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?FamilyID=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.	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
ВН	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

ВХ	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
НА	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
MH	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
OC	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 Month
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 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	Partnershi	p In	come		OMB No. 1545-009	99		
		the Treasury se Service (77)	For calend	dar year 2007, or tax year begin ► See s	ning, 200 separate instructio		ng, 20		2007			
A P	rincipal b	usiness activity		Name of partnership	•			D En	nployer identification	number		
L	egal S	ervices	Use the IRS	Sam Starling, LLP				6	9 000000	1		
B Pi	rincipal pro	oduct or service	label.	Number, street, and room or sui	te no. If a P.O. box, se	ee the in	structions.	E Da	ate business started	ī		
L	egal S	ervices	Other- wise,	631 N McKinley St				10/01/1977				
СВ	usiness c	ode number	print	City or town, state, and ZIP cod	е				otal assets (see the			
	54	41110	or type.	Reno, NV 89510				\$ "	structions) 108,367,919			
H I	Check a	r of Schedules	thod: (1) K-1. Attacl	☐ Initial return (2) ☐ Final ret ☐ Cash (2) ☐ Acc ☐ one for each person who was [attach Schedule M-3)	crual (3 s a partner at any tin	3) 🗍 (ne durir						
Ca	ution. In	nclude only tra	ade or bus	siness income and expenses	on lines 1a throug	gh 22 b	pelow. See the instru	ctions f	or more informa	tion.		
	1a G	Gross receipts	s or sales			1a	323,455,613					
	1			ances		1b		1c	323,455,613			
				hedule A, line 8)				2				
ne				ne 2 from line 1c				3				
Income				from other partnerships, es				4				
<u>=</u>	1	let farm profi	. ,	5								
		let gain (loss)	6	10,000								
	7 0	ther income	(loss) (atta	ach statement)				7				
	8 T	otal income	(loss). Co	ombine lines 3 through 7			<u> </u>	8	323,465,613			
(suc	9 S	alaries and w	vages (oth	ner than to partners) (less e	employment credi	ts) .		9	110,535,025			
(see the instructions for limitations)	10 Guaranteed payments to partners								22,675,031			
Ē	11 R	lepairs and m		11 12	2,042,164							
s fo	12 B	Pad debts										
ction	13 R								25,922,173			
stru								14	12,226,452			
ie in								15	14,622			
ee #	1			d, attach Form 4562)		16a	7,292,891	10-	7.074.040			
	1			ed on Schedule A and elsev		16b	18,275	16c	7,274,616			
ons				uct oil and gas depletion.)			17 18	4.255.040			
ij		letirement pla						19	4,255,918			
p		mployee ben						20	7,100,361 50,737,848			
Deducti		otal deduction		<i>h statement)</i> the amounts shown in the	far right column	for line	es 9 through 20	21	242,784,210	_		
_				ome (loss). Subtract line 2		101 1111	co o unough zo .	22	80,681,403			
Sig		Under penaltie and belief, it is	s of perjury, s true, correc	I declare that I have examined this ort, and complete. Declaration of preparer has any knowledge.	return, including accon	npanying neral pai	g schedules and statemer ther or limited liability co	nts, and to ompany n	the best of my know	based		
He	ere							wit	the preparer shown bel tructions)?	low (see		
_		Signature	of general	partner or limited liability company			Date	1-		15.1		
Pai Pre	d parer's	Preparer's signature			Date		Check if self-employed ▶		eparer's SSN or PT	IN		
	Only	Firm's name (or if self-employed					EIN ►					
_	,	address, and		, 			Phone no.	()			
For	Privacy	Act and Pap	erwork Re	eduction Act Notice, see sep	arate instructions.		Cat. No. 11390Z		Form 1065	(2007)		

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 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		
•	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. ►		V
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:		
	ne of Identifying number		
des TM	of TMP		
Add	dress of ignated		
TM			

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 ncome (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 ▶ 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) 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 Partners' capital accounts 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 Form 1065 (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 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 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. 18,275

Page 26 of 194

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Cat. No. 12906N

Form **4562** (2007)

