Go to lir</li> <li>Did the partners</li> <li>Yes. Skip lir</li> <li>No. Go to lir</li> <li>Did the partners</li> <li>Yes. Comple</li> <li>No. Skip line</li> <li>Enter the incom</li> <li>Has the partners</li> <li>✓ No.</li> <li>Has the partners</li> </ul>	nes 1b and 1c and complete lines 2 through the 1b. See instructions if multiple non-tax-basis are 1c and complete lines 2 through 11 with respect to that in the 1c. Ship prepare a non-tax-basis income statement lines 2 through 11 with respect to that in the 2 through 3b and enter the partnership's restatement period: Beginning 1/0 ship's income statement been restated for the statement and the amount of ship's income statement been restated for any continuous income statement income statement income statement income statement income stateme	asis income statements are press income statement for that perespect to that income statement for that perespect to that income statement for that period?  I come statement.  Inet income (loss) per its books  I / 2007 Ending 12  Ine income statement period on each item restated.)	pared. riod? ent. and record: 2 / 31 / line 2?	2007	
b 6a	Worldwide cons Net income from Net loss from no Net income from	solidated net income (loss) from income state in nonincludible foreign entities (attach sched onincludible foreign entities (attach schedule in nonincludible U.S. entities (attach schedule onincludible U.S. entities (attach schedule ar	ement source identified in Part lule)	nt)	4   5a ( 5b   6a (	406,974,260
		onincludible U.S. entities (attach schedule ar s) of other includible disregarded entities (att		· · ·	7a	
	Net income (los	s) of other includible entities (attach schedule	e)		7b	
8	•	eliminations of transactions between includi			8	
9	(attach schedule	e)			9	
10	,	nts to reconcile to amount on line 11 (attach	,	1.	10	
11	•	ss) per income statement of the partnersh	•		11	406,974,260

Schedule M-3 (Form 1065) 2007

Name of partnership

Carlton Asset Management, LP

Employer identification number
69
0000003

# Part II Reconciliation of Net Income (Loss) per Income Statement of Partnership with Income (Loss) per

	Return				
	Income (Loss) Items	(a) Income (Loss) per Income Statement	<b>(b)</b> Temporary Difference	<b>(c)</b> Permanent Difference	(d) Income (Loss) per Tax Return
1	Income (loss) from equity method foreign corporations				
2	Gross foreign dividends not previously taxed				
3	Subpart F, QEF, and similar income inclusions				
4	Gross foreign distributions previously taxed				
5 6	Income (loss) from equity method U.S. corporations				
7	Income (loss) from U.S. partnerships (attach schedule)				
8	Income (loss) from foreign partnerships (attach schedule)	10,229,525			10,229,525
9	Income (loss) from other pass-through entities (attach schedule)				
10	Items relating to reportable transactions (attach details)				
11	Interest income (attach Form 8916-A)				
12	Total accrual to cash adjustment				
13	Hedging transactions				
14	Mark-to-market income (loss)	(			1
15		,			,
16	Sale versus lease (for sellers and/or lessors)				
17	Section 481(a) adjustments				
18 19	Income recognition from long-term contracts				
20	Original issue discount and other imputed interest				
	Income statement gain/loss on sale, exchange,				
	abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b	Gross capital gains from Schedule D, excluding amounts from pass-through entities				
С	Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d	Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
е	Abandonment losses				
f	Worthless stock losses (attach details)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach schedule)				
23	<b>Total income (loss) items.</b> Combine lines 1 through 22	10,229,525			10,229,525
24	Total expense/deduction items (from Part III, line 30)	(2,222)		(560,789)	(563,011)
25	Other items with no differences	396,746,957		/#22 #25°	396,746,957
26	Reconciliation totals. Combine lines 23 through 25 .	406,974,260		(560,789)	406,413,471

**Note.** Line 26, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1065, page 4, Analysis of Net Income (Loss), line 1.

Schedule M-3 (Form 1065) 2007 Page **3** 

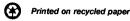
Name of partnership

Carlton Asset Management, LP

Employer identification number
69 0000003

# Part III Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return—Expense/Deduction Items

	Return—Expense/Deduction Items				
	Expense/Deduction Items	(a) Expense per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 2	State and local current income tax expense State and local deferred income tax expense				
3	Foreign current income tax expense (other than foreign withholding taxes)				
4	Foreign deferred income tax expense				
5	Equity-based compensation	0.000		(4.444)	4 444
6	Meals and entertainment	2,222		(1,111)	1,111
7	Fines and penalties				
8	Judgments, damages, awards, and similar costs			561,900	561,900
9	Guaranteed payments			301,300	301,300
10	Pension and profit-sharing				
11 12	Other post-retirement benefits				
13	Charitable contribution of cash and tangible				
14	property				
15	Organizational expenses as per Regulations				
13	section 1.709-2(a)				
16	Syndication expenses as per Regulations section 1.709-2(b)				
17	Current year acquisition/reorganization investment banking fees				
18	Current year acquisition/reorganization legal and accounting fees				
19	Amortization/impairment of goodwill				
20	Amortization of acquisition, reorganization, and start-up costs				
21	Other amortization or impairment write-offs				
22	Section 198 environmental remediation costs				
23a	Depletion—Oil & Gas				
b	Depletion—Other than Oil & Gas				
24	Intangible drilling & development costs				
25	Depreciation				
26	Bad debt expense				
27	Interest expense (attach Form 8916-A)				
28	Purchase versus lease (for purchasers and/or lessees)				
29	Other expense/deduction items with differences (attach schedule)				
30	<b>Total expense/deduction items.</b> Combine lines 1 through 29. Enter here and on Part II, line 24	2,222		560,789	563,011



Form **8865** 

## Return of U.S. Persons With Respect to **Certain Foreign Partnerships**

Attach to your tax return. See separate instructions. Information furnished for the foreign partnership's tax year

Attachment

OMB No. 1545-1668

Department of the Treasury Internal Revenue Service , 2007, and ending 01/01 12/31 , 20 <mark>07</mark> Name of person filing this return Filer's identifying number 69-000003 Carlton Asset Management, LP Filer's address (if you are not filing this form with your tax return) A Category of filer (see Categories of Filers in the instructions and check applicable box(es)): 2 3 🔽 1678 S Hoover Blvd San Francisco, CA 94101 **B** Filer's tax year beginning 01/01 , 20 07 , and ending 12/31 , 20 07 C Filer's share of liabilities: Nonrecourse \$ Qualified nonrecourse financing \$ 4,800,000 Other \$ D If filer is a member of a consolidated group but not the parent, enter the following information about the parent: EIN Address Information about certain other partners (see instructions) (4) Check applicable box(es) (1) Name (3) Identifying number (2) Address Category 1 Category 2 Constructive owner Name and address of foreign partnership 2 EIN (if any) 69-0000099 Mai Tai Investments 3 Country under whose laws organized 1-2-3 Ginsu, Chuo-Ku Tokyo, 190-2182 **Japan** Date of 5 Principal place 6 Principal business 7 Principal business 8a Functional currency 8b Exchange rate (see instr.) organization of business activity code number activity 09/13/1992 **Security Dealing** .8739 Yen Provide the following information for the foreign partnership's tax year 2 Check if the foreign partnership must file: Name, address, and identifying number of agent (if any) in the **United States** ☐ Form 1042 Form 8804 Form 1065 or 1065-B Service Center where Form 1065 or 1065-B is filed: Name and address of foreign partnership's agent in country of 4 Name and address of person(s) with custody of the books and organization, if any records of the foreign partnership, and the location of such books and records, if different ☐ Yes ✓ No 5 Were any special allocations made by the foreign partnership? 6 Enter the number of Forms 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, 7 How is this partnership classified under the law of the country in which it is organized? . . . Partnership 8 Did the partnership own any separate units within the meaning of Regulations section 1.1503-2(c)(3) or (4)? 9 Does this partnership meet both of the following requirements? • The partnership's total receipts for the tax year were less than \$250,000 and ► ☐ Yes 🗹 No • The value of the partnership's total assets at the end of the tax year was less than \$600,000. If "Yes,"  ${f do}$   ${f not}$  complete Schedules L, M-1, and M-2. Sign Here
Only If You
Are Filing
This Form
Separately
and Not With
Your Tax Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge. Your Tax Signature of general partner or limited liability company member Date Return Paid Prepare Sign and Complete Only If Form is Filed Separately. Date Preparer's SSN or PTIN Preparer's signature self-employed ▶ 000-20-0001 Firm's name (or yours if self-employed), address, and ZIP code Electronic Tax Filers, Inc

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

123 Any Street Anytown, NY 11717

Cat. No. 25852A

EIN ▶

Phone no.

69

631

555-1212 Form **8865** (2007)

0000098

Form	า 8865	(2007)					Page 2
		ule A Constructive Owners check box b, enter t	hip of Partnership Interest. he name, address, and U.S est you constructively own. Se	. taxpayer identifying			ler. If you
		a 🗹 Owns a direct inte	erest	<b>b</b> Owns a construc	tive inte	erest	
		Name	Address	Identifying number (if	any)	Check if foreign person	Check if direct partner
Cal	rton /	Asset Management, LP	1678 Hoover Blvd, San Francisco C	A 69-000098			~
			CA 94101				
Sc	hed	ule A-1 Certain Partners of F	oreign Partnership (see instr	uctions)			
		Name	Address	Identifying num	nber (if a	any)	Check if foreign
				,			person
		e partnership have any other foreign			∐ Ye		No No
Sc	nea		List all partnerships (foreign or indirectly owns a 10% inte		the to	oreign pa	artnersnip
_			•	EIN	Tota	l ordinary	Check if
		Name	Address	(if any)		ne or loss	foreign partnership
_					+		
Sc	hed	ule B Income Statement—	rade or Business Income				
Cau	ıtion.	Include only trade or business incom-	e and expenses on lines 1a throug	h 22 below. See the instru	ctions f	or more in	formation.
	1	Gross receipts or sales		1a	_		
	1	Less returns and allowances		1b	1c 2		
πe	3	Cost of goods sold			3		
Incon	4	Ordinary income (loss) from other par		ch statement)	4		
<u>u</u>	5	Net farm profit (loss) (attach Schede			5		
	6	Net gain (loss) from Form 4797, Pa	rt II, line 17 (attach Form 4797) .		6		
	7	Other income (loss) (attach stateme	nt)		7		
	8	Total income (loss). Combine lines	3 through 7		8		
	9	Salaries and wages (other than to p			9		
	10	Guaranteed payments to partners		•	10		
(suo	11	Repairs and maintenance			11		
mitati	12	Bad debts			12		
for li	13	Rent			13		
ctions	14	Taxes and licenses			14		
instru	15	Interest		16a	15		
(see instructions for limitations)		Less depreciation reported elsewhe		16b	16c		
ns	17	Depletion ( <b>Do not</b> deduct oil and ga		<u> </u>	17		
Deductions	18	Retirement plans, etc			18		
ğη	19	Employee benefit programs			19		
De	20	Other deductions (attach statement,	)		20		
	21	Total deductions. Add the amounts she	own in the far right column for lines	9 through 20	21		
					+		
	22	Ordinary business income (less) fro	m trade or business activities. Sub	traat line 21 from line 9	22		

Form 8865 (2007)

Schedule D Capital Gains and Losses

	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other ba (see instructions)	
1						
_						
2	Short-term capital gain from ins	stallment sales from	Form 6252, line 26	or 37	2	2
3	Short-term capital gain (loss) fro	om like-kind eychan	iges from Form 882	1	3	3
,	Onort-term capital gain (loss) in	on like-kind exchan	iges irom romi doz.	*		
4	Partnership's share of net short- gains (losses), from other partner					1
5	Net short-term capital gain or	•				
_	Form 8865, Schedule K, line 8	or 11	· · · · · ·		5	5
aı	t II Long-Term Capital G	ains and Losses-	–Assets Held Mo	ore Than One Y	ear ear	
	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other ba (see instructions)	
6						
_						
_						
_						
_						
	Long-term capital gain from ins	tallment sales from	Form 6252, line 26	or 37	7	7
7	Long-term capital gain from ins					
7	Long-term capital gain from ins					
7		om like-kind exchan	ges from Form 8824	I	term capital	3
7 8 9	Long-term capital gain (loss) from	om like-kind exchang term capital gain (los rships, estates, and t	ges from Form 8824	l. lly allocated long- 	term capital	3

Form 8865 (2007) Page 4 Schedule K Partners' Distributive Share Items **Total amount** 1 Ordinary business income (loss) (page 2, line 22) 2 2 Net rental real estate income (loss) (attach Form 8825) . 3a Other gross rental income (loss) . . . . . . . . 3h **b** Expenses from other rental activities (attach statement). Зс c Other net rental income (loss). Subtract line 3b from line 3a ncome (Loss) 4 4 Guaranteed payments . . . . . . . . . . . . 5 5 Interest income . . . 6 Dividends: a Ordinary dividends . . 6a **b** Qualified dividends 7 **7** Royalties . . . . . . . . . . 8 Net short-term capital gain (loss) . . . 8 9a 9a Net long-term capital gain (loss) . . . . **b** Collectibles (28%) gain (loss) . . . . . . . . 9b c Unrecaptured section 1250 gain (attach statement) . . . 9с 10 Net section 1231 gain (loss) (attach Form 4797) 10 Other income (loss) (see instructions) Type 11 **Deductions** 12 12 Section 179 deduction (attach Form 4562). 13a Contributions . . . . . . . 13a b Investment interest expense . . . . .c Section 59(e)(2) expenditures: (1) Type ► 13b 13c(2) d Other deductions (see instructions) Type ▶ 13d Self-Employ-ment 14a Net earnings (loss) from self-employment . 14a **b** Gross farming or fishing income . . . . 14b **c** Gross nonfarm income . . 15a Low-income housing credit (section 42(j)(5)) . . . . . . . 15a 15b **b** Low-income housing credit (other) . . . . 15c c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468). d Other rental real estate credits (see instructions) Type ▶ ..... 15d Type ▶ e Other rental credits (see instructions) Type ► f Other credits (see instructions) 15f **16a** Name of country or U.S. possession ▶.... **b** Gross income from all sources . . . . . . . . . . . Foreign Transactions 16b 16c **c** Gross income sourced at partner level . . . . Foreign gross income sourced at partnership level d Passive category ► \_\_\_\_ e General category ► 16f Deductions allocated and apportioned at partner level 16h Deductions allocated and apportioned at partnership level to foreign source income i Passive category ► \_\_\_\_\_ j General category ► \_\_\_\_\_ k Other
I Total foreign taxes (check one): ► □ Paid □ Accrued 16k 161 m Reduction in taxes available for credit (attach statement) . . . 16m n Other foreign tax information (attach statement) . Alternative Minimum Tax (AMT) Items 17a Post-1986 depreciation adjustment . . . . . 17a **b** Adjusted gain or loss . . . . . 17b 17c c Depletion (other than oil and gas) . . . . . 17d d Oil, gas, and geothermal properties-gross income Oil, gas, and geothermal properties—deductions 17e f Other AMT items (attach statement) 17f 18a Tax-exempt interest income . . . . . . . 18a Other Information 18b **b** Other tax-exempt income . . . . . 18c c Nondeductible expenses . . . . 19a 19a Distributions of cash and marketable securities 19b **b** Distributions of other property . . . . . 20a Investment income . . . . . . . . 20a **b** Investment expenses 20b **c** Other items and amounts (attach statement)

Form 8865 (2007) Page 5 Schedule L Balance Sheets per Books. (Not required if Item G9, page 1, is answered "Yes.") Beginning of tax year End of tax year (a) (b) (c) **1** Cash . . . 2a Trade notes and accounts receivable . **b** Less allowance for bad debts . . . 3 Inventories . . . . . . . 4 U.S. government obligations . . . . . 5 Tax-exempt securities . . . . . Other current assets (attach statement) 7 Mortgage and real estate loans . . . 8 Other investments (attach statement) . 9a Buildings and other depreciable assets. . **b** Less accumulated depreciation . . . 10a Depletable assets . . . . . . . . . . . . **b** Less accumulated depletion . . . 11 Land (net of any amortization). . . 12a Intangible assets (amortizable only) . . **b** Less accumulated amortization . . . 13 Other assets (attach statement) . . . . . 14 Total assets. . . . . . . **Liabilities and Capital** 15 Accounts payable . . . . . . Mortgages, notes, bonds payable in less than 1 year. 17 Other current liabilities (attach statement) . . . 18 All nonrecourse loans . . . . . . . . . 19 Mortgages, notes, bonds payable in 1 year or more. Other liabilities (attach statement) . . . . . 20 Partners' capital accounts . . . . . . . . 21 Total liabilities and capital

Form	n 8865 (2007)					Page <b>6</b>
Sc	hedule M Balance Sheets for Interest All	ocation				
	General category (attach statement)			(a) Beginning of tax year	<b>(b)</b> End of tax year	
_	hedule M-1 Reconciliation of Income (Loss) 1, is answered "Yes.")			ome (Loss) per Return. (No	t required if Item G9	, page
5	Travel and entertainment \$  Add lines 1 through 4		year n lines of a Tax-e.  7 Deduct K, line charge year (i a Depre	te recorded on books this ot included on Schedule K, I through 11 (itemize): xempt interest \$		
	hedule M-2 Analysis of Partners' Capital	Account	· · · · · · · · · · · · · · · · · · ·		, is answered "Yes	3.") 
3 4	Balance at beginning of year . Capital contributed:  a Cash b Property .  Net income (loss) per books . Other increases (itemize):		7 Other	utions: a Cash		
5	Add lines 1 through 4		9 Balan	ce at end of year. Subtract from line 5		

Form 8865 (2007) Page 7

# Schedule N Transactions Between Controlled Foreign Partnership and Partners or Other Related Entities Important: Complete a separate Form 8865 and Schedule N for each controlled foreign partnership. Enter the totals for each type of transaction that occurred between the foreign partnership and the persons listed in columns (a) through (d).

trar	saction that occurred between the	ne foreign partnership and	the persons listed in colu	mns (a) through (d).	
	Transactions of foreign partnership	(a) U.S. person filing this return	(b) Any domestic corporation or partnership controlling or controlled by the U.S. person filing this return	(c) Any other foreign corporation or partnership controlling or controlled by the U.S. person filing this return	(d) Any U.S. person with a 10% or more direct interest in the controlled foreign partnership (other than the U.S. person filing this return)
1	Sales of inventory				
	Sales of property rights (patents, trademarks, etc.)				
3	Compensation received for technical, managerial, engineering, construction, or like services				
4	Commissions received .				
5	Rents, royalties, and license fees received				
6	Distributions received				
7	Interest received				
8	Other				
9	Add lines 1 through 8				
10	Purchases of inventory .				
11	Purchases of tangible property other than inventory				
12	Purchases of property rights (patents, trademarks, etc.)				
13	Compensation paid for technical, managerial, engineering, construction, or like services				
14	Commissions paid				
	Rents, royalties, and license fees paid				
16	Distributions paid				
	Interest paid				
18	Other				
19	Add lines 10 through 18 .				
20	Amounts borrowed (enter the maximum loan balance during the year) —see instructions				
21	Amounts loaned (enter the maximum loan balance during the year)—see instructions				
			1	<u> </u>	Form <b>8865</b> (2007)



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# **SCHEDULE 0** (Form 8865)

Department of the Treasury Internal Revenue Service

# Transfer of Property to a Foreign Partnership (under section 6038B)

▶ Attach to Form 8865. See Instructions for Form 8865.

OMB No. 1545-1668

Name	ot	transi	eror	r	
		_		_	

Carlton Asset Management, LP

Filer's identifying number 69-000003

Name of foreign partnership Mai Tai Investments

Part I Tra	nsfers Reportal	ble Under S	ection 6038B				
Type of property	(a) Date of transfer	(b) Number of items transferred	<b>(c)</b> Fair market value on date of transfer	(d) Cost or other basis	(e) Section 704(c) allocation method	<b>(f)</b> Gain recognized on transfer	(g) Percentage interest in partnership after transfer
Cash							
Marketable securities							
inventory							
Tangible property used in trade or business	08/09/2007	4	12,345	16,000			25
Intangible property							
Other property							
Supplemental I	nformation Req	uired To Be	Reported (see in	structions):			
Part II Dis	positions Repo	rtable Unde	Section 6038B				
<b>(a)</b> Type of property	<b>(b)</b> Date of original transfer	(c) Date of disposition	<b>(d)</b> Manner of disposition	<b>(e)</b> Gain recognized by partnership	(f) Depreciation recapture recognized by partnership	(g) Gain allocated to partner	(h) Depreciation recapture allocated to partner
Part III Is a sec	ny transfer repo tion 904(f)(5)(F)?			to gain recognition	under section	n 904(f)(3) or ▶ □	Yes ✓ No

For Paperwork Reduction Act Notice, see the Instructions for Form 8865.

Cat. No. 25909U

Schedule O (Form 8865) 2007



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# SCHEDULE P (Form 8865)

# **Acquisitions, Dispositions, and Changes of Interests** in a Foreign Partnership

OMB No. 1545-1668

(under section 6046A) ▶ Attach To Form 8865. See Instructions for Form 8865.

Department of the Treasury
Internal Revenue Service

Name of person filing Form 8865 Filer's identifying number **Carlton Asset Management LP** 69-0000003

Name of foreign partnership

Mai Tai Investments					
Part I Acquisitions					
(a)  Name, address, and identifying number of person from whom your interest was acquired	(b) Date of acquisition	(c) FMV of interest acquired	(d) Basis in interest acquired	(e) % of interest before acquisition	(f) % of interest after acquisition
Mai Tai Investments 123 Ginsu,Chuo-Ku	08/09/2007	12,345	16,000	0	25
Tokyo, 190-2182 69-0000099					
Part II Dispositions					
Part II Dispositions					
(a)  Name, address, and identifying number of person who acquired your interest	(b) Date of disposition	(c) FMV of interest disposed	(d) Basis in interest disposed	(e) % of interest before disposition	(f) % of interest after disposition
Part III Change in Proportional	Interest				
Part III Onlange III r Toportional	Interest				
(a) Description of change	<b>(b)</b> Date of change	(c) FMV of interest	<b>(d)</b> Basis in interest	(e) % of interest before change	(f) % of interest after change
Part IV Supplemental Informati	on Required To	Be Reported(	see instructions)		

For Paperwork Reduction Act Notice, see the Instructions for Form 8865.

Cat. No. 25943Q

Schedule P (Form 8865) 2007



#### **TEST SCENARIO 4**

#### FORMS REQUIRED:

1065, 4562, 4797, 8308,1065 Sch D, 1065 Sch K-1 (3), Form 8453-PE

#### **ATTACHMENTS:**

Other Income (Loss) Statement

Itemized Other Deductions Statement Itemized Section 263A Costs Schedule Inventoriable Costs Paid Schedule

Section 754 Election

Partnership's Charitable Contributions Statement Schedule L Other Current Assets Statement Schedule L Other Assets Statement

Schedule L Other Current Liabilities Statement

**BINARY ATTACHMENTS:** Scanned Form 8453-PE (8453 Signature Document)

#### **HEADER INFO**

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, OR 97201

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: ERO

PractionerPIN: None PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document

Return Type: 1065

**Filer:** EIN: 69-0000004

Name: Eastlands Quarries Name Control: EAST Address: 2313 Jackson Ave Portland, OR 97208

**Partner:** Name: Jonathan Teak

Title: President Taxpayer PIN: Phone: 555-555-5555

Email Address: Anymail@email.com

DateSigned: 04/11/2008

**Preparer:** Name: John Smith

SSN: 000-20-1212 Phone: 555-555-0000

Email Address: Anymail@email.com

Date Prepared: 04/11/2008

**IRS Payment:** N/A

### Self Employed: No

#### **Details for attachments to Form**

### Other Income (Loss) Statement (Form 1065, Page 1, Line 7)

Miscellaneous	36,522
---------------	--------

### **Itemized Other Deductions Statement** (Form 1065, Page 1 Line 20)

Amortization	441,924
Insurance	75,606
Professional Fees	583,204
Miscellaneous	213,470

# Itemized Section 263A Costs Schedule (Form 1065, Page 2, Schedule A, Line 4)

Rent	50,000
Utilities	24,212

# **Inventoriable Costs Paid Schedule** (Form 1065, Page 2, Schedule A, Line 5)

Professional Fees	19,360
Utilities	1,321,610
Miscellaneous	225,142
Depreciation	1,552,601

### Section 754 Election (Form 1065, Page 2, Schedule B, Line 11)

Name of Partnership	Eastlands Quarries
Partnership Address	2313 Jackson Ave Portland, OR 97208
Section 754 Declaration	Made a section 754 declaration

### Partnership's Charitable Contributions Statement (Form 1065, Page 3, Schedule K, Line 13a)

Type of Contribution	50% Cash Contribution		
Amount	3,000		

### Schedule L Other Current Assets Statement (Form 1065, Page 4, Schedule L, Line 6b and 6d)

Type	BOY Amount	EOY Amount
Prepaid Insurance	105,000	105,000
Deposit	45,000	20,000

# Schedule L Other Assets Statement (Form 1065, Page 4, Schedule L, Line 13b and 13d)

Type	BOY Amount	EOY Amount
Other Assets	387,000	411,000

# Schedule L Other Current Liabilities Statement (Form 1065, Page 4, Schedule L, Line 17)

Type	BOY Amount	EOY Amount			
Accrued Payroll	793,542	801,250			
Accrued Profit Sharing	377,622	486,135			

	11	165	U.S. Return of Partnership Income								OMB No. 1545-0099		
		the Treasury e Service (77)	For calen	dar year 2007,	or tax year beginning ▶ See separ	ate instruction		,, 20		l L	2007		
		usiness activity	Lloo the	Name of part	•					) Employ	er identification		
	Quarrie		Use the IRS	Eastland (						69	000000		
		oduct or service	label. Other-	,	et, and room or suite no.	If a P.O. box, se	e the ins	tructions.		E Date b	ousiness started	i	
_	Crushed Stoffe wise.										03/29/2002		
<b>C</b> B	Business code number print City or town, state, and ZIP code							ا ا	F Total a	assets (see the			
	21	12310	or type.	Portland,	OR 97208					3	28,234,548		
G H I J	Check a		thod: <b>(1)</b> [ K-1. Attacl	Cash h one for each	(2) ☐ Final return (2) ☑ Accrual person who was a pa ule M-3)	(3 artner at any tim	B) Ot ne during						
Ca	ution. In	nclude <b>only</b> tr	ade or bu	siness incom	e and expenses on li	ines 1a throug	ıh 22 be	elow. See the ins	truction	s for r	more informa	tion.	
	10.0	roos rossinte	or colon				1a	15,200,800				Т	
	I	iross receipts					1b	115,470	10		15,085,330		
								-			7,000,000		
Э					ne 1c					_	8,085,330		
Income	1				partnerships, estates					_		$\overline{}$	
<u>2</u>	1	-			•		•	•		,			
_	5 Net farm profit (loss) (attach Schedule F (Form 1040))									_	37,400		
	7 Other income (loss) (attach statement).										36,522		
	8 T	otal income	(loss). C	ombine lines	3 through 7				. 8		8,159,252		
l (su					partners) (less emplo					)	550,000		
ation	<b>10</b> G									)			
<u>iii</u>	<b>11</b> R									1	3,120,512		
for	<b>12</b> B								12	2	11,411		
ions	13 R								1;	3	486,634		
truct	14 Ta								. 14	4	262,140		
inst	<b>15</b> In								1	5	38,106		
the	<b>16a</b> D	epreciation (					16a	1,552,601					
(see	b Le	ess depreciat	ion report	ted on Sched	dule A and elsewhere	e on return	16b	1,552,601	16	c			
ns	<b>17</b> D	epletion (Do	not dedu	uct oil and g	gas depletion.)				. 1	7	653,121		
<b>Deductions</b> (see the instructions for limitations)	<b>18</b> R	etirement pla	ans, etc.						. 18	3	53,721		
S	19 E	mployee ben	efit progr	ams					. 19	9	287,416		
eq	20 0	ther deduction	ons <i>(attac</i>	h statement)					. 20	)	1,314,204		
Δ	21 T	otal deducti	ons. Add	the amount	s shown in the far i	right column	for lines	s 9 through 20	. 2	1	6,777,265		
	22 O				Subtract line 21 fro				. 2		1,381,987		
	gn ere	and belief, it is	s true, corre		lave examined this return, e. Declaration of prepare iny knowledge.					y meml	ber manager) is e IRS discuss this preparer shown bel	s return low (see	
		Signature	e of general	partner or limite	ed liability company mem	ber manager		Date					
	Paid Preparer's signature Date Check if self-employed ▶						▶ □	Prepa	rer's SSN or PT	IN			
He	parer's Only	Firm's name (	or yours	Electron	ic Tax Filers, Inc			EIN ▶	69		0000098		
	. oy	if self-employed address, and a	ZIP code	1065 Efil	e Drive Anytown, C	OR 97201		Phone r	10.	( 555	) 555-000	00	
For	Privacy	Act and Pap	erwork Re	eduction Act	Notice, see separate	instructions.		Cat. No. 1139	0Z		Form <b>1065</b>	(2007)	

_	1065 (2007)	P	age 2					
Sc	hedule A Cost of Goods Sold (see the instructions)							
1	Inventory at beginning of year	2,320						
2	Purchases less cost of items withdrawn for personal use							
3	00st 01 labor	),412						
4	Additional section 200A costs (attach statement)	1,212						
5	Other costs (attach statement)	3,713						
6	<b>Total.</b> Add lines 1 through 5							
7								
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	000,0						
9a	Check all methods used for valuing closing inventory:							
	(i) Cost as described in Regulations section 1.471-3							
	(ii) Lower of cost or market as described in Regulations section 1.471-4							
	(iii) ☐ Other (specify method used and attach explanation) ▶	· <u></u>						
b	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶	Ш						
С	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)	Ц						
	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? Yes		No					
е	Was there any change in determining quantities, cost, or valuations between opening and closing inventory?	<b>-</b>	No					
80	If "Yes," attach explanation.  hedule B Other Information							
		Yes	No					
1	What type of entity is filing this return? Check the applicable box:		140					
а								
С								
e	- Cologn partitioning		~					
2	Are any partners in this partnership also partnerships?							
3	entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and							
	301.7701-3? If "Yes," see instructions for required attachment							
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section							
_	6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details .							
5	9 · 1 · · · · · · · · · · · · · · · · ·							
	a The partnership's total receipts for the tax year were less than \$250,000;							
b	, , , , , , , , , , , , , , , , , , , ,							
С	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return		_					
	extensions) for the partnership return  If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065;							
	or Item N on Schedule K-1.							
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and							
_	8813. See the instructions		<u> </u>					
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		~					
8	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?							
9	At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial							
	account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the							
	name of the foreign country. ▶		~					
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a							
	foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		<b>v</b>					
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by at-							
	taching the statement described under Elections Made By the Partnership in the instructions	~						
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached							
_	to this return							
	gnation of Tax Matters Partner (see the instructions) r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:							
Naı	me of Identifying number							
	signated of TMP							
Add	dress of							
des TM	ignated P ———————————————————————————————————							

Form **1065** (2007)

Form 1065 (2007) Schedule K Partners' Distributive Share Items **Total amount** 1,381,987 1 Ordinary business income (loss) (page 1, line 22) 2 Net rental real estate income (loss) (attach Form 8825) . 3a Other gross rental income (loss) . . . . . . . . 3b **b** Expenses from other rental activities (attach statement).  ${\bf c}\,$  Other net rental income (loss). Subtract line 3b from line 3a Зс ncome (Loss) Guaranteed payments . . . . . 4 14,225 5 Interest income . . . 6a Dividends: a Ordinary dividends **b** Qualified dividends 7 Royalties . . . . . . . . . . . . 2,300 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) (2,500)9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) **b** Collectibles (28%) gain (loss) . . . . . . . . . . . . . . . . 9h 9с c Unrecaptured section 1250 gain (attach statement) . . . Net section 1231 gain (loss) (attach Form 4797) . . . . . . 10 (56,500)Other income (loss) (see instructions) Type ▶ \_\_\_\_ 11 Self-Employ- Deductions ment 12 **12** Section 179 deduction (attach Form 4562) . . . . 13a Contributions . . . . . . . . . . . . . . . . 3,000 13a **b** Investment interest expense . 13b 13c(2) Section 59(e)(2) expenditures: **(1)** Type ▶ (2) Amount ▶ Other deductions (see instructions) Type ▶ 13d 739,523 14a Net earnings (loss) from self-employment . . . . . . . . . . . 14a 14b **b** Gross farming or fishing income . . . . . . . . . . . . **c** Gross nonfarm income . . . 739,523 14c 15a Low-income housing credit (section 42(j)(5)) . . . . . . . . . 15a **b** Low-income housing credit (other) . . . Credits 15c c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468). . 15d d Other rental real estate credits (see instructions) Type ▶ ... 15e e Other rental credits (see instructions) Type ▶ f Other credits (see instructions) Type ▶ 15f 16a Name of country or U.S. possession ▶.... Foreign Transactions  $\boldsymbol{b}$  Gross income from all sources  $\ .\ .\ .\ .\ .\ .$  . . . . . . 16b 16c c Gross income sourced at partner level . Foreign gross income sourced at partnership level 16f d Passive category ► \_\_\_\_\_ e General category ► \_\_\_\_\_ Deductions allocated and apportioned at partner level 16h Deductions allocated and apportioned at partnership level to foreign source income 16k i Passive category ► \_\_\_\_\_ j General category ► \_\_\_\_\_ I Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐ . 16I m Reduction in taxes available for credit (attach statement) . 16m n Other foreign tax information (attach statement) . 17a (199,426)Alternative Minimum Tax 17a Post-1986 depreciation adjustment . . . **b** Adjusted gain or loss . . . . . . (15,622)17b 619,783 17c c Depletion (other than oil and gas) . . . 17d Oil, gas, and geothermal properties—gross income Oil, gas, and geothermal properties—deductions 17e Other AMT items (attach statement) 17f 18a Other Information 18a Tax-exempt interest income . 18b **b** Other tax-exempt income . . 18c c Nondeductible expenses . . . 1,900,000 19a 19a Distributions of cash and marketable securities 19b **b** Distributions of other property 14,225 20a Investment income . . 20a 20h **b** Investment expenses c Other items and amounts (attach statement)

Form **1065** (2007)

Form **1065** (2007)

Form 1065 (2007) Page 4 Analysis of Net Income (Loss) Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of 1,336,512 Schedule K, lines 12 through 13d, and 16l 1 (ii) Individual (iii) Individual (v) Exempt 2 Analysis by (i) Corporate (iv) Partnership (vi) Nominee/Other (active) (passive) organization partner type: 735,082 a General partners **b** Limited partners Schedule L End of tax year **Balance Sheets per Books** Beginning of tax year **Assets** (a) (c) (d) 375,120 1,530,820 1 Cash . . . . . . . . 1,140,165 1,353,242 2a Trade notes and accounts receivable 1,140,165 1,353,242 **b** Less allowance for bad debts . . . 1,372,320 1,207,920 4 U.S. government obligations . . . . 5 Tax-exempt securities . . . . . 125,000 150,000 6 Other current assets (attach statement) Mortgage and real estate loans . . . 7 8 Other investments (attach statement) . 9,327,811 9,529,741 9a Buildings and other depreciable assets. 1,426,314 7,901,497 1,523,300 8,006,441 **b** Less accumulated depreciation . . . 7,312,547 10a Depletable assets . . . . . . . . . 7.426.187 375,638 6,936,909 426,187 7,000,000 **b** Less accumulated depletion . . . 747.000 737.000 **11** Land (net of any amortization). 7,926,216 7,926,216 12a Intangible assets (amortizable only) . . **b** Less accumulated amortization . . . 7,926,216 7,926,216 387,000 411,000 Other assets (attach statement) . . . 13 26,999,318 28,234,548 Total assets . . . . . . . 14 **Liabilities and Capital** 1,000,000 1,200,000 15 Accounts payable . . . . . . . Mortgages, notes, bonds payable in less than 1 year. 16 1,171,164 1,287,385 Other current liabilities (attach statement) . . . 17 All nonrecourse loans . . . . . . . . 18 3,000,000 2,500,000 Mortgages, notes, bonds payable in 1 year or more. 19 Other liabilities (attach statement) . . . . . 20 23,247,163 21.828.154 21 Total liabilities and capital 28,234,548 22 26,999,318 Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions). 3,319,009 Net income (loss) per books . . . Income recorded on books this year not included 1 Income included on Schedule K, lines 1, 2, 3c, on Schedule K, lines 1 through 11 (itemize): 2 5, 6a, 7, 8, 9a, 10, and 11, not recorded on a Tax-exempt interest \$ ..... books this year (itemize): \_\_\_\_\_ Guaranteed payments (other than health 7 Deductions included on Schedule K, lines 1 insurance) . . . . . . . . . . . through 13d, and 16l, not charged against Expenses recorded on books this year not book income this year (itemize): a Depreciation \$ 1.487.612 included on Schedule K, lines 1 through b. Depletion 506,885 13d, and 16l (itemize): 1,994,497 a Depreciation \$ ..... b Travel and entertainment \$ 12.000 Add lines 6 and 7 . . 1,994,497 12,000 Add lines 1 through 4 . . . . . . Income (loss) (Analysis of Net Income (Loss), 3.331.009 line 1). Subtract line 8 from line 5 1.336.512 Schedule M-2 Analysis of Partners' Capital Accounts 21,828,154 Distributions: a Cash . . . . . . 1,900,000 Balance at beginning of year . . . . Capital contributed: a Cash . . . **b** Property . . . . . . 2 **b** Property . . . Other decreases (itemize): ..... 3,319,009 Net income (loss) per books . . . . Other increases (itemize): ..... 1.900.000 8 Add lines 6 and 7. Add lines 1 through 4 25,147,163 9 Balance at end of year. Subtract line 8 from line 5 23,247,163

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Form **4562** (2007)

**Depreciation and Amortization** OMB No. 1545-0172 200 (Including Information on Listed Property) Attachment Sequence No. **67** ► See separate instructions. ► Attach to your tax return. Name(s) shown on return Business or activity to which this form relates Identifying number 69-000004 **Eastland Quarries** Quarries **Election To Expense Certain Property Under Section 179** Part I Note: If you have any listed property, complete Part V before you complete Part I. \$125,000 Maximum amount. See the instructions for a higher limit for certain businesses. 2 2 Total cost of section 179 property placed in service (see instructions) . 3 \$500,000 3 Threshold cost of section 179 property before reduction in limitation Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-4 4 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions (b) Cost (business use only) (a) Description of property 6 Listed property. Enter the amount from line 29 . . . . . . . . . 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 9 9 Tentative deduction. Enter the **smaller** of line 5 or line 8. . . . . . 10 10 Carryover of disallowed deduction from line 13 of your 2006 Form 4562 . 11 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 13 Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶ 13 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see 182,157 14 Property subject to section 168(f)(1) election 15 Other depreciation (including ACRS) 16 MACRS Depreciation (Do not include listed property.) (See instructions.) Part III **Section A** 1.300.668 17 MACRS deductions for assets placed in service in tax years beginning before 2007 18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here Section B--Assets Placed in Service During 2007 Tax Year Using the General Depreciation System (b) Month and (c) Basis for depreciation (d) Recovery (a) Classification of property (e) Convention (f) Method (a) Depreciation deduction vear placed in (business/investment use service only—see instructions) 19a 3-year property b 55.260 200DB 11.052 5-year property 5 HY 200DB 7-year property 322,560 HY 46,094 10-year property d 15-year property f 20-year property 25 yrs. g 25-year property S/L 27.5 yrs. h Residential rental ММ 27.5 yrs. S/L ММ property 39 yrs. ММ S/L i Nonresidential real property ММ S/L Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System 20a Class life S/L **b** 12-year 12 <u>yr</u>s. S/L c 40-year ММ 5/1 40 yrs. Part IV Summary (see instructions) 12,630 21 Listed property. Enter amount from line 28 . . . Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr. 1,552,601 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs 23

Cat. No. 12906N

For Paperwork Reduction Act Notice, see separate instructions.

Form	4562 (2007)														Page <b>2</b>
	rt V Listed	l Property (Ir							, cellula	r telep	hones	s, certa	ain con	nputer	
		rty used for e For any vehicle			-			,	rate or	deduc	tina le:	250 071	nense (	comple	te <b>onl</b> v
		4b, columns (a											Jerise, C	ompie	ie Omy
	tion A—Depre														
24a	Do you have evid	dence to support t		investment	use claime	ed? 🕨		☐ No	<b>24b</b> If	"Yes," i	s the e	vidence	written?	✓ Ye	
Тур	(a) be of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	Cost	( <b>d)</b> or other asis			oreciation restment nly)	(f) Recovery period	(g Meth Conve	nod/		(h) reciation duction	sect	(i) ected ion 179 cost
25	Special allowance year and used mo	e for qualified New ore than 50% in a	York Liberty of qualified busing	or Gulf Opp ness use (s	ortunity Zor	ne prop	perty pla	aced in se	ervice durin	g the tax	25				
26		more than 50													
	7 Envoy	02/17/2007	100 %		42,600			42,600		200 D			8,52	_	
200	7 HondaCiv	01/01/2007	100 %		20,550			20,550	5	200 D	BAHY		4,11	0	
27	Property used	l 1 50% or less i	in a qualifie		266 H69.										
	1 Toperty used	0 70 01 1633	%	1						S/L -					
			%							S/L -					
			%							S/L -					
28		in column (h),									28		12,63	0	
29	Add amounts	in column (i),								<u></u>			. 29	)	
Cam	nplete this secti	ion for vobiolo			—Inform					n E0/ o	woor"	or role	atad na	(00D	
If you	provided vehicles	to your employee	es, first answe	er the quest	tions in Sec	ction C	to see	if you me	eet an exc	eption to	comple	ting this	section f	or those	vehicles.
30	Total business/investment miles driven during the year (do not include commuting miles)		ommuting	(a) (b) (c) Vehicle 1 Vehicle 2 Vehicl				(e) Vehicle 5		(Vehi	f) cle 6				
31	,	miles driven durin													
32	Total other personal (noncommuting) miles driven														
33	Total miles driv	ven during the y h 32	ear. Add												
34		le available for duty hours? .		Yes	No Y	'es	No	Yes	No	Yes	No	Yes	No	Yes	No
35		cle used primated													
36	use?	cle available for	·												
		Section C—Qu													
	wer these ques more than 5%		-				comp	eting S	ection B	for veh	nicles (	used b	y emplo	yees v	vho <b>are</b>
37		ain a written po												Yes	No
38	Do you maintair	n a written policy tions for vehicles	statement th	nat prohib	its person	al use	of veh	icles, ex	cept comr	nuting, l	oy your	employ	ees?	~	
39		all use of vehic	-											<b>~</b>	
40	Do you provid	de more than f	ive vehicles	s to your	employe	es, c	btain	informa	tion fron	n your	emplo	yees al	bout		
41	Do you meet th	e vehicles, and le requirements	concerning of	qualified a	utomobile	demo	onstrat	ion use?	(See inst	ructions	s.) .				~
Par		nswer to 37, 38 <b>tization</b>	s, 39, 40, oi	41 IS "Y	es," do n	ot coi	mpiete	Section	B for th	e cover	ea veh	icies.			
rai	Amor	tization.							(-D		(6	2)			
	(a) Description	of costs	Date am	<b>b)</b> ortization gins	,	(c) Amortiz amou	zable		(d) Cod secti	е	Amorti perio	zation od or		<b>(f)</b> rtization his year	for
42	Amortization o	f costs that beg	gins during	your 200	7 tax year	r (see	instru	ctions):							
		Developmen		/30/2007				1,106		291		5			10,411
43	Amortization of	of costs that b	egan befor	e vour 21	 007 tax v	ear						43		Δ	31,513
44		nounts in colu	_	-	-						:	44			41,924
			.,				cycled pa					- 1	Fo		(2007)

Form 4797

# **Sales of Business Property**

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

► Attach to your tax return. ► See separate instructions.