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

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers a property used for centeraliment, recreation, or amusement.)	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 of intrough (or of Section A. and Section C. and Section		rt V Listed								, cellula	ar telep	hone	s, cert	ain cor	nputer	
Section A—Depreciation and Other Information (Caution: See the Instructions for James and anothers) See		Note:	For any vehicle	e for which	you ar	e using	the sta	andard	mileage			_	,	pense,	comple	te only
24a D you have evidence to support the business/investment use claimed?	Sec			, ,										itomohi	les)	
to the property lat be a part of the part										1						s N
Types of property dist best placed in services and servic				1				(e)		(f)		_	Vidence			(i)
year and used more than 50% in a qualified business use: 25 Property used more than 50% in a qualified business use: 26 Property used more than 50% in a qualified business use: 27 Property used 50% or less in a qualified business use: 28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 29 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 29 Add amounts in column (line 26. Enter here and on line 7, page 1, 29 Add amounts in column (line 26. Enter here and on line 7, page 1, 29 Add amounts in column (line 26. Enter here and on line 7, page 1, 29 Add amounts in column (line 26. Enter here and on line 7, page 1, 29 Add amounts in column (line 26. Enter here and on line 7, page 1, 29 Add amounts in column (line 26. Enter here and on line 7, page 1, 29 Add amounts in column (line 26. Enter here and on line 7, page 1, 29 Add amounts in column (line 26. Enter here and on line 7, page 1, 29 Add amounts in column (line 26. Enter here and on line 7, page 1, 29 Add amounts in column (line 26. Enter here and on line 7, page 1, 29 Add amounts in column (line 26. Enter here and on line 7, page 1, 29 Add amounts in column (line 26. Enter here and on line 7, page 1, 29 Add amounts in column (line 26. Enter here and on line 7, page 1, 20 Add amounts in column (line line 27. Enter here and on line 21, page 1, 20 Add amounts in column (line 26. Enter here and on line 21, page 1, 20 Add amounts in column (line line 27. Enter here and on line 21, page 1, 20 Add amounts in column (line line 27. Enter here and on line 21, page 1, 21 Add amounts in column (line line 27. Enter here and on line 21, page 1, 22 Add amounts in column (line line 27. Enter here and on line 21, page 1, 23 Total diver during the line 28. Enter here and on line 7, page 1, 24 Was the vehicle available for personal used (line 27. Enter here and on line 21, page 1, 25 All line 28. Al	Тур	vehicles first)	service	investment use percentage		basis	(bu	siness/in	vestment nly)	period	Conv	ention			secti	on 179
96 96 96 97 97 98 98 97 98 97 98 98	25	Special allowance year and used me	e for qualified New ore than 50% in a	York Liberty of qualified busing	or Gulf Op ness use	portunity (see instr	Zone procestions Zone process.	operty pl	aced in se	ervice durii	ng the tax	25				
96 96 96 97.1 97.2 98.2 98.2 99.4	26	Property used	d more than 50			usines	s use:			1			1			
Section Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section Cost Public 1 Vehicle 2 Vehicle 3 Vehicle 4 Vehicle 5 Vehicle 6 Vehicle 7 Vehicle 7 Vehicle 8 Vehicle 8 Vehicle 8 Vehicle 9 Vehic				1							+					
Property used 50% or less in a qualified business use:																
96 96 97 96 97 96 97 97	27	Property used	⊥ d 50% or less i	, , ,		ness us	se:									
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.				· · · · · · · · · · · · · · · · · · ·							S/L -	-				
Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1. 28 29 Add amounts in column (l), 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 person. 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 those vehicle during the year (do not include commuting miles driven during the year (do not include commuting miles driven during the year. Add lines 30 through 32 31 Total other personal (noncommuting) miles driven during the year. Add lines 30 through 32 32 Was the vehicle used primarily by a more than 5% owner or related person? 33 Evaluate the vehicle sole primarily by a more than 5% owner or related person? 34 Was the 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 employees who a 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? 39 Do you maintain a written policy statement that prohibits personal use? 40 Do you provide more than five vehicles by employees as personal use? 41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions). 42 Amortization of costs that begins during your 2007 tax year. 43 Amortization of costs that begins during your 2007 tax year. 44 Total. Add amounts in column (f). See the instructions for where to report. 45 Total Add amounts in column (f). See the instructions for where to report.				%							S/L -	-				
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. 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 those vehicles or your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicle for the completing this section for those vehicles or your during the year (do not include commuting miles) 1 Total commuting miles driven during the year 22 Total other personal (noncommuting) miles driven during the year. Add lines 30 through 32 33 Total miles driven during the year. Add lines 30 through 32 4Was the vehicle available for personal use of vehicles womer or related person? 35 Was the vehicle used primarity by a more than 5% owners 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 employees who and 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? See the instructions for revehicles 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? See the instructions for solve vehicles. 42 Amortization of costs that begins during your 2007 tax year (see instructions): 43 Amortization of costs that begins during your 2007 tax year. 44 Total. Add amounts in column (f). See the instructions for where to report.				%							S/L -	-				
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. If you provided vehicles to your employees, first answer the questions in Section 6 to see if you meet an exception to completing this section for those vehicle of the vehicles of the v															,	
Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. 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 those vehicle 1	29	Add amounts	in Column (i), i										· ·	. 2)	
Vehicle 1 Vehicle 2 Vehicle 3 Vehicle 4 Vehicle 5 Vehicle 6	Con If you	nplete this sect provided vehicles	tion for vehicles to your employee	s used by	a sole p	ropriet	or, part	ner, or	other"r	nore tha	ın 5% d	owner,	" or rela	ated pe	rson. for those	vehicles
miles) 1 Total commuting miles driven during the year 2 Total other personal (noncommuting) miles driven during the year. Add lines 30 through 32 34 Was the vehicle available for personal use during off-duty hours? 35 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 employees who a 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? 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 42 Amortization of costs that begins during your 2007 tax year, 44 Amortization for costs that began before your 2007 tax year. 44 Amortization for costs that began before your 2007 tax year. 44 Total. Add amounts in column (f). See the instructions for where to report. 44	30					-						-				
Total other personal (noncommuting) miles driven during the year. Add lines 30 through 32	0.4	miles)														
miles driven during the year. Add lines 30 through 32 34 Was the vehicle available for personal use during off-duty hours? 35 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 employees who anot 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? 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 that begins during your 2007 tax year (see instructions): 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.		-		-												
Vas the vehicle available for personal use during off-duty hours? Yes No Yes N	32	miles driven .														
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Total. Add amounts in column (f). See the instructions for where to report	42	Amortization of	of costs that beg	gins during	your 20	07 tax	year (se	e instru	ctions):] perce	- nage			
Total. Add amounts in column (f). See the instructions for where to report																
Total. Add amounts in column (f). See the instructions for where to report	43	Amortization	of costs that h	egan befor	e vour	 2007 +:	ax vear						43			
				_	-		-									
				(,, ====		$\overline{}$					<u> </u>		1	Fo	orm 456	2 (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 69-000001 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 7-year property 2,275,000 HY 325,098 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

For Paperwork Reduction Act Notice, see separate instructions.

Form	4562 (2007)														Page 2
	rt V List	ed Property (In	clude aut	omobi	les. ce	ertain c	ther v	ehicles	. cellula	ar tele	phone	s. certa	ain cor	nputer	
		perty used for e							, contait	a. 10.0 ₁	priorio	0, 00, 1	u 001	paro.	o, a
		: For any vehicle		-	_	•		_			_		oense,	comple	te only
_		24b, columns (a)													
		reciation and Ot							1						
24a	Do you have e	vidence to support th		investme T	nt use c	laimed?			24b li	"Yes,"	is the e	evidence	written	'	s L No
Туј	(a) pe of property (lis vehicles first)	t Date placed in service	(c) Business/ investment use percentage	hasis (business/investme		preciation vestment	(f) Recover period	y Me	(g) ethod/ vention	Depr	(h) eciation duction	sect	(i) ected ion 179 cost		
25	Special allowar	nce for qualified New \ more than 50% in a q	York Liberty o	or Gulf O _l ness use	oportunit	y Zone pr	operty pl	aced in se	ervice duri	ng the ta	. 25				
26		ed more than 509					<u> </u>				. 20				
	, ,		 %												
			%												
			%												
27	Property us	ed 50% or less in	n a qualifie	ed busi	ness us	se:									
			%							S/L -					
			%							S/L -					
			%							S/L -				_	
28		ts in column (h), l									28				
29	Add amoun	ts in column (i), li											. 29)	
Con	nnlete this se	ction for vehicles							/ehicles		owner	" or rela	ated ne	rson	
If you	u provided vehic	les to your employees	s, first answe	er the que	estions ir	Section	C to see	if you m	eet an exc	ception to	o compl	eting this	section	or those	vehicles
30	O Total business/investment miles driven during the year (do not include commuting miles)			(a) Vehicle 1			(b) (c) Vehicle 2 Vehicle			e 3 Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31		ng miles driven during													
32	Total other	personal (noncom	nmuting)												
33		Iriven during the ye	ear. Add												
34	Was the ver	nicle available for page of the following file of the following fi	personal	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the ve	hicle used primari % owner or related	ily by a												
36	Is another ve	hicle available for p	personal												
		Section C—Qu		r Emp	loyers	Who P	rovide	Vehicle	s for U	se by	Their E	Employ	ees		
		estions to determ % owners or relat	nine if you	meet a	n exce	ption to								oyees v	ho are
37	-	ntain a written po oloyees?	-						of vehicl	es, incl	luding	commu	ting,	Yes	No
38	Do you maint	ain a written policy suctions for vehicles	statement tl	hat proh	ibits per	sonal us	e of veh	icles, ex				r employ			
39		t all use of vehicl	-												
40	Do you pro	vide more than fiving the vehicles, and	ve vehicles	s to you	ur emp	loyees,	obtain	informa	ation fro	m your	emplo	yees al	bout		
41	Do you meet	the requirements c r answer to 37, 38,	concerning (qualified	automo	bile der	nonstrat	ion use?	(See ins	struction	ns.) .				
Pa		ortization	, 00, 10, 01	77 10	700, 0	10 1101 01	ompioto	, 0001101	1 101 1	10 0010	700 10	moroo.			
		(a) on of costs	Date am	b) ortization		Amor	c) tizable		(c Co	de	Amor	(e) tization od or		(f) ortization	for
42		of costs that beg		gins vour 20	07 tax		ount e instru	ctions).	sect	ion		entage		this year	
_			Gainig	, 20	J. 10/	, 53. (00	5	330).							
43	Amortization	n of costs that be	 egan befor	e vour		ax vear						43			
43 44		amounts in colum										44			
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4797

Department of the Treasury Internal Revenue Service

Name(s) shown on return

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

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 line 14 Form 4797 (2007) For Paperwork Reduction Act Notice, see separate instructions.

Page 2

Form 4797 (2007)

9	(a) Description of section 1245, 1250, 1252, 1254, or 1255 pr	operty:			(b) Date acc (mo., day,	quired yr.)	(c) Date sold (mo., day, yr.)
Α	Furniture and Fixtures				10/01/2		01/19/2007
В							
С							
D							
	These columns relate to the properties on lines 19A through 19I). ▶	Property A	Property B	Property	/ C	Property D
0	Gross sales price (Note: See line 1 before completing.)	20	10,000				
1	Cost or other basis plus expense of sale	21	10,000				
2	Depreciation (or depletion) allowed or allowable		10,000				
3	Adjusted basis. Subtract line 22 from line 21	23					
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				
b	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 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					
e	Enter the smaller of line 26c or 26d	26e 26f					
f g	Section 291 amount (corporations only)						
_		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).						
а	Soil, water, and land clearing expenses	27a					
b	Line 27a multiplied by applicable percentage (see instructions)	27b					
С	Enter the smaller of line 24 or 27b	27c					
8.	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 smaller of line 24 or 28a	28b					
9	If section 1255 property:						
	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					
Sun	nmary of Part III Gains. Complete property columns	A thr	ough D through	line 29b befo	re going to	line	30.
_						20	10.00
0	Total gains for all properties. Add property columns A through	n D, line	e 24			30	10,000 10,000
14	Add property columns A through D. lines OFL OCC. 07- 00L	and or	h Enter have avel	on line 12		31	10,00
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 their than equality or their than	or theft	on Form 4684, line	33. Enter the p	ortion from		
Pa	other than casualty or theft on Form 4797, line 6 **T IV Recapture Amounts Under Sections 179 (see instructions)					32 s to 5	0% or Less
	(CCC IIICH CCHOTIC)				(a) Secti	ion	(b) Section 280F(b)(2)
3	Ocalica 470 company deduction of the control in a life in the			33	1.0		
	Section 179 expense deduction or depreciation allowable in p	rior ve	ars	33	1		

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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

Name							Employ	er identification nu	mber
San	n Starling, LLP						69	0000001	
1	Show the kind and location of ea	ach pro	perty. See page 2	to list additiona	al proper	ties.			
Α	Rental								
В									
_									
С									
D									
					Duan	oution			
	Partal Paul Fatata Income	-	Α	В	Prop	erties C		D	
_	Rental Real Estate Income	2	1,234,900	В		<u> </u>			
2	Gross rents		1,234,900						
	Pontal Pool Fatata Francisco								
2	Rental Real Estate Expenses Advertising	3							
3 4	Advertising	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	18,275						
15	Other (list)		1,013,500						
		15							
		-							
16	Total expenses for each property.	16	1,031,775						
	Add lines 3 through 15	16	1,031,773						
47	Tatal susas vanta Add susas van		line O selvinena A	Alaman and III			17	1,234,900	
17	Total gross rents. Add gross ren	s from	line 2, columns A	through H .			17	1,204,300	
18	Total expenses. Add total expens	eac from	m line 16 columns	λ through H			18 (1,031,775)
10	Total expenses. Add total expens	562 1101	ii iiile 10, coluiilis	S A tillough H			10	,,	
19	Net gain (loss) from Form 4797,	Part II	line 17 from the o	lisposition of pro	nerty fr	om rental real			
	estate activities					· · · · ·	19		
20a	Net income (loss) from rental real	estate	activities from par	tnerships, estate	es, and t	rusts in which			
	this partnership or S corporation						20a		
b	Identify below the partnerships, es			net income (loss	s) is show	vn on line			
	20a. Attach a schedule if more spa	ice is n	eeded:						
	(1) Name		(2) Fmpl	oyer identification	on numh	per			
	(-,		(-) p	- , c		· = •			
91	Net rental real estate income (los	c) Com		ugh 20a Enter t			21	203.125	
21	• Form 1065 or 1120S: Schedul			ugii 20a. Eiilei l	ne resul	THERE AND ON.			
	• Form 1065-B: Part I, line 4	,	,						

Form 8825 (12-2006) Page **2**

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

Instructions

14

Section references are to the Internal Revenue Code.

Add lines 3 through 15.

Wages and salaries

Total expenses for each property.

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.