OMB No. 1545-0184 Attachment Sequence No. **27** 

Department of the Treasury Internal Revenue Service Name(s) shown on return Identifying number 69-000004 **Eastland Quarries** Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions). Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Part I Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions) (f) Cost or other basis, plus (e) Depreciation (g) Gain or (loss) (a) Description of property (b) Date acquired (mo., day, yr.) (c) Date sold (d) Gross Subtract (f) from the allowable since acquisition improvements and expense of sale no., day, yr.) sum of (d) and (e) **Stone Crusher** 01/01/2005 06/30/2007 162,372 37,128 260,000 (60,500)3 Gain, if any, from Form 4684, line 39 4 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 . Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . 5 4,000 6 Gain, if any, from line 32, from other than casualty or theft . . . . . (56.500)7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below. 8 Part II Ordinary Gains and Losses (see instructions) Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less): Loss, if any, from line 7. . . . 11 12 12 Gain, if any, from line 7 or amount from line 8, if applicable. 37,400 13 Gain, if any, from line 31 . . . . . . . . . . . . 13 14 Net gain or (loss) from Form 4684, lines 31 and 38 . . . 14 15 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 16 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . 37,400 17 Combine lines 10 through 16 . . . . . . . . . . . . For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip 18 lines a and b below. For individual returns, complete lines a and b below: If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, 18b line 14

Page 2

Form 4797 (2007)

Pa	(see instructions)	Sect	ions 1245, 123	00, 1252, 125	4, and 1255	
19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 pr	operty:			(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
Α	Machinery & Equipment				01/01/2006	06/01/2007
В	Machinery & Equipment				01/30/2006	06/30/2007
D			Т			
	These columns relate to the properties on lines 19A through 19I	D. ▶	Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	70,000	13,000		
21	Cost or other basis plus expense of sale	21	82,000	9,000		
22	Depreciation (or depletion) allowed or allowable	22	44,000	5,400		
23	Adjusted basis. Subtract line 22 from line 21	23	38,000	3,600		
24	Total gain. Subtract line 23 from line 20	24	32,000	9,400		
25	If section 1245 property:		,	.,		
а	Depreciation allowed or allowable from line 22	25a	44,000	5,400		
b	Enter the <b>smaller</b> of line 24 or 25a	25b	32,000	5,400		
26	If section 1250 property: If straight line depreciation was used, enter					
	-0- on line 26g, except for a corporation subject to section 291.  Additional depreciation after 1975 (see instructions)	26a				
a b		200				
b	line 26a (see instructions)	26b				
С	Subtract line 26a from line 24. If residential rental property or					
	line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d		26d 26e				
e f	Enter the <b>smaller</b> of line 26c or 26d	26f				
g	Add lines 26b, 26e, and 26f	26g				
27 a b c	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).  Soil, water, and land clearing expenses	27a 27b 27c				
28	If section 1254 property:	210				
	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a 28b				
29	If section 1255 property:					
а	Applicable percentage of payments excluded from income					
b	under section 126 (see instructions)	29a 29b				
	nmary of Part III Gains. Complete property columns		ouah D throuah	line 29b befo	re going to line	30.
	-		<u> </u>			
30	Total gains for all properties. Add property columns A through				30	41,400 37,400
31 32	Add property columns A through D, lines 25b, 26g, 27c, 28b, Subtract line 31 from line 30. Enter the portion from casualty of the than casualty or theft on Form 4797, line 6	or theft	on Form 4684, line	e 33. Enter the po		4,000
Pa	rt IV Recapture Amounts Under Sections 179 (see instructions)					50% or Less
	(5555556767				(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in p	orior ye	ars			
34	Recomputed depreciation (see instructions)			34		
35	Recapture amount. Subtract line 34 from line 33. See the inst	ruction	s for where to rep	ort <b>35</b>		

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Form **4797** (2007)

Test Scenario 4 Eastland Quarries 69-0000004

> Form **8308** (Rev. October 2005) Department of the Treasury Internal Revenue Service

# Report of a Sale or Exchange of **Certain Partnership Interests**

OMB No. 1545-0941

Name of partnership Employer identification number Telephone number **555** ) **555-555** 69:0000004 **Eastland Quarries** 

► Please print or type.

Number, street, and room or suite no. If a P.O. box, see instructions.

# 2313 Jackson Ave

City or town, state, and ZIP code

# Portland, OR 97208

Transferor Information (Beneficial owner of the partnership interest immediately before the transfer of that

Name Identifying number **Peter Teak** 000-30-0001

Number and street (including apt. no.)

# 34 West Washington Ave

City or town, state, and ZIP code

Salt Lake City, UT 84100

**Notice to Transferors:** The information on this form has been supplied to the Internal Revenue Service. The transferor in a section 751(a) exchange is required to treat a portion of the gain realized from the exchange as ordinary income. For more details, see Pub. 541, Partnerships. **Statement by Transferor:** The transferor in a section 751(a) exchange is required under Regulations section 1.751-1(a)(3) to attach a statement relating to the sale or exchange to his or her return. See Instructions to Transferors for more details.

Part II Transferee Information (Beneficial owner of the partnership interest immediately after the transfer of that interest)

Name Identifying number 000-00-0002 **Joseph Spruce** 

Number and street (including apt. no.)

# 5421 North 2100 South

City or town, state, and ZIP code

San Jose, CA 95101

# Part III Date of Sale or Exchange of Partnership Interest ▶ 07 / 01 /2007

Sign Here Only if You Are Filing This Form by **Itself and Not With Form** 1065 or Form 1065-B

Under penalties of perjury, I declare that I have examined this return, including accompanying attachments, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of general partner or limited liability company member

Date

# SCHEDULE D (Form 1065)

# **Capital Gains and Losses**

► Attach to Form 1065.

OMB No. 1545-0099

2007

Department of the Treasury Internal Revenue Service			Attach t	o Form 1065.				<u> 2007</u>	
Name of partnership						Employe	r identif	ication number	
<b>Eastland Quarries</b>						60		0000004	
Part I Short-To	erm C	apital Gains and	d Losses—Asse	ets Held 1 Year o	r Less	69		0000004	
(a) Description of proposes, 100 shares of "Z" Co.)		(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost o	r other bas structions)	sis	(f) Gain or (loss) Subtract (e) from (d)	
100 Shares ABC		04/09/2007	09/13/2007	5,000		2,7	00	2,300	
2 Short-term capi	tal gain	from installment	sales from Form 6	3252, line 26 or 37 .			2		
3 Short-term capi	tal gain	(loss) from like-ki	ind exchanges from	m Form 8824			3		
			tal gain (loss), inclu ps, estates, and tru	uding specially allocausts	ated short-		4		
on Form 1065,	Schedu	le K, line 8 or 11		ough 4 in column (f).		!	5	2,300	
		apital Gains and	l Losses—Asse	ts Held More Tha	an 1 Yea	r			
(a) Description of properties (e.g., 100 shares of "Z" Co.)	erty	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or (see ins	r other bas tructions)	sis	(f) Gain or (loss) Subtract (e) from (d)	
1 Acre of Land 6		08/01/2003	01/10/2007	7,500		10,0	00	(2,500)	
7 Long-term capit	tal gain	from installment	sales from Form 6	252, line 26 or 37 .		L	7		
				n Form 8824			8		
8 Long-term capi	iai gairi	(loss) from like-ki	nd exchanges from	II FOIII 6624					
		_		s), including speci s, estates, and tru	-	<b>I</b>	9		
10 Capital gain dis	tributior	ns					10		
11 Net long-term on Form 1065.	<b>capital</b> Schedu	<b>gain or (loss).</b> Cor le K. line 9a or 11	mbine lines 6 throu	ıgh 10 in column (f). I	Enter here	and	11	(2,500)	
		,					- 1		

651106

			Final K-1 Ame	nded K-	OMB No. 1545-0099
Schedule K-1 (Form 1065)	2007	Pa			Current Year Income, s, and Other Items
Department of the Treasury Internal Revenue Service	For calendar year 2007, or tax	1	Ordinary business income (loss	) 15	Credits
internal Revenue Service	year beginning, 2007		310,94	_	
Danka alla Olassa a	ending, 20	2	Net rental real estate income (lo	ss)	
Credits, etc.	Income, Deductions,  ► See back of form and separate instructions.	3	Other net rental income (loss)	16	Foreign transactions
Part I Informat	ion About the Partnership	4	Guaranteed payments		
A Partnership's employer i	dentification number				
69-000004		5	Interest income		
•	dress, city, state, and ZIP code	0-	3,20	1	
Eastland Quarries 2313 Jackson Ave		6a	Ordinary dividends		
Portland, OR 97208		6b	Qualified dividends		
		7	Royalties		
C IRS Center where partne	ership filed return				
Ogden		8	Net short-term capital gain (loss		
	ublicly traded partnership (PTP)	9a	Net long-term capital gain (loss		Alternative minimum tax (AMT) items
E	tion number, if any		(563	.	A (44,871)
F Check ii Form 8271	is attached	9b	Collectibles (28%) gain (loss)	,	
Part II Informat	ion About the Partner				B (3,515) C 139,451
G Partner's identifying num	nber	9c	Unrecaptured section 1250 gai	ור	
000-30-0001  H Partner's name, address	s city state and ZIP code	10	Not postion 1931 gain (loss)	18	Tax-exempt income and
	s, only, state, and 211 code	10	Net section 1231 gain (loss) (12,713		nondeductible expenses
Peter Teak 34 West Washington	Ave	11	Other income (loss)	7	
Portland, OR 97208					
General partner or member-manager	LLC Limited partner or other LLC member			19	Distributions
J Domestic partner	Foreign partner	12	Section 179 deduction	-	
<b>J</b> Domestic parties	i oreign partirei				
K What type of entity is th	is partner? Individual	13	Other deductions		
L Partner's share of profit,	loss, and capital:		A 67	5 20	Other information
<b>Begir</b> Profit	nning Ending 0 %				A 3,201
Loss	45 % 0 %				A 0,201
Capital	45 % 0 %				
		14	Self-employment earnings (loss)		
M Partner's share of liabilit	ies at year end:				
Nonrecourse					
Qualified nonrecourse fir		*Se	ee attached statement for	additi	onal information.
Recourse					
N Partner's capital accoun					
Beginning capital accou	nt\$	<u>&gt;</u>			
Capital contributed durir		Ŏ			
Current year increase (de	1 1 1	Use			
Withdrawals & distribution  Ending capital account	ons	RS			
	φ	For IRS Use Only			
	Section 704(b) book	سّ			
Other (explain)					

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

651106

				Final K-1	Amend	ded K-	1 OMB	No. 1545-0099
Schedule K-1 (Form 1065)	200	7	Pa	art III	Partner's Share Deductions, Cr			
Department of the Treasury	For calendar year 2007, or tax	,	1	Ordinary b	ousiness income (loss)	15	Credits	
Internal Revenue Service	year beginning				310,947			
	ending		2	Net rental	real estate income (loss			
Partner's Share of Inc								
O !!! !	ee back of form and separate in	nstructions.	3	Other net	rental income (loss)	16	Foreign transaction	ns
<u> </u>								
Part I Information  A Partnership's employer identif	About the Partnership		4	Guarantee	d payments			
	cation number		5	Interest in	come			
<b>69-000004 B</b> Partnership's name, address,	city state and ZIP code		<b> </b>	interest in	3,200			
•	only, state, and an obde		6a	Ordinary o	•			
Eastland Quarries 2313 Jackson Ave			l oa	Ordinary C	iividends			
Portland, OR 97208			6b	Qualified of	lividends			
r ordana, ort orzoo								
			7	Royalties				
C IRS Center where partnership	filed return		1					
Ogden			8	Net short-	term capital gain (loss)			
D Check if this is a publicly	traded partnership (PTP)				517			
	umber, if any		9a	Net long-t	erm capital gain (loss)	17	Alternative minimum	tax (AMT) items
F Check if Form 8271 is att					(562)			A (44,871)
			9b	Collectible	s (28%) gain (loss)			
	About the Partner						B (3,515)	C 139,451
G Partner's identifying number			9c	Unrecaptu	red section 1250 gain			
000-00-0002								
<b>H</b> Partner's name, address, city,	state, and ZIP code		10	Net sectio	n 1231 gain (loss)	18	Tax-exempt incom	
Joseph Spruce					(12,712)		Tionadadonolo oxi	501.000
5421 North 2100 South			11	Other inco	ome (loss)			
Portland, OR 97208								
General partner or LLC member-manager	Limited partner or member	other LLC				19	Distributions	
			12	Section 17	79 deduction		Distributions	A 855,000
J Domestic partner	☐ Foreign partner							A 000,000
<b>K</b> What type of entity is this par	Individual		13	Other ded	uctions	1		
<ul><li>K What type of entity is this par</li><li>L Partner's share of profit, loss,</li></ul>					A 675	20	Other information	
Beginning	Ending							
Profit	0 %	<b>45</b> %						A 3,200
Loss	0 %	45 %						
Capital	0 %	<b>45</b> %						
			14	Self-emplo	yment earnings (loss)			
M Partner's share of liabilities at	year end:							
Nonrecourse	\$							
Qualified nonrecourse financir	ng\$							
Recourse	\$		*Se	ee attache	ed statement for a	dditid	onal information	١.
			-					
N Partner's capital account anal	ysis:							
Beginning capital account .			n Şu					
Capital contributed during the		746 777	0					
Current year increase (decrease		746,777 855,000 )	Use					
Withdrawals & distributions	Ι	(108,223)	SS I					
Ending capital account .	\$	100,223)	For IRS Use Only					
Tax basis GAAP	Section 704(b) book		Ř					
Other (explain)	Section 704(b) book							

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

651106

				Final K-1	Amend	ed K-	1 OM	B No. 1545-0099
Schedule K-1 (Form 1065)		2007	Pa		Partner's Share Deductions, Cr			
Department of the Treasury	For calendar year	r 2007 or tax	1		siness income (loss)	15	Credits	
Internal Revenue Service	-	, 2007			760,093			
		, 20	2	Net rental re	eal estate income (loss)			
Partner's Share of								
O	,	,	3	Other net re	ental income (loss)	16	Foreign transac	tions
ordaris, etc.	See back of form an	d separate instructions.						
Part I Information	on About the Pa	rtnership	4	Guaranteed	payments			
A Partnership's employer ide	entification number							
69-000004			5	Interest inco	ome			
<b>B</b> Partnership's name, addre	ess, city, state, and ZIP	code			7,824			
Eastland Quarries			6a	Ordinary div	vidends			
2313 Jackson Ave								
Portland, OR 97208			6b	Qualified di	vidends			
			7	Royalties				
C IRS Center where partners	ship filed return							
Ogden			8	Net short-te	rm capital gain (loss)			
D Check if this is a pub	olicly traded partnership (	PTP)			1,265			
E Tax shelter registration	on number, if any		9a	Net long-te	rm capital gain (loss)	17	Alternative minimu	ım tax (AMT) items
F Check if Form 8271 is	s attached				(1,375)			A (109,684)
			9b	Collectibles	(28%) gain (loss)			
	on About the Pa	rtner	-	I I t	- d di d 050 i		B (8,592)	C 340,881
G Partner's identifying numb	per		9c	Unrecapture	ed section 1250 gain			
000-30-0003			-				-	
<b>H</b> Partner's name, address,	city, state, and ZIP code	)	10	Net section	1231 gain (loss)	18	Tax-exempt incondeductible e	
Jonathan Teak			-	011	(31,075)			
48 Adams Ave			11	Other incon	ne (loss)			
Portland, OR 97208								
General partner or L member-manager	LLC Limit mem	ed partner or other LLC				19	Distributions	
			12	Section 179	) deduction		Biotributions	A 1,045,000
J Domestic partner	∟ Fore	ign partner						A 1,040,000
K What type of entity is this	Individual		13	Other dedu	ctions			
		<u> </u>			A 1,650	20	Other information	n
L Partner's share of profit, le		Fadina			711,000			
Beginn Profit	55 %	Ending 55 %						A 7,824
Loss	55 %	55 %						,-
Capital	55 %	55 %						
	<u>'</u>		14	Self-employr	ment earnings (loss)			
M Partner's share of liabilitie	es at year end:				A 739,523			
Nonrecourse , , ,	•							
Qualified nonrecourse fina					C 739,523			
Recourse	=	0.500.000	*Se	ee attache	d statement for a	dditio	onal information	on.
N Partner's capital account	analysis:							
Beginning capital account	t\$	12,005,484	<u></u>					
Capital contributed during			ŏ					
Current year increase (dec	· ,		Jse					
Withdrawals & distribution	ns\$ <u>(</u>	1,045,000 )	S L					
Ending capital account	\$	12,785,939	For IRS Use Only					
			For					
	AAP Section 704	l(b) book	1					
Other (explain)								

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

#### **TEST SCENARIO 5**

#### FORMS REQUIRED:

1065, 4562 (2), 4797, 6252 (2), 8825, SCH F (Form 1040), 1065 SCH K-1 (4), Form 8453-PE

#### **ATTACHMENTS:**

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement

Other Income (Loss) Statement

Itemized Other Deductions Statement

Ownership of Any Interest in Another Partnership or Foreign Entity Statement

Schedule L Other Current Assets Statement Schedule L Other Current Liabilities Statement

**BINARY ATTACHMENTS:** Scanned Form 8453-PE (8453 Signature Document)

#### **HEADER INFO**

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, NV 89501

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: Self-select PractionerPIN: None PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document

Return Type: 1065

**Filer:** EIN: 69-0000005

Name: Shoebill LTD Name Control: SHOE Address: 5551 Elliot Rd Salt Lake City, UT 84101

Partner: Name: David Boxwood

Title: Chief Executive Officer

Taxpayer PIN: N/A Phone: 555-555-555

Email Address: Anymail@email.com

Date Signed: 04/15/2008

**Preparer:** Name: John Doe

SSN: 000-40-0011 Phone: 555-555-555

Email Address: Anymail@email.com

Date Prepared: 04/15/2008

Self Employed: No

**IRS PAYMENT:** N/A

#### **Details for attachments**

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement (Form 1065, Page 1, Line 4)

Partnership, Estate or Trust Name	Address	EIN	Amount
Hummingbird Flies	275 W Coolidge Ave Boise, ID 83708	69-5000005	\$23,712

Other Income (Loss) Statement (Form 1065, Page 1, Line 7)

Type	Amount
Cancellation of Debt Income	\$478,206

Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Type	Amount
Insurance	\$5,000,000
Permits	\$961,480
Professional Fees	\$1,500,000
Bank Fees	\$1,500,000

Ownership of Any Interest in Another Partnership or Foreign Entity Statement (Form 1065, Page 2, Schedule B, Question 3)

Type of Entity	Entity Name	EIN	Country
Partnership	Thrush Company	69-4000044	US

Schedule L Other Current Assets Statement (Form 1065, Page 4, Schedule L, Line 6b and 6d)

Type	BOY Amount	EOY Amount
Prepaid	\$22,700	\$24,300
Investment	\$0	\$5,075,978

Schedule L Other Current Liabilities Statement (Form 1065, Page 4, Schedule L, Line 17b and 17d)

Type	BOY Amount	EOY Amount
Accrued Bonus	\$1,500,000	\$2,818,150
Accrued Payroll	\$500,000	\$640,000
Deferred Revenue	\$5,530,250	\$8,742,300

	Tes	t Scenario 5	5 I	II & Datum of Part	norch	in In		I LTD	69-000005 OMB No. 1545-009	20		
Forn		JDD	Far aslam	U.S. Return of Part		•			OMB NO. 1545-008			
		the Treasury e Service (77)	For calen	dar year 2007, or tax year beginning  ▶ See separate			ig, 20	ZUU/				
		usiness activity	1100 400	Name of partnership				DI	Employer identification	number		
		<b>MANUFACTU</b>	Use the IRS	SHOEBILL LTD					69 0000005			
		oduct or service	label. Other-	Number, street, and room or suite no. If a	P.O. box, s	ee the in	structions.	E	Date business started			
		PRODUCTS	wise,	5551 ELLIOT RD					10/01/1968			
СВ	usiness c	ode number	print or type.	City or town, state, and ZIP code					Total assets (see the nstructions)			
	31	11500	or type.	SALT LAKE CITY, UT 84101				\$	71,419,054			
H I	Check a		thod: <b>(1)</b> K-1. Attac	☐ Initial return (2) ☐ Final return (3) ☐ Cash (2) ☑ Accrual h one for each person who was a partne (attach Schedule M-3)	(er at any tir	<b>3)</b> $\square$ Come during						
Cau	ution. In	nclude <b>only</b> tr	ade or bu	siness income and expenses on lines	1a throu	gh 22 b	elow. See the instr	uctions	for more informat	tion.		
	<b>1a</b> G	iross receipts	s or sales			1a	47,291,088		l			
	b Le	ess returns a	and allowa	ances		1b		1c	47,291,088			
4	<b>2</b> C	ost of goods	sold (Sc	hedule A, line 8)				3	21,882,071 25,409,017			
ncome	<b>3</b> G											
ပ္ပ	4 C	Ordinary inco	me (loss)	from other partnerships, estates, a	ınd trusts	(attach	statement)	5	23,712			
드	Wet faith profit (1033) (attach ochedule i (10111 1040))								636,570			
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)											
	7 0	ther income	(loss) (atta	ach statement)				7	478,206			
				ombine lines 3 through 7				_	26,547,505			
ons)	<b>9</b> S	Salaries and wages (other than to partners) (less employment credits)							804,722			
nitati	1		-	to partners								
(see the instructions for limitations)	1			ce					17,239			
os fo								12	2,571,330			
ctior	1							13	900,002			
ıstru								14	44,444	<del></del>		
je in								15	912,647	<u> </u>		
ee #		. ,	•	d, attach Form 4562)		16a	5,888,277	- 10				
_	1	•	•	ted on Schedule A and elsewhere or	n return	16b	5,726,037	16c	162,240			
ü		-		uct oil and gas depletion.)				17		-		
ij		etirement pla						18				
Ď		mployee ben						19	9 064 490	_		
Deductions	20 O	ther deduction	ons <i>(attac</i>	<i>h statement)</i>	t column	for line		20	8,961,480 14,374,124	<del></del>		
_				ome (loss). Subtract line 21 from I		101 11116	es 9 illiough 20 .	21	12,173,381	_		
Sig		Under penaltie and belief, it is on all informat	s of perjury, s true, corre ion of which	I declare that I have examined this return, incl ct, and complete. Declaration of preparer (of a preparer has any knowledge.	luding accor ther than ge	npanying neral par	ther or limited liability of	ents, and company	to the best of my know	based return ow (see		
		, ,	o general	partitler or illfilled liability company member			Date	T r	Proparar's CCN or DT	TNI		
Pai	d	Preparer's signature Date Check if self-employed ▶ □							Preparer's SSN or PTIN			
Pre	parer's	Firm's name (	or voure	ELECTRONIC TAX FILERS INC		13/200	self-employed	69	000-40-0011			
Use	Only	if self-employe	ed).	1065 FEILE DR ANYTOWN N			Phone no		0000098 555 \ 555-559	55		

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Cat. No. 11390Z

Form **1065** (2007)

Test Scenario 5 Shoebill LTD 69-0000005

Page 2 Form 1065 (2007) Cost of Goods Sold (see the instructions) Schedule A 27.126.200 1 12,960,400 2 2 Purchases less cost of items withdrawn for personal use . . . . 3 3 4 5 Other costs (attach statement) . . . . . . . . . . 40.086.600 6 **Total.** Add lines 1 through 5 7 18,204,529 21,882,071 8 Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3 (ii) Lower of cost or market as described in Regulations section 1.471-4 (iii) ☐ Other (specify method used and attach explanation) ▶ b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) . . . > c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation. Schedule B Other Information Yes Nο What type of entity is filing this return? Check the applicable box: **a** Domestic general partnership **b** Domestic limited partnership c Domestic limited liability company **d** Domestic limited liability partnership f □ Other ▶ **e** Foreign partnership During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details . Does this partnership meet all three of the following requirements? a The partnership's total receipts for the tax year were less than \$250,000; b The partnership's total assets at the end of the tax year were less than \$600,000; and c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1. Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and Is this partnership a publicly traded partnership as defined in section 469(k)(2)?......... Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction? At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ► 10 During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions . . . . . . . . . . . Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by at-12 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return 

0 **Designation of Tax Matters Partner** (see the instructions) Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return: Name of Identifying number designated of TMP **TMP** Address of designated Page 95 of 194

Test Scenario 5

Form 1065 (2007) Page **3** 

Schee	dule	K Partners' Distributive Share Items		Total amount
	1	Ordinary business income (loss) (page 1, line 22)	1	12,173,381
	2	Net rental real estate income (loss) (attach Form 8825)	2	1,029,503
	l	Other gross rental income (loss)		
		Expenses from other rental activities (attach statement)		
	l	Other net rental income (loss). Subtract line 3b from line 3a	3с	
(S	4	Guaranteed payments	4	
Income (Loss)	5	Interest income	5	1,771,604
Ę	6	Dividends: a Ordinary dividends	6a	7 7 7 2 2
ne	"	b Qualified dividends		
ő	_		7	2,550,000
<u>ျှ</u>	7	Royalties	8	_,,,,,,,,,
_	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	9a	
		Net long-term capital gain (loss) (attach Schedule D (Form 1065))	Ju	
	D	Odilectibles (2070) gain (1033)		
		Unrecaptured section 1250 gain (attach statement) 9c	10	237,979
	10 11	Net section 1231 gain (loss) (attach Form 4797)	11	201,010
- v			12	
Deductions	12	Section 179 deduction (attach Form 4562)	13a	
Ě	l	Contributions	13b	
Ď		Investment interest expense	13c(2)	
ě		Section 59(e)(2) expenditures: (1) Type ►	13d	
		Other deductions (see instructions) Type ▶		2 200 704
Self- Employ- ment		Net earnings (loss) from self-employment	14a	3,300,721
in m	b	Gross farming or fishing income	14b	2 200 724
<u>∞ ⊞ Ε</u>		Gross nonfarm income	14c	3,300,721
		Low-income housing credit (section 42(j)(5))	15a	
ts		Low-income housing credit (other)	15b	
Credits	С	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
Ö		Other rental real estate credits (see instructions) Type ▶	15d	
		Other rental credits (see instructions)  Type	15e	
		Other credits (see instructions)  Type ▶	15f	
40		Name of country or U.S. possession ▶	4.01	
ransactions	l	Gross income from all sources	16b	
뜑	С	Gross income sourced at partner level	16c	
sac		Foreign gross income sourced at partnership level	100	
ű	d	Passive category ► e General category ► f Other ►	16f	
Ë		Deductions allocated and apportioned at partner level	401	
드	g	Interest expense ▶	16h	
Foreign		Deductions allocated and apportioned at partnership level to foreign source income	401	
<u>.</u> 5		Passive category ► j General category ► k Other ►	16k	
-	l	Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐	161	
	m	Reduction in taxes available for credit (attach statement)	16m	
	n	Other foreign tax information (attach statement)	4=	000 000
Alternative Minimum Tax (AMT) Items	17a	Post-1986 depreciation adjustment	17a	800,000
iti Fen	b	Adjusted gain or loss	17b	
	С	Depletion (other than oil and gas)	17c	
₹ i E	d	Oil, gas, and geothermal properties—gross income	17d	
⋖⋛⋖	e	Oil, gas, and geothermal properties—deductions	17e	
		Other AMT items (attach statement)	17f	
Other Information		Tax-exempt interest income	18a	
ati		Other tax-exempt income	18b	EC 400
Ē		Nondeductible expenses	18c	56,403
ۅٙ		Distributions of cash and marketable securities	19a	
<u>=</u>		Distributions of other property	19b	4 774 004
Jer		Investment income	20a	1,771,604
<b>\Rightarrow</b>	b	Investment expenses	20b	
_	C	Other items and amounts (attach statement)		

Test Scenario 5

Form 1065 (2007) Page **4** 

\na	alysis of Net Inco	ome (Loss)								
1	Net income (loss). Schedule K, lines 1							sum of <b>1</b>	17,762,467	
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii	) Individu (passive)		(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
а	General partners				4,440,	617				
	Limited partners		8,881,2	33			4,440,617	,		
Scl	hedule L B	alance Sheets	per Books		Beginnir	ng of	tax year	End of	of tax year	
		Assets		(a	a)		(b)	(c)	(d)	
1	Cash		[				700,440		25,330	
	Trade notes and a		e	4	,999,222			16,488,999		
	Less allowance fo				809,111		4,190,111	1,288,222	15,200,777	
	Inventories						27,126,200		18,204,529	
	U.S. government									
	Tax-exempt secur									
6	Other current asse						22,700		5,100,278	
7	Mortgage and rea									
8	Other investments									
	Buildings and other			22	,500,030			24,785,827		
	Less accumulated			2	,200,030		20,300,000	2,435,217	22,350,610	
	Depletable assets									
	Less accumulated									
	Land (net of any a						8,774,228		10,537,530	
	Intangible assets (									
b	Less accumulated	amortization .								
3	Other assets (attac	ch statement) .								
4	Total assets						61,113,679		71,419,054	
	Liabili	ties and Capital								
5	Accounts payable						3,100,377		3,987,240	
6	Mortgages, notes, b	onds payable in les	s than 1 year.						20,317,292	
7	Other current liabi	lities (attach stater	ment)				7,530,250		12,200,450	
8	All nonrecourse lo	ans						_		
9	Mortgages, notes, k	oonds payable in 1	year or more .				32,908,075	-		
20	Other liabilities (at	tach statement)								
21	Partners' capital a					_	17,574,977	_	34,914,072	
	Total liabilities and						61,113,679		71,419,054	
Scl		econciliation of ote. Schedule M-3								
1	Net income (loss)	per books	16,	339,095	6 Inc	ome r	ecorded on books	this year not include	ed ed	
2	Income included on	•						ough 11 (itemize):		
	5, 6a, 7, 8, 9a, 10,									
	books this year (iter						•			
3	Guaranteed paym	ents (other than he	ealth		<b>7</b> De	ductio	ons included on	Schedule K, lines	1	
	insurance)				thre	ough	13d, and 16l, r	not charged again	st	
4	Expenses recorded	d on books this yea	r not		boo	ok ind	come this year (it	emize):		
	included on Sched	dule K, lines 1 thro	ough		<b>a</b> De	preci	ation \$			
	13d, and 16l (itemi	ze):								
а	Depreciation \$	923	3,372							
	Travel and enterta									
_				923,372	<b>9</b> Inc	ome	(loss) (Analysis o	f Net Income (Loss	s),	
5	Add lines 1 through			762,467		e 1). S	Subtract line 8 fro	m line 5` .	17,762,467	
	hedule M-2 A									
1	Balance at beginn			574,977 500,000	<b>6</b> Dis	tribut				
2				500,000				rty		
_	<b>b</b> Property		40	839,095	<b>7</b> Oth		•	e):		
3	Net income (loss)			005,033						
4	Other increases (i	•			O A-I					
5	Add lines 1 through	 ah 1		914,072	1			ract line 8 from line 5		
9	, wa mico i umou	9	U-T,-	, -, -	_ Dali	uniot c	at one or year. Oub	naor mie o nom mie :	, UT, UT, UT Z	

OMB No. 1545-0172

**Depreciation and Amortization** (Including Information on Listed Property)

Attachment Sequence No. **67** ► See separate instructions. ► Attach to your tax return. Name(s) shown on return Business or activity to which this form relates Identifying number **SHOEBILL UNLIMITED DAIRY PRODUCTS MFG** 69-000005 **Election To Expense Certain Property Under Section 179** Part I Note: If you have any listed property, complete Part V before you complete Part I. \$125,000 Maximum amount. See the instructions for a higher limit for certain businesses. 2 Total cost of section 179 property placed in service (see instructions) . . . 2 3 \$500,000 3 Threshold cost of section 179 property before reduction in limitation 4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions (b) Cost (business use only) (a) Description of property 6 Listed property. Enter the amount from line 29 . . . . . . . . 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 Tentative deduction. Enter the **smaller** of line 5 or line 8. . . . . . . 9 9 10 10 Carryover of disallowed deduction from line 13 of your 2006 Form 4562 . 11 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 13 Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶ 13 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see 22,361 14 Property subject to section 168(f)(1) election 15 Other depreciation (including ACRS) 16 Part III MACRS Depreciation (Do not include listed property.) (See instructions.) Section A 0 1 1

17	MACRS deductions	for assets pla	·	17	131,190							
18	If you are electing to											
	Section B—Assets Placed in Service During 2007 Tax Year Using the General Depreciation System											
(a)	Classification of property	ł	(g) Depreciation deduction									

(a)	Classification of property	<b>(b)</b> Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property		6,120	3 YRS	HY	S/L	1,020
b	5-year property		29,304	5 YRS	HY	200 DB	5,861
С	7-year property		10,885	7 YRS	HY	200 DB	1,555
d	10-year property						
е	15-year property						
f	20-year property						
g	25-year property			25 yrs.		S/L	
h	Residential rental			27.5 yrs.	MM	S/L	
	property			27.5 yrs.	MM	S/L	
i	Nonresidential real	10/07	9,856	39 yrs.	MM	S/L	253
	property				ММ	S/L	
	Section C—A	ssets Placed	in Service During 20	007 Tax Year	Using the Alte	ernative Deprecia	ation System

	Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System											
20a	Class life					S/L						
b	12-year			12 yrs.		S/L						
С	40-year			40 yrs.	MM	S/L						
Par	t IV Summary	see instruction	ons)									

Pai	t IV Summary (see instructions)		
21	Listed property. Enter amount from line 28	21	
	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21.		

Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr. 22 162,240 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs 23

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2007)

	4562 (2007)														Page 2
Pa	rt V Liste	d Property (Ir							, cellula	r tele	phone	s, certa	ain cor	nputer	
	Note:	For any vehicle	e for which	you ar	e using	the sta	andard	mileage	e rate or	dedu	cting le	ase exp	ense, d	comple	te <b>only</b>
		4b, columns (a													
		ciation and O									-				
24a	Do you have evi	dence to support t		investme T	nt use cla	aimed?	_ Yes	∐ No	<b>24b</b> If	"Yes,"	is the e	vidence	written?		s No
Туј	(a) be of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage		(d) t or other basis			oreciation vestment nly)	<b>(f)</b> Recovery period	Me	<b>(g)</b> thod/ vention	Depr	(h) eciation uction	Ele secti	(i) ected on 179 cost
25	Special allowance year and used m	e for qualified New ore than 50% in a	York Liberty of	or Gulf Opness use	portunity (see instru	Zone pro	operty pla	aced in se	rvice durir	g the ta	x 25				
26		d more than 50												-	
			%												
			%												
			%												
27	Property used	d 50% or less i	· ·	T	ness us	e:									
			%							S/L ·					
			%							S/L ·					
			%							S/L -				_	
28		in column (h),									28		-		
29	Add amounts	in column (i),											. 29	,	
^on	anlete this sect	tion for vehicles							ehicles	n 50%	owner	" or role	ated no	reon	
		s to your employee													vehicles
30	during the year	/investment mile (do not include co	ommuting		a) cle 1		b) cle 2		c) cle 3	Vehi	d) cle 4	Vehi	e) cle 5	Vehic	
31	Total commuting	miles driven durin	g the year												
32		ersonal (noncor													
33	Total miles dri lines 30 throug	ven during the y gh 32	ear. Add												
34		cle available for duty hours? .		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	more than 5%	cle used prima owner or related	I person?												
36	use?	cle available for	<u> </u>												
		Section C—Qu													
		stions to detern owners or rela					comp	eting S	ection B	tor ve	ehicles	used by	y emplo	oyees w	/ho <b>are</b>
37	Do you maint	ain a written po	<u> </u>			,	person	al use o	of vehicle	es, incl	uding	commu	ting,	Yes	No
38		n a written policy		hat proh	bits pers	sonal us					by you	 r employ	ees?		
20		tions for vehicles	-												
39 40	-	all use of vehic de more than f		-							omala				
40	the use of the	e vehicles, and ne requirements	I retain the	inform	ation re	ceived'	?					-			
41		answer to 37, 38										nicles			
Pa		tization	3, 00, 10, 01	77 10	700, 40	7 1101 00	mpioto	Cootion	1 101 11	0 0010	700 101	110100.			
	(a) Description		Date am	b) ortization		Amort	c) tizable		(d) Cod secti	le	Amor	e) tization od or		(f)	for
	A			gins	07:		ount	-11-	36011		perce	entage		his year	
4.0	Amortization of	of costs that beg	gins during	your 20	U7 tax y	ear (se	e instru	ctions):							
42			1		1						1				
42															
	Amortization	of coete that h	egan hefor	ים עמיור	2007 +2	Y VAST						12			
42 43 44		of costs that b	_	-		-						43			

Form **4562** 

Department of the Treasury
Internal Revenue Service

# **Depreciation and Amortization** (Including Information on Listed Property)

20**07**Attachment

Interna	I Revenue Servic	e	► See	separate instructions.	► Attach t	to your tax r	eturn.		Sequence No. <b>67</b>
Name	e(s) shown on r	eturn		Busine	ess or activity to w	nich this form i	relates		Identifying number
	OEBILL UN	LIMITED	)	DAIR	Y PRODUCTS	MFG			69-000005
Par				certain Property Unsted property, comp			complete Pari	: <i>I.</i>	
1				tions for a higher limit				1	\$125,000
2				y placed in service (se				2	
3				perty before reduction				3	\$500,000
4				ine 3 from line 2. If ze				4	
5		ation for	tax year. Subt	ract line 4 from line 1	. If zero or less	, enter -0	If married filing	5	
			Description of pro		(b) Cost (business		(c) Elected cost		
6									
7	Listed pro	perty En	ter the amount	t from line 29		7			
8				property. Add amour			nd 7	8	
9				naller of line 5 or line				9	
10				n from line 13 of your				10	
11	•			maller of business incom				11	
12				Add lines 9 and 10, b			line 11	12	
13				2008. Add lines 9 and					
				ow for listed property.					
Par	t II Spe	ecial De	preciation All	lowance and Other	Depreciation	(Do not in	nclude listed pr	oper	ty.) (See instructions.)
14	property) a	nd cellul	osic biomass e	York Liberty or Gulf C thanol plant property	placed in service	ce during th	e tax year (see	4.4	
45	instructions	,						14	
15 16				(1) election RS)				15 16	
				(Do not include list				10	
ı aı	1111	10110 D	cprediation	•	Section A	(000 111311	dotions.j		
17	MACDS 4	odustion	a for acceta pla	aced in service in tax		a before 20	207	17	5,075,260
17 18	If you are	electing		assets placed in serv	ice during the	tax year int	to one or more		,,,,, <u>,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,</u>
			<u> </u>	d in Service During				eciati	ion System
(a)	Classification of		(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention			(g) Depreciation deduction
19a	3-year pr	operty	SCIVICE	orny see mendenone)					
b	5-year pr	<del> </del>	-	2,642,388	5 YRS	-	IY 200	DB	528,478
С	7-year pr	<u> </u>	_	, , , , , , , , , , , , , , , , , , , ,					
d			-						
е	15-year pr	operty	_						
f	20-year pr	operty							
g	25-year pr	operty			25 yrs.		S/L		
h	Residentia	l rental			27.5 yrs.	ММ	S/L		
	property				27.5 yrs.	MM	S/L		
i	Nonreside	ntial real			39 yrs.	MM MM	5/L 5/L		
	property	ion C—/	Lesate Placed	in Service During 2	007 Tay Vear			recis	tion System
202	Class life	1011 0—7	ASSELS Flaceu	Service During 2	Tax Teal	Using the A	S/L	COL	ition System
	12-year			2,935,176	12 yrs.	L	1Y 5/L		122,299
	40-year			2,333,170	40 yrs.	ММ	5/L		122,233
		mmarv	(see instruction	ons)	. J. J. J.	141141	1 0/1		l
21			iter amount fro					21	
21 22				m ime ∠o lines 14 through 17, li	 nes 19 and 20	in column (	(a) and line 21		
	Enter here	and on t	he appropriate	lines of your return. Pa	artnerships and	S corporation		22	5,726,037
23 ——				ced in service during ibutable to section 20	•	ar, . <b>23</b>			

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2007)

_	4500 (0007)														. 0
	4562 (2007) rt V Listo	ed Property (Ir	nclude aut	tomobi	امع ده	rtain o	ther v	ehicles	cellula	r tolo	nhone	s certs	ain cor	mnuter	Page <b>2</b>
га		erty used for e							, cenuia	ıı tele	priorie	S, CEI 16	alli COI	прице	s, and
		: For any vehicle		-		-		,	e rate or	dedu	cting le	ase exp	oense,	comple	te <b>only</b>
	24a,	24b, columns (a	) through (	c) of Se	ction A	, all of	Section	n B, and	d Section	n C if	applica	ble.	,	,	
		reciation and O								nits for	passe	nger au	tomobi	iles.)	
24a	Do you have e	vidence to support 1		investme	nt use cla	aimed?	☐ Yes	☐ No	<b>24b</b> If	"Yes,"	is the e	vidence	written	? 🗌 <b>Y</b> e	s 🗆 No
Туј	(a) pe of property (list vehicles first)	t Date placed in service	(c) Business/ investment use percentage		<b>(d)</b> t or other basis			oreciation vestment nly)	(f) Recovery period	Me	(g) ethod/ vention	Depr	(h) eciation luction	sect	(i) ected ion 179 cost
25	Special allowar	ce for qualified New more than 50% in a	York Liberty of	or Gulf Op ness use	portunity (see instr	Zone prouctions)	operty pl	aced in se	ervice durir	ng the ta	. <b>25</b>				
26		ed more than 50													
			%												
			%												
			%												
27	Property us	ed 50% or less i	· ·	1	ness us	e:			T	T 0 #					
			%							5/L				-	
			%							S/L				-	
28	Add amoun	ts in column (h),	, ,		27 Enta	ar here	and or	line 21	l nage i		28				
29		ts in column (i),										٠	. 29	9	
		.,,							/ehicles						
		ction for vehicles	s used by a	a sole p	ropriet	or, part	ner, or	other"r	nore tha	n 5%					
If you	ı provided vehic	es to your employee	es, first answe	er the que	estions in	Section	C to see	if you m	eet an exc	eption t	o compl	eting this	section	for those	vehicles.
30	Total busines	ss/investment mile	es driven		a)				c)	(d)			e)	(f)	
		r ( <b>do not</b> include co		Vehi	cle 1	Vehi	cle 2	Vehi	icle 3	Vehi	cle 4	Vehi	cle 5	Vehi	cle 6
31	Total commuti	ng miles driven durin	g the year												
32		personal (noncor	٠,												
33	Total miles of lines 30 thro	riven during the y ugh 32	ear. Add								I				
34		icle available for ff-duty hours? .	personal	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35		nicle used prima % owner or related													
36	0	hicle available for	•												
		Section C—Qu													
		estions to detern					comp	leting S	ection B	for ve	ehicles	used by	y empl	oyees v	vho <b>are</b>
not 37		6 owners or rela		•			person	al use d	of vehicle	es, inc	luding	commu	ting,	Yes	No
38		ain a written policy		hat proh	bits pers	sonal us	e of veh	icles, ex							
		actions for vehicles	_												
39	-	t all use of vehic		-											
40		vide more than f he vehicles, and											oout		
41	Do you meet	the requirements answer to 37, 38	concerning	qualified	automo	bile den	nonstrat	ion use?	(See ins	tructior	ns.) .				
Pa		rtization													<u>'</u>
		a) on of costs	Date am	<b>b)</b> ortization gins		Amor	<b>c)</b> tizable ount		(d) Cod secti	le	Amor	e) tization od or		(f) ortization this year	for
42	Amortization	of costs that beg			 07 tax \			ctions).	30011		perce	entage		o yGai	
<u> </u>	,			,		, 22. (00									
43		of costs that b										43			
44	Total. Add	amounts in colur	mn (f). See	the ins	_	s for w	here to	report				44			
					Pr	inted on r	ecycled p	aper					Fo	orm <b>456</b>	<b>62</b> (2007)

(99)

Shoebill LTD 69-0000005

Form **4797** 

Department of the Treasury

Internal Revenue Service

# **Sales of Business Property**

# (Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

► Attach to your tax return. ► See separate instructions.