13

14

15

16

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 any:

- 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 Name(s) shown on return Identifying number Sam Starling, LLP 69-000001

Pai	t I Current Year Credit		
1	Enter the total qualified wages paid or incurred during calendar year 2007 only (see instructions)		
а	Qualified empowerment zone wages	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,		
Ū	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	5	
•	activities (see instructions)	6	
6	Subtract line 5 from line 4	7	
7	Passive activity credit allowed for 2007 (see instructions)	8	
8	Carryforward of empowerment zone and renewal community employment credit to 2007	9	
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	Cooperatives, estates, and trusts. Subtract line 11 from line 10. Use this amount 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 applicable line of		
	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		
•	Corporations. Enter the amount from Form 4626, line 14	14	
•	Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56		
15	Add lines 13 and 14	15	
16a	Credits from Form 1040, lines 47 through 50 and lines 52 through 54 (or Form 1040NR, lines 44, 45, and 47 through 49)		
b	Foreign tax credit		
c	Credits from Forms 5735 and 8834		
d	Non-business alternative motor vehicle credit (Form 8910, line 18)		
e	Non-business alternative fuel vehicle refueling property credit (Form 8911, line 19)		
f	Add lines 16a through 16e	16f	
17 17	Net income tax. Subtract line 16f from line 15. If zero, skip lines 18 through 24 and enter -0- on line 25	17	
18	Net regular tax. Subtract line 16f from line 13. If zero or less, enter -0-		
19	Tentative minimum tax (see instructions)		
20	Enter 25% (.25) of the excess, if any, of line 18 over \$25,000 (see		
20	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. All others. Enter the smaller 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	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	I Amen	ded K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)	P	Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items				
Department of the Treasur	y For calendar year 2007, or tax	1	Ordinar	y business income (loss)	15	Credits
Internal Revenue Service	year beginning, 20	77		403,407	•	K 200
	ending, 20	١ ،	Net rent	al real estate income (los	s)	
Partner's Share	of Income, Deductions,			1,016	6	P 178
Credits, etc.	► See back of form and separate instruction	s. 3	Other no	et rental income (loss)	16	Foreign transactions
	nation About the Partnership	4	Guarant	eed payments		
69-000001	yer identification number	5	Interest	income		
	address, city, state, and ZIP code	\dashv $$		463		
Sam Starling, LLF		6a	Ordinar	y dividends		
631 N McKinley D Reno, NV 89510	r	6b	Qualified	d dividends		
		7	Royaltie	25		
C IRS Center where p	artnership filed return	─	110,000	-		
Ogden		8	Net sho	rt-term capital gain (loss)		
E Tax shelter reg	a publicly traded partnership (PTP) istration number, if any	9a	Net long	g-term capital gain (loss)	17	Alternative minimum tax (AMT) items A 997
	8271 is attached	9b	Collectil	bles (28%) gain (loss)		A 001
	nation About the Partner					
G Partner's identifying	number	9c	Unrecap	otured section 1250 gain		
000-00-0001						
H Partner's name, add Taxpayer A1	dress, city, state, and ZIP code	10	Net sec	tion 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
PO Box 0001		11	Other in	come (loss)		C 3,876
Reno, NV 89510						
I General partne	r or LLC Limited partner or other LLC	,				
member-manag					19	Distributions
J Domestic partn	er Foreign partner	12	Section	179 deduction		A 375,702
What type of antity	is this partner? Individual	13	Other d	eductions	1	
	rofit, loss, and capital:	_			20	Other information
1	Beginning Ending					
Profit	.5 %	6_				A 463
Loss	.5 %	<u>6</u>				
Capital	.5 %	14	Self-emr	ployment earnings (loss)		
M Partner's share of li	abilities at year end:	' '	Con only	sieyment earninge (leee)		
1		0				
1	se financing\$					
1		+0	ee attac	hed statement for a	additi	onal information.
		\dashv				
N Partner's capital acc	204.44	5				
Beginning capital ad Capital contributed	σοσαπτ.,	_ ĕ				
· '	607.47	7 0				
Current year increas Withdrawals & distri	275 702	_				
Ending capital acco	AEE 02	RS S				
Linuing capital acco	unt \$	0 2 2 2 2 2 2 2 2 2				
Tax basis Other (explain)	GAAP Section 704(b) book	3				

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

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

		Final K 4	A 16	1 OND No. 1545 0000
Schedule K-1		Final K-1	Amended K-	
(Form 1065)	P			Current Year Income, s, and Other Items
	1	Ordinary business income	-	•
Department of the Treasury Internal Revenue Service For calendar year 2007, or tax	'		(
year beginning, 20	١.	Net rental real estate in	068,140	K 4,000
ending, 20_	— [*]	Net remained estate int	` 1	D 2 500
Partner's Share of Income, Deductions,	3	Other net rental income	20,312 e (loss) 16	P 3,560 Foreign transactions
Credits, etc. ▶ See back of form and separate instruction	ns.	Other flet ferital income	3 (1033)	1 oreign transactions
Part I Information About the Partnership	4	Guaranteed payments		
A Partnership's employer identification number	- 7	adaranteed payments		
69-000001	5	Interest income		
B Partnership's name, address, city, state, and ZIP code	\dashv	micorosc micornio	9,265	
	6a	Ordinary dividends	3,203	
Sam Starling, LLP	"	Cramary arriadinas		
631 N McKinley Dr Reno, NV 89510	6b	Qualified dividends		
11010, 144 03310	0.0	addiniod dividorido		
	7	Royalties		
C IRS Center where partnership filed return		, loyallies		
Ogden	8	Net short-term capital g	ain (loss)	
		Tree energy term outpites g	,	
D Check if this is a publicly traded partnership (PTP)	9a	Net long-term capital g	ain (loss) 17	Alternative minimum tax (AMT) items
F Check if Form 8271 is attached	_			A 19,946
F	9b	Collectibles (28%) gain	(loss)	
Part II Information About the Partner				
G Partner's identifying number	9c	Unrecaptured section 1	1250 gain	
000-00-0022				
H Partner's name, address, city, state, and ZIP code	10	Net section 1231 gain ((loss) 18	Tax-exempt income and
Sam Starling				nondeductible expenses
PO Box 99	11	Other income (loss)		C 77,513
7 Birch Branch				
St Johns, NFLD				
Canada, AIC5N5				
I ☐ General partner or LLC ☑ Limited partner or other LL	.с			
member-manager member			19	Distributions
J Domestic partner Foreign partner	12	Section 179 deduction		A 7,514,031
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 10 % 10				A 9,265
Loss 10 % 10				
<u>Capital</u> 10 % 10		0-16	- (1)	
	14	Self-employment earning	s (IOSS)	
M Partner's share of liabilities at year end:	, <u> </u>			
Nonrecourse	_			
Qualified nonrecourse financing\$		ee attached stateme	ant for additi	anal information
Recourse	_ 3	e allached stateme	ent for additi	onai information.
N Partner's capital account analysis: Reginning capital account \$ 4,488,89	12			
Beginning depiter account	10 01 15 15 15 15 15 15			
Capital contributed during the year .\$	<u></u>			
7 544 024	<u>, </u>			
0 119 40	<u></u>			
Ending capital account\$	<u> </u>			
☐ Tax basis ☐ GAAP ✓ Section 704(b) book	요			
Other (explain)				
· · · ·				