OMB No. 1545-0184

Attachment Sequence No. 27

Nam	e(s) shown on return	Identifying number				
SH	IOEBILL UNLIMITED		6 <mark>9-0</mark> 0	00005		
1	Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or statement) that you are including on line 2, 10, or 20 (see instructions)		1			

#### Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions) (e) Depreciation (f) Cost or other (a) Gain or (loss) (a) Description (b) Date acquired (c) Date sold (d) Gross allowed or basis, plus Subtract (f) from the of property (mo., day, yr.) (mo., day, yr.) sales price allowable since improvements and sum of (d) and (e) acquisition expense of sale 2 3 Gain, if any, from Form 4684, line 39 3 237,979 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 5 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824. 6 237,979 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below. Nonrecaptured net section 1231 losses from prior years (see instructions) 8 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a 9 long-term capital gain on the Schedule D filed with your return (see instructions). Ordinary Gains and Losses (see instructions) Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less): 11 Loss, if any, from line 7. . . . . . . . . . . . . 11 12 12 Gain, if any, from line 7 or amount from line 8, if applicable . 150,000 13 Gain, if any, from line 31 . . . . . . . . 13 14 14 Net gain or (loss) from Form 4684, lines 31 and 38a . 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 15 16 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . 150,000 17 17 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below: If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, 18b

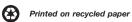
For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 13086I

Form **4797** (2007)

Form 4797 (2007) Page **2** 

Ра	rt III Gain From Disposition of Property Under (see instructions)	Sect	ions 1245, 126	ou, 1252, 1	<b>2</b> 54	+, and 12	) 	
19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 pr		(b) Date acc (mo., day,		(c) Date sold (mo., day, yr.)			
Α	SEE F6252		04/30/0	)4	06/30/07			
В								
С								
D								
	These columns relate to the properties on lines 19A through 19I	D. <b>▶</b>	Property A	Property E	3	Property	C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	3,150,000					
21	Cost or other basis plus expense of sale		600,000					
22	Depreciation (or depletion) allowed or allowable		150,000					
23	Adjusted basis. Subtract line 22 from line 21	23	450,000					
24	Total gain. Subtract line 23 from line 20	24	2,700,000					
25	If section 1245 property:							
а	Depreciation allowed or allowable from line 22	25a	150,000					
b	Enter the <b>smaller</b> of line 24 or 25a	25b	150,000					
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.							
а	Additional depreciation after 1975 (see instructions)	26a						
b	Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions)	26b						
С	Subtract line 26a from line 24. If residential rental property or							
	line 24 is not more than line 26a, skip lines 26d and 26e	26c						
d	Additional depreciation after 1969 and before 1976	26d						
e	Enter the <b>smaller</b> of line 26c or 26d	26e 26f						
f g	Section 291 amount (corporations only)	$\rightarrow$						
		1 209						
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a							
	partnership (other than an electing large partnership).							
а	Soil, water, and land clearing expenses	27a						
b	Line 27a multiplied by applicable percentage (see instructions)	27b						
	Enter the smaller of line 24 or 27b	27c						
28	If section 1254 property:							
а	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and							
	mining exploration costs (see instructions)	28a						
b	Enter the <b>smaller</b> of line 24 or 28a	28b						
29	If section 1255 property:							
а	Applicable percentage of payments excluded from income							
	under section 126 (see instructions)	29a						
Sur	Enter the smaller of line 24 or 29a (see instructions) nmary of Part III Gains. Complete property columns	29b	ough D through	line 20h h	efo:	re anina ta	line	30
Jui	innary of Fart in dains. Complete property columns	7 1111	ough D through	1 11116 230 0	CIO	e going to	11116	50.
30	Total gains for all properties. Add property columns A through	h D lin	e 24				30	2,700,000
31	Add property columns A through D, lines 25b, 26g, 27c, 28b,						31	150,000
32	Subtract line 31 from line 30. Enter the portion from casualty of							
	other than casualty or theft on Form 4797, line 6				<u></u>		32	N/A
Pa	rt IV Recapture Amounts Under Sections 179 (see instructions)	and 2	280F(b)(2) Whe	n Busines	s l	lse Drops	to 5	i0% or Less
						(a) Secti 179	on	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in p	orior ve	ars		33			
34	Recomputed depreciation (see instructions)				34			
35	Recapture amount. Subtract line 34 from line 33. See the inst	truction	s for where to rep	ort	35			



**Installment Sale Income** 

Attach to your tax return.
 Use a separate form for each sale or other disposition of property on the installment method.

OMB No. 1545-0228

	tment of the Treasury al Revenue Service	Use a separate form for each sale or other disposition of property on the installment method.		Attachment Sequence No.	79
	e(s) shown on return	property on the metallican metalloca.	lden	tifying number	13
	OEBILL UNLIMIT	10.01	69-000005		
1		roperty PASTEURIZER			
2a	Date acquired (r	nonth, day, year) ► 01 / 01 / 1984 b Date sold (month, day, year) ►	06	/ 30 / 2	2004
3	. ,	y sold to a related party (see instructions) after May 14, 1980? If "No," skip line 4	ŀ	Yes	✓ No
4	Was the proper	ty you sold to a related party a marketable security? If "Yes." complete Part III	l. If "N	No."	
		for the year of sale and the 2 years after the year of sale		🗌 Yes	☐ No
Pa	rt I Gross I	Profit and Contract Price. Complete this part for the year of sale only.			
5	Selling price inclu	ding mortgages and other debts. <b>Do not</b> include interest whether stated or unstated	5		
6	0.	s, and other liabilities the buyer assumed or took			
	the property sub	ject to (see instructions) · · · · · · · · · · · · · · · · · · ·	-		
7	Subtract line 6 f	rom line 5	-		
8		sis of property sold	-		
9		wed of allowable	-		
10	•	odbitact line 3 from line 6	-		
11		de other expenses of sale	-		
12 13		e from Form 4797, Part III (see instructions)	13		
14		from line 5. If zero or less, <b>do not</b> complete the rest of this form (see instructions)	14		
15		escribed on line 1 above was your main home, enter the amount of your excluded			
13		tions). Otherwise, enter -0-	15		
16		abtract line 15 from line 14	16		
17	Subtract line 13	from line 6. If zero or less, enter -0	17		
18	Contract price.	Add line 7 and line 17	18		
Pa		nent Sale Income. Complete this part for the year of sale and any year yertain debts you must treat as a payment on installment obligations.	ou re	ceive a payme	ent o
19	Gross profit perd	entage. Divide line 16 by line 18. For years after the year of sale, see instructions	19	.420	1869
20		r of sale, enter the amount from line 17. Otherwise, enter -0-	20		
21	Payments receive	ed during year (see instructions). <b>Do not</b> include interest, whether stated or unstated	21	566,365	
22	Add lines 20 and	121	22	566,365	
23	•	ed in prior years (see instructions). <b>Do not</b> include r stated or unstated			
24	Installment sale	e income. Multiply line 22 by line 19	24	237,979	)
25		line 24 that is ordinary income under the recapture rules (see instructions).	25		
26		from line 24. Enter here and on Schedule D or Form 4797 (see instructions)	26	237,979	
Pa		I Party Installment Sale Income. Do not complete if you received the fin			
27		and taxpayer identifying number of related party			
00		south a real law displaces of the preparate files and displacition?			
28		party resell or dispose of the property ("second disposition") during this tax year? pagestion 28 is "Yes," complete lines 30 through 37 below unless one of the			∐ No
29	met. Check the	box that applies.	TOIIO	wing condition	is is
а		disposition was more than 2 years after the first disposition (other than dispositions	I	/ /	
		e securities). If this box is checked, enter the date of disposition (month, day, year)			
b		position was a sale or exchange of stock to the issuing corporation.  disposition was an involuntary conversion and the threat of conversion occurred		bloo fivot dioposi	<b>+</b> : - :-
c d		disposition occurred after the death of the original seller or buyer.	anter	.ne iirst disposi	tion.
e		tablished to the satisfaction of the Internal Revenue Service that tax avoidance w	as no	t a principal pur	rnose
6		the dispositions. If this box is checked, attach an explanation (see instructions).	uo 1101	. a principal pul	. pose
30		property sold by related party (see instructions)	30	1	
31		rice from line 18 for year of first sale	31		
32	•	er of line 30 or line 31	32		
33		received by the end of your 2007 tax year (see instructions)	33		
34		from line 32. If zero or less, enter -0	34		
35		by the gross profit percentage on line 19 for year of first sale	35		
36		line 35 that is ordinary income under the recapture rules (see instructions)	36		
37	Subtract line 36	from line 35. Enter here and on Schedule D or Form 4797 (see instructions)	37		

Form **6252** 

**Installment Sale Income** 

► Attach to your tax return.

► Use a separate form for each sale or other disposition of property on the installment method.

OMB No. 1545-0228

2007

Attachment
Sequence No. 79

Identifying number

Department of the Treasury Internal Revenue Service Name(s) shown on return

Add lines 10, 11, and 12  Subtract line 13 from line 5. If zero or less, do not complete the rest of this form (see instructions)  If the property described on line 1 above was your main home, enter the amount of your excluded gain (see instructions). Otherwise, enter -0-  Gross profit. Subtract line 15 from line 14  Subtract line 13 from line 6. If zero or less, enter -0-  If Contract price. Add line 7 and line 17  Subtract line 13 from line 6. If zero or less, enter -0-  Installment Sale Income. Complete this part for the year of sale and any year your receive a payment or have certain debts you must treat as a payment on installment obligations.  If this is the year of sale, enter the amount from line 17. Otherwise, enter -0-  Payments received during year (see instructions). Do not include interest, whether stated or unstated  Add lines 20 and 21  Payments received in prior years (see instructions). Do not include interest, whether stated or unstated  Installment sale income. Multiply line 22 by line 19  Enter the part of line 24 that is ordinary income under the recapture rules (see instructions)  Enter the part of line 24 that is ordinary income under the recapture rules (see instructions)  Address, and taxpayer identifying number of related party  Name, address, and taxpayer identifying number of related party  Did the related party resell or dispose of the property ("second disposition") during this tax year?	SHO	OEBILL UNLIMITED		69-000005	
2a Date acquired (month, day, year) ► 04 / 30 / 2004.] b Date sold (month, day, year) ► 06 / 30 / 2007.  Was the property you sold to a related party (see instructions) after May 14, 1890? I'*No,* sibpli line 4.	1	Description of property   BOTTLING MACHINE			
4 Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," gear of sale and the 2 years after the year of sale and the 2 years after the year of sale and the 2 years after the year of sale only.  5 Selling price including mortgages and other debts. Do not include interest whether stated or unstated Mortgages, debts, and other liabilities the buyer assumed or took the property subject to (see instructions).  6 Mortgages, debts, and other liabilities the buyer assumed or took the property subject to (see instructions).  7 3,150,000  8 Cost or other basis of property sold 8 600,000  9 perpeciation allowed or allowable 9 150,000  10 Adjusted basis. Subtract line 9 from line 8 10 450,000  11 Commissions and other expenses of sale 11 commer canapture from Form 4797, Part III (see instructions) 12 150,000  13 Add lines 10, 11, and 12  14 Subtract line 13 from line 6, if zero or less, do not complete the rest of this form (see instructions) 14 2,550,000  15 If the property described on line 1 above was your main home, enter the amount of your excluded gain (see instructions) 16 Contract price. Add line 7 and line 17  15 Subtract line 13 from line 6, if zero or less, enter 0-16 Contract price. Add line 7 and line 17  16 Contract price. Add line 7 and line 17  17 Installment Sale income. Complete this part for the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations.  19 Gross profit percentage. Divide line 16 by line 18 for years after the year of sale, see instructions) 19 Payments received during year (see instructions). Do not include interest, whether stated or unstated 10 payment than 10 payment than 10 payment 10 p	<b>2</b> a	Date acquired (month, day, year) ▶	<b>O6</b>	/ 30 / 3	2007
complete Part III for the year of sale and the 2 years after the year of sale only.    Selling price including mortgages and other debts. Do not include interest whether stated or unstated by the property subject to (see instructions).   Subtract line 6 from line 5.   Subtract line 9 from line 8.   Table 3,150,000	3				✓ No
Selling price including mortgages and other debts. Do not include interest whether stated or unstated Mortgages, debts, and other liabilities the buyer assumed or took the property subject to (see instructions).  Subtract line 6 from line 5.  Cost or other basis of property sold Depreciation allowed or allowable Depreciation allowable Depreciation allowed or allowable Depreciation allowed or allowable Depreciation allowed or allowable Depreciation allowable Depreciati	4	Was the property you sold to a related party a marketable security? If "Yes," complete P	art III. If "N	lo,"	
5 Selling price including mortgages and other debts, <b>Do not</b> include interest whether stated or unstated 6 Mortgages, debts, and other liabilities the buyer assumed or took the property subject to (see instructions) 7 Subtract line 6 from line 5 8 Cost or other basis of property sold 8 600,000 9 Depreciation allowed or allowable 10 Adjusted basis. Subtract line 9 from line 8 11 Commissions and other expenses of sale 12 Income recapture from Form 4797, Part III (see instructions) 13 Add lines 10, 11, and 12 14 Subtract line 13 from line 5. If zero or less, <b>do not</b> complete the rest of this form (see instructions) 15 If the property described on line 1 above was your main home, enter the amount of your excluded gain (see instructions). Otherwise, enter -0- 16 Gross profit. Subtract line 13 from line 6. If zero or less, enter -0- 17 Subtract line 13 from line 6. If zero or less, enter -0- 18 Contract price. Add line 7 and line 17 19 Gross profit. Subtract line 16 by line 18. For years after the year of sale and any year your exceive a payment or have certain debts you must treat as a payment on installment obligations.  19 Gross profits by line 18 in line 18 by line 18. For years after the year of sale, see instructions If If this is the year of sale, enter the amount from line 17. Otherwise, enter -0- 21 Payments received during year (see instructions). <b>Do not</b> include interest, whether stated or unstated 2 22 Add lines 20 and 21.  23 Payments received in prior years (see instructions). <b>Do not</b> include interest, whether stated or unstated 2 24 Installment sale income. Multiply line 22 by line 19 25 Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions) 26 Installment sale income. Multiply line 22 by line 19 27 Name, address, and taxpayer identifying number of related party 28 Did the related party resell or dispose of the property ("second disposition") during this tax year?	Day			L Yes	∐ No
Mortgages, debts, and other liabilities the buyer assumed or took the property subject to (see instructions)  Subtract line 6 from line 5  Cost or other basis of property sold  Depreciation allowed or allowable  Depreciation a				2 150 000	
the property subject to (see instructions) . 6 Southard line 6 from line 5 . 7 Subtract line 6 from line 5 . 7 Subtract line 6 from line 5 . 9 Southard line 6 from line 5 . 9 Southard line 6 from line 5 . 9 Southard line 6 from line 8 . 600,000 Southard line 6 from line 8 . 10 Adjusted basis. Subtract line 9 from line 8 . 10 Adjusted basis. Subtract line 19 from line 8 . 12 Lincome recapture from Form 4797, Part III (see instructions)  11 Commissions and other expenses of sale . 11 Lincome recapture from Form 4797, Part III (see instructions)  12 Lincome recapture from Form 4797, Part III (see instructions)  13 Add lines 10, 11, and 12 . 13 Southard line 13 from line 5. If zero or less, do not complete the rest of this form (see instructions)  14 Lincome report described on line 1 above was your main home, enter the amount of your excluded gain (see instructions). Otherwise, enter -0- 15 Gross profit. Subtract line 13 from line 6. If zero or less, enter -0- 16 Gross profit. Subtract line 13 from line 6. If zero or less, enter -0- 17 Installment Sale Income. Complete this part for the year of sale and any year your receive a payment or have certain debts you must treat as a payment on installment obligations.  19 Gross profit percentage, Divide line 16 by line 18. For years after the year of sale, see instructions 19 Southard line 20 and 21 Payments received during year (see instructions). Do not include lines 20 and 21 23 Payments received in prior years (see instructions). Do not include linterest, whether stated or unstated 22 24 Installment sale income. Multiply line 22 by line 19 Enter the part of line 24 that is ordinary income under the recapture rules (see instructions). 26 25 Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions). 26 26 Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions). 26 27 Name, address, and taxpayer identifying number of related party 28 Did the related party resell or dispose of the property ("second dis			ted 3	3,150,000	<del>'</del>
To Subtract line 6 from line 5	6				
Cost or Other basis of property sold	7	the property subject to (see instructions)			
9 Depreciation allowed or allowable 9 Depreciation allowed or allowable 10 Adjusted basis. Subtract line 9 from line 8 11 Commissions and other expenses of sale 11	-	Subtract line o north line o			
10 Adjusted basis. Subtract line 9 from line 8		Cost of other basic of property soid			
11 Commissions and other expenses of sale 12 Income recapture from Form 4797, Part III (see instructions) 13 Add lines 10, 11, and 12 15 Journal of It he property described on line 1 above was your main home, enter the amount of your excluded gain (see instructions). Otherwise, enter -0- 16 Gross profit. Subtract line 13 from line 6. If zero or less, do not complete the rest of this form (see instructions) 16 Gross profit. Subtract line 15 from line 14 17 Subtract line 13 from line 6. If zero or less, enter -0- 18 Contract price. Add line 7 and line 17  Part II Installment Sale Income. Complete this part for the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations. 19 Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions 17 lines 20 and 21 lines 20 li					
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Add lines 10, 11, and 12  13	12				
If the property described on line 1 above was your main home, enter the amount of your excluded gain (see instructions). Otherwise, enter -0-  16 Gross profit. Subtract line 15 from line 14  17 Subtract line 13 from line 6. If zero or less, enter -0-  18 Contract price. Add line 7 and line 17  18 Installment Sale Income. Complete this part for the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations.  19 Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions of have certain debts you must treat as a payment on installment obligations.  19 Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions of have certain debts you must treat as a payment on installment obligations.  19 Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions of have certain debts you must treat as a payment on installment obligations.  19 Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions of have certain debts you must treat as a payment on installment obligations.  19 Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions of the year of sale, see instructions.  20 De and 21.  21 De apyments received during year (see instructions). Do not include interest, whether stated or unstated of interest, whether stated or unstated of interest, whether stated or unstated or unstate or unsta	13		13	600,000	
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gain (see instructions). Otherwise, enter -0-  16 Gross profit. Subtract line 15 from line 14  17 Subtract line 13 from line 6. If zero or less, enter -0-  18 Contract price. Add line 7 and line 17  18 Contract price. Add line 7 and line 17  18 Contract price. Add line 7 and line 17  18 Contract price. Add line 7 and line 17  18 Contract price. Add line 7 and line 17  18 Contract price. Add line 7 and line 17  18 Contract price. Add line 7 and line 17  18 Contract price. Add line 7 and line 17  18 Contract price. Add line 7 and line 17  19 Gross profit percentage. Divide line 16 by line 18. For years after the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations.  19 Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions line 17. Otherwise, enter -0-  20 Payments received during year (see instructions). Do not include interest, whether stated or unstated lines 20 and 21  21 Payments received during year (see instructions). Do not include interest, whether stated or unstated lines 20 and 21  22 Payments received un prior years (see instructions). Do not include interest, whether stated or unstated lines 24 that is ordinary income under the recapture rules (see instructions)  25 Enter the part of line 24 that is ordinary income under the recapture rules (see instructions)  26 O  27 Part III Related Party Installment Sale Income. Do not complete if you received the final payment this tax year.  28 Did the related party resell or dispose of the property ("second disposition") during this tax year? \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	15	If the property described on line 1 above was your main home, enter the amount of your exclude	ded		
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Part II	16	•	• •	2,550,000	<b>)</b>
Part II				2 4 5 2 2 2 2	
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19 Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions 19 .80952381 20 If this is the year of sale, enter the amount from line 17. Otherwise, enter -0- 21 Payments received during year (see instructions). Do not include interest, whether stated or unstated 22 Add lines 20 and 21 23 Payments received in prior years (see instructions). Do not include interest, whether stated or unstated 24 Installment sale income. Multiply line 22 by line 19 25 Enter the part of line 24 that is ordinary income under the recapture rules (see instructions). 25 Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions) 26 United Part III Related Party Installment Sale Income. Do not complete if you received the final payment this tax year. 27 Name, address, and taxpayer identifying number of related party 28 Did the related party resell or dispose of the property ("second disposition") during this tax year?	rai		ear you re	ceive a payin	ient or
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Name, address, and taxpayer identifying number of related party    28					
Did the related party resell or dispose of the property ("second disposition") during this tax year?	Pai	<u> </u>			
19 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check the box that applies.  a ☐ The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (month, day, year) ▶ // /  b ☐ The first disposition was a sale or exchange of stock to the issuing corporation.  c ☐ The second disposition was an involuntary conversion and the threat of conversion occurred after the first disposition.  d ☐ The second disposition occurred after the death of the original seller or buyer.  e ☐ It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation (see instructions).  30 Selling price of property sold by related party (see instructions)	27	Name, address, and taxpayer identifying number of related party			
19 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check the box that applies.  a ☐ The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (month, day, year) ▶ // /  b ☐ The first disposition was a sale or exchange of stock to the issuing corporation.  c ☐ The second disposition was an involuntary conversion and the threat of conversion occurred after the first disposition.  d ☐ The second disposition occurred after the death of the original seller or buyer.  e ☐ It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation (see instructions).  30 Selling price of property sold by related party (see instructions)	00	Did the veleted next (veed) or dispess of the prepart (freezeed dispesition) during this toy of			
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<ul> <li>c ☐ The second disposition was an involuntary conversion and the threat of conversion occurred after the first disposition.</li> <li>d ☐ The second disposition occurred after the death of the original seller or buyer.</li> <li>e ☐ It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation (see instructions).</li> <li>30 Selling price of property sold by related party (see instructions)</li> <li>31 Enter contract price from line 18 for year of first sale</li> <li>32 Enter the smaller of line 30 or line 31</li> <li>33 Total payments received by the end of your 2007 tax year (see instructions)</li> <li>33 Subtract line 33 from line 32. If zero or less, enter -0-</li> <li>Multiply line 34 by the gross profit percentage on line 19 for year of first sale</li> </ul>				/ /	
d ☐ The second disposition occurred after the death of the original seller or buyer.  e ☐ It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation (see instructions).  30 Selling price of property sold by related party (see instructions)	b	☐ The first disposition was a sale or exchange of stock to the issuing corporation.			
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Selling price of property sold by related party (see instructions)  1 Enter contract price from line 18 for year of first sale .  2 Enter the smaller of line 30 or line 31 .  3 Total payments received by the end of your 2007 tax year (see instructions) .  3 Subtract line 33 from line 32. If zero or less, enter -0  3 Multiply line 34 by the gross profit percentage on line 19 for year of first sale .  3 Multiply line 34 by the gross profit percentage on line 19 for year of first sale .	е			t a principal pu	ırpose
31 Enter contract price from line 18 for year of first sale					ı
232 Enter the smaller of line 30 or line 31	30				+
Total payments received by the end of your 2007 tax year (see instructions)			• • —		+
34 Subtract line 33 from line 32. If zero or less, enter -0			· ·		+-
35 Multiply line 34 by the gross profit percentage on line 19 for year of first sale			• •		+
Wantiply into o'r by the groot prome percentage on into re-re-ryour or mot eater					+
37 Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions)					
		Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions)	37		

(Rev. December 2006) Department of the Treasury Internal Revenue Service

# Rental Real Estate Income and Expenses of a Partnership or an S Corporation ▶ See instructions on back.

▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

OE	BILL UNLIMITED						69 00	00005
	Show the kind and location of ear WAREHOUSE		perty. See page 2					
			Α	В	Prop	erties		D
	Rental Real Estate Income		7,381,514	В				
	Gross rents	2	7,301,514		_			
	Boutel Book Fetata Francisco							
	Rental Real Estate Expenses	3	4,230					
	Advertising	4	7,135					
	Cleaning and maintenance	5	2,1					
	Commissions	6	21,300					
	Insurance	7	155,940					
	Legal and other professional fees	8	38,342					
	Interest	9	406,581					
	Repairs	10	3,220					
	Taxes	11	5,704					
	Utilities	12	7,311					
	Wages and salaries	13	126,211					
	Depreciation (see instructions)	14	5,726,037					
	Other (list)							
		15						
	Total expenses for each property.							
	Add lines 3 through 15	16	6,502,011					
	Total gross rents. Add gross rents	s from	line 2, columns A	:hrough H			17	7,381,514
	Total expenses. Add total expens	es fron	n line 16, columns	A through H			18 (	6,502,011
	Net gain (loss) from Form 4797, F estate activities	art II, I	·	sposition of pro		rom rental real	19	150,000
	Net income (loss) from rental real	estate	activities from parti	nerships. estate:	s, and t	trusts in which		
	this partnership or S corporation						20a	
	Identify below the partnerships, esta 20a. Attach a schedule if more space			net income (loss)	is sho	wn on line		
	(1) Name		<b>(2)</b> Emplo	yer identificatio	n numl	ber		
						t here and on:	21	1,029,503

For Paperwork Reduction Act Notice, see back of form.

Cat. No. 10136Z

Form **8825** (12-2006)

orm	8825 (12-2006)						P	age 2
1	Show the kind and location of each	ch pro	operty.					
E								
F								
G								
н								
				Pr	roperties			
	Rental Real Estate Income		E	F	G		Н	
2	Gross rents	2						
	Rental Real Estate Expenses							
3	Advertising	3						
4	Auto and travel	4						
5	Cleaning and maintenance	5						
6	Commissions	6						
7	Insurance	7						
8	Legal and other professional fees	8						
9	Interest	9						
10	Repairs	10						
11	Taxes	11						
12	Utilities	12						
13	Wages and salaries	13						
14	Depreciation (see instructions)	14						
15	Other (list) ▶							
		15				-		
						-		
16	Total expenses for each property.							
	Add lines 3 through 15	16						

# Instructions

Section references are to the Internal Revenue

# What's New

The IRS will revise this December 2006 version of Form 8825 only when necessary. Continue to use this version of the form for tax years beginning after 2006 until a new revision is issued.

**Purpose of form.** Partnerships and S corporations use Form 8825 to report income and deductible expenses from rental real estate activities, including net income (loss) from rental real estate activities that flow through from partnerships, estates, or trusts.

Before completing this form, be sure to read:

- Passive Activity Limitations in the instructions for Form 1065 or Form 1120S, or Passive Loss Limitation Activities in the instructions for Form 1065-B, especially for the definition of "rental activity."
- Extraterritorial Income Exclusion in the instructions for Form 1065, 1065-B, or 1120S. Specific Instructions. Form 8825 provides space for up to eight properties. If there are more than eight properties, attach additional Forms 8825.

The number of columns to be used for reporting income and expenses on this form may differ from the number of rental real estate activities the partnership or S corporation has for purposes of the passive activity limitations. For example, a partnership owns two apartment buildings, each located in a different city. For purposes of the passive activity limitations, the partnership grouped both buildings into a single activity. Although the partnership has only one rental real estate activity for purposes of the

passive activity limitations, it must report the income and deductions for each building in

However, if the partnership or S corporation has more than one rental real estate activity for purposes of the passive activity limitations, attach a statement to Schedule K that reports the net income (loss) for each separate activity. Also, attach a statement to each Schedule K-1 that reports each partner's or shareholder's share of the net income (loss) by separate activity (except for limited partners in an electing large partnership). See *Passive Activity Reporting Requirements* in the instructions for Form 1065, Form 1065-B, or Form 1120S for additional information that must be provided for each

Complete lines 1 through 16 for each property. But complete lines 17 through 21 on only one Form 8825. The figures on lines 17 and 18 should be the combined totals for all forms.

Do not report on Form 8825 any

- Income or deductions from a trade or business activity or a rental activity other than rental real estate. These items are reported
- Portfolio income or deductions.
- Section 179 expense deduction.
- Other items that must be reported separately to the partners or shareholders.
- Commercial revitalization deductions.

Line 1. Show the kind of property rented out (for example, "apartment building"). Give the street address, city or town, and state.

Line 14. The partnership or S corporation may claim a depreciation deduction each year for

rental property (except for land, which is not depreciable). If the partnership or S corporation placed property in service during the current tax year or claimed depreciation on any vehicle or other listed property, complete and attach Form 4562, Depreciation and Amortization. See Form 4562 and its instructions to figure the depreciation deduction.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 hr., 27 min.; Learning about the law or the form, 34 min.; Preparing the form, 1 hr., 37 min.; Copying, assembling, and sending the form to the IRS, 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

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Form **8825** (12-2006)

# SCHEDULE F (Form 1040)

# **Profit or Loss From Farming**

► Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B.

2007
Attachment
Sequence No. 14

OMB No. 1545-0074

Department of the Treasury Internal Revenue Service (99)

See Instructions for Schedule F (Form 1040).

Name	of proprietor				(		s	ocial se	ecurity	num	ber (SS	N)	<u> </u>
BRC	OWNS COWS												
<b>A</b> Pri	ncipal product. Describe in one or two	В	Enter	code	from	Part IV		$\Box$					
DAI	RY CATTLE						L				2 1		0
							1				nber (El		
C Ac	counting method:	(1) 🔽	Cash	(2)	Accrual		6	9 (	0 0	0	0 0	2	5
<b>E</b> D:	d very "mantavially martininate" in the	ti	an of this business dum	ina 0007	O If "NIo "	and page E O for limit			lacas	_	✓ Voc		ا ۸۱۵
Par	you "materially participate" in the <b>Tarm Income—Cash M</b>												<u> </u>
гаі	Do not include sales of li												
4					· .	135,960	-	11000	Jouic	0 01	1 01111		<del></del>
1 2	Sales of livestock and other items Cost or other basis of livestock at	,	•			65,230		-					
3					. —			3			70,73	30	
4	Sales of livestock, produce, grain							4		2,	630,18		
5а	Cooperative distributions (Form(s) 1		1 - [	11,	450		int	5b			11,45		
	Agricultural program payments (se			67,	810	<b>6b</b> Taxable amou		6b			67,8	0	
7	Commodity Credit Corporation (C												
а	CCC loans reported under election	n .						7a			6,6	50	
b	CCC loans forfeited		7b			7c Taxable amou	nt	7с					
8	Crop insurance proceeds and fed	eral cro	1 1 1 1	see page	e F-3):	ı							
	Amount received in 2007					<b>8b</b> Taxable amou	nt	8b				_	
	If election to defer to 2008 is atta	,				deferred from 2006		8d			12 E	20	
9	Custom hire (machine work) incor							9 10			12,58 1,42		
10	Other income, including federal and					-		10			1,44	20	
11	<b>Gross income.</b> Add amounts in the amount from Part III, line 51	_	column for lines 3 thro	-	-		nter	11		2	800,82	20	
Par	t II Farm Expenses—Cash										000,01		_
	Do not include personal			s taxes,	insuranc	e, or repairs on you	r ho	ome.					
12	Car and truck expenses (see page			25	Pension	and profit-sharing							
	F-4). Also attach <b>Form 4562</b>	12						25					
13	Chemicals	13	49,690	26	-	lease (see page F-5):							
14	Conservation expenses (see			a	Vehicles	, machinery, and							
	page F-4)	14	67,810	_	equipme			26a			96,60	_	
15	Custom hire (machine work) .	15	80,550	k		nd, animals, etc.) .		26b			135,04	-	
16	Depreciation and section 179			27		and maintenance .	-	27			58,75		
	expense deduction not claimed	16	338,370	28		nd plants		28 29			11,68 74,33	_	
	elsewhere (see page F-4)	10	330,370	29	•	and warehousing .		30			32,0	_	
17	Employee benefit programs other than on line 25	17		30				31			55,04		
18	Feed	18	508,140	32	Utilities			32			85,08		
19	Fertilizers and lime	19	65,440	33		, breeding, and medicine	•	33					
20	Freight and trucking	20	37,130	34	-	penses (specify):							
21	Gasoline, fuel, and oil	21	62,160		ı			34a					
22	Insurance (other than health)	22	33,620	k				34b					
23	Interest:		24 752					34c					
	Mortgage (paid to banks, etc.)	23a	31,750					34d				+	
24 D	Other	23b 24	77,380 263,680					34e					
24	, , , , ,		-				_	34f 35		2	164,2	50	
35 36	Total expenses. Add lines 12 thr	-	-	e, see ir	structions	,		- 55					
36	<ul> <li>Net farm profit or (loss). Subtract</li> <li>If a profit, enter the profit on Form</li> </ul>	າເອ ວວ ເ n 1040,	line 18, and also on So	chedule	SE, line 1.			36			636,57	70	
	If you file Form 1040NR, enter the	profit	on Form 1040NR, line 1	19.		(					,	-	
37	• If a loss, you <b>must</b> go to line 37. If you have a loss, you <b>must</b> check				-	yity (see page F-6)	1						
J.	• If you checked 37a, enter the k		•			, , , ,		37a	☐ AII	inve	stment	s at	risk.
	If you file Form 1040NR, enter	the loss	on Form 1040NR, lin	ne 19.				37b	☐ Son	ne inve	stment is	not a	t risk.
	<ul> <li>If you checked 37b, you must</li> </ul>	attach	rorm 0198. Your loss	гпау ре	iimited.		J						

For Paperwork Reduction Act Notice, see page F-7 of the instructions.

Cat. No. 11346H

Schedule F (Form 1040) 2007

Schedule F (Form 1040) 2007

Part III	Farm Income—Accrual Method (see	page F-7).	
	Do not include sales of livestock held for	draft, breeding, sport, or dairy purposes.	Report these sales on Form 4797
	and do not include this livestock on line 4	6 below.	

38	Sales of livestock, produce, grains, and other products	38	
39a	Cooperative distributions (Form(s) 1099-PATR) . 39a 39b Taxable amount	39b	
40a	Agricultural program payments	40b	
41	Commodity Credit Corporation (CCC) loans:		
а	CCC loans reported under election	41a	
b	CCC loans forfeited	41c	
42	Crop insurance proceeds	42	
43	Custom hire (machine work) income	43	
44	Other income, including federal and state gasoline or fuel tax credit or refund	44	
45	Add amounts in the right column for lines 38 through 44	45	
46	Inventory of livestock, produce, grains, and other products at beginning of the year		
47	Cost of livestock, produce, grains, and other products purchased during the year		
48	Add lines 46 and 47		
49	Inventory of livestock, produce, grains, and other products at end of year		
50	Cost of livestock, produce, grains, and other products sold. Subtract line 49 from line 48*	50	
51	Gross income. Subtract line 50 from line 45. Enter the result here and on Part I, line 11 ▶	51	

\*If you use the unit-livestock-price method or the farm-price method of valuing inventory and the amount on line 49 is larger than the amount on line 48, subtract line 48 from line 49. Enter the result on line 50. Add lines 45 and 50. Enter the total on line 51 and on Part I, line 11.

# Part IV Principal Agricultural Activity Codes



File Schedule C (Form 1040) or Schedule C-EZ (Form 1040) instead of Schedule F if (a) your principal source of income is from providing

agricultural services such as soil preparation, veterinary, farm labor, horticultural, or management for a fee or on a contract basis, or **(b)** you are engaged in the business of breeding, raising, and caring for dogs, cats, or other pet animals.

These codes for the Principal Agricultural Activity classify farms by their primary activity to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the North American Industry Classification System (NAICS).

Select the code that best identifies your primary farming activity and enter the six digit number on page 1, line B.

# **Crop Production**

111100 Oilseed and grain farming111210 Vegetable and melon farming

111300 Fruit and tree nut farming

111400 Greenhouse, nursery, and floriculture production

111900 Other crop farming

## **Animal Production**

112111 Beef cattle ranching and farming

112112 Cattle feedlots

112120 Dairy cattle and milk production

112210 Hog and pig farming

112300 Poultry and egg production112400 Sheep and goat farming

112510 Aquaculture

112900 Other animal production

## Forestry and Logging

113000 Forestry and logging (including forest nurseries and timber tracts)

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Schedule F (Form 1040) 2007

				Final K-1	L	Amend		
	edule K-1 n 1065)	<b>2007</b>	Pa	art III				Current Year Income, s, and Other Items
	l Revenue Service	calendar year 2007, or tax beginning, 2007	1	Ordinary	business inco	me (loss) 043,345	15	Credits
D	·	ending, 20	2	Net renta	al real estate in			
	ner's Share of Income lits, etc. ► See bac	e, Deductions,  k of form and separate instructions.	3	Other ne	et rental income		16	Foreign transactions
	Information Abou	<u> </u>	4	Guarante	eed payments			
l	Partnership's employer identification 0000005	number	5	Interest i	income			
В	Partnership's name, address, city, sta	ate, and ZIP code				442,901		
ı	OEBILL UNLIMITED 51 ELLIOT ROAD		6a	Ordinary	dividends			
ı	LT LAKE CITY, UT 84101		6b	Qualified	I dividends			
С	IRS Center where partnership filed re	turn	7	Royalties		637,500		
OG	DEN		8	Net shor	t-term capital g			
D	Check if this is a publicly traded		9a	Net long	-term capital g	gain (loss)	17	Alternative minimum tax (AMT) items
E F	Tax shelter registration number, Check if Form 8271 is attached	Tany					••	A 200,000
	rt II Information Abou	t the Partner	9b	Collectib	lles (28%) gain	(loss)		
	Partner's identifying number		9с	Unrecap	tured section	1250 gain		
000	0-40-0001							
l	Partner's name, address, city, state, VID BOXWOOD	and ZIP code	10	Net sect	ion 1231 gain	(loss) <b>59,495</b>	18	Tax-exempt income and nondeductible expenses
348	NIXON CIRCLE		11	Other inc	come (loss)			
ВО	ISE, ID 83708							C 14,101
								C 14,101
ı	General partner or LLC member-manager	Limited partner or other LLC member					19	Distributions
J	Domestic partner	Foreign partner	12	Section	179 deduction			
ĸ	What type of entity is this partner?	INDIVIDUAL	13	Other de	eductions			
Ľ	Partner's share of profit, loss, and ca	pital:					20	Other information
	Beginning	Ending						
l	Profit 25							A 442,901
l	Loss         25           Capital         25							
	Оцрпи	70   20 70	14	Self-emp	loyment earning	ıs (loss)		
м	Partner's share of liabilities at year er	nd:			A 3,	300,721		
	Nonrecourse	.\$						
	Qualified nonrecourse financing .		*0.	o ottool		300,721	ddi+ic	onal information.
	Recourse	.\$	36	e allaci	ileu staterri	ent ioi a	uuitic	onal information.
N	Partner's capital account analysis:							
l	Beginning capital account	.\$4,393,744	<u> </u>					
	Capital contributed during the year	4 000 == 4	ဝ်					
ı	Current year increase (decrease) .	/	Jse					
l	Withdrawals & distributions	.\$ ( 8,728,518	For IRS Use Only					
	Ending capital account		Jr IF					
	Tax basis GAAP Other (explain)	Section 704(b) book	Ĭ L					

			Final K-1	L Amend		
Schedule K-1 (Form 1065)	2007	P	art III			Current Year Income, s, and Other Items
Department of the Treasury Internal Revenue Service	For calendar year 2007, or tax	1	Ordinary	business income (loss) 3,043,345	15	Credits
	year beginning, , ending, 20	١ .	Net renta	I real estate income (loss)		
Partner's Share of I	Income, Deductions,			257,376		
Credits, etc.	See back of form and separate instruc	tions. 3	Other ne	t rental income (loss)	16	Foreign transactions
Part I Informatio  A Partnership's employer ide	on About the Partnership	4	Guarante	ed payments		
69-0000005		5	Interest i	ncome		
B Partnership's name, addre	ss, city, state, and ZIP code			442,901		
SHOEBILL UNLIMITED 5551 ELLIOT ROAD		6a	Ordinary	dividends		
SALT LAKE CITY, UT	84101	6b	Qualified	dividends		
C IRS Center where partners	ship filed return	7	Royalties	637,500		
OGDEN		8	Net short	-term capital gain (loss)		
D Check if this is a publ	licly traded partnership (PTP)					
E Tax shelter registration	n number, if any	9a	Net long-	term capital gain (loss)	17	Alternative minimum tax (AMT) items
<b>F</b> ☐ Check if Form 8271 is	s attached	9b	Collectib	les (28%) gain (loss)		A 200,000
	n About the Partner					
G Partner's identifying number 000-40-0002	er	9c	Unrecapt	tured section 1250 gain		
H Partner's name, address, o	city, state, and ZIP code	10	Net secti	on 1231 gain (loss)	18	Tax-exempt income and
JOSHUA PLUM				59,495		nondeductible expenses
2894 N 6352 SOUTH RENO, NV 89510		11	Other inc	come (loss)		
KENO, NV 09310						C 14,101
						·
I General partner or Li member-manager	LC Limited partner or other member	LLC			19	Distributions
J	Foreign partner	12	Section 1	79 deduction		
<b>K</b> What type of entity is this	partner? INDIVIDUAL	13	Other de	ductions		
L Partner's share of profit, lo					20	Other information
Beginni						A 442 004
Profit Loss		% %				A 442,901
Capital		%				
		14	Self-empl	oyment earnings (loss)		
M Partner's share of liabilities	•					
Nonrecourse	\$ ncing\$					
Recourse		*0.	e attach	ned statement for a	dditio	onal information.
N Partner's capital account a	4 202	744				
Beginning capital account Capital contributed during	425	000   5				
Current year increase (dec	4 200	,774 ø				
Withdrawals & distributions	s \$					
Ending capital account	\$8,728,	For IRS Use Only				
Tax basis GAA	AP Section 704(b) book	- P				

			<u> </u>	Final K-1	Amend		
Schedule K-1 (Form 1065)	2007	7	Pa	art III			Current Year Income, s, and Other Items
Department of the Treasury Internal Revenue Service	For calendar year 2007, or tax	2007	1	Ordinary b	ousiness income (loss) 3.043.345	15	Credits
	year beginningending		2	Net rental	real estate income (loss)		
Partner's Share of	Income, Deductions,				257,376		
Credits, etc.	See back of form and separate ins	tructions.	3	Other net	rental income (loss)	16	Foreign transactions
Part Information  A Partnership's employer ide	on About the Partnership		4	Guarantee	ed payments		
69-0000005			5	Interest in	come		
B Partnership's name, addre	ess, city, state, and ZIP code				442,901		
SHOEBILL UNLIMITED 5551 ELLIOT ROAD			6a	Ordinary of	dividends		
SALT LAKE CITY, UT	84101		6b	Qualified	dividends		
C IRS Center where partners	ship filed return		7	Royalties	637,500		
OGDEN	•	-	8	Net short-	term capital gain (loss)		
D Check if this is a publ	licly traded partnership (PTP)	-	9a	Not long t	erm capital gain (loss)		
	n number, if any		Ja	Net long-	eriii capitai gaiii (ioss)	17	Alternative minimum tax (AMT) items  A 200,000
F Check if Form 8271 is			9b	Collectible	es (28%) gain (loss)		7, 200,000
Part II Information  G Partner's identifying numb	on About the Partner		9c	Unrecaptu	ured section 1250 gain		
000-40-0003							
H Partner's name, address, of TONY CYPRESS	city, state, and ZIP code		10	Net section	on 1231 gain (loss) <b>59,495</b>	18	Tax-exempt income and nondeductible expenses
4810 SOUTH 19 WEST			11	Other inco			
SAN FRANCISCO, CA	94104						_
							C 14,101
General partner or L	LC Limited partner or o	ther LLC					
member-manager	member	anor LLO				19	Distributions
J Domestic partner	Foreign partner		12	Section 1	79 deduction		
K What type of entity is this	partner? INDIVIDUAL		13	Other ded	luctions		
L Partner's share of profit, lo		,				20	Other information
Beginni	ing Ending 25 %	<b>25</b> %					A 442,901
Profit Loss	25 %	25 %					A 442,301
Capital	25 %	<b>25</b> %					
			14	Self-emplo	yment earnings (loss)		
M Partner's share of liabilities	•						
Nonrecourse	\$ncing\$						
Recourse		I	*Se	e attach	ed statement for a	dditio	onal information.
N Partner's capital account a	A -	202 744					
Beginning capital account	Ψ	393,744 125,000	Jnly				
Capital contributed during Current year increase (dec	the year .Ψ	209,774	se C				
Withdrawals & distribution:	s\$ <u>(</u>	)	Č				
Ending capital account	\$8,7	728,518	For IRS Use Only				
Tax basis GAA	AP Section 704(b) book		For				
3c. (c.spiani)							

				Final K-1		Amend		
	edule K-1 n 1065)	2007	Pa	art III				Current Year Income, s, and Other Items
	l Revenue Service	alendar year 2007, or tax beginning, 2007	1	Ordinary	business inco	ome (loss) 043,345	15	Credits
Dart	ner's Share of Income	ending, 20	2	Net renta	al real estate in	come (loss) 257,375		
	P4	of form and separate instructions.	3	Other ne	t rental incom		16	Foreign transactions
	Information About Partnership's employer identification in	<u> </u>	4	Guarante	eed payments			
l	000005		5	Interest i	ncome			
В	Partnership's name, address, city, sta	te, and ZIP code				442,901		
ı	OEBILL UNLIMITED 51 ELLIOT ROAD		6a	Ordinary	dividends			
ı	LT LAKE CITY, UT 84101		6b	Qualified	dividends			
С	IRS Center where partnership filed ret	urn	7	Royalties	3	637.500		
l	DEN		8	Net short	t-term capital o	,		
D E	Check if this is a publicly traded    Tax shelter registration number, if	, , ,	9a	Net long	-term capital o	gain (loss)	17	Alternative minimum tax (AMT) items
<u>-</u>   F	Check if Form 8271 is attached	any						A 200,000
■ Pa	rt II Information Abou	t the Partner	9b	Collectib	les (28%) gair	ı (loss)		
l	Partner's identifying number		9с	Unrecap	tured section	1250 gain		
н	Partner's name, address, city, state, a	nd ZIP code	10	Net sect	ion 1231 gain	(loss) <b>59,494</b>	18	Tax-exempt income and nondeductible expenses
727	DBIRD TREES 2 WEST TURMAN AVE		11	Other inc	come (loss)	00,101		
5AU	CRAMENTO, CA 95813							C 14,101
1	General partner or LLC	✓ Limited partner or other LLC						
J	member-manager  Domestic partner	member  Foreign partner	12	Section	179 deduction		19	Distributions
				011				
K	What type of entity is this partner?	PARTNERSHIP	13	Other de	eductions		20	Other information
L	Partner's share of profit, loss, and cap						20	Other information
	Beginning Profit 25	Ending 25 %						A 442,901
	Loss 25	% 25 %						
	Capital 25	<b>25</b> %						
			14	Self-empl	loyment earning	gs (loss)		
l	Partner's share of liabilities at year en							
ı	Nonrecourse							
ı	Recourse		*Se	e attacl	ned statem	ent for a	dditic	onal information.
			1					
ı	Partner's capital account analysis:	4 000 745						
ı	Beginning capital account	105.000	ľnľ					
	Capital contributed during the year	4 000 770	O					
ı	Current year increase (decrease) . Withdrawals & distributions	.\$(	l S					
l		.\$ 8,728,518	For IRS Use Only					
	Tax basis GAAP Cher (explain)	Section 704(b) book	l R					

#### **TEST SCENARIO 6**

#### FORMS REQUIRED:

1065-B, 4797, 1065-B SCH K-1 (2), Form 8453-B

#### **ATTACHMENTS:**

Itemized Other Deductions Schedule Inventoriable Costs Paid Schedule Balance Sheet Discrepancy Statement Schedule L Other Current Assets Statement

**BINARY ATTACHMENTS:** Scanned Form 8453-B (8453 Signature Document)

#### **HEADER INFO**

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, TX 79001

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: Self-select PractionerPIN: None PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document

Return Type: 1065-B

**Filer:** EIN: 69-0000006

Name: ABC Oil and Gas L P Name Control: ABCO Address: 28 Oil Rig Rd Anytown, TX 79001

**Partner:** Name: Jonathan Walker

Title: Chief Executive Officer

Taxpayer PIN: N/A Phone: 555-555-0000

Email Address: Anymail@email.com

Date Signed: 04/10/2008

**Preparer:** Name: Jane Doe

SSN: 000-50-5555 Phone: 555-555-5555

Email Address: Anymail@email.com

Date Prepared: 04/10/2008 Self Employed: No

**IRS PAYMENT:** N/A

#### **Details for attachments**

## **Itemized Other Deductions Schedule** (Form 1065-B, Page 1, Line 23)

Type	Amount
Survey Costs	\$150,750
Permits	\$27,250
Professional Fees	\$46,140
Bank Fees	\$2,600

## Inventoriable Costs Paid Schedule (Form 1065-B, Page 2, Schedule A, Line 5)

Туре	Amount
Other Costs	\$576,000

# Balance Sheet Discrepancy Statement (Form 1065-B, Page 5, Schedule L)

Describe balance sheet discrepancy
------------------------------------

# Schedule L Other Current Assets Statement (Form 1065-B, Page 5, Schedule L, Line 6)

Type	BOY Amount	EOY Amount
Prepaid Insurance	\$260,000	\$280,001
Other	\$1,600,720	\$1,630,110

Form	1	065	- <b>B</b>				eturn of					OMB No. 1545-1	626
Department of the Treasury Internal Revenue Service				For calen		, or tax year	S Large F beginning See separate	, 2007,	and ending .	, 20		2007	
A Pr	incipa	al business a	ctivity	Use the	Name of par	rtnership	-				D Em	ployer identificatio	n number
	MINING IRS ABC OIL AND GAS LP										69		
		l product or s		label. Other-	,		or suite no. If a l	P.O. box, s	ee instructions.		E Da	te business starte	
		GAS		wise, print	28 OIL RIG		IDI-					11/08/1999	
		s code no. tructions)		or type.	City or town	, state, and Z	IP code				F To	al assets (see inst	ructions)
		211110			ANYTOW	N, TX 790	01				\$	5,6°	17,088
H I	Chec Num	ck accountii ber of Sche	ng metledules k	hod: <b>(1)</b> [ K-1. Attac	☐ Cash h one for eac	(2) 🗹	Name change Accrual no was a partne	(3 r at any tir	me during the t	specify) ▶ ax year ▶			
Pa	rt I	Taxa	ble In			om Pass	ive Loss Lir	nitation	Activities				
	1a	Gross receip	ots or sa	les L	2,512,000	<b>b</b> Less	returns and allow	ances L		<b>c</b> Bal ▶	1c	2,512,000	
	2	Cost of g	goods	sold (Sc	hedule A, li	ne 8)					2	576,000	
	3	Gross pr	ofit. S	ubtract li	ine 2 from I	ine 1c					3	1,936,000	
	4						orm 8825) .				4		
ne	5		•				(attach sched	•			5		
Income	6	-		. ,			os, estates, ar		•	· ·	7		
<u> </u>	7						m 1040)) .						
	8			net short-term capital gain over net long-term capital loss (Schedule D,									
	9			s) from Form 4797, Part II, line 17 <i>(attach Form 4797)</i>							9		
	10						schedule) .				10		
	11	Total inc	come	(loss). C	ombine line	s 3 throug	h 10				11	1,936,000	
	12						less employm				12		
	13								,		13		
	14										14	224,165	5
	15										15		
	16										16		
S	17	Taxes an	nd licer	nses .							17		
ions	18	Interest								, .	18		+
cti	l						ion (see instru		19a		10-		
Deducti							l elsewhere on	return	19b		19c 20	148,180	+
۵	20	Depletion									21	140,100	
	21 22										22		+
	23				ch schedule						23	226,740	
	24										24	599,085	5
	25	Taxable	incom	ons. Add the amounts shown in the far right column for lines 12 through 23  ne (loss) from passive loss limitation activities. Subtract line 24 from line 11								1,336,915	5
ts	26	Tax (see	instru	ctions). (	Check if fro	m: <b>a</b> $\square$ F	orm 4255 <b>k</b>	For	m 8611		26	·	
Tax and Payments	27	Other pa		,					m 4136 .		27		
ax	28						er line 27 .				28		
	Overpayment. Enter the excess of line 27 over line 26.  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of										29		
Sig	10									, and to the best of my ed on all information o			
He					· ·	•	•		4/10/2008		May	the IRS discuss th	is return
116	16	Signatu	ire of de	neral narth	er or limited lial	bility company	member manager				with (see	the preparer show instructions)? Yes	n below No
_		<del></del>		crai partii	o. or annicu ildi	oming company	omber manager	Date				parer's SSN or PTI	
Pai		siana	arer's ature						0/2008	Check if self-employed	·	0-50-5555	
	par	er's Firm	's name		ELEC	TRONIC T	AX FILERS II			EIN 69	. 1	0000098	
Use	e Or	າ <b>ly</b> your addr		employed), d ZIP code			ANYTOWN,		)1	Phone no.	( 555		555
For	Priva	<u> </u>					e separate ins			at. No. 26265H		Form <b>1065-I</b>	<b>3</b> (2007)

Page 116 of 194

Form	1065-B (2007)			Pa	ige 2
Par	t II Taxable Income or Loss From Other Activities				
1	Interest	1		550	
2a	Total ordinary dividends				
	Qualified dividends				
С	Nonqualified dividends (subtract line 2b from 2a)	2c			
3	Gross royalties	3			
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 17)	4			
5	Other income (loss) (see instructions) (attach schedule)	5			
6	<b>Total income (loss).</b> Add lines 1, 2c, 3, 4, and 5	6		550	
7	Interest expense on investment debts (attach Form 4952)	7			
8	State and local income taxes (see instructions)	8			
9	Charitable contributions (see instructions for limitations and required attachment)	9			
10a	Total miscellaneous itemized deductions				
b	Deductible amount. Multiply line 10a by 30%	10b			
11	Other deductions (attach schedule)	11			
12	Total deductions. Add lines 7, 8, 9, 10b, and 11	12			
13	Taxable income (loss) from other activities. Subtract line 12 from line 6	13		550	
Sch	nedule A Cost of Goods Sold (see instructions)				
1	Inventory at beginning of year	1			
2	Purchases less cost of items withdrawn for personal use	2			
3	Cost of labor	3			
4	Additional section 263A costs (attach schedule).	4			
5	Other costs (attach schedule)	5	576	,000	
6	<b>Total.</b> Add lines 1 through 5	6	576	,000	
7	Inventory at end of year	7			
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	576	,000	
9a	Check all methods used for valuing closing inventory:				
	(i) Cost as described in Regulations section 1.471-3				
	(ii) Lower of cost or market as described in Regulations section 1.471-4				
	(iii) ☐ Other (specify method used and attach explanation) ▶				
b	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.	471-2(c)		<b>▶</b> □	
С	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attacked)	ch Form	970)		
d	Do the rules of section 263A (for property produced or acquired for resale) apply to the partners	hip?	. 🗌 Ye	s 🗌	No
е	Was there any change in determining quantities, cost, or valuations between opening and closing i	nventor	y? 🗌 <b>Y</b> e	s $\square$	No
	If "Yes," attach explanation.				
Sch	nedule B Other Information (see instructions)				
1	What type of entity is filing this return? Check the applicable box:			Yes	No
а	□ Domestic general partnership <b>b</b> ☑ Domestic limited partnership				
е	☐ Foreign partnership f ☐ Other ▶				
2	Are any partners in this partnership also partnerships?				<u> </u>
3	During the partnership's tax year, did the partnership own any interest in another partnership or in				
	entity that was disregarded as an entity separate from its owner under Regulations sections 301	1.7701-2	2 and		
	301.7701-3? If "Yes," see instructions for required attachment				<u> </u>
4	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms				
	and 8813. (See instructions.)				<u> </u>
5	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?				
6	Has this partnership filed, or is it required to file, a return under section 6111 to provide inform reportable transaction?				~
7	At any time during calendar year 2007, did the partnership have an interest in or a signature or of over a financial account in a foreign country (such as a bank account, securities account, or of account)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Ye name of the foreign country.	ther fines," ente	ancial er the		<b>v</b>
8	During the tax year, did the partnership receive a distribution from, or was it the grantor to, or traforeign trust? If "Yes," the partnership may have to file Form 3520	ansferor	r to, a		~
9	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnersh				

Form 1065-B (2007) Page **3** 

11 Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 9).  12 2,500  Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities  13 Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities.  14 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 11 or line 13. Enter here and on page 1, Part I, line 8.  15 Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  16 Net capital gain or (loss) from passive loss limitation activities. If lines 12 and 15 are both positive or both negative, enter the smaller of line 12 or line 15. Otherwise, enter -0 Enter here and on Schedule K, line 4a.  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities	Sc	hedule D Capital Ga	ains and Losses						
(e.g., 100 shares of "2" Co.)  1  2 Short-term capital gain from installment sales from Form 6252, line 26 or 37.  2 3 Short-term capital gain (loss) from like-kind exchanges from Form 8824  4 Net short-term capital gain or (loss), Combine lines 1 through 3 in column (f)  2 Short-term capital gain or (loss), Combine lines 1 through 3 in column (f)  3 Short-term capital gain or (loss), Combine lines 1 through 3 in column (f)  4 Part II—Long-Term Capital Gain (loss), year)  (e) Date acquired (morth, day, year)  (f) Gain or loss)  (g) Date socid (morth, day, year)  (e) Cost or other basis (lose instructions)  (e) Cos		Part I—	-Short-Term Capi	ital Gains and Lo	sses—Assets Held	d 1 Year or	Less		
2 Short-term capital gain from installment sales from Form 6252, line 26 or 37. 2 3 Short-term capital gain (loss) from like-kind exchanges from Form 8824 3 4 Net short-term capital gain or (loss). Combine lines 1 through 3 in column (f) 4  Part II—Long-Term Capital Gains and Losses—Assets Held More Than 1 Year  (a) Description of property (e.g., 100 sharos of 12° Co.)  (b) Date acquired (morith, day, year) (e.) Date sold (morith, day, year) (e.) East sold		(e.g., 100 shares		(c) Date sold (month, day, year)				(f) Gain or ( Subtract (e) fr	loss) om (d)
3 Short-term capital gain (loss) from like-kind exchanges from Form 8824 4 Net short-term capital gain or (loss). Combine lines 1 through 3 in column (f)  Part III—Long-Term Capital Gains and Losses—Assets Held More Than 1 Year  (a) Description of property (e.g., 109 shares of (month, day, year) (b) Date acquired (month, day, year) (c) Date sold (month, day, year) (e) Cost or other basis (see instructions)  6 Enter gain from Form 4797, Part I (e) Cost or Other Dasis (see instructions)  7 Long-term capital gain from installment sales from Form 6252, line 26 or 37 7  8 Long-term capital gain (loss) from like-kind exchanges from Form 8824, 8  9 Net long-term capital gain (loss) from like-kind exchanges from Form 8824, 8  10 Combine lines 4 and 9 and enter the net gain (loss)  Part III—Summary of Parts I and II  10 Combine lines 4 and 9 and enter the net gain (loss)  11 Enter excess of net short-term capital gain (loss) from Passive Loss Limitation Activities  12 Net capital gain or (loss) from passive loss limitation activities  13 Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities  14 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 12 by taking into account only gains and losses from passive loss limitation activities  15 Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities  16 Net capital gain or (loss) from passive loss limitation activities. If lines 12 and 15 are both positive or both negative, enter the smaller of line 12 or line 15. Otherwise, enter -0 Enter here and on Schedule K, line 4a  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4  Note. When figuring whether line	1	,							
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Net short-term capital gain or (loss). Combine lines 1 through 3 in column (f)  Part II—Long-Term Capital Gains and Losses—Assets Held More Than 1 Year  (a) Description of property (e.g., 100 shares of cry? Co.)  (b) Date soding (e.g., 100 shares of cry? Co.)  (c) Description of property (e.g., 100 shares of cry? Co.)  (e.g., 100 shares of cry? Co.	2	Short-term capital gain f	from installment sale	es from Form 6252,	line 26 or 37		. —		
(a) Description of property (e.g., 100 shares (month, day, year)  6 Enter gain from Form 4797, Part I  Cong-term capital gain from installment sales from Form 6252, line 26 or 37  8 Long-term capital gain (loss) from like-kind exchanges from Form 8824.  9 Net long-term capital gain or (loss). Combine lines 5 through 8 in column (f)  9 2,500  Part III—Summary of Parts I and II  10 Combine lines 4 and 9 and enter the net gain (loss)  11 Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 9).  12 Net capital gain or (loss). Subtract line 11 from line 10.  13 Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities  14 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  15 Recent short-term capital gain or or loss of net short-term capital gain or net long-term capital loss. Subtract line 14 from line 10.  16 Net capital gain or (loss) from passive loss limitation activities.  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  18 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  19 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4  Note capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and		Short-term capital gain ( Net short-term capital	(loss) from like-kind gain or (loss). Com	exchanges from Fonbine lines 1 through	rm 8824 n 3 in column (f)		. —		
(e.g., 100 shares of "2" Co.)  6 Enter gain from Form 4797, Part I  Cong-term capital gain from installment sales from Form 6252, line 26 or 37.  7 Long-term capital gain from installment sales from Form 6252, line 26 or 37.  7 Net long-term capital gain (loss) from like-kind exchanges from Form 8824.  9 Net long-term capital gain (ross). Combine lines 5 through 8 in column (f)  9 2,500  Part III—Summary of Parts I and II  10 2,500  11 Enter excess of net short-term capital gain (loss) From Passive Loss Limitation Activities  13 Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities.  14 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 11 or line 13. Enter here and on page 1, Part I, line 8.  14 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 11 or line 13. Enter here and on page 1, Part I, line 8.  14 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 11 or line 13. Enter here and on page 1, Part I, line 8.  15 Net capital gain or (loss) from passive loss limitation activities.  16 Net capital gain or (loss) from passive loss limitation activities.  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  18 Part V—Net Capital Gain (Loss) From Other Activities  19 Part V—Net Capital Gain (Loss) From Other Activities  10 Part V—Net Capital Gain (Loss) From Other Activities  11 Enter here and on page 2, Part II, line 4  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.		Part II—Lo	ong-Term Capital	Gains and Loss	es-Assets Held N	lore Than	1 Year		
6 Enter gain from Form 4797, Part I Long-term capital gain (loss) from like-kind exchanges from Form 8252, line 26 or 37 8 Long-term capital gain (loss) from like-kind exchanges from Form 8824 9 Net long-term capital gain (loss) Combine lines 5 through 8 in column (f) 9 2,500  Part III—Summary of Parts I and II  10 Combine lines 4 and 9 and enter the net gain (loss) 11 Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 9) 11 Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 9) 11 Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities  13 Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities  14 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 11 or line 13. Enter here and on page 1, Part I, line 8  14 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 12 by taking into account only gains and losses from passive loss limitation activities  15 Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities  16 Net capital gain or (loss) from passive loss limitation activities. If lines 12 and 15 are both positive or both negative, enter the smaller of line 15. Otherwise, enter -0. Enter here and on Schedule K, line 4a  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4  Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and		(e.g., 100 shares							
6 Enter gain from Form 4797, Part I  Cong-term capital gain from installment sales from Form 6252, line 26 or 37  8 Long-term capital gain (loss) from like-kind exchanges from Form 8824  9 Net long-term capital gain or (loss). Combine lines 5 through 8 in column (f)  Part III—Summary of Parts I and II  Combine lines 4 and 9 and enter the net gain (loss)  10 Combine lines 4 and 9 and enter the net gain (loss)  Net capital gain or (loss). Subtract line 11 from line 10.  Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities  Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities.  Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  13	5	3. 2 33,							
The region with 1975, the state of the amount on line 11 or line 12 by taking into account only gains and losses from passive loss limitation activities  Net capital gain or (loss) from passive loss limitation activities  Net capital gain or (loss) from passive loss limitation activities  Part V—Net Capital Gain (Loss) From Other Activities									
The region with 1975, the state of the amount on line 11 or line 12 by taking into account only gains and losses from passive loss limitation activities  Net capital gain or (loss) from passive loss limitation activities  Net capital gain or (loss) from passive loss limitation activities  Part V—Net Capital Gain (Loss) From Other Activities									
The region with 1975, the state of the amount on line 11 or line 12 by taking into account only gains and losses from passive loss limitation activities  Net capital gain or (loss) from passive loss limitation activities  Net capital gain or (loss) from passive loss limitation activities  Part V—Net Capital Gain (Loss) From Other Activities									
7 Long-term capital gain from installment sales from Form 6252, line 26 or 37. 8 Long-term capital gain (loss) from like-kind exchanges from Form 8824. 9 Net long-term capital gain or (loss). Combine lines 5 through 8 in column (f) 9 2,500  Part III—Summary of Parts I and II  10 Combine lines 4 and 9 and enter the net gain (loss)	6	Enter gain from Form 47	'97, Part I				. 6		2,500
Part III—Summary of Parts I and II  Combine lines 4 and 9 and enter the net gain (loss)  Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 9).  Net capital gain or (loss). Subtract line 11 from line 10.  Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities  Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities.  Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  Net capital gain or (loss) from passive loss limitation activities. If lines 12 and 15 are both positive or both negative, enter the smaller of line 12 or line 15. Otherwise, enter -0 Enter here and on Schedule K, line 4a  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4  Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and	7						. 7		
Part III—Summary of Parts I and II  10 Combine lines 4 and 9 and enter the net gain (loss)		Long-term capital gain (	loss) from like-kind	exchanges from For	m 8824		. 8		
Combine lines 4 and 9 and enter the net gain (loss)  Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 9).  Net capital gain or (loss). Subtract line 11 from line 10.  Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities  Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities.  Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 11 or line 13. Enter here and on page 1, Part I, line 8.  Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities limitation activities. If lines 12 and 15 are both positive or both negative, enter the smaller of line 12 or line 15. Otherwise, enter -0 Enter here and on Schedule K, line 4a  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4  Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and	9	Net long-term capital g					. 9		2,500
11 Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 9).  12 Net capital gain or (loss). Subtract line 11 from line 10.  Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities  13 Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities.  14 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 11 or line 13. Enter here and on page 1, Part I, line 8.  14 Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  15 Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  16 Net capital gain or (loss) from passive loss limitation activities. If lines 12 and 15 are both positive or both negative, enter the smaller of line 12 or line 15. Otherwise, enter -0 Enter here and on Schedule K, line 4a.  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4.  Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and			Part	III—Summary of	Parts I and II				
Net capital gain or (loss). Subtract line 11 from line 10	10	Combine lines 4 and 9 a	and enter the net ga	in (loss)				2,500	
Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities  13 Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities.  14 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 11 or line 13. Enter here and on page 1, Part I, line 8.  15 Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  16 Net capital gain or (loss) from passive loss limitation activities. If lines 12 and 15 are both positive or both negative, enter the smaller of line 12 or line 15. Otherwise, enter -0 Enter here and on Schedule K, line 4a.  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4  Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and	11	Enter excess of net short	rt-term capital gain	(line 4) over net long	g-term capital loss (lir	ne 9).     .     .	-		
13 Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities.  14 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 11 or line 13. Enter here and on page 1, Part I, line 8.  15 Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  16 Net capital gain or (loss) from passive loss limitation activities. If lines 12 and 15 are both positive or both negative, enter the smaller of line 12 or line 15. Otherwise, enter -0 Enter here and on Schedule K, line 4a.  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4  Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and	12							2,500	
loss limitation activities.  13  14 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 11 or line 13. Enter here and on page 1, Part I, line 8.  15 Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  15 Net capital gain or (loss) from passive loss limitation activities. If lines 12 and 15 are both positive or both negative, enter the smaller of line 12 or line 15. Otherwise, enter -0 Enter here and on Schedule K, line 4a.  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4.  18 Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and		Pa	rt IV—Net Capital (	Gain (Loss) From P	assive Loss Limitat	ion Activitie	S		
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the amount on line 11 or line 13. Enter here and on page 1, Part I, line 8.  15 Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  16 Net capital gain or (loss) from passive loss limitation activities. If lines 12 and 15 are both positive or both negative, enter the smaller of line 12 or line 15. Otherwise, enter -0 Enter here and on Schedule K, line 4a.  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4.  18 Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and	14				nital loss. Enter the	smaller of			
15 Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  16 Net capital gain or (loss) from passive loss limitation activities. If lines 12 and 15 are both positive or both negative, enter the smaller of line 12 or line 15. Otherwise, enter -0 Enter here and on Schedule K, line 4a  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4  Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and	•			•	-		14		
16 Net capital gain or (loss) from passive loss limitation activities. If lines 12 and 15 are both positive or both negative, enter the smaller of line 12 or line 15. Otherwise, enter -0 Enter here and on Schedule K, line 4a  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4  Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and	15				,				
positive or both negative, enter the smaller of line 12 or line 15. Otherwise, enter -0 Enter here and on Schedule K, line 4a		loss limitation activities					15		
and on Schedule K, line 4a  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4  Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and	16								
Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4  Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and			,		*	Enter here			
Part V—Net Capital Gain (Loss) From Other Activities  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4							16		
17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4		Note. When figuring who							
line 11. Enter here and on page 2, Part II, line 4				•	<u>,                                      </u>				Т
18 Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and	17						47		
	10						17		
	10		oo, nom omer acm	nues. Subtract lifle	TO HOLL IIIIE 12. Effice	i liele allu	18	2.500	

Form 1065-B (2007) Page **4** 

Sch	Schedule K Partners' Shares of Income, Credits, Deductions, etc.								
		(a) D	istributive shar	re items			(b)	Total amount	:
1a	Taxable income (loss	) from passive los	s limitation activ	rities (Part I, line	25)		1a	1,336,915	
	Amount on line 1a all			,	I I	1			
	(1) Taxable income	(loss) from trade o	r business activ		1b(1) 668,4	58			
	(2) Taxable income	(loss) from rental r	eal estate activit		1b(2)				
	(3) Taxable income	(loss) from other re	ental activities.		1b(3)				
С	Total amount on line	1a allocated to ge	eneral partners.	Combine lines 1	b(1) through 1b(3)		1c	668,458	
d	Taxable income (loss)	from passive loss	limitation activit	ies allocated to li	mited partners. Su	ubtract			
	line 1c from line 1a (re	eport on Schedules	s K-1, box 1) .				1d	668,457	
2	Taxable income (loss	) from other activit	ties (Part II, line	13)			2	550	
3	Qualified dividends fr	om other activities	s (Part II, line 2b	)			3		
4a	Net capital gain (loss	) from passive los	s limitation activ	ities (Schedule [	O, line 16)		4a		
b	Net capital gain (loss	) from other activit	ties (Schedule D	, line 18)			4b	2,500	
5	Net passive alternative	ve minimum tax ad	djustment				5		
6	Net other alternative	minimum tax adju	stment				6		
7	Guaranteed payment	s					7		
8	Income from dischar						8		
9	Tax-exempt interest	income					9		
10	General credits (see		10						
11	Low-income housing	credit (see instruc	ctions)				11		
12	Rehabilitation credit	from rental real es	tate activities (a:	ttach Form 3468	)		12		
13a	Net earnings (loss) fr	om self-employme	ent				13a	668,458	
b	Gross nonfarm incon						13b		
14a	Name of foreign cou								
b	Gross income from a						14b		
С	Gross income source		•	e <i>)</i>			14c		
d	Foreign gross income		ership level:				4.4.41		
	(1) Passive category						14d(1)		
	(2) General category						14d(2)		
	(3) Other (attach sch	edule)					14d(3)		
е	Deductions allocated	and apportioned	at partner level:				140/1		
	(1) Interest expense						14e(1)		
	` '						14e(2)		
f	Deductions allocated		at partnership le	evel to foreign so	ource income:		1.46(1)		
	(1) Passive category						14f(1) 14f(2)		
	(2) General category								
	(3) Other (attach sch	,					14f(3)		
g	Total foreign taxes (c			┙			14g 14h		
	Reduction in taxes a Other items and amo					 a)	1411		
<u>15</u> Ana	lysis of Net Incom		o reported sepa	arately to partile	o <sub>l</sub> attacii scriedule	·/			
1	Net income (loss). In c		s 1c through 4b	7. and 8. From th	e result, subtract li	ne 14a	1	1,339.	.965
2	Analysis by		(ii) Individual	(iii) Individual			kempt		
_	partner type:	(i) Corporate	(active)	(passive)	(iv) Partnership		ization	(vi) Nominee/O	ther
а	General partners		669,982						
b	Limited partners			669,983					

Form 1065-B (2007) Page 5

SCI	Balance Sneets per Boo	OKS				
	Assets			jinning of tax year	End of tax	
	Assets	(6	a)	(b)	(c)	(d)
1	Cash			565,010		855,185
	Trade notes and accounts receivable					
_	Less allowance for bad debts					
3	Inventories					
4	U.S. government obligations				_	
5	Tax-exempt securities			1,860,720		1,910,111
6	Other current assets (attach schedule)			1,800,720	_	1,910,111
7	Mortgage and real estate loans					
8	Other investments (attach schedule)					
	Buildings and other depreciable assets.					
	Less accumulated depreciation		140,	260	3,375,112	
	Depletable assets		375,		523,320	2,851,792
	Less accumulated depletion		373,	10,000	323,320	2,031,732
11	, , , , , , , , , , , , , , , , , , , ,			10,000		
	Intangible assets (amortizable only)					
	Less accumulated amortization					
13	Other assets (attach schedule)			5,200,850		5,617,088
14	Total assets			3,233,333		5,511,555
15	Accounts payable			470,588		205,366
16	Mortgages, notes, bonds payable in less than 1 ye			11 0,000		
17	Other current liabilities (attach schedule) .					
18	All nonrecourse loans			2,254,137		1,205,380
19	Mortgages, notes, bonds payable in 1 year or mo			, ,		
20	Other liabilities (attach schedule)					
21	Partners' capital accounts			2,476,125		4,206,342
22	Total liabilities and capital			5,200,850		5,617,088
Sch	nedule M-1  Reconciliation of Incom					
	Note. Schedule M-3 may be	<u> </u>		· · · · · · · · · · · · · · · · · · ·	,	
1	Net income (loss) per books	1,357,037	6	Income recorded on b	-	
2	Income included on Schedule K, lines 1c			included on Schedule	K, lines 1c through	
	through 4b, and 8, not recorded on books			4b, and 8 (itemize):		
	this year (itemize):		а	Tax-exempt interest \$ .		
_			-			
3	Guaranteed payments		┨			
4	Expenses recorded on books this year not		7	Deductions included on		
	included on Schedule K, lines 1c through			through 4b, and 14g, not o		
_	4b, and 14g (itemize):		9	income this year (itemize Depreciation \$	):	
a	Depreciation \$ Travel and entertainment \$ 57,140		l a			
D						
						74,212
				Add lines 6 and 7		74,212
		57,140	8	Income (loss). (Analys		,
5	Add lines 1 through 4	1,414,177		(Loss), line 1.) Subtract	line 8 from line 5	1,339,965
Scl	nedule M-2 Analysis of Partners' Ca		nts	(,		1,000,000
1	Balance at beginning of year	2,476,125	6	Distributions: a Cash		
2	Capital contributed: <b>a</b> Cash	373,180	]		rty	
_	<b>b</b> Property			Ξορο	,	
3	Net income (loss) per books	1,357,037	7	Other decreases (itemiz	e):	
4	Other increases (itemize):	<del></del>	1			
-			8	Add lines 6 and 7		
			9	Balance at end of year.		
5	Add lines 1 through 4	4,206,342		line 5		4,206,342

Form **1065-B** (2007)



Printed on recycled paper

Form 4797

# **Sales of Business Property**

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

► Attach to your tax return. ► See separate instructions.

OMB No. 1545-0184 Attachment Sequence No. 27

Form 4797 (2007)

Department of the Treasury Internal Revenue Service Name(s) shown on return Identifying number **ABC OIL AND GAS LP** 69-000006 Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions). Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Part I Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions) (e) Depreciation (f) Cost or other (g) Gain or (loss) (a) Description of property (b) Date acquired (c) Date sold (d) Gross allowed or basis, plus Subtract (f) from the allowable since acquisition improvements and expense of sale (mo., day, yr.) no., day, yr.) sum of (d) and (e) 2 LAND 07/01/2000 06/30/2007 12,500 2,500 10.000 3 Gain, if any, from Form 4684, line 39 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 . Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . 5 6 Gain, if any, from line 32, from other than casualty or theft . . . . . 6 2.500 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below. 8 Part II Ordinary Gains and Losses (see instructions) Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less): Loss, if any, from line 7 . . . . . . . . . 11 12 12 Gain, if any, from line 7 or amount from line 8, if applicable . . . 13 Gain, if any, from line 31 . . . . . . . . . . . . 13 14 Net gain or (loss) from Form 4684, lines 31 and 38a . . . . 14 15 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 16 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . 17 Combine lines 10 through 16 . . . . . . . . . . . . For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip 18 lines a and b below. For individual returns, complete lines a and b below: If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, 18b line 14

For Paperwork Reduction Act Notice, see separate instructions.

Page 2

Form 4797 (2007)

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255
(see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:

A
B
C
D
These columns relate to the properties on lines 19A through 19D. ▶ Property A Property B Property C Property D

20	Gross sales price ( <b>Note:</b> See line i before completing.)					
21	Cost or other basis plus expense of sale	21				
22	Depreciation (or depletion) allowed or allowable	22				
23	Adjusted basis. Subtract line 22 from line 21	23				
	Adjusted basis. Subtract into 22 from into 21					
24	Total gain. Subtract line 23 from line 20	24				
25	If section 1245 property:					
а	Depreciation allowed or allowable from line 22	25a				
b	Enter the <b>smaller</b> of line 24 or 25a	25b				
26	If section 1250 property: If straight line depreciation was used, enter					
	-0- on line 26g, except for a corporation subject to section 291.					
а	Additional depreciation after 1975 (see instructions)	26a				
b	Applicable percentage multiplied by the smaller of line 24 or					
	line 26a (see instructions)	26b				
С	Subtract line 26a from line 24. If residential rental property or					
	line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d	Additional depreciation after 1969 and before 1976	26d				
е	Enter the <b>smaller</b> of line 26c or 26d	26e				
f	Section 291 amount (corporations only)	26f				
g	Add lines 26b, 26e, and 26f	26g				
27	If section 1252 property: Skip this section if you did not					
	dispose of farmland or if this form is being completed for a					
	partnership (other than an electing large partnership).					
	Cail water and land cleaving average	27a				
а	Soil, water, and land clearing expenses					
a b	Line 27a multiplied by applicable percentage (see instructions)	27b				
b	Line 27a multiplied by applicable percentage (see instructions)	27b				
р С	Line 27a multiplied by applicable percentage (see instructions)  Enter the <b>smaller</b> of line 24 or 27b	27b				
b c 28	Line 27a multiplied by applicable percentage (see instructions) Enter the smaller of line 24 or 27b  If section 1254 property: Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and	27b 27c				
28 a	Line 27a multiplied by applicable percentage (see instructions) Enter the smaller of line 24 or 27b  If section 1254 property:  Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	27b 27c 28a				
b c 28	Line 27a multiplied by applicable percentage (see instructions) Enter the smaller of line 24 or 27b  If section 1254 property: Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and	27b 27c				
28 a b 29	Line 27a multiplied by applicable percentage (see instructions) Enter the smaller of line 24 or 27b  If section 1254 property: Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) Enter the smaller of line 24 or 28a  If section 1255 property:	27b 27c 28a				
28 a b 29	Line 27a multiplied by applicable percentage (see instructions) Enter the smaller of line 24 or 27b  If section 1254 property:  Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) Enter the smaller of line 24 or 28a  If section 1255 property:  Applicable percentage of payments excluded from income	27b 27c 28a 28b				
b c 28 a b 29 a	Line 27a multiplied by applicable percentage (see instructions) Enter the smaller of line 24 or 27b  If section 1254 property:  Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) Enter the smaller of line 24 or 28a  If section 1255 property:  Applicable percentage of payments excluded from income under section 126 (see instructions)	27b 27c 28a 28b				
b c 28 a b 29 a b	Line 27a multiplied by applicable percentage (see instructions) Enter the smaller of line 24 or 27b  If section 1254 property:  Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) Enter the smaller of line 24 or 28a  If section 1255 property:  Applicable percentage of payments excluded from income under section 126 (see instructions) Enter the smaller of line 24 or 29a (see instructions)	27b 27c 28a 28b 29a 29b				
b c 28 a b 29 a b	Line 27a multiplied by applicable percentage (see instructions) Enter the smaller of line 24 or 27b  If section 1254 property:  Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) Enter the smaller of line 24 or 28a  If section 1255 property:  Applicable percentage of payments excluded from income under section 126 (see instructions)	27b 27c 28a 28b 29a 29b	ough D through line 29	b before	going to line	30.
b c 28 a b 29 a b	Line 27a multiplied by applicable percentage (see instructions) Enter the smaller of line 24 or 27b  If section 1254 property:  Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) Enter the smaller of line 24 or 28a  If section 1255 property:  Applicable percentage of payments excluded from income under section 126 (see instructions) Enter the smaller of line 24 or 29a (see instructions)	27b 27c 28a 28b 29a 29b	rough D through line 29	b before		30.
b c 28 a b 29 a b	Line 27a multiplied by applicable percentage (see instructions) Enter the smaller of line 24 or 27b  If section 1254 property:  Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) Enter the smaller of line 24 or 28a  If section 1255 property:  Applicable percentage of payments excluded from income under section 126 (see instructions) Enter the smaller of line 24 or 29a (see instructions)	27b 27c 28a 28b 29a 29b A thr			30	30.
b c 28 a b 29 a b Sun	Line 27a multiplied by applicable percentage (see instructions) Enter the smaller of line 24 or 27b  If section 1254 property:  Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) Enter the smaller of line 24 or 28a  If section 1255 property:  Applicable percentage of payments excluded from income under section 126 (see instructions) Enter the smaller of line 24 or 29a (see instructions)  Enter the smaller of line 24 or 29a (see instructions)	27b 27c 28a 28b 29a 29b A thr	ne 24	3	30	30.