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
	dule K-1	୭01	Pa	art III			Current Year Income,
(Form	1065)				Deductions, Cr	edit	s, and Other Items
	ent of the Treasury For calend	ar year 2007, or tax	1	Ordinary b	ousiness income (loss)	15	Credits
internal F	Revenue Service year begin	ning, 2007			32,272,561		K 16,000
	endir	ng, 20	2	Net rental	real estate income (loss)		
Partn	er's Share of Income, De				81,250		P 14,240
Credi	ts, etc. ▶ See back of fo	rm and separate instructions.	3	Other net	rental income (loss)	16	Foreign transactions
		5					
Par			4	Guarantee	ed payments		
l	artnership's employer identification numbe	r	5	Interest in	22,675,031		
	000001 artnership's name, address, city, state, and	d ZID code	ľ	Interest in			
		d ZIF code	6a	Ordinary o	37,060		
	Starling, LLP		l	Ordinary C	iividerius		
	N McKinley Dr o, NV 89510		6b	Qualified of	dividends		
IXCII	0, 144 03310		"	Quamou	aivideride		
			7	Royalties			
C IR	S Center where partnership filed return		1 .	, ioyanioo			
Ogd	en		8	Net short-t	term capital gain (loss)		
D	Check if this is a publicly traded partne	rchin (DTD)			3 (,		
E	Tax shelter registration number, if any	,	9a	Net long-t	erm capital gain (loss)	17	Alternative minimum tax (AMT) items
<u>-</u>	Check if Form 8271 is attached						A 79,782
' -	official Form 627 Fis attached		9b	Collectible	es (28%) gain (loss)		
Par	t II Information About the	Partner	1				
G Pa	artner's identifying number		9с	Unrecaptu	red section 1250 gain		
69-1	000001						
H Pa	artner's name, address, city, state, and ZII	P code	10	Net sectio	n 1231 gain (loss)	18	Tax-exempt income and
Bart	on and Jenkins Enterprise						nondeductible expenses
	510 W		11	Other inco	ome (loss)		C 310,051
Ancl	horage, AK 99502						
		1	-				
ı		Limited partner or other LLC				19	Dietaihutiene
l ⊢	member-manager	member 1	12	Section 17	79 deduction	19	Distributions A 20 056 424
J 🔽	Domestic partner	Foreign partner	'-	Occion 17	9 deddellori		A 30,056,124
	Partr	perchin	13	Other ded	uctions		
	hat type of entity is this partner? Partr	icionip		0 11101 0100		20	Other information
L Pa	artner's share of profit, loss, and capital:	For the co					
Pr	Beginning 40 %	Ending 40 %					A 37,060
-	oss 40 %	40 %					
ı –	apital 40 %	40 %					
			14	Self-emplo	yment earnings (loss)		
M Pa	artner's share of liabilities at year end:				A 55,024,842		
l	onrecourse	4,400,000					
Q	ualified nonrecourse financing\$				C 55,024,842		
Re	ecourse		*Se	e attache	ed statement for a	dditid	onal information.
			1				
N Pa	artner's capital account analysis:						
Be		17,955,567	جَ				
Ca		40 574 450	For IRS Use Only				
Cı	,	48,574,159	Jse				
W	ithdrawals & distributions\$	30,056,124)	S				
Er	nding capital account\$	36,473,602	E				
	Tax basis GAAP Secti	on 704(b) book	Po-				
-	☐ Tax basis ☐ GAAP ☑ Secti☐ Other (explain)	on /u4(b) book					
	_ Other (explain)						

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	Number of Months Expenditure Amortized	Description of Start-Up	Date Trade or Business Began
		Expenditure	
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		U.S.	Return of Pa	artnershi	p Inc	ome		OMB No. 1545-009) 9	
		the Treasury ue Service (77)	For calen	dar year 2007,	or tax year beginning ▶ See separ	ate instruction		, 20		2007		
		usiness activity	Llaa tha	Name of partr	·				D En	nployer identification		
	Boat Sa		Use the IRS	Jennings	<u> </u>				69			
		oduct or service	label.		et, and room or suite no.	If a P.O. box, se	e the inst	ructions.	E Da	ate business started	J	
	Sales a	nd Services	Other- wise,	Rt 1 Box 8					\bot	01/01/2007		
C B	usiness c	code number	print	City or town,	state, and ZIP code					F Total assets (see the instructions)		
	44	41222	or type.	Bar Harbo	or, ME 04609				\$ "	2,749,483		
G H I J	Check a		thod: (1) K-1. Attac	☐ Cash h one for each	(2) ☐ Final return (2) ☑ Accrual person who was a paule M-3)	(3 artner at any tim	3) 🗌 Ot ne during					
_					e and expenses on l							
Ca	ution. //	iciade only tr	aue or bu		e and expenses on n	mes ra umoug	11 22 06		Clions i	or more imormat	lion.	
	1a G	Gross receipts	s or sales				1a	4,212,980				
	b L	ess returns a	and allowa	ances			1b	350,000	1c	3,862,980		
•	2 C	ost of goods	sold (Sc	hedule A, lin	e 8)				2	3,508,023		
me					ne 1c				3	354,957		
Income	1	Ordinary inco			4							
<u> </u>	5 N	let farm profi	t (loss) <i>(a</i>	ttach Schedi	ule F (Form 1040))				5			
	6 N	let gain (loss)	from Fo	rm 4797, Pa	rt II, line 17 (attach	Form 4797)			6	9,000		
	7 C	Other income	(loss) <i>(atta</i>	ach statemer	nt)				7			
	8 T	otal income	(loss). C	ombine lines	3 through 7				8	363,957		
ns)	9 S	alaries and v	vages (otl	ner than to p	artners) (less empl	oyment credit	ts)		9	150,000		
(see the instructions for limitations)	10 Guaranteed payments to partners									110,000		
<u>=</u>		Repairs and maintenance								5,562		
for		ad debts .		12								
ions									13	265,740		
ruct									14	33,450		
inst									15	95,362		
the		Depreciation (1		16a	100,976				
(see		. ,	•	*	lule A and elsewhere		16b		16c	100,976		
S	1								17			
Deductions	1			•					18			
덛	19 E	imployee ben	efit progr						19	1,250		
ಕ್ಷ		Other deduction							20	310,222		
۵	21 T	otal deducti	ons. Add	the amount	s shown in the far	right column	for lines	9 through 20	21	1,072,562		
									22	(708,605)		
Sig	22 Ordinary business income (loss). Subtract line 21 from line 8						nts, and to ompany m	ts, and to the best of my knowledge mpany member manager) is based May the IRS discuss this return				
		Signature	e of general	partner or limite	ed liability company mem	ber manager	— J	Date	ins	tructions)?	□ 140	
		Preparer's	<u> </u>		, , , , , , , , , , , , , , , , , , , ,	Date			Pr	eparer's SSN or PT	ĪN	
Pai		signature				04/	15/2008	Check if self-employed	_	000-10-0002		
Pre	parer's	Firm's name (or yours	FLECTR	ONIC TAX FILERS			EIN ►		000098		
USE	Only	if self-employed address, and	ed).		ILE DR. ANYTOWN			Phone no.		55) 555-5555		
_	Delice							<u> </u>	(3		(0007)	
ror	Privacy	y Act and Pap	erwork Re	aduction Act	Notice, see separate	e instructions.		Cat. No. 11390Z		Form 1065	(2007)	