			(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33		
34	Recomputed depreciation (see instructions)	34		
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35		
				4=0=

Form **4797** (2007)



CORRECTED	☐ PUBLICLY T	RADED PARTNERSHII	P			
PARTNERSHIP'S name, street address ABC OIL AND GAS LP 28 OIL RIG RD ANYTOWN, TX 79001	ss, city, state, and ZIP code.	Taxable income (loss) from passive activities     668,457     Taxable income (loss) from other activities     275	OMB No. 1545-1626  2007  Schedule K-1 (Form 1065-B)	of Fr	Partner's Share f Income (Loss) rom an Electing rge Partnership	
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3 Qualified dividends			Сору А	
69-000006	000-50-0001				For Internal Revenue	
PARTNER'S name		4a Net capital gain (loss) from passive activities	<b>4b</b> Net capital gain (lo from other activities	Service Center		
JONATHAN WALKER			1,250		File with Form 1065-B.	
Street address (including apt. no.)		5 Net passive AMT adjustment	6 Net other AMT adju	6 Net other AMT adjustment		
City, state, and ZIP code  BAY SHORE, NY 11706		7 General credits 9 Other	8 Low-income housing	credit	For Paperwork Reduction Act Notice and instructions for completing this	
Partner's share of liabilities:  a Nonrecourse	\$	J1 668,458 J2 668,458			form, see the 2007 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.	
Schedule K-1 (Form 1065	- <b>B)</b> Ca	at. No. 25437H	Department of the Tr	reasury -	Internal Revenue Service	

Do NOT Cut or Separate Forms on This Page

☐ CORRECTED	☐ PUBLICLY T	RA	ADED PARTNERSHI						
PARTNERSHIP'S name, street address	ss, city, state, and ZIP code.	1	Taxable income (loss) from	0	MB No. 1545-1626				
ABC OIL AND GAS LP			passive activities			Partner's Share			
28 OIL RIG RD		668,458			2007	O	f Income (Loss)		
ANYTOWN, TX 79001		2	Taxable income (loss) from other activities	1	<u> </u>	om an Electing			
		27	75		Schedule K-1 (Form 1065-B)	Lai	Large Partnership		
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3	Qualified dividends				Copy A		
9-000006 000-50-0002							For Internal Revenue		
PARTNER'S name			4a Net capital gain (loss) from passive activities  4b Net capital gain (loss) from other activities				Service Center		
JULIUS CAESAR WALKER				1,	250		File with Form 1065-B.		
Street address (including apt. no.)		5	Net passive AMT adjustment	6	Net other AMT adju	stment			
1657 E FORKS RD							For Paperwork		
City, state, and ZIP code		7	General credits	8 Low-income housing credit		credit	Reduction Act		
							Notice and instructions for		
BAY SHORE, NY 11706		9	Other				completing this		
Partner's share of liabilities:		1					form, see the		
a Nonrecourse	\$ 602,690						2007 Instructions for Form 1065-B,		
b Qualified nonrecourse financing	\$						U.S. Return of		
c Other							Income for Electing		
Tax shelter registration number		1					Large Partnerships.		
Schedule K-1 (Form 1065	- <b>B)</b> C	at. N	No. 25437H		Department of the Ti	reasury -	Internal Revenue Service		

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#### **TEST SCENARIO 7**

#### FORMS REQUIRED:

1065-B, 4562 (2), 8825, 1065-B SCH K-1 (2), Form 8453-B

#### **ATTACHMENTS:**

Itemized Other Deductions Schedule Miscellaneous Item Statement Qualified Nonrecourse Financing Statement

BINARY ATTACHMENTS: Scanned Form 8453-B (8453 Signature Document)

#### **HEADER INFO**

Tax Period: Calendar Year 2007

**Preparer Firm** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, WV 25001

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: ERO

PractionerPIN: None PIN Entered by -N/A

Signature Option: Binary Attachment 8453 Signature Document

Return Type: 1065-B

**Filer:** EIN: 69-0000007

Name: ABC Cement Manufacturing

Name Control: ABCC Address: 100 Concrete Ln Anytown, MN 55001

**Partner:** Name: John Macbeth

Title: President Taxpayer PIN: N/A Phone: 555-555-0000

Email Address: Anymail@email.com

Date Signed: 04/12/2008

**Preparer:** Name: Jane Jones

SSN: 000-60-6666 Phone: 555-555-555

Email Address: Anymail@email.com

Date Prepared: 04/12/2008

Self Employed: No

**IRS PAYMENT:** N/A

## **Details for attachments**

# Itemized Other Deductions Schedule (Form 1065-B, Page 1, Line 23)

Type	Amount
Professional Fees	\$528,000
Permits	\$125,000
Insurance	\$325,000
Other	\$544,700

## Miscellaneous Item Statement (Schedule K-1 (Form 1065-B))

Code Number	Code Name	Amount
A1	General Partner's Taxable Income	\$3,477,193
	(Loss) from Trade or Business	
	Activities	
B1	General Partner's Taxable Income	\$242,500
	(Loss) from Rental Real Estate	
	Activities	

Qualified Nonrecourse Financing Statement (Schedule K-1 (Form 1065-B))

Explanation of C	Qualified Nonrecourse Financing
Lapiananon of C	Juaninea Moniecourse i maneing

	1	065-	R		U	J.S. Re	turn of	Inco	me	e fo	r				OMB No. 154	45-162	:6	
Form	n <b>=</b>				Ele	ecting	Large P	artn	1er	ship	S				_	7		
		of the Treasury renue Service	For cal	endar yea	ar 2007, oı	-	eginning ee separate i	-			ding		. , 20	٠	200			
A Pr	incipa	al business acti	vity Use th	Name	e of partne	ership	•							D En	nployer identifi	cation i	number	
		ENT M ANUF	'A( IRS	ABC			FACTURING							_	-	0000		
		I product or serv	Other-				r suite no. If a F	.O. box	x, see	instruc	ctions.			<b>E</b> Da	ate business s			
	EME		wise,		CONCR	tate, and ZIP	code							I F T	01/19/1			
		s code no. ructions)	or type	e. ´	,	,								1	otal assets (see	e instruc	Juons)	
		327300		ANY	TOWN,	MN 5500	1							\$	1	7,565	,232	
G	Chec	k applicable	boxes: (1	) 🗌 Fin	nal return	(2) N	Name change		(3)	□ A	ddress	s chan	nae <b>(</b> 4	p) 🗆 A	Amended ret	turn		
		ck accounting	•			(2) Z	0							•				
1	Num	ber of Schedu	ıles K-1. Atta	ach one t	for each p	person who	was a partner	at any	/ time	e durin	g the t	ax yea	ar ▶		2			
J	Chec	k if Schedule	M-3 (Form	1065) is a	attached								. ▶					
Pa	rt I	Taxabl	e Income	orlo	ss Fron	m Passiv	e Loss Lin	nitatio	on A	∆ctivi	ities							
		Gross receipts		41,175			eturns and allowa					1	c Bal ▶	1c	41,175,	200		
	2				· · · · · · · · · · · · · · · · · · ·									2	26,954,			
	3	Cost of goods sold (Schedule A, line 8)									3	14,220,	622					
	4		rental real estate income (loss) (attach Form 8825)								4	485,	,000					
<u>e</u>	5	Net income	e (loss) fror	m other	rental a	ctivities <i>(a</i>	ttach schedu	ıle) .						5				
ncome	6	Ordinary in	come (loss	s) from (	other pa	rtnerships	, estates, an	d trust	sts <i>(a</i>	ittach	sched	dule)		6				
luc	7	Net farm p	rofit (loss)	(attach	Schedul	e F (Form	1040))							7				
	8			t short-term capital gain over net long-term capital loss (Schedule D,										8				
	9	Net gain (le	oss) from F	from Form 4797, Part II, line 17 (attach Form 4797)								9						
	10													10				
	11						10							11	14,705,			
	12		• (		•	, ,	ss employme			,				12	1,937,	,201		
	13													13 14	1,036,	752		
	14													15	1,030,	,732		
	15													16				
	16 17													17	1,414,	186		
ns	18													18	-,,			
tions							n (see instruc		- 1	19a ∣		447,6	655					
Deduc	l	•			•		elsewhere on	,	'	19b		26,4	438	19c	421,	,217		
)ec	20	Depletion												20				
	21	Retirement	plans, etc	;										21	-	,180		
	22	Employee	benefit pro	grams										22		,000		
	23	Other dedu												23	1,522,		<del></del>	
	24	Total ded	uctions. Ad	dd the a	amounts	shown in	the far righ	t colur	mn 1	for lin	ies 12	thro	ugh 23	24	7,266,	,236		
	25	Taxable in	come (los	s) from	passive	loss limi	tation activi	t <b>ies.</b> S	Subtr	ract lir	ne 24	from	line 11	25	7,439,	,386		
ts tts	26	Tax (see in	structions)	. Check	c if from:	a 🗌 Fo	orm 4255 <b>b</b>	☐ F	orm	า 8611	1			26				
and	27	Other payr						☐ F	orm	1 4136	3.			27				
Tax and Payments	28 29	Amount ov												28				
	29	Overpayme Under penalties					cluding accompan	vina sche	edules	and state	tements.	and to	the best of m	v knowled	dge and belief, it	is true.	correct.	
Siç	n						imited liability com							of which p	preparer has any	y knowle	edge.	
He										(	04/12/	/2008	3	with	y the IRS discu	shown_		
		Signature	of general par	rtner or lim	nited liabilit	y company m	nember manager	D	Date					(see	e instructions)?	Yes	No	
Pai	d	Prepare	er's					Date				Chec	ck if	Pre	parer's SSN o	r PTIN		
	u par	signatu	re						04/1	12/200	08		employed _		000-60-	6666		
	;par ∍ Or	FIIIII S	name (or f self-employe	ed). —			X FILERS IN						EIN <b>69</b>	<u>i</u>	000009			
		addres	s, and ZIP co		1065 EF	FILE DR, A	ANYTOWN, N	NV 25	5001	1			Phone no.	( 55	,	5-555		
For	Priva	acy Act and	Paperwork	Reducti	ion Act N	lotice, see	separate inst	ruction	ns.		Ca	at. No.	26265H		Form <b>106</b>	65-B	(2007)	

Par	t II Taxable Income or Loss From Other Activities		
1	Interest	1	
2a	Total ordinary dividends		
b	Qualified dividends		
С	Nonqualified dividends (subtract line 2b from 2a)	2c	
3	Gross royalties	3	
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 17)	4	
5	Other income (loss) (see instructions) (attach schedule)	5	
6	<b>Total income (loss).</b> Add lines 1, 2c, 3, 4, and 5	6	
7	Interest expense on investment debts (attach Form 4952)	7	
8	State and local income taxes (see instructions)	8	
9	Charitable contributions (see instructions for limitations and required attachment)	9	
10a	Total miscellaneous itemized deductions		
b	Deductible amount. Multiply line 10a by 30%	10b	
11	Other deductions (attach schedule)	11	
12	Total deductions. Add lines 7, 8, 9, 10b, and 11	12	
13	Taxable income (loss) from other activities. Subtract line 12 from line 6	13	
Scr	edule A Cost of Goods Sold (see instructions)		
1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3 4	
4	Additional section 263A costs (attach schedule)		
5	Other costs (attach schedule)	6	
6	<b>Total.</b> Add lines 1 through 5	7	
7	Inventory at end of year	8	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	0	
9a	Check all methods used for valuing closing inventory:		
	(i) Cost as described in Regulations section 1.471-3		
	(ii) Lower of cost or market as described in Regulations section 1.471-4		
h	(iii) ☐ Other (specify method used and attach explanation) ►		
	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, atta		
	Do the rules of section 263A (for property produced or acquired for resale) apply to the partners		,
	Was there any change in determining quantities, cost, or valuations between opening and closing is		
C	If "Yes," attach explanation.	iiveiitory:	
Sch	edule B Other Information (see instructions)		
1	What type of entity is filing this return? Check the applicable box:		Yes No
	☐ Domestic general partnership <b>b</b> ☐ Domestic limited partnership		
	☐ Domestic limited liability company d ☐ Domestic limited liability partnership		
	☐ Foreign partnership <b>f</b> ☐ Other ▶		
2	Are any partners in this partnership also partnerships?		
3	During the partnership's tax year, did the partnership own any interest in another partnership or in	n anv forei	an l
	entity that was disregarded as an entity separate from its owner under Regulations sections 30		
	301.7701-3? If "Yes," see instructions for required attachment		
4			1 1
	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms	8804, 880	15,
5	and 8813. (See instructions.)		
0	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms and 8813. (See instructions.)		
6	and 8813. (See instructions.)	ation on a	ny
	and 8813. (See instructions.)	ation on a	ny
	and 8813. (See instructions.)	ation on a	ny .
6	and 8813. (See instructions.)	ation on and the control on the cont	ny ity
6	and 8813. (See instructions.)	ation on and the author ther finances," enter t	ny ity iial
6	and 8813. (See instructions.)	ation on and the author ther finances," enter t	ny ity iial
6	and 8813. (See instructions.)	ation on an	ny ity ital he
7	and 8813. (See instructions.)	ation on and their author ther finances," enter to ansferor to	ny ity ital he , a

Form 1065-B (2007) Page **3** 

Sc	hedule D Capital Ga	ins and Losses								
	Part I—	Short-Term Capi	tal Gains and Lo	sses—Assets Held	1 Year or	Less				
	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or o (see instru		(f) Gain or (l Subtract (e) fr	loss) om (d)		
1										
2	Short-term capital gain f	rom installment sale	es from Form 6252,	line 26 or 37						
3 4	Short-term capital gain ( Net short-term capital	loss) from like-kind gain or (loss). Com	exchanges from Fo bine lines 1 through	rm 8824		3 4				
				es—Assets Held M	lore Than	1 Year				
	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or o (see instru		(f) Gain or (l Subtract (e) from			
5										
6	Enter gain from Form 47	97, Part I				. 6				
7										
8 9	Long-term capital gain (I	oss) from like-kind ( jain or (loss). Comb	exchanges from For pine lines 5 through	m 8824 8 in column (f)		. 8				
		Part	III—Summary of	Parts I and II						
10	Combine lines 4 and 9 a	and enter the net ga	in (loss)			10				
11	Enter excess of net shor	t-term capital gain (	line 4) over net long	g-term capital loss (lin	e 9).     .     .	11				
12	Net capital gain or (los					12				
	Pai	rt IV—Net Capital (	Gain (Loss) From P	assive Loss Limitati	on Activities	S				
13	Redetermine the amount	•		gains and losses fro	m passive	13				
14	loss limitation activities .  Excess of net short-ter			nital local Enter the						
14	the amount on line 11 or		•	-		14				
15	Redetermine the amount loss limitation activities	•	ng into account only	•	m passive	15				
16	Net capital gain or (loss) from passive loss limitation activities. If lines 12 and 15 are both									
10	positive or both negative, enter the <b>smaller</b> of line 12 or line 15. Otherwise, enter -0 Enter here									
	and on Schedule K, line	,				16				
	Note. When figuring whe	ether line 12 or line	15 is <b>smaller,</b> treat	both numbers as pos						
		Part V—Net C	apital Gain (Los	s) From Other Acti	vities					
17	Excess of net short-ter				e 14 from					
	line 11. Enter here and o					17		-		
18	Net capital gain or (los	•								
	on Schedule K, line 4b					18		1		

Form 1065-B (2007) Page **4** 

Schedule K Partners' Shares of Income, Credits, Deductions, etc.										
		(a) D	Distributive shar	re items			(b)	Total amount		
1a	Taxable income (loss)	from passive los	s limitation activ	rities (Part I, line	25)		1a	7,439,386		
	Amount on line 1a all	•		,	, 	1				
	(1) Taxable income (	_	•	ities	1b(1) 3,477,1	93				
	(2) Taxable income (	loss) from rental r	eal estate activi	ties	1b(2) 242,5	00				
	(3) Taxable income (	loss) from other re	ental activities.		1b(3)					
С	Total amount on line	,			b(1) through 1b(3)		1c	3,719,693		
d	Taxable income (loss)	-	•							
-	line 1c from line 1a (re						1d	3,719,693		
2	Taxable income (loss)	•					2	37,412		
3	Qualified dividends fr		•				3			
4a	Net capital gain (loss)		•	,			4a			
b	Net capital gain (loss)			•	•		4b			
5	Net passive alternative		•				5			
6	Net other alternative		-				6			
7	Guaranteed payment						7			
8	Income from discharge						8			
9	Tax-exempt interest i						9			
10	General credits (see						10			
11	Low-income housing						11			
12	Rehabilitation credit f						12			
13a			,		,		13a	3,719,693		
b							13b	3,719,693		
14a	Name of foreign cour	ntry or U.S. posse	ssion >							
b	Gross income from a						14b			
С	Gross income source						14c			
d	Foreign gross income	e sourced at partn	ership level:							
	(1) Passive category						14d(1)			
	(2) General category						14d(2)			
	(3) Other (attach school	edule)					14d(3)			
е	Deductions allocated	and apportioned	at partner level:							
	(1) Interest expense						14e(1)			
	(2) Other						14e(2)			
f	Deductions allocated	and apportioned	at partnership le	evel to foreign se	ource income:					
	(1) Passive category						14f(1)			
	(2) General category						14f(2)			
	(3) Other (attach school	edule)					14f(3)			
g	g Total foreign taxes (check one): ▶Paid □ Accrued □									
h	h Reduction in taxes available for credit (attach schedule)									
15										
	lysis of Net Income	<u> </u>	4 11 1 11			4.	4			
1_	Net income (loss). In c	oiumn (b), add lines			ie resuit, subtract li		1	7,476,798		
2	Analysis by	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership		kempt ization	(vi) Nominee/Other		
_	partner type: General partners		, ,	(1-230.0)		3. 9411				
a h	Limited partners		3,738,399	3.738.399						

Form 1065-B (2007) Page 5 **Balance Sheets per Books** 

Scl	nedule L Balance Sheets per Boo	ks					
			Beg	jinnin	g of tax year	End of	tax year
	Assets	(2			(b)	(c)	(d)
1	Cash				1,565,000		4,791,818
2a	Trade notes and accounts receivable		525,6	697		3,100,000	
	Less allowance for bad debts		200,0		3,325,697	200,000	2,900,000
	Inventories				3,211,146		2,816,414
4	U.S. government obligations						
5	Tax-exempt securities						
6	Other current assets (attach schedule)						
7	Mortgage and real estate loans						
8	Other investments (attach schedule)						
9a	Buildings and other depreciable assets	_	500,0	000		7,957,000	
	Less accumulated depreciation		500,0	000	6,000,000	1,900,000	6,057,000
	Depletable assets						
	Less accumulated depletion						
	Land (net of any amortization)				1,000,000		1,000,000
	Intangible assets (amortizable only)						
	Less accumulated amortization						
13	Other assets (attach schedule)						
14	Total assets				15,101,843		17,565,232
	Liabilities and Capital						
15	Accounts payable				944,231		157,620
16	Mortgages, notes, bonds payable in less than 1 year	ar .					
17	Other current liabilities (attach schedule) .					_	
18	All nonrecourse loans				12,000,000		6,000,000
19	Mortgages, notes, bonds payable in 1 year or more	e .				_	
20	Other liabilities (attach schedule)				0.455.040		
21	Partners' capital accounts				2,157,612		11,407,612
22	Total liabilities and capital		_		15,101,843	, 5	17,565,232
Sch	Reconciliation of Income Note. Schedule M-3 may be						
_		7,250,000				· · · · · · · · · · · · · · · · · · ·	.
1	Net income (loss) per books	7,230,000	6		ome recorded on b	•	
2	Income included on Schedule K, lines 1c				uded on Schedule	K, lines 1c through	ו
	through 4b, and 8, not recorded on books				and 8 (itemize):		
	this year (itemize):		а	ıax	-exempt interest \$ .		-
•	0		1				-
3	Guaranteed payments		_	Do.	luations included on	Cabadula K linaa 1	-
4	included on Schedule K, lines 1c through		7		luctions included on bugh 4b, and 14g, not		
	4b, and 14g (itemize):				ome this year (itemize		`
а	Depreciation \$ 163,450				orreciation \$		
b	Travel and entertainment \$ 63,348		a		Jeciation ψ		
b	rraver and entertainment \$						
			8	Add	d lines 6 and 7		
		226,798	9		ome (loss). (Analys		
5	Add lines 1 through 4	7,476,798		(Los	ss), line 1.) Subtract	line 8 from line 5	7,476,798
Scl	nedule M-2 Analysis of Partners' Ca	pital Accour	าtร				
1	Balance at beginning of year	2,157,612	6	Dist	tributions: <b>a</b> Cash		
2	Capital contributed: a Cash	2,000,000				erty	
	<b>b</b> Property				7.		
3	Net income (loss) per books	7,250,000	7	Oth	er decreases (itemiz	ze):	_
4	Other increases (itemize):						
	` ,		8	Add	lines 6 and 7		. 0
			9	Bala	ance at end of year.	Subtract line 8 from	ı
_5_	Add lines 1 through 4	11,407,612		line	5		. 11,407,612



**Depreciation and Amortization** (Including Information on Listed Property)

► Attach to your tax return.

OMB No. 1545-0172

						, , , , , , , , , , , , , , , , , , ,				0.00
Name	e(s) shown on return			Business or activity to which this form relates						Identifying number
	C CEMENT MANUF				ENT MANUFA		69-000007			
Pa			Certain Prope							
	Note: If you	u have any lis	sted property,	, comp	olete Part V b	pefore yo	ou cor	nplete Par		
1	Maximum amount. S		_						1	\$125,000
2	Total cost of sectio					-			2	80,500
3	Threshold cost of s								3	\$500,000
4	Reduction in limitat								4	0
5	Dollar limitation for separately, see inst					s, enter -C	) If m	arried filing	5	125,000
		Description of pro	pperty		(b) Cost (business	s use only)	· · ·	(c) Elected cos		123,000
6	DUMP TRUCK					80,500		80	,500	
									,	
7	Listed property. En	ter the amoun	t from line 29			7				
8							and 7	 7	8	80,500
9	(//								9	80,500
10									10	
11	Business income limita								11	125,000
12	Section 179 exper	nse deduction.	Add lines 9 ar	nd 10, l	but do not ent	er more t	:han lir	ne 11 <u>.</u>	12	80,500
13	Carryover of disallo	owed deduction	to 2008. Add lii	nes 9 ar	nd 10, less line	12 <b>▶ 1</b> ;	3			
	e: Do not use Part II									
Pai	t II Special De	preciation Al	lowance and	Other	Depreciation	ı (Do no	t inclu	de listed pi	oper	ty.) (See instructions.)
14	Special allowance fo	r qualified New	York Liberty or	r Gulf O	pportunity Zon	e property	/ (othe	r than listed		
	property) and cellulo	osic biomass e	thanol plant pro	operty p	placed in servi	ce during	the ta	x year (see		
	instructions)								14	
15	Property subject to	. ,	-01						15	
16	Other depreciation	·							16	
Pai	MACRS Depreciation (Do not include listed property.) (See instructions.)									
					Section A				17	200.062
17	MACRS deductions								17	280,063
18	If you are electing to general asset accou				•	-		ne or more		
			ere d in Service D		2007 Tax Yea			neral Depr	eciati	ion System
		(b) Month and	(c) Basis for depr	reciation	(d) Recovery			-		
(a)	Classification of property	year placed in service	(business/investmonly—see instru		period	(e) Conve	ntion	(f) Metho	d	(g) Depreciation deduction
19a	3-year property		,	,						
b	5-year property		12	20,000	5 YRS		HY	200	DB	24,000
С	7-year property		25	56,500	7 YRS		HY	200	DB	36,654
d	10-year property			•						, , , , , , , , , , , , , , , , , , , ,
е	15-year property									
f	20-year property									
g	25-year property				25 yrs.			5/L		
h	Residential rental				27.5 yrs.	ММ		5/L		
	property				27.5 yrs.	ММ		5/L		
i	Nonresidential real				39 yrs.	MM		S/L		
	property					ММ		5/L		
		ssets Placed	in Service Du	ring 20	007 Tax Year	Using th	e Alte	rnative Dep	recia	tion System
	Class life							S/L		
	12-year				12 yrs.			S/L		
	40-year		<u> </u>		40 yrs.	MM		S/L		
Pa	rt IV Summary	(see instructi	ons)							
21	Listed property. En								21	
22	Total. Add amounts									
	Enter here and on the		•				ations-	-see instr.	22	421,217
23	For assets shown a			_	•					
	enter the portion of	i li le dasis atti	idulable to sec	วนบท 26	JOA CUSIS .	. 23				

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2007)

Form	4562 (2007)														Page 2
	rt V Listed	I Property (Ir							, cellula	ır telep	hone	s, cert	ain cor	nputer	
		For any vehicle				,		,	e rate or	deduc	ting le	ase exp	oense,	comple	te <b>onl</b> y
	24a, 24	4b, columns (a,	) through (d	c) of Se	ction A	, all of	Section	n B, and	d Sectio	n C if a	applica	ble.			
	tion A—Depre								1						
24a	Do you have evid	dence to support t		investme	nt use cl	aimed?	Yes	□ No	<b>24b</b> If	"Yes,"	is the e	vidence	written		s N
Тур	(a) be of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage		<b>(d)</b> t or other basis			oreciation vestment nly)	(f) Recovery period	Met	g) hod/ ention		(h) reciation duction	Ele secti	(i) ected on 179 cost
25	Special allowance year and used mo	e for qualified New ore than 50% in a	York Liberty o	or Gulf Op ness use	portunity (see instr	Zone prouctions).	operty pla	aced in se	ervice durir	ng the tax	25				
26		more than 50													
			%												
			%												
			%												
27	Property used	50% or less i	· ·		ness us	e:									
			% %							S/L -					
			%							5/L -					
28	Add amounts	in column (h),	, ,		27. Ente	er here	and or	line 21	. page 1		28				
29		in column (i), I										٠	. 29	•	
									/ehicles						
Con If you	nplete this sect provided vehicles	ion for vehicles to your employee	s used by a es, first answe	a sole per the que	ropriet estions in	or, part Section	ner, or C to see	other"r if you me	nore tha eet an exc	n 5% o	owner, comple	" or relating this	ated pe section	rson. for those	vehicles
30		/investment mile			a) cle 1		(b) (c) Vehicle 2 Vehicle			(d) Vehicle 4		<b>(e)</b> Vehicle 5		<b>(f)</b> Vehicle 6	
24	miles)														
31 32	Total commuting miles driven during the year  Total other personal (noncommuting)		-												
	miles driven .														
33	Total miles driv	ven during the y h 32	ear. Add		NI-	V			N1 -	<b>V</b>	NI-			V	NI-
34		le available for duty hours? .		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35		cle used primar owner or related													
36	•	cle available for													
		Section C—Qu		r Emp	oyers '	Who P	rovide	Vehicle	s for U	se by 1	Their E	mploy	ees		
	wer these ques						comp	leting S	ection E	for ve	hicles	used b	y empl	oyees w	/ho <b>are</b>
not	more than 5%	owners or rela	ted persor	ıs (see	instruct	ions).									
37		ain a written po byees?							of vehicle	es, inclu	uding (	commu 	ting, 	Yes	No
38	Do you maintair	a written policy tions for vehicles	statement th	nat proh	bits per	sonal us	e of veh	icles, exc							
39		all use of vehic													
40		de more than f		-											
41		e vehicles, and le requirements													
41		nswer to 37, 38										 hicles.			
Pa		tization	.,,,		,		1								
			(	b)		(	c)		(d	)		e)		(f)	
	<b>(a)</b> Description	of costs	Date am	ortization gins		Amor	tizable ount		Cod	de	peri	tization od or entage		ortization f this year	for
42	Amortization o	f costs that beg	gins during	your 20	07 tax y	/ear (se	e instru	ctions):			1				
					+										
42	Amortization of	of costs that be	egan befor	e vour	 2007 ts	x vear				_		43			
43			- 5	- y - ui		, Jui,									
43 44	Total. Add an	nounts in colur	nn (f). See	the ins	tructior	-		report.				44			

# **Depreciation and Amortization** (Including Information on Listed Property)

Internal Revenue Service ► See separate instructions. ► Attach to your tax return.								Sequence No. <b>67</b>
Name	e(s) shown on return		Busine	ess or activity to w	hich this form	relates		Identifying number
AB	C CEMENT MANUI	FACTURING	CEMI	ENT MANUFA	CTURING			69-000007
Pai	rt I Election	To Expense C	Certain Property U	nder Section	า 179			
	Note: If yo	ou have any li	sted property, comp	olete Part V l	before you	complete Pari	t I.	
1	Maximum amount.	See the instruc	tions for a higher limit	for certain bu	sinesses.		1	\$125,000
2			y placed in service (se				2	
3			operty before reduction				3	\$500,000
4			line 3 from line 2. If z				4	
5			tract line 4 from line 1			If married filing		
	separately, see ins					•	5	
	(a	a) Description of pro		(b) Cost (busines		(c) Elected cos	t	
6								
7	Listed property. E	nter the amoun	t from line 29		7			
8			property. Add amour			and 7	8	
9			naller of line 5 or line				9	
10			n from line 13 of your				10	
11			smaller of business incom				11	
12			Add lines 9 and 10, b				12	
13			o 2008. Add lines 9 and					
Note	e: Do not use Part I	I or Part III beld	ow for listed property.	Instead, use	Part V.			
Pai	t II Special De	epreciation Al	lowance and Other	Depreciation	n (Do not ir	nclude listed pr	oper	ty.) (See instructions.)
14	Special allowance f	or qualified New	V York Liberty or Gulf C	)pportunity Zor	ne property (	other than listed		
17			ethanol plant property					
	instructions)						14	
15	Property subject t	15						
16	Other depreciation						16	
Pai	t III MACRS I	Depreciation	(Do not include list	ed property.	(See instr	uctions.)		
				Section A	,	,		
17	MACRS deduction	ns for assets pla	aced in service in tax	vears beginni	na before 2	007	17	26,438
18			assets placed in serv					
	general asset acco			-	-			
	Section B-	-Assets Place	ed in Service During	2007 Tax Yea	r Using the	General Depre	eciati	on System
(a)	Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Conventi	on <b>(f)</b> Metho	d	(g) Depreciation deduction
19a	3-year property							
b	5-year property							
С	7-year property							
d	10-year property							
	15-year property							
f	20-year property							
g	25-year property			25 yrs.		5/L		
h	Residential rental			27.5 yrs.	MM	5/L		
	property			27.5 yrs.	MM	5/L		
i	Nonresidential rea	I		39 yrs.	MM	5/L		
	property				MM	5/L		
	Section C—	Assets Placed	in Service During 2	007 Tax Year	Using the	Alternative Dep	recia	tion System
20a	Class life					S/L		
b	12-year			12 yrs.		5/L		
С	40-year			40 yrs.	MM	S/L		
Pai	rt IV Summary	(see instructi	ons)					
21	Listed property F	nter amount fro	om line 28				21	
22			lines 14 through 17, li	nes 19 and 20	in column	(g), and line 21.		
			lines of your return. Pa				22	26,438
23	For assets shown	above and pla	ced in service during	the current ye	ear,			
	enter the portion of	of the basis att	ributable to section 2	63A costs .	. 23			
F	David David	A at Nation						- 4560

Fa	4500 (0007)														Dogo (
		l Property (In							, cellula	ar tele <sub>l</sub>	ohone	s, certa	ain coi	nputer	Page 2 s, and
		rty used for e For any vehicle							o rata a	dodu	otina la	aco ovr	oonco	comple	to <b>onl</b> y
		4b, columns (a											Jense,	comple	e omy
	tion A—Depre	ciation and O	ther Inforr	nation	(Cautio	n: See	the ins	struction			<del></del>		tomob	les.)	
24a	Do you have evid	dence to support t		investme	nt use cl	aimed?	☐ Yes	☐ No	<b>24b</b> If	"Yes,"	is the e	vidence	written'	∑ ∐ Ye	s 🗆 No
Тур	(a) be of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	Cos	<b>(d)</b> t or other basis			preciation vestment	(f) Recovery period	/ Me	(g) thod/ vention	Depr	<b>(h)</b> eciation luction	Ele secti	(i) ected on 179 eost
25	Special allowance	for qualified New ore than 50% in a	York Liberty	or Gulf Op	portunity	Zone pr	operty pl	aced in se	ervice durii	ng the ta	x . <b>25</b>				
26		I more than 50					· · ·			• •	. 25				
			%												
			%												
			%												
27	Property used	1 50% or less i	· · ·	ed busii	ness us	e:			1						
			% %							S/L -				_	
			%							5/L -				_	
28	Add amounts	in column (h),			27. Ente	er here	and or	line 21	L page		28				
29		in column (i), I										٠	. 29	9	
									/ehicles						
	nplete this secti I provided vehicles														vehicles
30	Total business/investment miles during the year (do not include commiles)		ommuting	(a) Vehicle 1					(c) (d) vehicle 4			(e) Vehicle 5		(f) Vehicle 6	
31		miles driven durin													
32	Total other pe	ersonal (noncor	mmuting)												
33		en during the y	ear. Add												
34	Was the vehic	le available for duty hours?		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehic	cle used primar owner or related	rily by a												
36	Is another vehic	cle available for	personal												
	5	Section C—Qu	estions fo												
	wer these ques						comp	leting S	ection E	for ve	hicles	used by	y empl	oyees w	/ho <b>are</b>
not	more than 5%													Voc	No
37		ain a written po											ting,	Yes	No
38	Do you maintair	oyees? n a written policy tions for vehicles	statement t	hat proh	ibits per	sonal us	e of veh	icles, ex	cept com	muting,	by you	r employ			
39		all use of vehic	-												
40	Do you provid	de more than fi e vehicles, and	ive vehicle	s to you	ur empl	oyees,	obtain	informa	ation fro	m your	emplo	yees al	oout		
41	Do you meet th	e requirements of the same in	concerning	qualified	automo	bile der	nonstrat	ion use?	(See ins	truction	ıs.) .				
Pai		tization	,, 00, 10, 0	77 10	700, 4	0 1101 0	omprote	- 0001101	7 2 707 6	10 0010	700 701	1101001			
	(a) Description	of costs	Date am	<b>b)</b> ortization		Amor	c) tizable		(d	de	Amort	e) tization od or		(f) ortization f	for
40	·			gins	07 +		ount	-tic \	sect	IUI I		entage		this year	
42	Amortization o	f costs that beg	jins auring	your 20	U/ tax y	year (se	e instru	ctions):							
43	Amortization of	of costs that be	egan befor	e your	2007 ta	ax year						43			
44		nounts in colur	_	-		-		report	<u>.</u>			44			
					<b>⊕</b> PI	rinted on I	ecycled p	aper					F	orm <b>456</b>	(2007

(Rev. December 2006)

# Rental Real Estate Income and Expenses of a Partnership or an S Corporation

OMB No. 1545-1186

	7. December 2006)  See instructions on back.  See instructions of back.									
	Department of the Treasury Internal Revenue Service Attach to Form 1065, Form 1065-B, or Form 1120S.									
Name							Emplo	yer iden	tification nu	mber
ABC	CEMENT MANUFACTURING						69	00000	07	
1	Show the kind and location of ea	ach pro	perty. See page 2	to list additional	prope	rties.				
_	WAREHOUSE									
Α	200 METAMORPHIC RD, ANYT	OWN,								
В										
_										
<u>C</u>										
D										
					Prop	erties				
	Rental Real Estate Income		Α	В		С			D	
2	Gross rents	2	615,000							
	Rental Real Estate Expenses									
3	Advertising	3	24,000					<u> </u>		
4	Auto and travel	4						<u> </u>		
5	Cleaning and maintenance .	5								
6	Commissions	6								
7	Insurance	7	26,500							
8	Legal and other professional fees	8								
9	Interest	9	42,312							
10	Repairs	10								
11	Taxes	11	10,750							
12	Utilities	12								
13	Wages and salaries	13								
14	Depreciation (see instructions)	14	26,438							
15	Other (list)									
		15								
		'								
16	Total expenses for each property.									
	Add lines 3 through 15	16	130,000							
	ŭ									
17	Total gross rents. Add gross rent	s from	line 2, columns A	through H			17		615,000	
18	Total expenses. Add total expens	ses fro	m line 16, columns	A through H .			18	(	130,000	)
19	Net gain (loss) from Form 4797, I	Part II,	line 17, from the di	sposition of prop	erty f	rom rental real				
	estate activities						19	-		
20a	Net income (loss) from rental real						20a			
	this partnership or S corporation		-				20a			
b	Identify below the partnerships, es 20a. Attach a schedule if more spa			net income (loss)	is sho	wn on line				
	·					h				
	(1) Name		<b>(2)</b> Emplo	oyer identification	n num	ber				
21	Net rental real estate income (los	s). Cor	mbine lines 17 throu	gh 20a. Enter the	e resu	It here and on:	21		485,000	
	• Form 1065 or 1120S: Schedul									
	• Form 1065-B: Part I, line 4									

For Paperwork Reduction Act Notice, see back of form.

Cat. No. 10136Z

Form **8825** (12-2006)

-orm	8825 (12-2006)					Page
1	Show the kind and location of each	ch pro	operty.			
E						
F						
G						
н						
				Pro	perties	
	Rental Real Estate Income		E	F	G	Н
2	Gross rents	2				
	Rental Real Estate Expenses					
3	Advertising	3				
4	Auto and travel	4				
5	Cleaning and maintenance	5				
6	Commissions	6				
7	Insurance	7				
8	Legal and other professional fees	8				
9	Interest	9				
10	Repairs	10				
11	Taxes	11				
12	Utilities	12				
13	Wages and salaries	13				
14	Depreciation (see instructions)	14				
15	Other (list) ▶					
		15				
40	T					
16	Total expenses for each property. Add lines 3 through 15					

## Instructions

Section references are to the Internal Revenue

# What's New

The IRS will revise this December 2006 version of Form 8825 only when necessary. Continue to use this version of the form for tax years beginning after 2006 until a new revision is issued.

**Purpose of form.** Partnerships and S corporations use Form 8825 to report income and deductible expenses from rental real estate activities, including net income (loss) from rental real estate activities that flow through from partnerships, estates, or trusts.

Before completing this form, be sure to read:

- Passive Activity Limitations in the instructions for Form 1065 or Form 1120S, or Passive Loss Limitation Activities in the instructions for Form 1065-B, especially for the definition of "rental activity."
- Extraterritorial Income Exclusion in the instructions for Form 1065, 1065-B, or 1120S. Specific Instructions. Form 8825 provides space for up to eight properties. If there are more than eight properties, attach additional Forms 8825.

The number of columns to be used for reporting income and expenses on this form may differ from the number of rental real estate activities the partnership or S corporation has for purposes of the passive activity limitations. For example, a partnership owns two apartment buildings, each located in a different city. For purposes of the passive activity limitations, the partnership grouped both buildings into a single activity. Although the partnership has only one rental real estate activity for purposes of the

passive activity limitations, it must report the income and deductions for each building in

However, if the partnership or S corporation has more than one rental real estate activity for purposes of the passive activity limitations, attach a statement to Schedule K that reports the net income (loss) for each separate activity. Also, attach a statement to each Schedule K-1 that reports each partner's or shareholder's share of the net income (loss) by separate activity (except for limited partners in an electing large partnership). See *Passive Activity Reporting Requirements* in the instructions for Form 1065, Form 1065-B, or Form 1120S for additional information that must be provided for each

Complete lines 1 through 16 for each property. But complete lines 17 through 21 on only one Form 8825. The figures on lines 17 and 18 should be the combined totals for all forms.

Do not report on Form 8825 any:

- Income or deductions from a trade or business activity or a rental activity other than rental real estate. These items are reported
- Portfolio income or deductions.
- Section 179 expense deduction.
- Other items that must be reported separately to the partners or shareholders.
- Commercial revitalization deductions.

Line 1. Show the kind of property rented out (for example, "apartment building"). Give the street address, city or town, and state.

Line 14. The partnership or S corporation may claim a depreciation deduction each year for

rental property (except for land, which is not depreciable). If the partnership or S corporation placed property in service during the current tax year or claimed depreciation on any vehicle or other listed property, complete and attach Form 4562, Depreciation and Amortization. See Form 4562 and its instructions to figure the depreciation deduction.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 hr., 27 min.; Learning about the law or the form, 34 min.; Preparing the form, 1 hr., 37 min.; Copying, assembling, and sending the form to the IRS, 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Printed on recycled paper

Form **8825** (12-2006)

b Qualified nonrecourse financing c Other	\$ 3,000,000 \$	at. No. 25437H	Department of the Ti	U.S. Return of Income for Electing Large Partnerships.
Partner's share of liabilities:  a Nonrecourse	¢	JI - 3,719,693 J2 - 3,719,693		form, see the 2007 Instructions for Form 1065-B.
CENTRAL ISLIP, NY 11722		9 Other		instructions for completing this
City, state, and ZIP code		7 General credits	8 Low-income housing	credit Reduction Act Notice and
1168 BEECH ST		a single since it is a single	auju	For Paperwork
Street address (including apt. no.)		5 Net passive AMT adjustment	6 Net other AMT adju	
JOHN MACBETH		passive activities	from other activities	
69-000007  PARTNER'S name	000-60-0001	4a Net capital gain (loss) from	4b Net capital gain (lo	Internal Revenue
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3 Qualified dividends		Copy A
		other activities 18,706	Schedule K-1 (Form 1065-B)	Large Partnership
ANYTOWN, MN 55001		2 Taxable income (loss) from		From an Electing
ABC CEMENT MANUFACTU 100 CONCRETE LN	RING	3,719,693	2007	Partner's Share of Income (Loss)
PARTNERSHIP'S name, street address	, , , , , , , , , , , , , , , , , , , ,	Taxable income (loss) from passive activities	OMB No. 1545-1626	_
CORRECTED	☐ PUBLICLY T	RADED PARTNERSHII	<b>D</b>	

Do NOT Cut or Separate Forms on This Page

CORRECTED	☐ PUBLICLY T	RA	DED PARTNERSHIF	0		
PARTNERSHIP'S name, street address ABC CEMENT MANUFACTU 100 CONCRETE LN ANYTOWN, MN 55001	, , , , , , , , , , , , , , , , , , , ,		Taxable income (loss) from passive activities 719,693 Taxable income (loss) from	OMB No. 1545-1626	Partner's Share f Income (Loss) rom an Electing	
		18	other activities 3,706	Schedule K-1 (Form 1065-B)		rge Partnership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3	Qualified dividends			Copy A
69-000007	000-60-0002					For Internal Revenue
PARTNER'S name		4a	Net capital gain (loss) from passive activities	4b Net capital gain (le		Service Center
JOHN CAPULET			,			File with Form 1065-B.
Street address (including apt. no.)		5	Net passive AMT adjustment	6 Net other AMT adju	ıstment	1
1175 BEECH ST		╙				For Paperwork Reduction Act
City, state, and ZIP code		7	General credits	8 Low-income housing	credit	Notice and
CENTRAL ISLIP, NY 11722		9	Other			instructions for completing this
Partner's share of liabilities:		1				form, see the
a Nonrecourse	0.000.000					for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.
Schedule K-1 (Form 1065	- <b>B)</b> Ca	I at. N	o. 25437H	Department of the T	reasury -	Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

#### **TEST SCENARIO 8**

**FORMS REQUIRED:** 1065-B, 8308, 1065-B SCH K-1 (102)

**ATTACHMENTS:** 

Itemized Other Deductions Schedule

**BINARY ATTACHMENTS: None** 

**HEADER INFO:** 

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, WV 25001

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: ERO PractionerPIN:

EFIN: Self-select PIN: Self-select PIN Entered by – ERO

Signature Option: PIN Number

Return Type: 1065-B

**Filer:** EIN: 69-0000008

Name: Black Coal Industries LLC

Name Control: BLAC Address: 100 Main St

Anytown, WV 25001

**Partner:** Name: Bubba Christmas

Title: Chief Executive Officer

Taxpayer PIN: N/A Phone: 555-555-0000

Email Address: Anymail@email.com

Date Signed: 04/15/2008

**Preparer:** Name: John Dark

SSN: 000-70-7777 Phone: 555-555-555

Email Address: Anymail@email.com

Date Prepared: 04/15/2008

Self Employed: No

**IRS PAYMENT:** N/A

#### **Details for attachments**

Itemized Other Deductions Schedule (Form 1065-B, Page 1, Line 23)

Туре	Amount
Engineering	\$2,168,140
Permits	\$1,400,000
Legal and Accounting	\$1,600,320
Consulting	\$385,914

**NOTE:** Please use the same data for the additional ninety-eight (98) Schedule K-1s, but increment the entity information as follows:

**EIN:** 001-06-2001 **Name:** Taxpayer B1 **Address:** PO Box 0001

EIN: 001-06-2002 Name: Taxpayer B2 Address: PO Box 0002

**EIN:** 001-06-2003 **Name:** Taxpayer B3 **Address:** PO Box 0003

Form 1065-B				U.S. Return of Income for				OMB No. 1545-1626				
				Electing Large Partnerships For calendar year 2007, or tax year beginning, 2007, and ending, 20					2007			
Department of the Treasury Internal Revenue Service				► See separate instructions.								
A Principal business activity				Use the	Name of partne						nployer identification	
MINING				IRS label.		AL INDUSTRIES LLC t, and room or suite no. If a		acc instructions		_	000000 ate business started	
B Principal product or service			uct or service	Other-	_		P.O. box, s	see instructions.		E Da		1
COAL			no	wise, print	wise, print City or town, state, and ZIP code					08/03/1998  F Total assets (see instructions)		
C Business code no. (see instructions)				or type.	or type.					1	ital assets (see ilistiu	ictions)
		212	110		ANYTOWN,	, WV 25001				\$	20,440	0,320
J H	Chec Num Chec	ck ace ber o	counting me f Schedules schedule M-	ethod: <b>(1)</b> K-1. Attac 3 (Form 10	Cash ch one for each 065) is attached	person who was a partne	(; er at any tii	3) Other (some during the	tax year ▶			
Pa	rt I					m Passive Loss Li					404.050.040	
	1a	1a Gross receipts or sales   101,256,342   b Less returns and allowances   c Bal ►							1c	101,256,342		
	2								2	58,332,511	_	
	3					e 1c				3	42,923,831	
	4					attach Form 8825) .				5		
me	5					activities (attach sched				6		
Income	6		-	. ,		artnerships, estates, a		•	,	7		
Ē	8	Exc	ess of ne	et short-t	term capital	<i>le F (Form 1040))</i> gain over net long-	term ca	pital loss (S	Schedule D,	8		
	9	line 14)						9				
	10							10				
	11					3 through 10				11	42,923,831	
	12									12	12,487,136	
	13								13			
	14								I	14	2,612,540	
	15	Bad debts						I	15			
	16									16	1,720,000	
S	17	Tax	es and lice	enses .						17	4,106,315	
Deductions	18	Inte	erest					1.2.1	, .	18		
cţi	l					e deduction (see instru	,	19a				
п		b Less: depreciation reported on Schedule A and elsewhere on return						19c	2.750.225			
Ď	20		oletion							20	3,750,225	
	21			,						22	1,218,412	
	22				rams					23	5,554,374	
	24				,	s shown in the far righ	at colum	n for lines 12	through 23	24	31,449,002	
			ai acaaca	ons. Add the amounts shown in the far right column for lines 12 through 23								
	25	Tax	able incor	income (loss) from passive loss limitation activities. Subtract line 24 from line 11						25	11,474,829	
ts	26	Tax	ax (see instructions). Check if from: a  Form 4255 b Form 8611							26		
Tax and Payments	27							27				
ax	28	8 Amount owed. Enter the excess of line 26 over line 27						28				
<u>—</u> п	29	29 Overpayment. Enter the excess of line 27 over line 26							29			
Qi,	nn l		Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of									
Sig	ere		▲ 04/15/2008						5/2008		y the IRS discuss this	
116	16		Signature of o	nature of general partner or limited liability company member manager						n the preparer shown e instructions)? <b>Yes</b>		
_		7		Jones an Partir	o. or mined habili	, Joinpany momber manage	Date			Pre	parer's SSN or PTIN	
Pai		-	Preparer's signature					4/15/2008	Check if self-employed		000-70-7777	7
Prepare Use Or			Firm's nam		ELECT	RONIC TAX FILERS I			EIN 69		0000098	
							( 555 ) 555-5555					
For	Priva	acy A				Notice, see separate ins			at. No. 26265H		Form <b>1065-B</b>	