	1065 (2007)	Р	age 2				
Sc	hedule A Cost of Goods Sold (see the instructions)						
1	Inventory at beginning of year						
2	Taronases rees east of items 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	,,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				
	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						
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 						
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 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		~				
	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						
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		<u> </u>				
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)

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 ▶ (2) Amount ▶ 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 lossc 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)

	1065 (2007)									Page 4
Ana	lysis of Net Inco	ome (Loss)								
1	Net income (loss).	Combine Schedule	K, lines 1 th	rough 11.	From	the res	sult, subtract the	sum of		
	Schedule K, lines 1	2 through 13d, and	l 16l					1		(598,355)
2	Analysis by		(ii) Individua			/idual		(v) Exempt		Noneiro e a (Otto e u
_	partner type:	(i) Corporate	(active)		, (passi	ve)	(iv) Partnership	organization	, "	vi) Nominee/Other
а	General partners		(244,1	78)						
	Limited partners		(244,1	78)						
		alance Sheets			Beg	inning of	tax year	End	of tax	x year
		Assets		(a		Ť	(b)	(c)		(d)
1	Cash									75,500
	Trade notes and a							42,55	5	
	Less allowance for									42,555
3	Inventories									2,225,675
4	U.S. government of									
5	Tax-exempt securi									
6	Other current asse									
7	Mortgage and real	•								
8	Other investments									
	Buildings and other							501,22	9	
	Less accumulated	•						100,97		400,253
	Depletable assets							,		
	Less accumulated									
	Land (net of any a									
	Intangible assets (6,00	0	
	Less accumulated							50		5,500
13	Other assets (attack									
14	Total assets	,								2,749,483
		ties and Capital								
15	Accounts payable	-								496,442
16	Mortgages, notes, b									
17	Other current liabil		-							345,622
18	All nonrecourse los	•	,							
19	Mortgages, notes, b									
20	Other liabilities (att									
21	Partners' capital a									(468,450)
22	Total liabilities and	l capital								2,749,483
Scł	nedule M-1	econciliation of	Income (Lo	oss) per	Boo	ks Wit	h Income (Los	s) per Returr	1	
	N	ote. Schedule M-3			ead o	f Sched	dule M-1 (see inst	ructions).		
1	Net income (loss)	per books	(<u>518,450)</u>	6	Income	recorded on books	this year not incl	uded	
2	Income included on	Schedule K, lines 1, 2	2, 3c,			on Sche	edule K, lines 1 thro	ough 11 (itemize)	:	
	5, 6a, 7, 8, 9a, 10,	and 11, not recorde	d on		а	Tax-ex	empt interest \$			
	books this year (iten	mize):								
3	Guaranteed paym	•	I		7	Deduct	ions included on	Schedule K, line	es 1	
	insurance)		I		-		n 13d, and 16l, n		ainst	
4	Expenses recorded	d on books this yea	r not				come this year (ite			
	included on Sched		ough		а	Deprec	ciation \$	80,	505	
	13d, and 16l (itemi:	,								
	Depreciation \$									80,505
b	Travel and enterta	ainment \$	600		8		es 6 and 7			80,505
_	Addit			600	9	Income	(loss) (Analysis of	Net Income (Le	oss),	/F00 0FF
	Add lines 1 through			517,850)		line 1).	Subtract line 8 fro	m line 5	<u> </u>	(598,355)
		nalysis of Partn		ACCOU						T
1	_	ning of year	I	E0 000	6	Distribu	utions: a Cash			
2	Capital contribute		I	50,000	· _	.	•	ty		
_		b Property .		519 4E0\	7		decreases (itemize	•		
3	Net income (loss)			518,450)	-					
4	Other increases (if	•			0					
5	Add lines 1 through	ah 4		468,450)			es 6 and 7 at end of year. Subt			(468,450)
J	Add lilles I tillout	yıı 4					at end of year. Subt	ract line 8 from lin	le 5	•
			❸	Printed on re	ecycled	paper				Form 1065 (2007)

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.

Par	1562 (2007) t V Listed														
		Property (In	nclude aut	omobi	les, cert	ain o	ther ve	hicles	, cellula	r telep	hones	s, certa	ain con	nputer	Page 2 s, and
		ty used for e						,							
		For any vehicle b, columns (a)											oense, c	complet	te only
Secti	ion A—Depre												tomobil	es)	
	Do you have evid												written?		s⊡No
	(a) e of property (list vehicles first)	(b) Date placed in	(c) Business/ investment use		(d) t or other basis		(e) is for dep siness/inv		(f)	(g) nod/	Depr	(h) eciation luction	Ele	(i) ected on 179
	,	service	percentage				use or		<u> </u>			ded	luction	С	ost
25	Special allowance year and used mo	for qualified New re than 50% in a c	York Liberty o	or Gulf Op	portunity Z	ione pro	operty pla	ced in se	ervice durin	g the tax	25				
	Property used							• •			20				
	' Pilot	07/22/2007	100 %		25,00		2	25,000	5	200 DI	В-НҮ		5,000)	
			%												
		500/	%												
27	Property used	50% or less i	n a qualifie	ed busir	ness use	:			T	GII					
			%			+				S/L -					
			%							S/L -					
	Add amounts										28		5,000)	
29	Add amounts	in column (i), I	ine 26. Ent	ter here	and on	line 7	, page	1					. 29		
	plete this section provided vehicles		s used by a	a sole p	roprieto	, part	ner, or	other"r							vehicles.
	Total business/i					(c) (d) hicle 3 Vehicle 4			(e) Vehicle 5		(f) Vehicle 6				
	miles)														
	Total commuting i		-												
	Total other pe miles driven .														
	Total miles driv lines 30 through	n 32		Vac	Na	Vaa	No	Vaa	No	Vaa	Na	Vac	Na	Vaa	N _a
	Was the vehicle use during off-co	duty hours? .	·	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
	Was the vehic more than 5% c														
36	Is another vehic	le available for	personal												
		ection C—Qu		r Empl	overs W	ho Dr	rovida	Vehicle	e for He	e by T	heir E	mploy	205		
	er these quest nore than 5% o	ions to detern	nine if you	meet a	n except	ion to								yees w	ho are
	Do you mainta						nerson	عا باده د	of vehicle	e inclu	dina c	rommu	ting	Yes	No
	by your emplo Do you maintain	yees?			·										
	See the instruct														
39	Do you treat a	Il use of vehic	les by emp	oloyees	as perso	onal u	se? .								
	Do you provid the use of the	vehicles, and	retain the	informa	ation rec	eived?	?						oout		
	Do you meet the Note: If your ar											 nicles.			
Part	t VI Amort	ization													
	(a) Description o	of costs	Date am	b) ortization gins		Amort	c) tizable ount		(d) Cod secti	е	Amort	ization od or ntage		(f) rtization f nis year	or
42	Amortization of					ar (se	e instru	ctions):				-			
		Start U	p 01	/01/200	7		(6,000		195		5			1,20
43	Amortization of	f coete that h	egan hofor	a vour '	2007 tax	Vear						42			
	Total. Add am		_	-		-						43 44			1,20
			(-)-	9	$\overline{}$		ecycled pa			<u> </u>	-		Fo	rm 456	2 (2007)

Department of the Treasury Internal Revenue Service (99)

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**

Name(s) shown on return								ber
Je	nnings Boat, LLC						69-0	000002
1	Enter the gross proceeds from statement) that you are included	m sales or exchange uding on line 2, 10, o	s reported to you f or 20 (see instruct	or 2007 on Form(s	s) 1099-B or 1099-S	(or substitute	1	
Pa	rt I Sales or Exchange Than Casualty o	ges of Property	Used in a Tra	de or Busine	ss and Involun	tary Conve	ersic	ons From Other
	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or ot basis, plus improvements expense of s	and	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2								
3	Gain, if any, from Form 468	4. line 39					3	
4	Section 1231 gain from insta	*					4	
5	Section 1231 gain or (loss) f					I	5	
6	Gain, if any, from line 32, from					I	6	
7	Combine lines 2 through 6.						7	
	Partnerships (except electing		•					
	instructions for Form 1065, So	chedule K, line 10, or	Form 1120S, Sche	dule K, line 9. Skip	lines 8, 9, 11, and	12 below.		
	Individuals, partners, S confrom line 7 on line 11 below 1231 losses, or they were run the Schedule D filed with	and skip lines 8 and ecaptured in an earl	9. If line 7 is a gai	in and you did not gain from line 7	t have any prior yea	ar section		
8	Nonrecaptured net section	1231 losses from pri	or years (see instr	ructions)		[8	
9	Subtract line 8 from line 7. If line 9 is more than zero, clong-term capital gain on the	enter the amount fro	m line 8 on line 1	o, enter the gain from the content of the content o	rom line 7 on line 1 er the gain from lir	ie 9 as a	9	
Pa	rt II Ordinary Gains a			se manachona).				
10	Ordinary gains and losses n			clude property he	eld 1 year or less):			
11	Loss, if any, from line 7						11	(
12	Gain, if any, from line 7 or a						12	
13	Gain, if any, from line 31 .					· · · [13	
14	Net gain or (loss) from Form						14	
15	Ordinary gain from installme						15	
16	Ordinary gain or (loss) from					<u> </u>	16	9,000
17	Combine lines 10 through 1	_					17	9,000
18	For all except individual retu							
	lines a and b below. For ind	lividual returns, com	plete lines a and l	below:				
а	If the loss on line 11 includes the part of the loss from include the part of the loss from include the part of the loss from property used as	come-producing pro	perty on Schedule	e A (Form 1040),	line 28, and the pa	art of the		
	loss from property used as a 18a." See instructions						18a	
b	Redetermine the gain or (los line 14					rm 1040,	18b	

Page 2

Form 4797 (2007)

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

19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 pr		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)				
Α								
В								
С								
D								
	These columns relate to the properties on lines 19A through 19E). ▶	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:							
a	Depreciation allowed or allowable from line 22	25a						
b	Enter the smaller 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 smaller of line 26c or 26d	26e						
f	Section 291 amount (corporations only)	26f						
<u>g</u>	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						
<u>c</u>		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 29b						
Sun	nmary of Part III Gains. Complete property columns	A thr	ough D through	n line 29b befo	re going to line	30.		
30 31 32	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13							
_	other than casualty or theft on Form 4797, line 6					-		
Ра	rt IV Recapture Amounts Under Sections 179 (see instructions)	and 2	280F(b)(2) Whe	en Business U	-			
					(a) Section	(h) Section		