Page 142 of 194

Form	1065-B (2007)			Page 2			
Par	t II Taxable Income or Loss From Other Activities						
1	Interest	1	357,6	610			
2a	Total ordinary dividends						
b	Qualified dividends						
С	Nonqualified dividends (subtract line 2b from 2a)	2c					
3	Gross royalties	3	1,569,7	721			
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 17)	4					
5	Other income (loss) (see instructions) (attach schedule)	5					
6	<b>Total income (loss).</b> Add lines 1, 2c, 3, 4, and 5	6	1,927,	331			
7	Interest expense on investment debts (attach Form 4952)	7					
8	State and local income taxes (see instructions)	8					
9	Charitable contributions (see instructions for limitations and required attachment)	9					
	Total miscellaneous itemized deductions	101					
b	Deductible amount. Multiply line 10a by 30%	10b					
11	Other deductions (attach schedule)	11					
12 13	<b>Total deductions.</b> Add lines 7, 8, 9, 10b, and 11	12	4 007 1	224			
	redule A Cost of Goods Sold (see instructions)	13	1,927,3	331			
	,	1	5,650,2	225			
1	Inventory at beginning of year	2	57,478,8				
2	Purchases less cost of items withdrawn for personal use	3	1,425,6				
3	Cost of labor	4	1,423,0	JZZ			
4	Additional section 263A costs (attach schedule).	5					
5	Other costs (attach schedule)	6	64,554,6	674			
6	<b>Total.</b> Add lines 1 through 5	7	6,222,				
7 8	Inventory at end of year	8	58,332,	_			
_	Check all methods used for valuing closing inventory:						
Ju	(i) Cost as described in Regulations section 1.471-3						
	(ii) ✓ Lower of cost or market as described in Regulations section 1.471-4						
	(iii) ☐ Other (specify method used and attach explanation) ▶						
b	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.						
	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attac	. ,					
d	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnersh	hip?	. 🗌 Yes	s ✓ No			
е	Was there any change in determining quantities, cost, or valuations between opening and closing i	nventory	/? 🗌 <b>Yes</b>	No 🔽 No			
	If "Yes," attach explanation.						
Sch	edule B Other Information (see instructions)						
1	What type of entity is filing this return? Check the applicable box:			Yes No			
	□ Domestic general partnership <b>b</b> □ Domestic limited partnership						
С	<ul><li>✓ Domestic limited liability company</li><li>d ☐ Domestic limited liability partnership</li></ul>						
е	☐ Foreign partnership f ☐ Other ▶						
2	Are any partners in this partnership also partnerships?						
3	During the partnership's tax year, did the partnership own any interest in another partnership or in						
	entity that was disregarded as an entity separate from its owner under Regulations sections 301						
	301.7701-3? If "Yes," see instructions for required attachment		I				
4	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms						
_	and 8813. (See instructions.)						
5	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		I				
6	Has this partnership filed, or is it required to file, a return under section 6111 to provide inform reportable transaction?						
7	At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial						
	account)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Ye						
	name of the foreign country. ▶			<b>/</b>			
8	During the tax year, did the partnership receive a distribution from, or was it the grantor to, or tra-	ansferor	to, a				
9	foreign trust? If "Yes," the partnership may have to file Form 3520						

Form 1065-B (2007) Page **3** 

Sc		ains and Losses							
		-Short-Term Capi	tal Gains and Lo	sses—Assets Held	l 1 Year or	Less			
	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)		(f) Gain or (loss) Subtract (e) from (c		
1	,								
2	Short-term capital gain t	rom installment sale	es from Form 6252.	line 26 or 37	•	2			
3	Short-term capital gain from installment sales from Form 6252, line 26 or 37								
4	Net short-term capital	gain or (loss). Com	bine lines 1 through	n 3 in column (f)		. 4			
	Part II—Lo	ong-Term Capital	Gains and Loss	es—Assets Held N	ore Than	1 Year			
	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or o (see instru	(e) Cost or other basis (see instructions)		loss) om (d)	
5	,								
6	Enter gain from Form 47	'97. Part I				6			
7	Long-term capital gain f	,				7			
8	Long-term capital gain (					8			
9	Net long-term capital	gain or (loss). Comb	oine lines 5 through	8 in column (f)		. 9			
		Part	III—Summary of	Parts I and II					
10	Combine lines 4 and 9 and enter the net gain (loss)					10			
11	Enter excess of net short			g-term capital loss (lir	ne 9)	11			
12	Net capital gain or (los	12							
	Pa	rt IV—Net Capital (	Gain (Loss) From P	assive Loss Limitati	on Activities	S			
13	Redetermine the amoun	t on line 11 by takir	ng into account only	gains and losses fro	m passive				
	loss limitation activities	•				13			
14	Excess of net short-ter	rm capital gain ove	er net long-term ca	pital loss. Enter the	<b>smaller</b> of				
	the amount on line 11 o	r line 13. Enter here	and on page 1, Pa	rt I, line 8		14			
15	Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities						15		
16	Net capital gain or (los	s) from passive lo	ss limitation activit	ies. If lines 12 and 1	5 are both				
	positive or both negative								
	and on Schedule K, line	,		•		16			
	Note. When figuring who	ether line 12 or line	15 is <b>smaller,</b> treat	both numbers as pos					
		Part V—Net C	Capital Gain (Los	s) From Other Acti	vities				
17	Excess of net short-ter	m capital gain ove	r net long-term ca	pital loss. Subtract lir	ne 14 from				
	line 11. Enter here and o					17			
18	Net capital gain or (los	s) from other activ	rities. Subtract line	16 from line 12. Ente	r here and				
	on Schedule K. line 4b					18			

Form 1065-B (2007) Page **4** 

Sch	Schedule K Partners' Shares of Income, Credits, Deductions, etc.								
		(a) D	Distributive sha	re items			(b)	Total amoun	t
1a	Taxable income (loss	) from passive los	s limitation activ	rities (Part I, line	25)		1a	11,474,829	
	Amount on line 1a all	•		,	, I I				
	(1) Taxable income (	_	•	ities	1b(1)				
	(2) Taxable income (	loss) from rental r	eal estate activi		1b(2)				
	(3) Taxable income (	loss) from other re	ental activities.		1b(3)				
С	Total amount on line	1a allocated to ge	eneral partners.	Combine lines 1	b(1) through 1b(3)		1c		
d	Taxable income (loss)	from passive loss	limitation activit	ies allocated to li	imited partners. Su	ubtract			
	line 1c from line 1a (re	port on Schedules	s K-1, box 1) .				1d	11,474,829	
2	Taxable income (loss	) from other activit	ties (Part II, line	13)			2	1,927,331	
3	Qualified dividends fr	om other activities	s (Part II, line 2b	)			3		
4a	Net capital gain (loss)	) from passive los	s limitation activ	rities (Schedule I	O, line 16)		4a		
b	Net capital gain (loss)	from other activity	ties (Schedule D	), line 18)			4b		
5	Net passive alternative	e minimum tax ad	djustment				5		
6	Net other alternative	minimum tax adju	stment				6		
7	Guaranteed payment	s					7		
8	Income from discharg	ge of indebtednes	s				8		
9	Tax-exempt interest						9		
10							10		
11	Low-income housing	credit (see instruc	ctions)				11		
12	Rehabilitation credit t						12	40.400.400	
13a	Net earnings (loss) from	om self-employme	ent				13a	13,402,160	
b							13b	13,402,160	
14a	Name of foreign cour						4.41-		
b	Gross income from a						14b		
С	Gross income source	•	•	9)			14c		
d	Foreign gross income		·				144(1)		
	(1) Passive category								
	(2) General category						14d(3)		
	(3) Other (attach sch	•					144(0)		
е	Deductions allocated						14e(1)		
	(1) Interest expense						14e(2)		
							140(2)		
T	Deductions allocated			evel to foreign s	ource income:		14f(1)		
	(1) Passive category						14f(2)		
	(2) General category						14f(3)		
-	(3) Other (attach sch	,					14g		
g	Total foreign taxes (c Reduction in taxes as						14h		
15	Other items and amo				 rs (attach schedule	🕨			
_	lysis of Net Income					,			
1	Net income (loss). In c	<u> </u>	s 1c through 4b,	7, and 8. From th	e result, subtract li	ne 14g	1	13,402	,160
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Ex		(vi) Nominee/0	
а	General partners					1			
	Limited partners			13,402,160		1			

Form **1065-B** (2007)

Form 1065-B (2007) Page 5 Schedule L **Balance Sheets per Books** 

			Beginning of tax year			End of tax year		
	Assets		(a)		(b)	(c)	(d)	
1	Cash				2,468,821		2,612,147	
2a	Trade notes and accounts receivable							
	Less allowance for bad debts							
	Inventories				5,650,225		6,222,163	
4	U.S. government obligations							
5	Tax-exempt securities							
6	Other current assets (attach schedule)							
7	Mortgage and real estate loans							
	Other investments (attach schedule)							
	Buildings and other depreciable assets							
	Less accumulated depreciation							
	Depletable assets		4,227	,116		7,297,740		
	Less accumulated depletion		1,392	,032	2,835,084	2,912,140	4,385,600	
	Land (net of any amortization)				7,220,410		7,220,410	
	Less accumulated amortization							
	Other assets (attach schedule)							
	Total assets				18,174,540		20,440,320	
	Liabilities and Capital							
15	Accounts payable				2,147,882		2,110,320	
16	Mortgages, notes, bonds payable in less than 1 y				, ,			
17	Other current liabilities (attach schedule) .							
18	All nonrecourse loans				10,376,658		5,263,460	
19	Mortgages, notes, bonds payable in 1 year or mo							
20	Other liabilities (attach schedule)							
21	Partners' capital accounts				5,650,000		13,066,540	
	Total liabilities and capital				18,174,540		20,440,320	
Sak	Reconciliation of Incom	ne (Loss) pe	r Bo	oks	With Income (Los	ss) per Return		
SCI	Note. Schedule M-3 may b	e required ins	stead	of Sc	hedule M-1 (see ins	structions).		
1	Net income (loss) per books	12,416,540	6	Inc	ome recorded on b	ooks this year not		
2	Income included on Schedule K, lines 1c					K, lines 1c through		
	through 4b, and 8, not recorded on books				and 8 (itemize):	,		
	this year (itemize):			,	'			
3	Guaranteed payments							
4	Expenses recorded on books this year not		7	Dec	ductions included on	Schedule K, lines 1c		
	included on Schedule K, lines 1c through					charged against book		
	4b, and 14g (itemize):				ome this year (itemize			
а	Depreciation \$ 985,620		;	a Dep	oreciation \$			
b	Travel and entertainment \$							
			8	Add	d lines 6 and 7		0	
		985,620		Inc	ome (loss). (Analys	sis of Net Income		
5	Add lines 1 through 4	13,402,160		(Lo:	ss), line 1.) Subtract	line 8 from line 5 .	13,402,160	
Sch	nedule M-2 Analysis of Partners' C							
1	Balance at beginning of year	5,650,000	6	Dis	tributions: <b>a</b> Cash		5,000,000	
2	Capital contributed: a Cash		$\dashv$		<b>b</b> Prope	erty		
	<b>b</b> Property		_					
3	Net income (loss) per books	12,416,54	7	Oth	er decreases (itemiz	ze):		
4	Other increases (itemize):							
			8	Add	d lines 6 and 7		5,000,000	
_			_ 9			Subtract line 8 from		
_5_	Add lines 1 through 4	18,066,54	)	line	5		13,066,540	

Form **1065-B** (2007)



Printed on recycled paper

Form **8308** (Rev. October 2005)

## Report of a Sale or Exchange of **Certain Partnership Interests**

Please print or type.

OMB No. 1545-0941

Internal Revenue Service Name of partnership

Department of the Treasury

**BLACK COAL INDUSTRIES** 

Telephone number (555) 555-5555 Employer identification number

69 800000

Number, street, and room or suite no. If a P.O. box, see instructions.

100 MAIN ST

City or town, state, and ZIP code ANYTOWN, WV 25001

Part I Transferor Information (Beneficial owner of the partnership interest immediately before the transfer of that

Name Identifying number **BRONCO JUNO** 000-70-0002

Number and street (including apt. no.)

300 MAIN ST

City or town, state, and ZIP code ANYTOWN, WV 25001

Notice to Transferors: The information on this form has been supplied to the Internal Revenue Service. The transferor in a section 751(a) exchange is required to treat a portion of the gain realized from the exchange as ordinary income. For more details, see Pub. 541, Partnerships.

Statement by Transferor: The transferor in a section 751(a) exchange is required under Regulations section 1.751-1(a)(3) to attach a statement relating to the sale or exchange to his or her return. See Instructions to Transferors for more details.

#### Part II Transferee Information (Beneficial owner of the partnership interest immediately after the transfer of that interest)

Name Identifying number **BUBBA CHRISTMAS** 000-70-0001

Number and street (including apt. no.)

200 MAIN ST

City or town, state, and ZIP code ANYTOWN, WV 25001

## Part III Date of Sale or Exchange of Partnership Interest ► 06 / 30 / 2007

Sign Here Only if You Are Filing This Form by Itself and Not With Form 1065 or Form 1065-B

Under penalties of perjury, I declare that I have examined this return, including accompanying attachments, and to the best of my knowledge and belief, it is true, correct, and complete.

Date

Signature of general partner or limited liability company member

## **General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form. Form 8308 is filed by a partnership to report the sale or exchange by a partner of all or part of a partnership interest where any money or other property received in exchange for the interest is attributable to unrealized receivables or inventory items (that is, where there has been a section 751(a) exchange).

Who Must File. A partnership must file a separate Form 8308 for each section 751(a) exchange of an interest in such partnership. See Regulations section 1.6050K-1.

Note: Form 8308 does not have to be filed if, under section 6045, Form 1099-B, Proceeds From Broker and Barter Exchange Transactions, is required to be filed with respect to the sale or exchange.

A partnership must file Form 8308 once the partnership has notice of the section 751(a) exchange. The partnership has such notice when either:

- 1. The partnership receives written notification of the exchange from the transferor that includes the names and addresses of both parties to the exchange, the identifying numbers of the transferor and (if known) of the transferee, and the date of the exchange; or
- 2. The partnership has knowledge that there has been a transfer of a partnership interest and, at the time of the transfer, the partnership had any unrealized receivables or inventory items.

No returns or statements are required under section 6050K if the transfer was not a section 751(a) exchange. For example, a transfer which in its entirety constitutes a gift for federal income tax purposes is not a section 751(a) exchange.

A partnership may rely on a written statement from the transferor that the transfer was not a section 751(a) exchange unless the partnership has knowledge to the contrary. If a partnership is in doubt whether partnership property constitutes unrealized receivables or inventory items or whether a transfer constitutes a section 751(a) exchange, the partnership may file Form 8308 to avoid the risk of incurring a penalty for failure to file.

When To File. Generally, file Form 8308 as an attachment to Form 1065 or Form 1065-B for the tax year of the partnership that includes the last day of the calendar year in which the section 751(a) exchange took place. Form 8308 is due at the time for filing the partnership return, including extensions.

If, however, a partnership is notified of a section 751(a) exchange after it has filed its partnership return, file Form 8308 separately, within 30 days of notification, with the service center where Form 1065 or Form 1065-B was filed.

Copies of Form 8308 To Be Furnished to Transferor and Transferee, All partnerships required to file Form 8308 must furnish a copy of the form to each transferor and transferee by January 31 of the year following the calendar year in which the section 751(a) exchange occurred or, if later, 30 days after the partnership has notice of the exchange.

If the partnership does not know the identity of the beneficial owner of an interest in the partnership, the record holder of the interest is treated as the transferor or transferee.

Form **8308** (Rev. 10-2005)

CORRECTED	☐ PUBLICLY <sup>-</sup>	TRA	DED PARTNERSHIF	<b>o</b>		
PARTNERSHIP'S name, street address BLACK COAL INDUSTRIES 100 MAIN ST ANYTOWN, WV 25001	3,	2	Taxable income (loss) from passive activities  4,748  Taxable income (loss) from other activities  9,273	OMB No. 1545-1626  2007  Schedule K-1 (Form 1065-B)	F	Partner's Share f Income (Loss) rom an Electing rge Partnership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3	Qualified dividends			Copy A
69-000008	000-70-1001					For Internal Revenue
PARTNER'S name		4a	Net capital gain (loss) from passive activities	4b Net capital gain (lo		Service Center
TAXPAYER B1						File with Form 1065-B.
Street address (including apt. no.) 1001 MAIN ST		5	Net passive AMT adjustment	6 Net other AMT adju	stment	1
City, state, and ZIP code		7	General credits	8 Low-income housing	credit	For Paperwork Reduction Act Notice and instructions for
ANYTOWN, WV 25001  Partner's share of liabilities:  a Nonrecourse b Qualified nonrecourse financing c Other  Tax shelter registration number	\$	9	Other			completing this form, see the 2007 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.
Schedule K-1 (Form 1065	-B) (	Cat. N	lo. 25437H	Department of the Ti	reasury -	- Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

CORRECTED	☐ PUBLICLY 1	TRA	DED PARTNERSHIP	<b>D</b>		
PARTNERSHIP'S name, street address BLACK COAL INDUSTRIES 100 MAIN ST ANYTOWN, WV 25001	, ,	2	Taxable income (loss) from passive activities 7,374  Taxable income (loss) from other activities 637	OMB No. 1545-	7 o	Partner's Share of Income (Loss) rom an Electing orge Partnership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3	Qualified dividends	·		Copy A
69-000008	000-70-0001					For
PARTNER'S name		4a	Net capital gain (loss) from passive activities	4b Net capital of from other a		Internal Revenue Service Center
BUBBA CHRISTMAS						File with Form 1065-B.
Street address (including apt. no.) 200 MAIN ST		5	Net passive AMT adjustment	6 Net other AM	IT adjustment	For Paperwork
City, state, and ZIP code		7	General credits	8 Low-income h	ousing credit	Reduction Act Notice and
ANYTOWN, WV 25001		9	Other			instructions for completing this
Partner's share of liabilities:  a Nonrecourse  b Qualified nonrecourse financing  c Other  Tax shelter registration number	\$					form, see the 2007 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.
Schedule K-1 (Form 1065	<b>-B)</b>	Cat. N	lo. 25437H	Department of	the Treasury	- Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

CORRECTED	☐ PUBLICLY T	RA	DED PARTNERSHIF	<b>o</b>		
PARTNERSHIP'S name, street address BLACK COAL INDUSTRIES 100 MAIN ST ANYTOWN, WV 25001	•	2	Taxable income (loss) from passive activities ,374  Taxable income (loss) from other activities	OMB No. 1545-1626  2007  Schedule K-1 (Form 1065-B)	of Fr	Partner's Share f Income (Loss) rom an Electing rge Partnership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3	Qualified dividends			Copy A
69-000008	000-70-0002					For Internal Revenue
PARTNER'S name		4a	Net capital gain (loss) from passive activities	4b Net capital gain (lo		Service Center
BRONCO JUNO			,			File with Form 1065-B.
Street address (including apt. no.)		5	Net passive AMT adjustment	6 Net other AMT adju	stment	
300 MAIN ST		╙				For Paperwork Reduction Act
City, state, and ZIP code		7	General credits	8 Low-income housing	credit	Notice and
ANYTOWN, WV 25001		9	Other			instructions for completing this
Partner's share of liabilities:  a Nonrecourse  b Qualified nonrecourse financing c Other  Tax shelter registration number	\$					form, see the 2007 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.
Schedule K-1 (Form 1065	- <b>B)</b> Ca	at. N	o. 25437H	Department of the T	reasury -	Internal Revenue Service

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#### **TEST SCENARIO 9 (K-1 Aggregator)**

Test Scenario 9 uses the Form 1065 and related forms and schedules from Test Scenario 1, with these exceptions:

- The number of K-1's has been increased from 102 to 100,002
- The ordinary Business Income/Loss Statement attached to Schedule K-1 will apply to all 100,002 K-1's.

Test Scenario 9 shows three K-1's: Sam Starling

Barton and Jenkins Enterprise Taxpayer A1 (990-00-0001)

Create the other 99,999 K-1's using this information:

- The partner's identifying number will increase by 1 (990-00-0002, 990-00-0003, 990-00-0004...through 990-10-0000)
- The partner's name will increase by 1 (Taxpayer A2, Taxpayer A3, Taxpayer A4...through Taxpayer A100,000)
- Use the same address as Taxpayer A1
- The 99,999 partners are limited partners, domestic partners, and individuals
- Use the same profit/loss/capitol percentages as Taxpayer A1

The Business Income Loss Statements attached to the K-1's will be:

Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

Taxpayer A1 through Taxpayer A100,000				
Education	100			
Legal Services	303			

Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

Barton and Jenkins Enterprise	
Education	80,000
Legal Services	32,192,561

Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

Sam Starling				
Education	20,000			
Flight Instructor	20,000			
Legal Services	8,028,140			

#### FORMS REQUIRED:

1065, 4562 (2), 4797, 8825, 8844, 8882, 1065 SCH K-1 (100,002), Form 8453-PE DEPENDENCIES

#### **ATTACHMENTS:**

Itemized Other Deductions Statement

Other Credits and Credit Recapture Statement

Schedule L Other Assets Statement

Schedule L Other Current Liabilities Statement

Ordinary Business Income (Loss) Statement (see above)

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)

#### **HEADER INFO**

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, NV 89501

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: ERO

PractionerPIN: None

PIN Entered by - N/A

Signature Option: Binary Attachment 8453 Signature Document

Return Type: 1065

**Filer:** EIN: 69-0000001

Name: Sam Starling LLP Name Control: SAMS Address: 631 N McKinley Dr Reno, NV 89510

**Partner:** Name: Sam Starling

Title: President Taxpayer PIN: Phone: 555-555-5555

Email Address: Anymail@email.com

DateSigned: 04/01/2008

**Preparer:** Name: Jesse James

SSN: 000-11-0001 Phone: 555-555-555

Email Address: Anymail@email.com

Date Prepared: 04/01/2008 Self Employed: No

**IRS PAYMENT:** N/A

#### **Details for attachments**

### Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Travel and Entertainment	5,600,000
Other	28,750,000
Utilities	10,000,000
Fees	6,387,848

### Other Credits and Credit Recapture Statement (Form 1065, Page 3, Schedule K, Line 15f)

Childcare	35,600
Empowerment	40,000

### Schedule L Other Assets Statement (Form 1065, Page 4, Schedule L, Line 13b and 13d)

Type	BOY Amount	EOY Amount
Client Receivable	7,148,515	10,916,115
Other	6,030,400	4,227,867

## Schedule L Other Current Liabilities Statement (Form 1065, Page 4, Schedule L, Line 17b and 17d)

Туре	BOY Amount	EOY Amount
Other Current Liabilities	2,315,178	4,138,515
Other Accrued Liabilities	3,162,974	2,045,400

1065 U.S. Return of Partnership Income										OMB No. 1545-0099			
	rtment	of the Treasury	For calen	dar year 2007, or tax year beginni			ng,	20		2007			
		enue Service (77)  I business activity		Name of partnership	eparate instructio	ns.			D Fm	ployer identification	numher		
		Services	Use the	Sam Starling, LLP					69				
		product or service	IRS label.	Number, street, and room or suite	e no. If a P.O. box, se	ee the i	nstructions.			ate business started			
		Services	Other-	631 N McKinley St	,					10/01/1977			
		s code number	wise, print	City or town, state, and ZIP code	)				F Total assets (see the				
			or type.	Reno, NV 89510						structions)	ı		
		541110		1010,117 00010					\$	108,367,919			
H I	Checl Numb	per of Schedules	thod: <b>(1)</b> [ K-1. Attacl	☐ Initial return (2) ☐ Final return	rual (3 a partner at any tin	3) 🗌 ne duri	Other (specify) ng the tax year	<b>&gt;</b>					
Ca	ution.	Include <b>only</b> tr	ade or bus	siness income and expenses	on lines 1a throug	gh 22 i	below. See the	e instructio	ns fo	or more informa	tion.		
_	4.5	Out to the second				1a	323,455,61	13			$\overline{}$		
		Gross receipts				1b	323,433,01		lc	323,455,613			
	2			ances					2	020,-100,010	$\vdash$		
Э	3			ne 2 from line 1c	· · ⊢	3							
Income	4			from other partnerships, est					4				
<u>n</u>	5	•	. ,	tach Schedule F (Form 104			,		5				
	6			rm 4797, Part II, line 17 (atta					6	10,000			
	7			ach statement)					7				
	8	Total income	(loss). C	ombine lines 3 through 7 .		<u> </u>	<u></u>		8	323,465,613			
ns)	9	Salaries and v	vages (oth	ner than to partners) (less er	mployment credi	ts) .		L	9	110,535,025			
(see the instructions for limitations)	10	Guaranteed pa	ayments t	o partners				🗀	10	22,675,031			
<u>=</u>	11			ce				🗀	11	2,042,164			
s fol	12							🗀	12		<u> </u>		
ction	13	Rent						· · ⊢	13	25,922,173			
stru	14							· · ⊢	14	12,226,452			
ie in								<del> </del>	15	14,622			
8	1			d, attach Form 4562)		16a				7.074.040			
	1			ed on Schedule A and elsew		16b	18,27		6c	7,274,616			
ons				uct oil and gas depletion.)				–	17 18	4,255,918	-		
ij		Retirement pla						· · ⊢	19				
Deducti	19	Employee ben						· · ·	20	7,100,361 50,737,848	_		
De	20 21	Other deduction		n statement) the amounts shown in the	far right column	for lin	es 9 through	–	21	242,784,210	_		
	22			ome (loss). Subtract line 21					22	80,681,403	$\overline{}$		
Sig		Under penaltie and belief, it is	s of perjury, s true, correc	I declare that I have examined this rect, and complete. Declaration of preparer has any knowledge.	eturn, including accon	npanyin neral pa	g schedules and sartner or limited li	statements, a	nd to	the best of my know	wledge based		
	ere	Cianati	of general	partner or limited liability company	momber manager		Doto		with	y the IRS discuss this in the preparer shown below tructions)? Yes	low (see		
_		, ,	e or general	partner or limited liability company			Date		D:	aparar's CCN as DT	TINI		
Pai Pre	d parer	Preparer's signature			Date		Check if self-empl	oyed ▶ □		eparer's SSN or PT	IIN		
	Only			<b>—</b>			EII	N ►	-				
_		address, and		, 			Ph	one no.	(	)			
For	Priva	cy Act and Pap	erwork Re	eduction Act Notice, see sepa	arate instructions.		Cat. No.	11390Z		Form <b>1065</b>	(2007)		

Page 154 of 194

	1065 (2007)	F	age 2
Sc	hedule A Cost of Goods Sold (see the instructions)		
1	Inventory at beginning of year		
2	Purchases less cost of items withdrawn for personal use		
3	Cost of labor		
4	Additional Section 200A costs (attach statement)		
5 6	Other costs (attach statement)         5           Total. Add lines 1 through 5         6		
7	Inventory at end of year		
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2		
	Check all methods used for valuing closing inventory:		
	(i) Cost as described in Regulations section 1.471-3		
	(ii) Lower of cost or market as described in Regulations section 1.471-4		
	(iii) ☐ Other (specify method used and attach explanation) ▶		
b	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶		
	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)		
	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership?	; <u> </u>	No
е	Was there any change in determining quantities, cost, or valuations between opening and closing inventory?	<b>.</b> $\Box$	No
80	If "Yes," attach explanation.  hedule B Other Information		
		Yes	No
1	What type of entity is filing this return? Check the applicable box:	100	110
a			
е			
2	Are any partners in this partnership also partnerships?	~	
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign		
	entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and		
	301.7701-3? If "Yes," see instructions for required attachment		~
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section		
	6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details .		~
5	Does this partnership meet all three of the following requirements?		
а	The partnership's total receipts for the tax year were less than \$250,000;		
	The partnership's total assets at the end of the tax year were less than \$600,000; and		
C	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including		
	extensions) for the partnership return		~
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065;		
6	or Item N on Schedule K-1.		
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See the instructions	~	
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		~
8	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		~
9	At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority		
·	over a financial account in a foreign country (such as a bank account, securities account, or other financial		
	account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the		
	name of the foreign country. ▶		~
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a		
	foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		~
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during		
	the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by at-		
	taching the statement described under <i>Elections Made By the Partnership</i> in the instructions		~
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached		
	to this return		
_			
	gnation of Tax Matters Partner (see the instructions) r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:		
	. 200 The general parties accignated as the tax matters parties (TWI ) for the tax year of this feture.		
	ne of Identifying number		
des TM	of TMP		
Add	dress of		
aes TM	ignated ————————————————————————————————————		

Form **1065** (2007)

Form 1065 (2007) Schedule K Partners' Distributive Share Items **Total amount** 80,681,403 1 Ordinary business income (loss) (page 1, line 22) 203,125 2 Net rental real estate income (loss) (attach Form 8825) . 3a Other gross rental income (loss) . . . . . . . . 3b **b** Expenses from other rental activities (attach statement).  ${\bf c}\,$  Other net rental income (loss). Subtract line 3b from line 3a Зс 22,675,031 Income (Loss) Guaranteed payments . . . . . 4 92,650 5 Interest income . . . 6a Dividends: a Ordinary dividends **b** Qualified dividends 7 Royalties . . . . . . . . . . . . 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) 9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) **b** Collectibles (28%) gain (loss) . . . . . . . . . . . . . . . 9h 9с c Unrecaptured section 1250 gain (attach statement) . . . Net section 1231 gain (loss) (attach Form 4797) . . . . . . 10 Other income (loss) (see instructions) Type ▶\_\_\_\_ 11 Self-Employ- Deductions ment 12 **12** Section 179 deduction (attach Form 4562) . . . . 13a Contributions . . . . . . . . . 13a **b** Investment interest expense . 13b 13c(2) Section 59(e)(2) expenditures: **(1)** Type ▶ Other deductions (see instructions) Type ▶ 13d 55,024,842 14a Net earnings (loss) from self-employment . . . . . . . . . . . 14a 14b **b** Gross farming or fishing income . . . . **c** Gross nonfarm income . . . 55,024,842 14c 15a Low-income housing credit (section 42(j)(5)) . . . . . . . . . 15a 15b **b** Low-income housing credit (other) . . . Credits 15c c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468). . 15d d Other rental real estate credits (see instructions) Type ▶ .... 15e e Other rental credits (see instructions) Type ▶ 75,600 f Other credits (see instructions) Type ▶ 15f **16a** Name of country or U.S. possession ▶.... 16b Foreign Transactions **b** Gross income from all sources . . . . . . . . . 16c c Gross income sourced at partner level . Foreign gross income sourced at partnership level 16f d Passive category ► \_\_\_\_\_ e General category ► \_\_\_\_\_ Deductions allocated and apportioned at partner level 16h Deductions allocated and apportioned at partnership level to foreign source income 16k i Passive category ► \_\_\_\_\_ j General category ► \_\_\_\_\_ I Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐ . 16I m Reduction in taxes available for credit (attach statement) . 16m n Other foreign tax information (attach statement) . 17a 199,456 Alternative Minimum Tax 17a Post-1986 depreciation adjustment . . . **b** Adjusted gain or loss . . . . . . 17b 17c c Depletion (other than oil and gas) . . . 17d Oil, gas, and geothermal properties—gross income Oil, gas, and geothermal properties—deductions 17e Other AMT items (attach statement) 17f 18a Other Information 18a Tax-exempt interest income . 18b **b** Other tax-exempt income . . 18c 775,128 **c** Nondeductible expenses . . 19a 75,140,310 19a Distributions of cash and marketable securities 19b **b** Distributions of other property 92.650 20a 20a Investment income . . 20h **b** Investment expenses c Other items and amounts (attach statement)

Form **1065** (2007)

Form 1065 (2007)

Form 1065 (2007) Page 4 Analysis of Net Income (Loss) Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of 103,652,209 Schedule K, lines 12 through 13d, and 16l 1 (ii) Individual (iii) Individual (v) Exempt 2 Analysis by (i) Corporate (iv) Partnership (vi) Nominee/Other (active) (passive) organization partner type: 55.065.902 a General partners **b** Limited partners 48,586,307 Schedule L End of tax year **Balance Sheets per Books** Beginning of tax year Assets (a) (c) (d) 15,374,582 41,036,739 1 Cash . . . . . . . . 2a Trade notes and accounts receivable . **b** Less allowance for bad debts . . . 4 U.S. government obligations . . . . 5 Tax-exempt securities . . . . . 6 Other current assets (attach statement) Mortgage and real estate loans . . . . 7 8 Other investments (attach statement) . 64,937,028 79,134,516 9a Buildings and other depreciable assets. . 32.123,456 32,813,572 26,947,318 52,187,198 **b** Less accumulated depreciation . . . 10a Depletable assets . . . . . . . . . . **b** Less accumulated depletion . . . 11 Land (net of any amortization). . 12a Intangible assets (amortizable only) . . . **b** Less accumulated amortization 13,178,915 15,143,982 13 Other assets (attach statement) . . . . 61,367,069 108,367,919 Total assets . . . . . . . 14 **Liabilities and Capital** 15 Accounts payable . . . . . . 16 Mortgages, notes, bonds payable in less than 1 year. 5,478,152 6,183,915 Other current liabilities (attach statement) . . . 17 11,000,000 11,000,000 All nonrecourse loans . . . . . . . 18 Mortgages, notes, bonds payable in 1 year or more. 19 Other liabilities (attach statement) . . . . . 20 44,888,917 91,184,004 21 Total liabilities and capital 61,367,069 108,367,919 22 Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions). 121,435,397 Net income (loss) per books . . . . Income recorded on books this year not included 1 Income included on Schedule K, lines 1, 2, 3c, on Schedule K, lines 1 through 11 (itemize): 2 a Tax-exempt interest \$ ..... 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize): Guaranteed payments (other than health 7 Deductions included on Schedule K, lines 1 22,675,031 insurance) . . . . . . . . . . through 13d, and 16l, not charged against Expenses recorded on books this year not book income this year (itemize): **a** Depreciation \$ 46.058.219 included on Schedule K, lines 1 through 13d, and 16l (itemize): 46,058,219 a Depreciation \$ ..... **b** Travel and entertainment \$ 5.600.000 Add lines 6 and 7 . . 46,058,219 5,600,000 Add lines 1 through 4 . . . . . . Income (loss) (Analysis of Net Income (Loss), 149,710,428 103,652,209 line 1). Subtract line 8 from line 5 Schedule M-2 Analysis of Partners' Capital Accounts 44,888,917 Distributions: a Cash . . . . . . 75,140,310 Balance at beginning of year . . . . Capital contributed: a Cash . . . . **b** Property . . . . . . 2 **b** Property . . . Other decreases (itemize): ..... 121,435,397 Net income (loss) per books . . . . Other increases (itemize): ..... 75.140.310 8 Add lines 6 and 7. Add lines 1 through 4 166,324,314 9 Balance at end of year. Subtract line 8 from line 5 91,184,004

Printed on recycled paper

	4562		Depreciation	and Am	ortizatior	1		OMB No. 1545-0172
	ment of the Treasury	(1	Including Informa	ation on Lis	sted Prope	erty)		20 <b>07</b> Attachment
Interna	I Revenue Service	► See	separate instructions.	► Attach	to your tax ret	urn.		Sequence No. <b>67</b>
Name	(s) shown on return		Busine	ess or activity to w	hich this form rel	ates		Identifying number
	n Starling, LLP			Services				69-000001
Par			<b>Certain Property Ur</b> sted property, comp			omplete Part	· 1.	
1	Maximum amount.	See the instruc	tions for a higher limit	for certain bus	sinesses		1	\$125,000
2			y placed in service (se				2	
3	Threshold cost of	section 179 pro	operty before reductio	n in limitation			3	\$500,000
4	Reduction in limita	tion. Subtract	line 3 from line 2. If ze	ero or less, en	ter -0		4	
5	Dollar limitation for separately, see ins		tract line 4 from line 1.			married filing	5	
	(a	a) Description of pro	operty	(b) Cost (busines	s use only)	(c) Elected cost		
6								
7	Listed property. E	nter the amoun	t from line 29		. 7			
8	Total elected cost	of section 179	property. Add amoun	nts in column (	c), lines 6 and	17	8	
9			naller of line 5 or line				9	
10	•		n from line 13 of your				10	
11			smaller of business incom	,	, ,	, ,	11	
12			Add lines 9 and 10, bo 2008. Add lines 9 and			ine 11	12	
13 Note			ow for listed property.					
Par						lude listed pr	oner	ty.) (See instructions.)
14	property) and cellu instructions)	losic biomass e	York Liberty or Gulf C				14	3,258,175
15 16	Property subject to Other depreciation		70)				15 16	625,392
		<u> </u>	RS)			· · · · ·	10	025,392
ı aı	MACHO!	ocpi colation	•	Section A	(OCC IIIStrat	J. 10113.j		
17	MACRS deduction	e for assets ni	aced in service in tax	veare beginnir	na hefore 200	7	17	2,745,142
18		to group any	assets placed in servi	ce during the	tax year into			
	Section B-	-Assets Place	ed in Service During	2007 Tax Yea	r Using the (	General Depre	eciat	ion System
(a)	Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	d	(g) Depreciation deduction
19a	3-year property							
b	5-year property		1,428,700	5	HY		DB	285,740
С	7-year property		2,275,000	7	HY		DB	325,098
	10-year property							
	15-year property							
f	20-year property			25		6/1		
	25-year property			25 yrs. 27.5 yrs.	MM	5/L 5/L		
h	Residential rental property			27.5 yrs. 27.5 yrs.	MM	9/L 9/L		
		1		39 yrs.	MM	5/L		
i	Nonresidential rea property	I	1,425,000	39	MM	5/L		35,069
		 Assets Placed	in Service During 20				recia	
20a	Class life					5/L		
	12-year			12 yrs.		5/L		
	40-year			40 yrs.	MM	S/L		
	<u> </u>	(see instructi	ons)					
21	Listed property. E	,	,				21	
22	Total. Add amount	s from line 12,	lines 14 through 17, lir lines of your return. Pa				22	7,274,616
23	For assets shown	above and pla	ced in service during	the current ye	ar,			
	enter the portion of	of the basis att	ributable to section 26	63A costs .	. 23			
For F	Paperwork Reduction	n Act Notice, se	e separate instructions	-	Cat. No. 12906N			Form <b>4562</b> (2007)

Form	4562 (2007)														Page 2
Pa		I Property (In			,				, cellula	ır telep	ohone	es, cert	ain cor	nputer	s, and
	Note: /	For any vehicle 1b, columns (a)	for which	you ar	e using	the sta	andard	mileage					oense,	comple	te <b>only</b>
Sec	tion A—Depre												itomohi	iles )	
	Do you have evid											evidence			s⊡No
_ 14			(c)	111100011110			(e)					VIGETICE			(i)
Тур	(a) be of property (list vehicles first)	(b) Date placed in service	Business/ investment use percentage		<b>(d)</b> t or other basis		is for de	oreciation vestment nly)	(f) Recovery period	Me	( <b>g)</b> thod/ vention		(h) eciation luction	Ele secti	ected on 179 cost
25	Special allowance year and used mo	for qualified New ore than 50% in a co	York Liberty o	or Gulf Op ness use	portunity (see instr	Zone prouctions)	operty pla	aced in se	ervice durir	ng the ta	x 25				
26		more than 50													
			%												
			%												
			%												
27	Property used	50% or less i	n a qualifie	d busir	ness us	se:									
			%							S/L -					
			%							S/L -				_	
			%							S/L -				_	
28		in column (h),									28				
29	Add amounts	in column (i), I											. 29	9	
Con	nplete this secti	on for vehicles							<b>/ehicles</b>		owner	" or rela	ated pe	rson.	
If you	provided vehicles	to your employee	s, first answe	r the que	stions in	Section	C to see	if you me	eet an exc	eption to	comp	leting this	section	for those	vehicles
	Tatal lavalages		- dolores	-	a)		b)	-	c)	(d	n		e)	(1	f)
30	during the year (	investment mile: do not include co	ommuting		cle 1		icle 2		icle 3	Vehic	-		icle 5	Vehi	-
31	,	miles driven during													
32		ersonal (noncon													
<b>02</b>															
33	Total miles driv														
34		e available for		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
04	use during off-		personal												
35	Was the vehic	le used primar owner or related	ily by a												
36	Is another vehic	cle available for	personal												
		Section C—Qu		r Emp	overs	Who P	rovide	⊥ Vehicle	s for Us	se by T	Their	_ Employ	ees		
	wer these quest more than 5%	tions to determ	nine if you	meet a	n exce	ption to	comp	leting S	ection B	for ve	hicles	used b	y empl	oyees w	/ho <b>are</b>
37	Do you mainta	ain a written po	olicy staten	nent tha	at prohi	bits all	person	al use c	of vehicle	es, incl	uding	commu	ting,	Yes	No
		yees?													
38	See the instruct	a written policy ions for vehicles	used by co	orporate	officers	, directo	rs, or 19	% or mo	re owner	s					
39		all use of vehic													
40		le more than fi													
		vehicles, and													
41		e requirements o													
Do		nswer to 37, 38 t <b>ization</b>	s, 39, 40, oi	41 IS	res, a	o not co	ompiete	Section	n B for tr	ie cove	rea ve	nicies.			
Pal	rt VI Amori	uzauon									_	(-)			
	(a) Description	of costs	Date am	<b>b)</b> ortization gins		Amor	<b>c)</b> tizable ount		<b>(d</b> ) Cod secti	de	Amoi per	(e) rtization iod or entage		<b>(f)</b> ortization t this year	for
42	Amortization of	f costs that beg	gins during	your 20	07 tax y	year (se	e instru	ctions):			Perc	-mage			
43		of costs that be	_	-		-						43			
44	Total. Add am	nounts in colun	nn (f). See	the ins	truction	ns for w	here to	report				44			
					<b>(</b> €) P.	rinted on r	ecycled pa	aper					F	orm <b>456</b>	<b>2</b> (2007
					•										

	<b>4562</b>			OMB No. 1545-0172					
Form Depart	ment of the Treasury	(1	ncluding Informa	ation on Li	sted Pr	oper	ty)		2007
Interna	Revenue Service	► See	separate instructions.	► Attach	to your ta	x retu	rn.		Sequence No. <b>67</b>
Name	(s) shown on return		Busine	ess or activity to w	hich this for	m relat	es		Identifying number
	n Starling, LLP		Renta						69-000001
Par			Certain Property Unsted property, comp			и со	mplete Pan	t I.	
1	Maximum amount.	See the instruc	tions for a higher limit	for certain bus	sinesses .			1	\$125,000
2			y placed in service (se					2	
3	Threshold cost of	section 179 pro	operty before reduction	on in limitation				3	\$500,000
4	Reduction in limita	tion. Subtract I	ine 3 from line 2. If ze	ero or less, en	ter -0			4	
5	Dollar limitation for separately, see ins		ract line 4 from line 1			) If n	narried filing	5	
	(a	) Description of pro	pperty	(b) Cost (busines	s use only)		(c) Elected cost	t	
6									
7	Listed property. Er	nter the amoun	t from line 29		. 7				
8	Total elected cost	of section 179	property. Add amour	nts in column (	c), lines 6	and	7	8	
9	Tentative deduction	n. Enter the <b>sn</b>	naller of line 5 or line	8				9	
10	Carryover of disall	owed deductio	n from line 13 of your	2006 Form 4	562			10	
11			smaller of business incom					11	
12			Add lines 9 and 10, b			an lin	e 11	12	
13 Note			o 2008. Add lines 9 and ow for listed property.						
Par						tincli	ıda listad nı	roner	ty.) (See instructions.)
14 15	property) and cellul instructions)  Property subject to	losic biomass e	201	placed in servi	ce during			14 15	
16	Other depreciation							16	
Par	t III MACRS I	Depreciation	(Do not include list		(See ins	struct	ions.)		
				Section A					40.075
17 18		to group any	aced in service in tax assets placed in serv		tax year			17	18,275
			d in Service During			he Ge	eneral Depr	ueciati	on System
(a) (	Classification of property	(b) Month and	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Conve		(f) Metho		(g) Depreciation deduction
19a	3-year property								
b	5-year property								
C	7-year property								
	10-year property								
	15-year property	-							
f	20-year property	_		05			C //		
	25-year property			25 yrs. 27.5 yrs.	MM		5/L 5/L		
	Residential rental property			27.5 yrs.	ММ		S/L		
i	Nonresidential real property	1		39 yrs.	MM MM		5/L 5/L		
	Section C—	Assets Placed	in Service During 2	007 Tax Year	Using th	e Alte	rnative Dep	recia	tion System
20a	Class life						S/L		
	12-year			12 yrs.			5/L		
	40-year			40 yrs.	MM		5/L		
Par	t IV Summary	(see instructi	ons)						
21 22		s from line 12,	m line 28 lines 14 through 17, li lines of your return. Pa					21	18,275
23	For assets shown	above and pla	ced in service during	the current ye	ar,				
	· · · · · · · · · · · · · · · · · · ·		ributable to section 20		. 23				
For F	Paperwork Reduction	n Act Notice, se	e separate instructions	<b>5.</b>	Cat. No. 12	906N			Form <b>4562</b> (2007)

Form	4562 (2007)														Page 2
Pa		I Property (In			,				, cellula	ır telep	ohone	es, cert	ain cor	nputer	s, and
	Note: /	For any vehicle 1b, columns (a)	for which	you ar	e using	the sta	andard	mileage					oense,	comple	te <b>only</b>
Sec	tion A—Depre												itomohi	iles )	
	Do you have evid											evidence			s⊡No
_ 14			(c)	111100011110			(e)					CVIGOTICG			(i)
Тур	(a) be of property (list vehicles first)	(b) Date placed in service	Business/ investment use percentage		<b>(d)</b> t or other basis		is for de	oreciation vestment nly)	(f) Recovery period	Me	( <b>g)</b> thod/ vention		(h) eciation luction	Ele secti	ected on 179 cost
25	Special allowance year and used mo	for qualified New ore than 50% in a co	York Liberty o	or Gulf Op ness use	portunity (see instr	Zone prouctions)	operty pla	aced in se	ervice durir	ng the ta	x 25				
26		more than 50													
			%												
			%												
			%												
27	Property used	50% or less i	n a qualifie	d busir	ness us	se:									
			%							S/L -					
			%							S/L -				_	
			%							S/L -				_	
28		in column (h),									28				
29	Add amounts	in column (i), I											. 29	9	
Con	nplete this secti	on for vehicles							<b>/ehicles</b>		owner	" or rela	ated pe	rson.	
If you	provided vehicles	to your employee	s, first answe	r the que	stions in	Section	C to see	if you me	eet an exc	eption to	comp	leting this	section	for those	vehicles
	Tatal lavalages		- dolores	-	a)		b)	-	c)	(d	n		e)	(1	f)
30	during the year (	investment mile: do not include co	ommuting		cle 1		icle 2		icle 3	Vehic	-		icle 5	Vehi	-
31	,	miles driven during													
32		ersonal (noncon													
<b>02</b>															
33	Total miles driv														
34		e available for		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
04	use during off-		personal												
35	Was the vehic	le used primar owner or related	ily by a												
36	Is another vehic	cle available for	personal												
		Section C—Qu		r Emp	overs	Who P	rovide	⊥ Vehicle	s for Us	se by T	Their	_ Employ	ees		
	wer these quest more than 5%	tions to determ	nine if you	meet a	n exce	ption to	comp	leting S	ection B	for ve	hicles	used b	y empl	oyees w	/ho <b>are</b>
37	Do you mainta	ain a written po	olicy staten	nent tha	at prohi	bits all	person	al use c	of vehicle	es, incl	uding	commu	ting,	Yes	No
		yees?													
38	See the instruct	a written policy ions for vehicles	used by co	orporate	officers	, directo	rs, or 19	% or mo	re owner	s					
39		all use of vehic													
40		le more than fi													
		vehicles, and													
41		e requirements o													
Do		nswer to 37, 38 t <b>ization</b>	s, 39, 40, oi	41 IS	res, a	o not co	ompiete	Section	n B for tr	ie cove	rea ve	nicies.			
Pal	rt VI Amori	uzauon									_	(-)			
	(a) Description	of costs	Date am	<b>b)</b> ortization gins		Amor	<b>c)</b> tizable ount		<b>(d</b> ) Cod secti	de	Amoi per	(e) rtization iod or entage		<b>(f)</b> ortization t this year	for
42	Amortization of	f costs that beg	gins during	your 20	07 tax y	year (se	e instru	ctions):			Perc	-mage			
43		of costs that be	_	-		-						43			
44	Total. Add am	nounts in colun	nn (f). See	the ins	truction	ns for w	here to	report				44			
					<b>(</b> €) P.	rinted on r	ecycled pa	aper					F	orm <b>456</b>	<b>2</b> (2007
					•										

Form **4797** 

Department of the Treasury Internal Revenue Service

## **Sales of Business Property**

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return.▶ See separate instructions.