				(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		

Printed on recycled paper

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	rt I Information on the Like-Kind Exchange							
1	Note: If the property described on line 1 or line 2 is real or personal property Description of like-kind property given up ► 1999 Saturn SL2							
2	Description of like-kind property received ▶ 2007 Pilot							
3	Date like-kind property given up was originally acquired (month, day, ye	ear)	3	01	/	21	/	2007
4	Date you actually transferred your property to other party (month, day, year)						/ 2	2007
5	Date like-kind property you received was identified by written notice to a day, year). See instructions for 45-day written notice requirement	5	07	/	22	/ 2	2007	
6	Date you actually received the like-kind property from other party (month, day,	, year). See instructions	6	07	/	22	/ 2	2007
7	Was the exchange of the property given up or received made with a rela (such as through an intermediary)? See instructions. If "Yes," complete Pa	ated party, either directly art II. If "No," go to Part	or in	directl	/]Yes	6	☑No
Pa	rt II Related Party Exchange Information							
8	Name of related party	Relationship to you	Relat	ed part	/'s ic	lentifyi	ng r	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 last tran exchange), did the related party directly or indirectly (such as through an part of the like-kind property received from you in the exchange?	n intermediary) sell or dis	pose	of any		ີ Ye:	s	□No
10	During this tax year (and before the date that is 2 years after the last tran exchange), did you sell or dispose of any part of the like-kind property you] Ye:	s	□No
	If both lines 9 and 10 are "No" and this is the year of the exchange, go to Payear of the exchange, stop here. If either line 9 or line 10 is "Yes," complete gain or (loss) from line 24 unless one of the exceptions on line 11 applies.							
11	If one of the exceptions below applies to the disposition, check the app	olicable box:						
а	☐ The disposition was after the death of either of the related parties.							
b	\Box The disposition was an involuntary conversion, and the threat of con	nversion occurred after the	he ex	chang	e.			
С	You can establish to the satisfaction of the IRS that neither the exception principal purpose. If this box is checked, attach an explanation (see		on ha	nd tax	avo	idan	ce	as its

me(s) shown on tax return. Do not enter name and social security number if shown on other side.		Page 2
	Your s	social security number
art III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property	Rece	ived
Caution: If you transferred and received (a) more than one group of like-kind properties or (b) cash or		
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. Otherwi	se, go	to line 15.
P. Fair market value (FMV) of other property given up		
Adjusted basis of other property given up		
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.		
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
FMV of like-kind property you received	16	30,000
' Add lines 15 and 16	17	39,000
Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any		
exchange expenses not used on line 15 (see instructions)	18	25,000
Realized gain or (loss). Subtract line 18 from line 17	19	14,000
Enter the smaller of line 15 or line 19, but not less than zero	20	9,000
Ordinary income under recapture rules. Enter here and on Form 4797, line 16 (see instructions) .	21	9,000
Subtract line 21 from line 20. If zero or less, enter -0 If more than zero, enter here and on Schedule	00	
D or Form 4797, unless the installment method applies (see instructions)	22	0.000
Recognized gain. Add lines 21 and 22	24	9,000 5,000
Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23.	25	25,000
art IV Deferral of Gain From Section 1043 Conflict-of-Interest Sales	25	23,000
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 divested property ► Description of replacement property ►		
Description of replacement property ►		
Description of replacement property ► Date divested property was sold (month, day, year)		
Description of replacement property ►		
Description of replacement property ► Date divested property was sold (month, day, year)		
Description of replacement property Date divested property was sold (month, day, year) Sales price of divested property (see instructions)		
Description of replacement property Date divested property was sold (month, day, year) Sales price of divested property (see instructions)	29	
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	29	
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 33	32	
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	32 34 35	
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)	32 34 35 36	

				Final K-1	Amend	ded K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)	201	07	Pa	art III			Current Year Income, s, and Other Items
Department of the Treasury			1	Ordinary h	pusiness income (loss)	15	Credits
Internal Revenue Service	For calendar year 2007, or		'		(354,302)		
	year beginning		2	Net rental	real estate income (loss)	
Partner's Share of	ending f Income, Deductions				,		
	•	•	3	Other net	rental income (loss)	16	Foreign transactions
Credits, etc.	See back of form and separat	te instructions.			, ,		
	tion About the Partnersh	nip	4	Guarantee	ed payments		
A Partnership's employer	identification number		<u> </u>				
69-0000002			5	Interest in			
B Partnership's name, add	dress, city, state, and ZIP code				125		
Jennings Boat, LLC			6a	Ordinary of	dividends		
Rt 1 Box 843				0 "" 1			
Bar Harbor, ME 0460	9		6b	Qualified of	dividenas		
			7	Royalties			
C IRS Center where partne	ership filed return			,,			
Ogden			8	Net short-	term capital gain (loss)		
D Check if this is a pu	ublicly traded partnership (PTP)						
	tion number, if any		9a	Net long-t	erm capital gain (loss)	17	Alternative minimum tax (AMT) items
F Check if Form 8271	l is attached			0 " "	(000() (1)		
Down II Williams	Con Alexant the Deutsen		9b	Collectible	es (28%) gain (loss)		
Part II Informat G Partner's identifying nun	tion About the Partner		9c	Unrecaptu	red section 1250 gain		
000-10-0001	liber		"	Onrecapito	ned Section 1250 gain		
H Partner's name, address	s. citv. state. and ZIP code		10	Net section	n 1231 gain (loss)	18	Tax-exempt income and
ĺ	,,,,		'	TVET SECTION	11 1201 gailt (1033)		nondeductible expenses
James Stephens 4640 Madison Lane			11	Other inco	ome (loss)	1	C 300
Boston, MA 02109					())		
I ☐ General partner or		r or other LLC					
member-manager	member					19	Distributions
J Domestic partner	Foreign partne	r	12	Section 1	79 deduction		
	to all of also at		10	Otherwaler	l ati a na	-	
	nis partner? Individual		13	Other ded	luctions	20	Other information
L Partner's share of profit						20	Other information
Begir	nning Endin	1g 50 %					A 125
Profit	0 %	50 %					A 123
Loss Capital	0 %	50 %					
<u>oupitui</u>	70	70	14	Self-emplo	yment earnings (loss)		
M Partner's share of liabilit	ties at year end:						
	\$						
	nancing\$						
l	\$		*Se	ee attach	ed statement for a	dditio	onal information.
N Partner's capital accour	nt analysis:						
Beginning capital accou	ınt\$		<u></u>				
Capital contributed duri	ng the year .\$	25,000	ŏ				
Current year increase (d	,	(259,225)	Jse				
Withdrawals & distribution	ons\$ <u>(</u>	(00.1.055)	S				
Ending capital account	\$	(234,225)	For IRS Use Only				
V Table 10 6	GAAP Section 704(b) book		For				
Tax basis G	GAAP Section 704(b) book						

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

Cat. No. 11394R

				Final K-1	Amen	ded 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	business income (loss)	15	Credits
Internal Revenue Service	year beginn	ing, 2007			(354,303)	_	
		, 20	2	Net rental	I real estate income (los	s)	
Partner's Share of Credits, etc.		ductions, m and separate instructions.	3	Other net	rental income (loss)	16	Foreign transactions
Part I Information	on About the	Partnership	4	Guarante	ed payments		
A Partnership's employer id					110,000		
69-0000002			5	Interest in	ncome		
B Partnership's name, addre	