OMB No. 1545-0184

2007

Attachment Sequence No. 27

Name(s) shown on return Identifying number Sam Starling, LLP 69-000001 Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions). Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Part I Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions) (e) Depreciation (f) Cost or other (g) Gain or (loss) (a) Description of property (b) Date acquired (mo., day, yr.) basis, plus improvements and expense of sale (c) Date sold (d) Gross allowed or Subtract (f) from the sum of (d) and (e) allowable since acquisition no., day, yr.) 2 3 Gain, if any, from Form 4684, line 39 . . . . . . . . . . . . . . . 4 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 . Section 1231 gain or (loss) from like-kind exchanges from Form 8824 .  $\,$  . 5 5 6 Gain, if any, from line 32, from other than casualty or theft . . . . . 6 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below. 8 Part II Ordinary Gains and Losses (see instructions) Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less): 11 Loss, if any, from line 7. 12 12 Gain, if any, from line 7 or amount from line 8, if applicable. 10,000 13 Gain, if any, from line 31 . . . . . . . . . . . . 13 Net gain or (loss) from Form 4684, lines 31 and 38 . . . 14 14 15 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 16 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . 10,000 17 Combine lines 10 through 16 . . . . . . . . . . . . For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip 18 lines a and b below. For individual returns, complete lines a and b below: If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, 18b line 14

Form 4797 (2007) Page 2

19	(see instructions)  (a) Description of section 1245, 1250, 1252, 1254, or 1255 pro	operty:				(b) Date acqu		(c) Date sold
		operty.				(mo., day, y	-	(mo., day, yr.)
A	Furniture and Fixtures					10/01/20	06	01/19/2007
B C								
D								
	These columns relate to the properties on lines 19A through 19D		Property A	Property	В	Property	С	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	10,000					
21	Cost or other basis plus expense of sale	21 22	10,000 10,000					
22 23	Depreciation (or depletion) allowed or allowable Adjusted basis. Subtract line 22 from line 21	23	10,000					
	Adjusted basis. Subtract line 22 from line 21							
24	Total gain. Subtract line 23 from line 20	24	10,000					
25	If section 1245 property:							
а	Depreciation allowed or allowable from line 22	25a	10,000					
<u>b</u>	Enter the smaller of line 24 or 25a	25b	10,000					
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.							
а	Additional depreciation after 1975 (see instructions)	26a						
b	Applicable percentage multiplied by the <b>smaller</b> of line 24 or							
	line 26a (see instructions)	26b						
С	Subtract line 26a from line 24. If residential rental property ${f or}$							
	line 24 is not more than line 26a, skip lines 26d and 26e	26c						
d	Additional depreciation after 1969 and before 1976	26d 26e						
e f	Enter the <b>smaller</b> of line 26c or 26d	26f						
g	Add lines 26b, 26e, and 26f	26g						
27 a b	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).  Soil, water, and land clearing expenses	27a 27b						
		27c						
28 a b	If section 1254 property: Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a 28b						
 29	If section 1255 property:							
а	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a						
	Enter the smaller of line 24 or 29a (see instructions)	29b	avada D davavada	line OOb			lina	20
Sun	nmary of Part III Gains. Complete property columns	Aun	ough D through	ilile 29b	beio	re going to	iirie	30.
30	Total gains for all properties. Add property columns A through	n D, lin	e 24				30	10,000 10,000
31 32	Add property columns A through D, lines 25b, 26g, 27c, 28b, Subtract line 31 from line 30. Enter the portion from casualty control of the con	r theft	on Form 4684, line	e 33. Enter t			31	
Pa	rt IV Recapture Amounts Under Sections 179 (see instructions)						32 to 5	60% or Less
	(COO IIIOII GORIOTIO)					(a) Section	n	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in p	rior ve	ars		33			
34	Recomputed depreciation (see instructions)				34			
35	Recapture amount. Subtract line 34 from line 33. See the inst	ruction	s for where to repo	ort	35			

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Form **4797** (2007)

Form

(Rev. December 2006) Department of the Treasury Internal Revenue Service

## Rental Real Estate Income and Expenses of a Partnership or an S Corporation ► See instructions on back. ► Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

San	n Starling, LLP						69	on identification nu	mber
1	Show the kind and location of each	ch pro	perty. See page 2	2 to list additiona	ıl proper	ties.			
Α	Rental								
В									
С									
D									
					Prop	erties			
	Rental Real Estate Income		Α	В	ор	C		D	
2	Gross rents	2	1,234,900						
_									
	Rental Real Estate Expenses								
3	Advertising	3							
4	Auto and travel	4							
5	Cleaning and maintenance	5					+		
6	Commissions	6							
7	Insurance	7							
8	Legal and other professional fees	9							
9	Interest	10							
10 11	Repairs	11							
11 12	Utilities	12							
13	Wages and salaries	13							
14	Depreciation (see instructions)	14	18,275						
15	Other (list) ▶		1,013,500						
		15							
		'5							
16	Total expenses for each property.		4 004						
	Add lines 3 through 15	16	1,031,775						
		,					17	1,234,900	
17	Total gross rents. Add gross rents	s from	line 2, columns A	A through H .			17	1,234,900	
10	Total expenses. Add total expens	oc fro	m line 16 column	c ∧ through ⊔			18 (	1,031,775	)
10	Total expenses. Add total expens	65 1101	ii iiile 10, coluiiiii	s A tillough H			10 (	1,001,110	
19	Net gain (loss) from Form 4797, P	art II	line 17 from the	disposition of pro	nerty fr	om rental real			
. •	estate activities						19		
20a	Net income (loss) from rental real					rusts in which			
	this partnership or S corporation i				-		20a		
b	Identify below the partnerships, esta 20a. Attach a schedule if more space			n net income (loss	s) is shov	n on line			
	(1) Name	nar							
	(i) Name		( <b>८)</b> 🖂	oloyer identification	JII HUHK	, CI			
04	Not rental real estate income (leas			ugh 20a Enter t			21	203.125	
21	Net rental real estate income (loss • Form 1065 or 1120S: Schedule			ougn 20a. Enter t	ne resul	nere and on:	<u> </u>	200.120	
	• Form 1065-B: Part I, line 4	- 13, 1111	,						

Form	8825 (12-2006)					Page 2
1	Show the kind and location of ea	ch prope	erty.			
Е						
F						
G						
Н						
				Pro	perties	
	Rental Real Estate Income		E	F	G	Н
2	Gross rents	2				
	Rental Real Estate Expenses					
3	Advertising	3				
4	Auto and travel	4				
5	Cleaning and maintenance	5				
6	Commissions	6				
7	Insurance	7				
8	Legal and other professional fees	8				
9	Interest	9				
10	Repairs	10				
11	Taxes	11				
12	Utilities	12				
13	Wages and salaries	13				
14	Depreciation (see instructions)	14				
15	Other (list) ▶					
		15				
16	Total expenses for each property. Add lines 3 through 15					

Form **8844** 

Department of the Treasury Internal Revenue Service

# **Empowerment Zone and Renewal Community Employment Credit**

► Attach to your tax return.

OMB No. 1545-1444

2007

Attachment
Sequence No. 99

Name(s) shown on return

Identifying number

	n Starling, LLP		59-0000001
Par	Current Year Credit		
1	Enter the total qualified wages paid or incurred during calendar year 2007 only (see instructions)		T
а	Qualified empowerment zone wages \$ 200,000 X 20% (.20)	1a	40,000
b	Qualified renewal community wages	1b	
2	Add lines 1a and 1b. You must subtract this amount from your deduction for salaries and wages	2	40,000
3	Employment zone and renewable community employment credit from parterships, S corporations,		
	cooperatives, estates, and trusts	3	
4	Add lines 2 and 3. Partnerships and S corporations, report this amount on Schedule K; all others, go		
	to line 5	4	40,000
5	Empowerment zone and renewal community employment credit included on line 4 from passive		
	activities (see instructions)	5	
6	Subtract line 5 from line 4	6	
7	Passive activity credit allowed for 2007 (see instructions)	7	
8	Carryforward of empowerment zone and renewal community employment credit to 2007	8	
9	Carryback of empowerment zone and renewal community employment credit from 2008 (see instructions)	9	
10	Add lines 6 through 9. Cooperatives, estates, and trusts, go to line 11. All others, use this amount to		
	complete Part II	10	
11	Amount allocated to the patrons of the cooperative or the beneficiaries of the estate or trust (see		
	instructions)	11	
12 Par	Cooperatives, estates, and trusts. Subtract line 11 from line 10. Use this amount to complete Part II  Allowable Credit	12	
3	Regular tax before credits:		
	Individuals. Enter the amount from Form 1040, line 44; Form 1040NR, line 41		
•	Corporations. Enter the amount from Form 1120, Schedule J, line 2; or the applicable line of	10	
	your return	13	
•	Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and		
	1b, or the amount from the applicable line of your return		
14	Alternative minimum tax:		
	Individuals. Enter the amount from Form 6251, line 35	14	
	Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56		
15	Add lines 13 and 14	15	
	Credits from Form 1040, lines 47 through 50 and lines 52 through 54 (or		
oa	Form 1040NR, lines 44, 45, and 47 through 49)		
h	Foreign tax credit		
	Credits from Forms 5735 and 8834		
	Non-business alternative motor vehicle credit (Form 8910, line 18)		
e	Non-business alternative fuel vehicle refueling property credit (Form 8911, line 19)		
	Add lines 16a through 16e	16f	
7	Net income tax. Subtract line 16f from line 15. If zero, skip lines 18 through 24 and enter -0- on line 25	17	
8	Net regular tax. Subtract line 16f from line 13. If zero or less, enter -0-		
9	Tentative minimum tax (see instructions)		
20	Enter 25% (.25) of the excess, if any, of line 18 over \$25,000 (see		
.0	instructions)		
21	Multiply line 19 by 75% (.75)		
22	Enter the greater of line 20 or line 21	22	
23	Subtract line 22 from line 17. If zero or less, enter -0-	23	
24	General business credit (Form 3800, line 19)	24	
25	Subtract line 24 from line 23	25	
26	Credit allowed for the current year. Cooperatives, estates, and trusts. Enter the smaller of line 12 or		
-	line 25. Report this amount on Form 1041, Schedule G, line 2c; or Form 1120-C, Schedule J, line 5c. If		
	line 25 is smaller than line 12, see instructions. <b>All others.</b> Enter the <b>smaller</b> of line 10 or line 25. Report		
	this amount on Form 1040, line 55; Form 1040NR, line 50; Form 1120, Schedule J, line 5c; or the		
	applicable line of your return. If line 25 is smaller than line 12, see instructions	00	

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 16145S

Form **8844** (2007)

Form **8882** (Rev. December 2006)

Department of the Treasury Internal Revenue Service

# Credit for Employer-Provided Childcare Facilities and Services

► Attach to your tax return.

OMB No. 1545-1809

Attachment Sequence No.131

Identifying number Name(s) shown on return Sam Starling, LLP 69-000001 1 Qualified childcare facility expenditures paid or incurred 2 2 Enter 25% (.25) of line 1 . . Qualified childcare resource and referral expenditures paid or incurred 3 4 Enter 10% (.10) of line 3 . . . . . . . . Credit for employer-provided childcare facilities and services from partnerships, S corporations, 35,600 5 estates, and trusts . . . . . . . . . . . . . . . 35,600 6 Add lines 2, 4, and 5 Enter the smaller of line 6 or \$150,000. Estates and trusts, go to line 8. All others report this amount as follows: partnerships and S corporations, report this amount on Schedule K; all others, 35,600 7 report the credit on the applicable line of Form 3800, (e.g., line 1n of the 2006 Form 3800) . . . 8 Amount allocated to beneficiaries of the estate or trust (see instructions) . Estates and trusts. Subtract line 8 from line 7. Report the credit on the applicable line of Form 3800 (e.g., line 1n of the 2006 Form 3800)

## **General Instructions**

Section references are to the Internal Revenue Code.

#### What's New

- The tax liability limit is no longer figured on this form. Instead, it must be figured on Form 3800, General Business Credit.
- Taxpayers that are not partnerships, S corporations, estates, or trusts, and whose only source of this credit is from those pass-through entities, are not required to complete or file this form. Instead, they can report this credit directly on line 1n of Form 3800.
- The IRS will revise this December 2006 version of the form only when necessary. Continue to use this version for tax years beginning after 2005 until a new revision is issued.

#### **Purpose of Form**

Employers use Form 8882 to claim the credit for qualified childcare facility and resource and referral expenditures. The credit is part of the general business credit. You may claim the credit any time within 3 years from the due date of your return on either an original or amended return.

For details, see section 45F.

### **How To Figure the Credit**

The credit is 25% of the qualified childcare facility expenditures plus 10% of the qualified childcare resource and referral expenditures paid or incurred during the tax year. The credit is limited to \$150,000 per tax year.

Qualified childcare expenditures are amounts paid or incurred:

- To acquire, construct, rehabilitate, or expand property that:
  - Is to be used as part of a qualified childcare facility of the taxpayer,
  - 2. Is depreciable (or amortizable) property, and
  - 3. Is not part of the principal residence of the taxpayer or any employee of the taxpayer;
- For the operating expenses of a qualified childcare facility of the taxpayer, including expenses for training of employees, scholarship programs, and providing increased compensation to employees with higher levels of childcare training; or
- Under a contract with a qualified childcare facility to provide childcare services to employees of the taxpayer.

**Note.** Any expenses for childcare included in qualified childcare facility expenditures may not exceed the fair market value of such care.

A *qualified childcare facility* is a facility that meets the requirements of all applicable laws and regulations of the state or local government in which it is located, including the licensing of the facility as a childcare facility. The following conditions must also be met.

- The principal use of the facility must be to provide childcare (unless the facility is also the personal residence of the person operating the facility).
- Enrollment in the facility must be open to employees of the taxpayer during the tax year.

651106

		Final K-1	Ame	ended K-	1 OMB No. 1545-0099
Schedule K-1	D	art III			Current Year Income,
(Form 1065)	Pa	art III			s, and Other Items
Department of the Treasury For calendar year 2007, or tax	1	Ordinary I	ousiness income (loss		Credits
Internal Revenue Service year beginning, 2007			40	3	
ending	2	Net rental	real estate income (lo	ss)	
Partner's Share of Income, Deductions,				1	
Credits, etc. ▶ See back of form and separate instructions.	3	Other net	rental income (loss)	16	Foreign transactions
Part I Information About the Partnership	4	Guarantee	ed payments		
A Partnership's employer identification number					
69-000001	5	Interest in	come		
B Partnership's name, address, city, state, and ZIP code				1	
Sam Starling, LLP	6a	Ordinary of	dividends		
631 N McKinley Dr					
Reno, NV 89510	6b	Qualified	dividends		
	<u> </u>				
	7	Royalties			
C IRS Center where partnership filed return	<u> </u>				
Ogden	8	Net short-	term capital gain (loss	s)	
D	00	Not long t	torm conital gain (loss	<i>y</i>	
E Tax shelter registration number, if any	9a	Net long-	term capital gain (loss	S)   <b>17</b>	Alternative minimum tax (AMT) items
F  Check if Form 8271 is attached	Oh	Collectible	os (28%) gain (loss)		A 1
	9b	Collectible	es (28%) gain (loss)		
Part II Information About the Partner	9c	Unrecanti	ured section 1250 gai	n	
G Partner's identifying number	30	Onecapit	ared section 1230 gai	"	
000-00-0001  H Partner's name, address, city, state, and ZIP code	10	Not costi	1001 (lass)	18	Tax-exempt income and
	10	Net section	on 1231 gain (loss)	10	nondeductible expenses
Taxpayer A1	11	Other ine	ama (laga)	$\dashv$	C 4
PO Box 0001	''	Other inco	ome (loss)		
Reno, NV 89510					
	+				
General partner or LLC Limited partner or other LLC member-manager member				19	Distributions
	12	Section 1	79 deduction	-	A 376
J Domestic partner	-				
Les varies de la Individual	13	Other dec	luctions		
K What type of entity is this partner? Individual				20	Other information
L Partner's share of profit, loss, and capital:					
Beginning Ending   Profit .0005 %   .0005 %					A 1
Loss .0005 % .0005 %					
Capital .0005 % .0005 %					
	14	Self-emplo	yment earnings (loss)		
M Partner's share of liabilities at year end:					
Nonrecourse					
Qualified nonrecourse financing\$					
Recourse	*Se	ee attach	ed statement for	additio	onal information.
				٨	
N Partner's capital account analysis:				^	
Beginning capital account \$	<u>&gt;</u>				
Capital contributed during the year .\$	o				
Current year increase (decrease)\$607	Se				
Withdrawals & distributions \$ ( 376)	0.0				
Ending capital account\$	l $\frac{\pi}{2}$				
	For IRS Use Only				
Tax basis GAAP Section 704(b) book	"				
Other (explain)					

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

651106

				Final K-1	Ameno	led K-	1 OMB No. 15	545-0099
Schedule K-1		20 <b>17</b>	Pa	art III	Partner's Share	e of	Current Year Inco	ome,
(Form 1065)		Z\ <b>\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\</b>			Deductions, Cr	edit	s, and Other Item	s
Department of the Treasury	For calendar ye	ar 2007, or tax	1	Ordinary I	ousiness income (loss)	15	Credits	
Internal Revenue Service	year beginning	, 2007			8,068,140		K	4,000
	ending _	, 20	2	Net rental	real estate income (loss	)		
Partner's Share of	f Income, Dedu	ıctions,			20,312			3,560
Credits, etc.	► See back of form a	nd separate instructions.	3	Other net	rental income (loss)	16	Foreign transactions	
Part I Informat	tion About the Pa	artnershin	4	Guarantee	ed payments			
A Partnership's employer		ar triorornp	1		,			
69-000001			5	Interest in	come			
B Partnership's name, add	dress, city, state, and ZIP	code	1		9,265			
Sam Starling, LLP			6a	Ordinary of	dividends			
631 N McKinley Dr								
Reno, NV 89510			6b	Qualified	dividends			
<b>Q</b> 150 0 1 1			7	Royalties				
C IRS Center where partn	ership filed return		_	NI-t -bt				
Ogden			8	Net short-	term capital gain (loss)			
	oublicly traded partnership	, ,	9a	Net long-	term capital gain (loss)	17	Alternative minimum tax (A	MT) items
	ation number, if any					''	,	19,946
<b>F</b> ☐ Check if Form 827 <sup>-</sup>	i is attached		9b	Collectible	es (28%) gain (loss)			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Part II Informat	tion About the Pa	artner						
G Partner's identifying nur	mber		9с	Unrecaptu	ured section 1250 gain			
000-00-0022								
<b>H</b> Partner's name, address	s, city, state, and ZIP cod	de	10	Net section	on 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses	
Sam Starling								
PO Box 99			11	Other inco	ome (loss)		C	77,513
7 Birch Branch St Johns, NFLD								
Canada, AIC5N5								
I		nited partner or other LLC mber				19	Distributions	
J Domestic partner	For	reign partner	12	Section 1	79 deduction	1	A 7,5	14,031
		org. Parare.						
K What type of entity is th	nis partner? Individua	al	13	Other dec	luctions			
L Partner's share of profit						20	Other information	
Begi	nning	Ending						
Profit	10 %	10 %					<i>A</i>	9,265
Loss	10 %	10 %						
Capital	10 %	10 %	14	Self-emplo	yment earnings (loss)			
N. Dankarada ahan at Kabili	W t t		1	Con ompio	ymone carmigo (loce)			
M Partner's share of liabili	ities at year end: 	1,100,000						
l		,,						
			*Se	e attach	ed statement for a	dditio	onal information.	
N Partner's capital accour	nt analysis:							
Beginning capital accou	unt\$	4,488,892	<u></u>					
Capital contributed duri			Ŏ					
Current year increase (c	,		Jse					
Withdrawals & distributi		<u>7,514,031 )</u> 9,118,401	SS (					
Ending capital account	\$	3,110,401	For IRS Use Only					
Tax basis	GAAP Section 70	04(b) book	요					
Other (explain)		- (2)						

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

		651106
K-1 Amend		
		Current Year Income, s, and Other Items
nary business income (loss)	15	Credits
32,272,561		K 16,000
rental real estate income (loss)		
81,250		P 14,240
er net rental income (loss)	16	Foreign transactions
ranteed payments		
22,675,031		
est income		
37,060		
nary dividends		
lified dividends		
alties		
short-term capital gain (loss)		
long-term capital gain (loss)	17	Alternative minimum tax (AMT) items A 79,782
ectibles (28%) gain (loss)		7,75,752
ecaptured section 1250 gain		
section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
er income (loss)		C 310,051
	19	Distributions
ion 179 deduction		A 30,056,124
er deductions		
	20	Other information
		A 37,060
		1101,000
employment earnings (loss)		
A 55,024,842		
C 55,024,842	ddi+i-	anal information
tached statement for a	uuitiC	mai illioittiation.

			Final K-1	Amend	led K-1	OMB No. 1545-0099
	edule K-1 m 1065)	P	art III			Current Year Income, s, and Other Items
	tment of the Treasury For calendar year 2007, or tax	1	Ordinary	ousiness income (loss)	15	Credits
mema	year beginning, 200	7		32,272,561		K 16,000
	ending, 20	- 2	Net rental	real estate income (loss)		D 44 040
	tner's Share of Income, Deductions,	3	Other net	81,250	16	P 14,240
Cre	dits, etc. ▶ See back of form and separate instructions	i. 3	Other net	rental income (loss)	16	Foreign transactions
Pa	art I Information About the Partnership	4	Guarante	ed payments		
Α	Partnership's employer identification number			22,675,031		
	-0000001	5	Interest in			
В	Partnership's name, address, city, state, and ZIP code			37,060		
	m Starling, LLP	6a	Ordinary	dividends		
	1 N McKinley Dr	6b	Qualified	dividanda		
Ke	eno, NV 89510	66	Qualified	aividerias		
С	IRS Center where partnership filed return	7	Royalties			
	ins certer where partnership med return	8	Not short	term capital gain (loss)		
D	Check if this is a publicly traded partnership (PTP)	$\dashv$ $\degree$	Net Short-	term capital gain (loss)		
E	Tax shelter registration number, if any	9a	Net long-	term capital gain (loss)	17	Alternative minimum tax (AMT) items
F	Check if Form 8271 is attached					A 79,782
		9b	Collectible	es (28%) gain (loss)		
	art II Information About the Partner	-				
	Partner's identifying number	9c	Unrecapti	ured section 1250 gain		
	-1000001 Partner's name, address, city, state, and ZIP code	- 40	N-t ti-	1001 i (!)	18	Tax-exempt income and
		10	Net section	on 1231 gain (loss)	10	nondeductible expenses
l .	ırton and Jenkins Enterprise R 510 W	11	Other inc	ome (loss)		C 310,051
	nchorage, AK 99502	1		5111c (1005)		0 010,001
/	3101490,711100002					
_	General partner or LLC Limited partner or other LLC					
	member-manager member				19	Distributions
J	Domestic partner Foreign partner	12	Section 1	79 deduction		A 30,056,124
K	What type of entity is this partner? Partnership	_   13	Other dec	ductions		011 1 6 11
L	Partner's share of profit, loss, and capital:				20	Other information
	Beginning Ending Profit 40 % 40 %					A 37,060
	Profit 40 % 40 % Loss 40 % 40 %					A 37,000
	Capital 40 % 40 %					
	70 70	14	Self-emplo	syment earnings (loss)		
М	Partner's share of liabilities at year end:			A 55,024,842		
	Nonrecourse					
	Qualified nonrecourse financing\$			C 55,024,842		
	Recourse		ee attach	ed statement for a	dditic	nal information.
N	Partner's capital account analysis:					
	Beginning capital account \$ 17,955,567	_   ~				
	Capital contributed during the year .\$	-   ō				
	Current year increase (decrease)\$ 48,574,159	Use				
	Withdrawals & distributions \$ ( 30,056,124	1 8				
	Ending capital account \$ 30,473,002	For IRS Use Only				
	Tay hasis GAAP Section 704/b) hook	P				

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Other (explain)

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

## **TEST SCENARIO 10 (K-1 Aggregator)**

Test Scenario 10 uses the Form 1065 and related forms and schedules from Test Scenario 3, with these exceptions:

- The number of K-1's has been increased from 3 to 200,002
- The ordinary Business Income/Loss Statement is attached to all 200,002 K-1's.

Test Scenario 10 shows three K-1's: XYZ Management

**ABC Investments** 

Taxpayer B1 (990-00-0001)

Create the other 199,999 K-1's using this information:

- The partner's identifying number will increase by 1 (990-00-0002, 990-00-0003, 990-00-0004...through 990-20-0000)
- The partner's name will increase by 1 (Taxpayer B2, Taxpayer B3, Taxpayer B4...through Taxpayer B200,000)
- Use the same address as Taxpayer B1
- The 199,999 partners are limited partners, domestic partners, and individuals
- Use the same profit/loss/capitol percentages as Taxpayer B1

The Business Income Loss Statements attached to the K-1's will be:

#### Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

Taxpayer B1 through Taxpayer B200,000				
Credit Counseling 152				
Golf Course Management	76			
Financial Investment Services	1,296			

#### Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

XYZ Management	
Credit Counseling	4,064,909
Golf Course Managem	2,032,454
Financial Investment Service	34,551,726

## Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

ABC Investments	
Credit Counseling	6,097,363
Golf Course Management	3,048,682
Fininacial Investment Servic	51,827,588

#### **TEST SCENARIO 10**

#### FORMS REQUIRED:

1065, Schedule M-3 (Form 1065) 4562, 8865, 1065 SCH K-1 (200,002) 8865, 8865 SCH O, 8865 SCH P

#### **ATTACHMENTS:**

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement Other Income (Loss) Statement (Form 1065, Line7, Other Income (Loss) Ownership of Any Interest in Another Partnership or Foreign Entity Statement Section 754 Election

**BINARY ATTACHMENTS: None** 

**HEADER INFO** 

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

123 Any Street Anytown, NY 11717

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: ERO PractionerPIN:

EFIN: Self-select PIN: Self-select PIN Entered by – ERO

Signature Option: PIN Number

Return Type: 1065

**Filer:** EIN: 69-0000003

Name: Carlton Asset Management L P

Name Control: CARL

Address: 1678 South Hoover Blvd

San Francisco, CA 94101

**Partner:** Name: T Carlton

Title: President Taxpayer PIN: Phone: 555-555-5555

Email Address: Anymail@email.com

DateSigned: 03/15/2008

**Preparer:** Name: John Smith

SSN: 000-20-0001 Phone: 631-555-1212

Email Address: Anymail@email.com

Date Prepared: 03/14/2008

Self Employed: No

**IRS Payment:** N/A

#### **Details for attachments**

## Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement (Form 1065, Line 4)

Partnership, Estate or	Address	EIN	Trade or	Amount
Trusts Name			Business	
			Activity	
Mai Tai Investments	1-2-3 Ginsu Chuo-Ku	69-0000099	Security	\$10,229,525
	Tokyo, 190-2182		Dealing	·

### Other Income (Loss) Statement (Form 1065, Page 1, Line 7)

<b>Cancellation of Debt</b>	\$540,000		
Services Fees	\$399,880,252		

### Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Legal and Accounting	\$216,572
Bank Fees	\$142,080
Travel and Entertainment	\$40,000

### **Publicly Traded Partnership (Form 1065)**

3.5% Publicly	Overpayment	Balance Due	Zero Liability	Data Stream for
Traded				Computation
Partnership Tax				
\$14,372,742	0	0	0	Total Income
				multiplied by
				3.5%

## Ownership of Any Interest in Another Partnership or Foreign Entity Statement (Form 1065, Schedule B, Question 3)

Type of Entity	Entity Name	EIN	Country	
Partnership	Mai Tai Partnership	69-0000099	Japan	

## Section 754 Election (Form 1065, Page 2, Schedule B, Line 11)

Name of Partnership	Carlton Asset Management L P
Partnership Address	1678 South Hoover Blvd San Francisco, CA 94101
Section 754 Declaration	Made a section 754 declaration

### Income (loss) From Foreign Partnerships Schedule (Form 1065, Schedule M-3, Part II, Line 8)

Name	EIN	EOY Profit Sharing Percentage	EOY Loss Sharing Percentage	Income per Income Statement	Amount
Mai Tai Investments	69-0000099	25%	25%	\$10,229,525	\$10,229,525

	10	165		U.S. Return of Part	nershi	p Ind	come		OMB No. 1545-009	99		
Department of the Treasury Internal Revenue Service (77)			For calend	- •	2007							
A P	rincipal b	usiness activity		Name of partnership				D Employer identification number				
	<i>l</i> lanage		Use the IRS	Carlton Asset Managment, LP					69 000000	3		
<b>B</b> P	rincipal pro	oduct or service	label.	Number, street, and room or suite no. If a F	P.O. box, se	ee the ins	tructions.	E	Date business started	i		
	inanci	al Invest	Other- wise,	1678 South Hoover Blvd				丄	10/23/1998			
СВ	usiness c	ode number	print	City or town, state, and ZIP code					otal assets (see the nstructions)			
	52	23900	or type.	San Francisco, CA 94101				\$	6,725,256			
G H I J	Check a		thod: <b>(1)</b> [ K-1. Attach	Initial return (2) Final return (3) Cash (2) Accrual none for each person who was a partner attach Schedule M-3)	r at any tin	3) 🗍 O	ther (specify) ▶ g the tax year ▶					
Ca	ution. Ir	nclude <b>only</b> tr	ade or bus	siness income and expenses on lines	1a throug	gh 22 be	elow. See the instru	ıctions	for more informat	tion.		
	12 (	iross receipts	s or sales			1a						
				nces				1c				
				nedule A, line 8)				2				
e				ne 2 from line 1c				3				
Income		ordinary inco		4	10,229,525							
<u>n</u>	1	-	. ,	5								
	1	Net farm profit (loss) (attach Schedule F (Form 1040))										
	1	• •	•	ach statement)	,			7	400,420,252			
	8 T	otal income	(loss). Co	ombine lines 3 through 7				8	410,649,777			
ns)				ner than to partners) (less employments				9	1,179,658			
atio	1			o partners		•		10	561,900			
Ē				ce				11	8,610			
(see the instructions for limitations)								12				
tions	1							13	729,654			
truc								14	871,972			
si is	1							15				
e the				l, attach Form 4562)		16a	62,765					
	<b>b</b> Le	ess depreciat	tion report	ed on Schedule A and elsewhere on	return	16b		16c	62,765			
ons	<b>17</b> D	epletion (Do	not dedu	ict oil and gas depletion.)				17				
	<b>18</b> R	etirement pla	ans, etc					18	345,678			
Deduct	<b>19</b> E	mployee ber	efit progra	ams				19				
ec		ther deduction						20	398,652			
				the amounts shown in the far right		for line	s 9 through 20 .	21	4,158,889			
	22 O			ome (loss). Subtract line 21 from li		<u></u>		22	406,490,888	<u> </u>		
	gn ere	and belief, it is on all informat	s true, correction of which	declare that I have examined this return, inclust, and complete. Declaration of preparer (oth preparer has any knowledge.	ner than ger	npanying neral part	schedules and statemer ner or limited liability co	ompany N w	to the best of my known member manager) is that the IRS discuss this with the preparer shown belistructions)? Yes	based s return low (see		
_		, ,	or gorieral p	Salario. Or minited hability company member in	Date		Date		Preparer's SSN or PT	IN		
Pai	d	Preparer's signature			Date		Check if self-employed	_	Topaler 5 GON OF PT	11.4		
Pre	parer's	Firm's name (	or voure									
Use	Only	if self-employed address, and	ed),				EIN ► Phone no.	i	\			
_	D.::	,		duation Act Notice and activities	Am rediction		<u> </u>		, 1065	(000=		
For	Privacy	Act and Pap	erwork Re	duction Act Notice, see separate ins	tructions.		Cat. No. 11390Z		Form <b>1065</b>	(2007)		

Form	1065 (2007)	Р	age 2
_	hedule A Cost of Goods Sold (see the instructions)		
1	Inventory at beginning of year		
2	Purchases less cost of items withdrawn for personal use		
3	Cost of labor		
4	Additional section 263A costs (attach statement)		
5	Other costs (attach statement)		
6	Total Add lines i tillough 5		
7 8	Inventory at end of year		
	Check all methods used for valuing closing inventory:		
-	(i) Cost as described in Regulations section 1.471-3		
	(ii) Lower of cost or market as described in Regulations section 1.471-4		
	(iii) ☐ Other (specify method used and attach explanation) ▶		
b	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶		
С	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)	=	
	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? Yes Was there any change in determining quantities, cost, or valuations between opening and closing inventory?		No
е	Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation.	, Ш і	No
Sc	hedule B Other Information		
1	What type of entity is filing this return? Check the applicable box:	Yes	No
а	☐ Domestic general partnership b ☑ Domestic limited partnership		
С	☐ Domestic limited liability company d☐ Domestic limited liability partnership		
е	— · · · · · · · · · · · · · · · · · · ·		
2	Are any partners in this partnership also partnerships?	~	
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and		
	301.7701-3? If "Yes," see instructions for required attachment	V	
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section		
-	6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details .		~
5	Does this partnership meet all three of the following requirements?		
а	· [ · · · · · · · · · · · · · · · · · ·		
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
С	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including		_
	extensions) for the partnership return		
	or Item N on Schedule K-1.		
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and		
	8813. See the instructions		~
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?	~	
8	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		
9	At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial		
	account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the		
	name of the foreign country. ▶		~
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a		
	foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		<b>V</b>
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during		
	the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by at-		
	taching the statement described under <i>Elections Made By the Partnership</i> in the instructions	~	
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ▶		
	to this return 🚩		
	gnation of Tax Matters Partner (see the instructions) r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:		
	me of Identifying number		
TM	of TMP		
	dress of ignated		
TM			

Form **1065** (2007)

Form 1065 (2007) Schedule K Partners' Distributive Share Items Total amount 406,490,888 1 Ordinary business income (loss) (page 1, line 22) 2 2 Net rental real estate income (loss) (attach Form 8825) . 3a Other gross rental income (loss) . . . . . . . . 3b **b** Expenses from other rental activities (attach statement).  ${\bf c}\,$  Other net rental income (loss). Subtract line 3b from line 3a Зс 561,900 Income (Loss) Guaranteed payments . . . . . 4 36,525 5 Interest income . . . 6a Dividends: a Ordinary dividends **b** Qualified dividends 7 Royalties . . . . . . . . . . . . 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) 9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) **b** Collectibles (28%) gain (loss) . . . . . . . . . . . . . . . 9h 9с c Unrecaptured section 1250 gain (attach statement) . . . Net section 1231 gain (loss) (attach Form 4797) . . . . . . 10 Other income (loss) (see instructions) Type ▶ \_\_\_\_ 11 43,332 Self-Employ- Deductions ment 12 **12** Section 179 deduction (attach Form 4562) . . . . 13a Contributions . . . . . . . . . . . . 13a **b** Investment interest expense . 13b 13c(2) Section 59(e)(2) expenditures: **(1)** Type ▶ Other deductions (see instructions) Type ▶ 13d 41,210,989 14a Net earnings (loss) from self-employment . . . . . . . . . 14a 14b **b** Gross farming or fishing income . . . . . . . . . . . . **c** Gross nonfarm income . . . 41,210,989 14c 15a Low-income housing credit (section 42(j)(5)) . . . . . . . . . 15a **b** Low-income housing credit (other) . . . . . Credits 15c c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468). . 15d d Other rental real estate credits (see instructions) Type ▶ .... e Other rental credits (see instructions) 15e Type ▶ f Other credits (see instructions) Type ▶ 15f **16a** Name of country or U.S. possession ►JA 16b 10.229.525 Foreign Transactions **b** Gross income from all sources . . . . . . . . . . . . 16c c Gross income sourced at partner level . Foreign gross income sourced at partnership level d Passive category ► 10,229,525 e General category ► 16f Deductions allocated and apportioned at partner level 16h Deductions allocated and apportioned at partnership level to foreign source income 16k i Passive category ► \_\_\_\_\_ j General category ► \_\_\_\_\_ 632,510 I Total foreign taxes (check one): ▶ Paid ✓ Accrued □ . 16I m Reduction in taxes available for credit (attach statement) . 16m n Other foreign tax information (attach statement) . 17a Alternative Minimum Tax 17a Post-1986 depreciation adjustment . . . 17b b Adjusted gain or loss . . . . . .c Depletion (other than oil and gas) . . . 17c 17d d Oil, gas, and geothermal properties-gross income Oil, gas, and geothermal properties—deductions 17e Other AMT items (attach statement) 17f 18a Other Information 18a Tax-exempt interest income . **b** Other tax-exempt income . . . . 18b 18c 1,111 c Nondeductible expenses . . 19a 408,202,737 19a Distributions of cash and marketable securities 19b **b** Distributions of other property 36,525 20a 20a Investment income . . 20h **b** Investment expenses c Other items and amounts (attach statement)

Form **1065** (2007)

Form	1065 (2007)								Page 4
Ana	lysis of Net Inco	ome (Loss)							
	Net income (loss).	Combine Schedule						sum of <b>1</b>	406,413,471
2	Analysis by partner type:	(i) Corporate	(ii) Individu (active)	ual (iii	) Individi (passive)	ual	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
а	General partners						41,147,057		
	Limited partners				4,058	,516	361,207,898		
Sch	nedule L B	alance Sheets	er Books	T '	Beginn	ing of	tax year	End o	of tax year
		Assets		(a	1)		(b)	(c)	(d)
1	Cash						5,232,390		6,027,450
-		accounts receivable					0,200,000		3,0=2,100
		r bad debts							
						$\vdash$			
		obligations				$\vdash$			
		rities				$\vdash$			
6		ets (attach stateme	•			$\vdash$			
7		l estate loans .				_			
		s (attach statement)						4 000 050	
9a	Buildings and other	er depreciable ass	ets		621,74			1,682,950	
b	Less accumulated	depreciation .		1,	372,37	9	249,361	1,435,144	247,806
10a	Depletable assets								
b	Less accumulated	depletion				_			
11	Land (net of any a	amortization)				_			
12a	Intangible assets	(amortizable only)							
b	Less accumulated	amortization .							
13	Other assets (atta	ch statement) .				ш			
14	Total assets						5,481,751		6,275,256
		ties and Capital							
15							1,567,623		3,049,605
16		onds payable in les							
17		ilities (attach stater	-						
18		ans	,						540,000
19		bonds payable in 1 y							
20		tach statement)							
21	•	accounts					3,914,128		2,685,651
22		capital					5,481,751		6,275,256
Sch		econciliation of ote. Schedule M-3							
1	Net income (loss)	per books			<b>6</b> Inc	come	recorded on books t	this year not includ	led
2	, ,	Schedule K, lines 1, 2	I		1		edule K, lines 1 thro	•	100
_		and 11, not recorde			l		empt interest \$	,	
		mize):					pt		
3		nents (other than he			7 De		ions included on S		
•					l		13d, and 16l, no	,	
4		d on books this yea					come this year (ite		
-	•	dule K, lines 1 thro	I				iation \$		
	13d, and 16l (item								
а		,							
	•	ainment \$					es 6 and 7		
-							(loss) (Analysis of		
5	Add lines 1 throu	gh 4			lin	e 1).	Subtract line 8 from	n line 5	
Sch		nalysis of Partn		al Accour	nts				
1	Balance at beginn	ning of year		3,914,128	<b>6</b> Di	stribı	utions: <b>a</b> Cash		408,202,737
2		ed: <b>a</b> Cash						ty	
_	-1	<b>b</b> Property .			7 0	ther o	decreases (itemize	•	
3	Net income (loss)	per books	4.0	6,974,260				•	
4		itemize):							
•	5 th 10 mior 5 do 50 (i						es 6 and 7		
5	Add lines 1 throu	gh 4		0,888,388	1		at end of year. Subtr		
-			€	Printed on re					Form <b>1065</b> (2007)
									- ()

	<b>4562</b>		Depreciation	n and Am	ortizati	on		OMB No. 1545-0172
Form	4302		20 <b>07</b>					
	ment of the Treasury Il Revenue Service	► See	separate instructions.	► Attach	to your tax	return.		Attachment Sequence No. <b>67</b>
Name	(s) shown on return		Busine	ess or activity to w	hich this form	relates		Identifying number
Car	Iton Asset Manage	ement LP	Carlto	on Asset Man	agement L	.P		69-000003
Par			Certain Property Unsted property, comp			ı complete Par	+ 1	
1			ctions for a higher limit			•	1	\$125,000
2			y placed in service (se				2	43,332
3			operty before reduction				3	\$500,000
4			line 3 from line 2. If ze				4	
5			tract line 4 from line 1					
	separately, see in:	structions .	<u> </u>		<u> </u>	<u> </u>	5	
	(;	a) Description of pro	operty	(b) Cost (busines	s use only)	(c) Elected cos	t	
	Office Equipment				23,456		,456	
	Furniture/fixtures				19,876	19	,876	
7			t from line 29				_	40.000
8			property. Add amour				8	43,332
9			naller of line 5 or line				9	43,332
10	,		n from line 13 of your				10 11	125,000
11 12			smaller of business incom Add lines 9 and 10, b				12	43,332
13			o 2008. Add lines 9 and			arriirie i i , , , ,	12	43,332
			ow for listed property.					
						include listed p	roper	ty.) (See instructions.)
14 15	Special allowance property) and celluinstructions)	14 15						
16			RS)				16	43,76
Par	t III MACRS	Depreciation	(Do not include list		(See inst	tructions.)		
				Section A			47	40.000
17 18	If you are electing	to group any	aced in service in tax assets placed in servi	ice during the	tax year ii	nto one or more	17	18,999
			ere					
			ed in Service During (c) Basis for depreciation				eciati	ion System
(a)	Classification of property	y year placed in service	(business/investment use only—see instructions)	(d) Recovery period	(e) Conven	tion (f) Metho	d	(g) Depreciation deduction
19a	3-year property	_						
b	5-year property	_						
C	7-year property	_						
	10-year property 15-year property	_						
	20-year property	_						
	25-year property	_		25 yrs.		S/L		
	Residential rental			27.5 yrs.	MM	5/L		
n	property			27.5 yrs.	MM	5/L		
·	Nonresidential rea	.1		39 yrs.	MM	5/L		
•	property			1 - 0	MM	S/L		
	<u> </u>	-Assets Placed	in Service During 20	007 Tax Year			recia	ation System
20a	Class life					S/L		-
b	12-year			12 yrs.		S/L		
	40-year			40 yrs.	ММ	S/L		
Par	rt IV Summary	/ (see instructi	ons)					
21	Listed property. E						21	
22			lines 14 through 17, lillines of your return. Pa				22	62,765
23			ced in service during	-			-	
	enter the portion	of the basis att	ributable to section 20	63A costs .	. 23			
For F	Paperwork Reductio	n Act Notice, se	e separate instructions	·	Cat. No. 129	06N		Form <b>4562</b> (2007)

Form	4562 (2007)														Page 2
Pa		I Property (In			,				, cellula	r telep	ohone	es, cert	ain cor	nputer	s, and
	Note: /	For any vehicle 1b, columns (a)	for which	you ar	e using	the sta	andard	mileage					oense,	comple	te <b>only</b>
Sec	tion A—Depre												itomohi	iles )	
	Do you have evid											evidence			s⊡No
_ 14			(c)	111100011110			(e)					CVIGOTICG			(i)
Тур	(a) be of property (list vehicles first)	(b) Date placed in service	Business/ investment use percentage		<b>(d)</b> t or other basis		is for de	oreciation vestment nly)	(f) Recovery period	Met	( <b>g)</b> thod/ vention		(h) eciation luction	Ele secti	ected on 179 cost
25	Special allowance year and used mo	for qualified New ore than 50% in a co	York Liberty o	or Gulf Op ness use	portunity (see instr	Zone prouctions)	operty pla	aced in se	ervice durir	g the ta	x 25				
26		more than 50													
			%												
			%												
			%												
27	Property used	50% or less i	n a qualifie	d busir	ness us	se:									
			%							S/L -					
			%							S/L -				_	
			%							S/L -				_	
28		in column (h),									28				
29	Add amounts	in column (i), I											. 29	9	
Con	nplete this secti	on for vehicles							<b>/ehicles</b>	n 5% (	owner	" or rela	ated pe	rson.	
If you	provided vehicles	to your employee	s, first answe	r the que	stions in	Section	C to see	if you me	eet an exc	eption to	comp	leting this	section	for those	vehicles
	Tatal lavalages		- dolores	-	a)		b)	-	c)	(d	n		e)	(1	f)
30	during the year (	investment mile: do not include co	ommuting		cle 1		icle 2		cle 3	Vehic	-		icle 5	Vehi	-
31	,	miles driven during													
32		ersonal (noncon													
<b>02</b>															
33		en during the y													
34		e available for		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
04	use during off-		personal												
35	Was the vehic	le used primar owner or related	ily by a												
36	Is another vehic	cle available for	personal												
		Section C—Qu		r Emp	overs	Who P	rovide	⊥ Vehicle	s for Us	se by 1	Their	_ Employ	ees		
	wer these quest more than 5%	tions to determ	nine if you	meet a	n exce	ption to	comp	leting S	ection B	for ve	hicles	used b	y empl	oyees w	/ho <b>are</b>
37	Do you mainta	ain a written po	olicy staten	nent tha	at prohi	bits all	person	al use c	of vehicle	es, incl	uding	commu	ting,	Yes	No
		yees?													
38	See the instruct	a written policy ions for vehicles	used by co	orporate	officers	, directo	rs, or 19	% or mo	re owners	3					
39		all use of vehic													
40		le more than fi													
		vehicles, and													
41		e requirements o													
Do		nswer to 37, 38 t <b>ization</b>	s, 39, 40, oi	41 IS	res, a	o not co	ompiete	Section	1 B for tr	e cove	rea ve	nicies.			
Pal	rt VI Amori	uzauon										(-)			
	(a) Description	of costs	Date am	<b>b)</b> ortization gins		Amor	<b>c)</b> tizable ount		(d) Cod secti	le	Amoi per	(e) rtization iod or entage		<b>(f)</b> ortization t this year	for
42	Amortization of	f costs that beg	gins during	your 20	07 tax y	year (se	e instru	ctions):			Perc	-mage			
43		of costs that be	_	-		-						43			
44	Total. Add am	nounts in colun	nn (f). See	the ins	truction	ns for w	here to	report				44			
					<b>(</b> €) P.	rinted on r	ecycled pa	aper					F	orm <b>456</b>	<b>2</b> (2007
					•										

## SCHEDULE O (Form 8865)

## Transfer of Property to a Foreign Partnership

(under section 6038B)

OMB No. 1545-1668

▶ Attach to Form 8865. See Instructions for Form 8865.

Department of the Treasury Internal Revenue Service Name of transferor Filer's identifying number Carlton Asset Management, LP 69-000003 Name of foreign partnership

D	ents						
Type of property	(a) Date of transfer	(b) Number of items transferred	(c) Fair market value on date of transfer	(d) Cost or other basis	(e) Section 704(c) allocation method	<b>(f)</b> Gain recognized on transfer	(g) Percentage interest in partnership after transfer
Cash							
Marketable securities							
Inventory							
Tangible - property used in trade or business	08/09/2007	4	12,345	16,000			25
Intangible property							
Other property							
Supplemental II	nformation Req	uired To Be	Reported (see in	structions):			
Part II Disp	positions Repo	rtable Unde	r Section 6038B				
(a) Type of property	(b) Date of original transfer	(c) Date of disposition	(d) Manner of disposition	<b>(e)</b> Gain recognized by partnership	(f) Depreciation recapture recognized by partnership	(g) Gain allocated to partner	(h) Depreciation recapture allocated to partner
Part III Is a	ny transfer repo	rted on this	schedule subject t	to gain recognition	under section	n 904(f)(3) or	

For Paperwork Reduction Act Notice, see the Instructions for Form 8865.

Cat. No. 25909U

Schedule O (Form 8865) 2007



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#### SCHEDULE P (Form 8865)

#### **Acquisitions, Dispositions, and Changes of Interests** in a Foreign Partnership

OMB No. 1545-1668

2007

Department of the Treasury
Internal Revenue Service

Name of person filing Form 8865

(under section 6046A) ▶ Attach To Form 8865. See Instructions for Form 8865.

Filer's identifying number **Carlton Asset Management LP** 69-0000003

Name of foreign partnership

Mai Tai Investments					
Part I Acquisitions					
(a) Name, address, and identifying number of person from whom your interest was acquired	(b) Date of acquisition	(c) FMV of interest acquired	(d) Basis in interest acquired	(e) % of interest before acquisition	(f) % of interest after acquisition
Mai Tai Investments 123 Ginsu,Chuo-Ku	08/09/2007	12,345	16,000	0	25
Tokyo, 1902182 69-0000099					
Part II Dispositions					
(a) Name, address, and identifying number of person who acquired your interest	(b) Date of disposition	(c) FMV of interest disposed	(d) Basis in interest disposed	(e) % of interest before disposition	(f) % of interest after disposition
D III Observe in Description of	Indana d				
Part III Change in Proportional	Interest				
(a) Description of change	<b>(b)</b> Date of change	<b>(c)</b> FMV of interest	<b>(d)</b> Basis in interest	(e) % of interest before change	(f) % of interest after change
Part IV Supplemental Informati	on Required 10	Be Reported (S	see instructions)		

For Paperwork Reduction Act Notice, see the Instructions for Form 8865.

Cat. No. 25943Q

Schedule P (Form 8865) 2007



Form **8865** 

# Return of U.S. Persons With Respect to Certain Foreign Partnerships

► Attach to your tax return. See separate instructions. Information furnished for the foreign partnership's tax year

20**07** 

Interna	al Revenue S	Service		beginning	01/01	, 2007,	and end	ling	12/31	, :	20 <mark>07</mark>	Seque	ence No	o. <b>118</b>
Name	e of persor	n filing this	s return					Filer's	identifying	number		•		
Car	Iton Asse	t Manag	ement, LP								69-000000	3		
			ot filing this form with	h your tax re	eturn)	A Catego	ry of filer (s	see Cat	tegories of Fi	ilers in the	e instructions and	check applica	able box	(es)):
167	8 S Hoove	er Blvd				1 [	2	: 🗆	3 🗸	4	1 🗌			
	Francisc		101			D Filowio	tax vear b		01/01		07 , and end	ding 12/	31	20 .07
						<b>B</b> Filers	tax year t	eginni	ing	, 20	, and end	aing	, 4	20
С	Filer's s	hare of I	iabilities: Nonred	course \$		Qualifie	d nonred	course	e financing	\$	4,800,000	Other \$		
D	If filer is	a memb	per of a consolic	dated grou	up but not the p	oarent, ent	er the fo	llowin	g informati	on abou	ut the parent:			
	Name								EIN					
	Address	3												
_	la fa ma a	#! l			!	.\								
<u>E</u>	Intorma	tion abou	ut certain other	partners (	see instructions	5)					(4) Choo	ck applicable	hoy/os	\ \
		(1) Nam	е		<b>(2)</b> Addre	ess		<b>(3)</b> Ic	dentifying nu	mber	Category 1	Category 2		tructive owner
											Category	Category	2  001151	Tuctive Owner
F1	Name a	nd addre	ess of foreign pa	L artnership							2 EIN (if any	/)		
		i Investn										69-00000	90	
		insu, Ch									3 Country u			organized
		190-218									Japan			9
4	Date of		5 Principal pl	ace	6 Principal bus	siness	7 Prin	cipal b	ousiness	<b>8a</b> Fu	nctional currer	ncy 8b E	xchan	ge rate
	organiza	ation	of business		activity code	number	activ						see ins	
	09/13/19	992	Japan		523110	0	Securit	y Dea	ling	Yen		.8739	)	
G	Provide	the follo	wing information	n for the f	oreign partners	hip's tax y			<u> </u>					
1	Name, a	address,	and identifying	number o	f agent (if any)	in the	<b>2</b> C	heck i	if the foreig	gn partn	ership must fi	ile:		
	United S	States						For	m 1042	F	orm 8804	Form	1065 c	or 1065-B
							Se	rvice (	Center where	Form 1	065 or 1065-B i	s filed:		
3			ess of foreign pa	artnership	's agent in cour	ntry of					rson(s) with cu			
	organiza	ation, if a	any						or the fore cords, if dif		tnership, and	the locatio	n ot su	icu pook
5	Were ar	ny specia	al allocations ma	ade by the	e foreign partne	rship?						. ▶ ∟	Yes	✓ No
6	Enter th	e numbe	er of Forms 885	8, Informa	tion Return of l	J.S. Perso	ns With I	Respe	ect To Fore	eign Disr	regarded Entit	ies,		
			return (see instr	,							Doutmorphi	<u>.</u> ▶		
7		•	nership classifie			•		•		. ▶	Partnershi	р		
8		•	hip own any sep			•	Regulatio	ns se	ection 1.150	03-2(c)(3	3) or (4)? .	. ▶ ∟	Yes	✓ No
9			ership meet both											
			ip's total receip		•						]	▶ □	Vac	✓ No
			he partnership's complete Sche			of the tax	year was	less '	than \$600,	000.			163	L NO
Sign I			enalties of perjury,		-	ined this re	turn, inclu	ıdina a	accompanvir	na sched	ules and stater	ments. and t	o the b	est of my
Only Are F	If You	knowledg	e and belief, it is	true, corre	ect, and complete	e. Declaratio								
This I	Form	based on	all information of	which prep	parer has any kno	wledge.								
	lot With													
Your Retur		Signa	ature of general pa	artner or lin	nited liability comp	pany membe	ər			D	ate			
Paid I	Preparer	Preparer's	`					ate				Preparer'	s SSN o	or PTIN
Sign a	and	signature								Check self-en	nployed ►	000	-20-00	01
Only	If Form	Firm's na		Electro	nic Tax Filers,	Inc					EIN ► 69		000098	
is Filed Separately.		yours if self-employed), address, and ZIP code 123 Any Street Anytown, NY 11717						Phone no. (	631 )	555-1	212			

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 25852A

		i (2007) ule A	check box b, enter t	hip of Partnership Interest he name, address, and U.S est you constructively own. S	S. taxp	ayer identifying			
			a ✓ Owns a direct inte		b [	Owns a construc	tive int	erest	
			Name	Address		Identifying number (if	any)	Check if foreign person	Check if direct partner
Cal	rton /	Asset Mana	gement, LP	1678 Hoover Blvd, San Francisco	CA	69-0000098		person	V
				CA 94101					
Sc	hed	ule A-1	Certain Partners of F	oreign Partnership (see inst	ruction	s)			
			Name	Address		Identifying num	ber (if	any)	Check if foreign person
				person as a direct partner? .				es	☐ No
Sc	hed	ule A-2		List all partnerships (foreign or indirectly owns a 10% into		mestic) in which	the 1	foreign pa	artnership
			Name	Address	erest.	EIN (if any)	1	al ordinary me or loss	Check if foreign partnership
Sc	hed	ule B	Income Statement—1	Trade or Business Income					
Cau	ıtion.	. Include <b>or</b>	nly trade or business income	e and expenses on lines 1a throug	gh 22 be	low. See the instru	ctions	for more in	formation.
	l		eipts or sales		1a 1b		1c		
			rns and allowances oods sold		ID		2		
ne		_	ofit. Subtract line 2 from lir				3		
Incon	4			tnerships, estates, and trusts <i>(atta</i>	 ach state	ement)	4		
<u>Ľ</u>	5	-		ule F (Form 1040))		,	5		
	6			rt II, line 17 (attach Form 4797)			6		
	7	Other inco	ome (loss) <i>(attach stateme</i>	nt)			7		
	8	Total inco	ome (loss) Combine lines	3 through 7			8		
_	9			partners) (less employment credi			9		
	10						10		
ns)	11						11		
nitatio	12						12		
for lin	13	Rent					13		
ions	14	Taxes and	d licenses				14		
struc	15				1 1		15		
(see instructions for limitations)				m 4562)	16a 16b		16c		
3							17		
ior	17 18			as depletion.)			18		
ncı	19						19		
Deductions	20						20		
	21	Total dedu	ictions. Add the amounts sho	own in the far right column for lines	9 throug	jh 20	21		
	22	Ordinary	husiness income (loss) fro	m trade or business activities. Su	htract lir	ne 21 from line 8	22		

Form 8865 (2007) Page 3 Schedule D **Capital Gains and Losses** Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less (a) Description of property (c) Date sold (month, day, year) (d) Sales price (see instructions) (f) Gain or (loss) Subtract (e) from (d) (b) Date acquired (month, day, year) (e.g., 100 shares of "Z" Co.) (e) Cost or other basis (see instructions) 2 Short-term capital gain from installment sales from Form 6252, line 26 or 37. Short-term capital gain (loss) from like-kind exchanges from Form 8824 . 3 3 Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital 4 Net short-term capital gain or (loss). Combine lines 1 through 4 in column (f). Enter here and on Form 8865, Schedule K, line 8 or 11 5 Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year (a) Description of property (e.g., 100 shares of "Z" Co.) (b) Date acquired (month, day, year) (c) Date sold (month, day, year) (d) Sales price (see instructions) (e) Cost or other basis (see instructions) (f) Gain or (loss) Subtract (e) from (d) 6 7 Long-term capital gain from installment sales from Form 6252, line 26 or 37. 8 Long-term capital gain (loss) from like-kind exchanges from Form 8824. . Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital 9 10 10 Capital gain distributions . 11

Form **8865** (2007)

11

Form 88		•		Р	age 4
Sche	dule	K Partners' Distributive Share Items		Total amount	
	1	Ordinary business income (loss) (page 2, line 22)	1		
	2	Net rental real estate income (loss) (attach Form 8825)	2		
		Other gross rental income (loss)			
		Expenses from other rental activities (attach statement)			
		Other net rental income (loss). Subtract line 3b from line 3a	3c		
Income (Loss)	4		4		
	_	Guaranteed payments	5		
	5	Interest income	6a		
Je	0	Dividends: a Ordinary dividends	- Ou		
o	l _	D ddained dividends	7		
nc	7	Royalties	8		
_	8	Net short-term capital gain (loss)			
	9a	Net long-term capital gain (loss)	9a		
		Collectibles (28%) gain (loss)	-		
	С	Unrecaptured section 1250 gain (attach statement)			
	10	Net section 1231 gain (loss) (attach Form 4797)	10		
	11	Other income (loss) (see instructions) Type	11		
Deductions	12	Section 179 deduction (attach Form 4562)	12		
ţi	13a	Contributions	13a		
S		Investment interest expense	13b		
pa		Section 59(e)(2) expenditures: (1) Type ▶	13c(2)		
	d	Other deductions (see instructions) Type ▶	13d		
Self- Employ- ment	14a	Net earnings (loss) from self-employment	14a		
±월葉		Gross farming or fishing income	14b		
SE	С	Gross nonfarm income	14c		
		Low-income housing credit (section 42(j)(5))	15a		
(0		Low-income housing credit (other)	15b		
Credits		Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c		
ě	1		15d		
Ō	1	Other rental real estate credits (see instructions)  Other rental estate credits (see instructions)  Type	15e		
		Other rental credits (see instructions)  Other credits (see instructions)  Type  Type	15f		
			131		
G		Name of country or U.S. possession ▶	16b		
ü		Gross income from all sources			
ij	С	Gross income sourced at partner level	16c		
sac		Foreign gross income sourced at partnership level	101		
ansactions	d	Passive category ► f Other ►	16f		
μ̈́		Deductions allocated and apportioned at partner level			
	g	Interest expense ▶	16h		
Foreign		Deductions allocated and apportioned at partnership level to foreign source income			
ō	1	Passive category ► j General category ► k Other ►	16k		
ш	- 1	Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued	161		
		Reduction in taxes available for credit (attach statement)	16m		
	n	Other foreign tax information (attach statement)			
× "	17a	Post-1986 depreciation adjustment	17a		
Alternative Minimum Tax (AMT) Items	1	Adjusted gain or loss	17b		
lati He		Depletion (other than oil and gas)	17c		
E E	1	Oil, gas, and geothermal properties—gross income	17d		
<b>ĕ</b> ≣₩	1	Oil, gas, and geothermal properties—deductions	17e		
,Σς		Other AMT items (attach statement)	17f		
			18a		
<u>.</u> 0	1	Tax-exempt interest income	18b		
lat	1	Other tax-exempt income	18c		
Ľ.	1	Nondeductible expenses			
Je		Distributions of cash and marketable securities	19a		
Other Information	1	Distributions of other property	19b		
Je.		Investment income	20a		
₹		Investment expenses	20b		
_	C	Other items and amounts (attach statement)			

Form 8865 (2007) Page 5 Schedule L Balance Sheets per Books. (Not required if Item G9, page 1, is answered "Yes.") Beginning of tax year End of tax year **Assets** (a) (b) (c) **1** Cash . . . 2a Trade notes and accounts receivable . **b** Less allowance for bad debts . . . 3 Inventories . . . . . . . 4 U.S. government obligations . . . . . 5 Tax-exempt securities . . . . . Other current assets (attach statement) 7 Mortgage and real estate loans . . . 8 Other investments (attach statement) . 9a Buildings and other depreciable assets. . **b** Less accumulated depreciation . . . **b** Less accumulated depletion . . . 11 Land (net of any amortization). . . 12a Intangible assets (amortizable only) . . **b** Less accumulated amortization . . . 13 Other assets (attach statement) . . . . . 14 Total assets. . . . . . . **Liabilities and Capital** 15 Accounts payable . . . . . . Mortgages, notes, bonds payable in less than 1 year. 17 Other current liabilities (attach statement) . . . **18** All nonrecourse loans . . . . . . . . 19 Mortgages, notes, bonds payable in 1 year or more. Other liabilities (attach statement) . . . . . 20 Partners' capital accounts . . . . . . . . 21 Total liabilities and capital

Form	8865 (2007)				P	age 6
Sc	hedule M Balance Sheets for Intere	est Allocation				
				(a) Beginning of tax year	<b>(b)</b> End of tax year	
	General category (attach statement) Other		· ·		ot required if Item G9.	page
	1, is answered "Yes.")			(		
1 2 3	Net income (loss) per books .  Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11 not recorded on books this year (itemize):  Guaranteed payments (other than health insurance)		yea line a Tax 7 Dec K, I cha	ome recorded on books this r not included on Schedule K, s 1 through 11 (itemize): -exempt interest \$		
4 a	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):  Depreciation \$		a Dep	r (itemize):		
	Travel and entertainment \$		9 Inc	d lines 6 and 7		
	Add lines 1 through 4 hedule M-2 Analysis of Partners' Ca	apital Account	<b>s.</b> (Not	m line 5	1. is answered "Yes	.")
<u>Sc.</u>	Balance at beginning of year .	apital Account		ributions: a Cash	i, is answered. Yes	· )
3 4	Capital contributed:  a Cash b Property  Net income (loss) per books Other increases (itemize):		7 Oth	<b>b</b> Property er decreases (itemize):		
5	Add lines 1 through 4		<ul><li>8 Add</li><li>9 Bal</li></ul>	d lines 6 and 7 ance at end of year. Subtract 8 from line 5		

Form 8865 (2007) Page 7

#### Transactions Between Controlled Foreign Partnership and Partners or Other Related Entities Important: Complete a separate Form 8865 and Schedule N for each controlled foreign partnership. Enter the totals for each type of transaction that occurred between the foreign partnership and the persons listed in columns (a) through (d).

liai	isaction that occurred between	the foreign partnership and t	ne persons listed in colu	iriris (a) trirougii (u).	
Transactions of foreign partnership		(a) U.S. person filing this return	(b) Any domestic corporation or partnership controlling or controlled by the U.S. person filing this return	(c) Any other foreign corporation or partnership controlling or controlled by the U.S. person filing this return	(d) Any U.S. person with a 10% or more direct interest in the controlled foreign partnership (other than the U.S. person filing this return)
1	Sales of inventory Sales of property rights				
_	(patents, trademarks, etc.)				
3	technical, managerial, engineering, construction, or like services				
4	Commissions received .				
5	Rents, royalties, and license fees received				
6 7	Distributions received Interest received				
8	Other				
9	Add lines 1 through 8				
10	Purchases of inventory .				
11	Purchases of tangible property other than inventory				
12	Purchases of property rights (patents, trademarks, etc.)				
	Compensation paid for technical, managerial, engineering, construction, or like services				
14	Commissions paid				
15	Rents, royalties, and license fees paid				
	Distributions paid				
17	Interest paid				
18	Other				
19	Add lines 10 through 18 .				
20	Amounts borrowed (enter the maximum loan balance during the year) —see instructions				
21	Amounts loaned (enter the maximum loan balance during the year)—see instructions				
_	· · · · · · · · · · · · · · · · · · ·	1	1	1	Form <b>8865</b> (2007)

Form **8865** (2007)



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				Final K-1	Ame	nded K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)		2007	Pa	art III			Current Year Income, s, and Other Items
Department of the Treasury Internal Revenue Service	For calenda	r year 2007, or tax	1	Ordinary I	business income (loss	) 15	Credits
Internal Revenue Service	year beginni	ng, 2007			40,649,08	_	
Partner's Share of		ductions,	2	Net rental	real estate income (los	ss)	
Credits, etc.	,	m and separate instructions.	3	Other net	rental income (loss)	16	Foreign transactions
Double Information	an Alassit tha	Doubeauskin	1	Cuaranta	-d		A Japan
Part I Informati  A Partnership's employer id	on About the	Partnersnip	4	Guarantee	ed payments <b>561,90</b>	0	B 1,022,953
69-000003			5	Interest in	•		D 1,022,933
B Partnership's name, add	ress, city, state, and	ZIP code	1		3,65	3	D 1,022,953
Carlton Asset Manage	ement I P		6a	Ordinary of	dividends		
1678 S Hoover Blvd	51110111 <b>2</b> 1						L 63,251
San Francisco, CA 94	101		6b	Qualified	dividends		
C IDS Contar where portro	rabin filed return		7	Royalties			
C IRS Center where partne  Ogden	rsnip filea return		8	Not about	torm conital gain (loss)		
		(DTD)	+ °	Net Short-	term capital gain (loss)	'	
D Check if this is a pu  E Tax shelter registrati			9a	Net long-	term capital gain (loss	) 17	Alternative minimum tax (AMT) items
F Check if Form 8271							
	To attached		9b	Collectible	es (28%) gain (loss)		
	on About the	Partner					
G Partner's identifying num	ber		9c	Unrecapti	ured section 1250 gai	וי	
<b>69-3000001 H</b> Partner's name, address,	city state and ZID	anda	10	N-44'-	1001 ' (!)	18	Tax-exempt income and
	, city, state, and zir	code	10	Net section	on 1231 gain (loss)	10	nondeductible expenses
XYZ Management 7272 W Truman Ave			11	Other inco	ome (loss)		C 111
Sacramento, CA 9581	3				,		
·							
I ✓ General partner or	LLC	Limited partner or other LLC				10	Di a ii a ii
member-manager		member	12	Section 1	79 deduction	19 	Distributions
J Domestic partner		Foreign partner	12	Section	4,33	3	A 40,820,274
K What type of entity is this	- northora Partne	ership	13	Other dec		_	
<ul><li>K What type of entity is this</li><li>L Partner's share of profit,</li></ul>		, , , , , , , , , , , , , , , , , , ,				20	Other information
Begin		Ending					
Profit	10 %	10 %					A 3,653
Loss	10 %	10 %					
Capital	10 %	10 %	14	Solf omple	syment earnings (loss)		
			'-	Sell-emplo	A 41,210,98	0	
M Partner's share of liabilitie	•	54,000			A 41,210,90		
Nonrecourse  Qualified nonrecourse fin		54,000			C 41,210,98	9	
Recourse	3		*Se	e attach	ed statement for		onal information.
N Partner's capital account	analysis:						
Beginning capital accour	nt\$	391,413	<del>\</del>				
Capital contributed durin	•	40,697,426	0				
Current year increase (de		40,820,274	Use				
Withdrawals & distributio Ending capital account	ns\$ <u>(                                    </u>	265,565	RS				
		22,230	For IRS Use Only				
Tax basis G/	AAP Sectio	n 704(b) book	Ľ				
Other (explain)							

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Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

651106

			Final K-1	Amende	ed K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)	2007	Pa	41 6 111			Current Year Income, s, and Other Items
Department of the Treasury Internal Revenue Service	For calendar year 2007, or tax	1	Ordinary business incom	ne (loss)	15	Credits
internal Revenue Service	year beginning, 2007	<u> </u>		73,633		
Dawlmania Chana af	ending, 20	2	Net rental real estate inco	ome (loss)		
Credits, etc.	Income, Deductions, ► See back of form and separate instructions.	3	Other net rental income	(loss)	16	Foreign transactions  A Japan
Part I Informati	on About the Partnership	4	Guaranteed payments			A Supun
A Partnership's employer id	dentification number					B 1,534,430
69-0000003		5	Interest income			
<b>B</b> Partnership's name, addı	ress, city, state, and ZIP code	_	0 11 11 1	5,479		D 1,534,430
Carlton Asset Manage	ement LP	6a	Ordinary dividends			L 94,877
1678 S Hoover Blvd San Francisco, CA 94	101	6b	Qualified dividends			L 34,077
		7	Royalties			
C IRS Center where partne	rship filed return					
Ogden		8	Net short-term capital ga	in (loss)		
	blicly traded partnership (PTP)	9a	Net long-term capital ga	in (loss)	17	Alternative minimum tax (AMT) items
E	ion number, if any	"	The rong term capital ga	(1000)	17	Alternative minimum tax (AWT) items
F Check if Form 8271	is attached	9b	Collectibles (28%) gain (	loss)		
Part II Informati	on About the Partner					
G Partner's identifying num	ber	9c	Unrecaptured section 12	250 gain		
69-3000002  H Partner's name, address,	city state and 7ID code	10	Not costion 1001 main (I		18	Tax-exempt income and
	, only, state, and zii code	10	Net section 1231 gain (le	088)		nondeductible expenses
ABC Investments 93 E Oaks Dr		11	Other income (loss)			C 167
Los Angeles, CA 9005	52					
General partner or member-manager	LLC Limited partner or other LLC member			-	19	Distributions
J Domestic partner	Foreign partner	12	Section 179 deduction			A 61,230,411
<b>b</b> Domestic partner	Toreign partite			6,500		, ,
K What type of entity is this	s partner? Partnership	13	Other deductions			
L Partner's share of profit,					20	Other information
<b>Begin</b> Profit	ning Ending 15 %					A 5,479
Loss	15 % 15 %					A 0,470
Capital	15 % 15 %					
		14	Self-employment earnings	(loss)		
M Partner's share of liabilities	,					
	\$81,000					
Qualified nonrecourse fin		*Se	ee attached stateme	nt for ac	ditio	onal information.
Recourse						
N Partner's capital account						
Beginning capital accour	nt \$ <b>587,119</b>	<u></u>				
Capital contributed durin	04 040 400	Ō				
Current year increase (de	( 61 220 411 )	Use				
Withdrawals & distributio Ending capital account	ns	RS				
		For IRS Use Only				
	AAP Section 704(b) book	"				
Other (explain)						

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Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

		Final K-1 Amen	ded K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065) 20 <b>07</b>	Pa			Current Year Income, s, and Other Items
Department of the Treasury For calendar year 2007, or tax Internal Revenue Service	1	Ordinary business income (loss)	15	Credits
year beginning, 2007	2	1,524  Net rental real estate income (loss	-	
Partner's Share of Income, Deductions,	-	Net rental real estate income (loss	9)	
Credits, etc. ► See back of form and separate instructions.	3	Other net rental income (loss)	16	Foreign transactions
	_			A Japan
Part I Information About the Partnership  A Partnership's employer identification number	4	Guaranteed payments		D 20
69-000003	5	Interest income		B 38
B Partnership's name, address, city, state, and ZIP code	1			D 38
Carlton Asset Management LP	6a	Ordinary dividends		
1678 S Hoover Blvd				L 2
San Francisco, CA 94101	6b	Qualified dividends		
	7	Royalties		
C IRS Center where partnership filed return				
Ogden	8	Net short-term capital gain (loss)		
D Check if this is a publicly traded partnership (PTP)	9a	Net long-term capital gain (loss)	17	Alternative minimum tay (AMT) items
E  Tax shelter registration number, if any	"	The long term papital gain (1999)	''	Alternative minimum tax (AMT) items
F	9b	Collectibles (28%) gain (loss)		
Part II Information About the Partner		11 1050		
G Partner's identifying number  99-000001	9c	Unrecaptured section 1250 gain		
H Partner's name, address, city, state, and ZIP code	10	Net section 1231 gain (loss)	18	Tax-exempt income and
Taxpayer B1		, ,		nondeductible expenses
888 NW Peach St	11	Other income (loss)		
San Francisco, CA 94101				
☐ General partner or LLC	1			
member-manager member			19	Distributions
J Domestic partner Foreign partner	12	Section 179 deduction		A 1,531
K What type of entity is this partner? Individual	13	Other deductions	1	
What type of entity is this partner?			20	Other information
Beginning Ending				
Profit .000375% .000375% Loss .000375% .000375%				
Loss .000375% .000375%  Capital .000375% .000375%				
<u>Capital</u>	14	Self-employment earnings (loss)		
M Partner's share of liabilities at year end:				
Nonrecourse				
Qualified nonrecourse financing\$	*Se	ee attached statement for a	additi	onal information.
Recourse				
N Partner's capital account analysis:				
Beginning capital account \$15	Şu			
Capital contributed during the year .\$	(e)			
Withdrawals & distributions \$ ( 1,531 )	l S			
Ending capital account\$	For IRS Use Only			
Taubasia Conne	For			
☐ Tax basis ☐ GAAP ☑ Section 704(b) book ☐ Other (explain)				

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Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

#### SCHEDULE M-3 (Form 1065)

Department of the Treasury Internal Revenue Service

## Net Income (Loss) Reconciliation for Certain Partnerships

► Attach to Form 1065 or Form 1065-B.
 ► See separate instructions.

OMB No. 1545-0099

2007

Name of partnership		Employer id	entification number
Carlton Asset Management, LP		69	0000003
This Schedule M-3 is being filed because (check all the	at apply):		
$f A \ \Box$ The amount of the partnership's total assets at the end	of the tax year is equal to \$10 m	nillion or more.	
$f B \ \Box$ The amount of the partnership's adjusted total assets for	or the year is equal to \$10 millio	n or more. If b	ox B is checked,
enter the amount of adjusted total assets for the tax year	ar		
C ✓ The amount of total receipts for the taxable year is eq receipts for the tax year 410,686,302.	ual to \$35 million or more. If bo	x C is checke	d, enter the total
D ☐ An entity that is a reportable entity partner with respect percent or more in the partnership's capital, profit, or lo			
Name of Reportable Entity Partner	Identifying Number		centage Owned or ed Owned
E □ Voluntary Filer			
Part I Financial Information and Net Income (Loss	) Reconciliation		
1a Did the partnership file SEC Form 10-K for its income stat	ement period ending with or with	nin this tax yea	r?
Yes. Skip lines 1b and 1c and complete lines 2 throug	h 11 with respect to that SEC Fo	orm 10-K.	
☐ No. Go to line 1b. See instructions if multiple non-tax-l	oasis income statements are pre	pared.	
<b>b</b> Did the partnership prepare a certified audited non-tax-base	sis income statement for that pe	riod?	
☐ Yes. Skip line 1c and complete lines 2 through 11 with	respect to that income stateme	nt.	
■ No. Go to line 1c.			
c Did the partnership prepare a non-tax-basis income stater	nent for that period?		
☐ Yes. Complete lines 2 through 11 with respect to that	income statement.		
☐ <b>No.</b> Skip lines 2 through 3b and enter the partnership's		and records o	n line 4.
2 Enter the income statement period: Beginning 01 /		. / <b>31</b> / 20	
3a Has the partnership's income statement been restated for	9		
☐ Yes. (If "Yes," attach an explanation and the amount o	·		
✓ No.	,		
<b>b</b> Has the partnership's income statement been restated for any	of the five income statement period	ods preceding t	he period on line 21
☐ <b>Yes.</b> (If "Yes," attach an explanation and the amount of	·	3	
✓ No.	,		
4 Worldwide consolidated net income (loss) from income sta	tement source identified in Part	I. line 1 4	406,974,260
5a Net income from nonincludible foreign entities (attach sche		5a	(
<b>b</b> Net loss from nonincludible foreign entities (attach schedu	•	nt) 5b	
6a Net income from nonincludible U.S. entities (attach schedu	·	·	( )
<b>b</b> Net loss from nonincludible U.S. entities (attach schedule	and enter as a positive amount)	6b	
7a Net income (loss) of other includible disregarded entities (a	attach schedule)	7a	
<b>b</b> Net income (loss) of other includible entities (attach sched	ule)	7b	
8 Adjustment to eliminations of transactions between inclu-	dible entities and nonincludible	entities	
(attach schedule)			
9 Adjustment to reconcile income statement period to tax ye			
10 Other adjustments to reconcile to amount on line 11 (attack			
11 Net income (loss) per income statement of the partner	ship. Combine lines 4 through 10	) , , <b>  11</b>	406,974,260

Schedule M-3 (Form 1065) 2007 Page **2** 

Name of partnership

Carlton Asset Management, LP

Employer identification number
69
0000003

### Part II Reconciliation of Net Income (Loss) per Income Statement of Partnership with Income (Loss) per

	Return				
	Income (Loss) Items	(a) Income (Loss) per Income Statement	<b>(b)</b> Temporary Difference	<b>(c)</b> Permanent Difference	<b>(d)</b> Income (Loss) per Tax Return
1 2 3	Income (loss) from equity method foreign corporations Gross foreign dividends not previously taxed Subpart F, QEF, and similar income inclusions				
4 5 6 7	Gross foreign distributions previously taxed Income (loss) from equity method U.S. corporations . U.S. dividends				
8	Income (loss) from foreign partnerships (attach schedule) Income (loss) from other pass-through entities (attach schedule)	10,229,525			10,229,525
10 11 12 13	Items relating to reportable transactions (attach details) Interest income (attach Form 8916-A)				
14 15 16 17 18 19	Mark-to-market income (loss)	1/			( )
20 21a	Original issue discount and other imputed interest Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b	Gross capital gains from Schedule D, excluding amounts from pass-through entities				
С	Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
	Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
f g	Abandonment losses				
22 23	Other income (loss) items with differences (attach schedule)  Total income (loss) items. Combine lines 1	10,229,525			10,229,525
24	Total expense/deduction items (from Part III, line 30)	(2,222)		(560,789)	(563,011)
25	Other items with no differences	396,746,957 406,974,260		(560,789)	396,746,957 406,413,471
26	Reconciliation totals. Combine lines 23 through 25 .	400,974,200		(500,769)	400,413,471

**Note.** Line 26, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1065, page 4, Analysis of Net Income (Loss), line 1.

Schedule M-3 (Form 1065) 2007

Schedule M-3 (Form 1065) 2007
Page **3** 

Name of partnership

Carlton Asset Management, LP

Employer identification number
69 0000003

### Part III Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return—Expense/Deduction Items

	Return—Expense/Deduction Items	<u> </u>		<u> </u>	
	Expense/Deduction Items	(a) Expense per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 2	State and local current income tax expense State and local deferred income tax expense				
3	Foreign current income tax expense (other than foreign withholding taxes)				
4	Foreign deferred income tax expense				
5	Equity-based compensation			(4.444)	4 444
6	Meals and entertainment			(1,111)	1,111
7	Fines and penalties				
8	Judgments, damages, awards, and similar costs .			561,900	561,900
9	Guaranteed payments			301,300	301,300
10 11	Pension and profit-sharing				
12	Deferred compensation				
13	Charitable contribution of cash and tangible property				
14	Charitable contribution of intangible property				
15	Organizational expenses as per Regulations				
	section 1.709-2(a)				
16	Syndication expenses as per Regulations section 1.709-2(b)				
17	Current year acquisition/reorganization investment banking fees				
18	Current year acquisition/reorganization legal and accounting fees				
19	Amortization/impairment of goodwill				
20	Amortization of acquisition, reorganization, and start-up costs				
21	Other amortization or impairment write-offs				
22	Section 198 environmental remediation costs				
<b>23</b> a	Depletion—Oil & Gas				
b	Depletion—Other than Oil & Gas				
24	Intangible drilling & development costs				
25	Depreciation				
26	Bad debt expense				
27	Interest expense (attach Form 8916-A)				
28	Purchase versus lease (for purchasers and/or lessees)				
29	Other expense/deduction items with differences (attach schedule)				
30	<b>Total expense/deduction items.</b> Combine lines 1 through 29. Enter here and on Part II, line 24	2,222		560,789	563,011

Schedule M-3 (Form 1065) 2007

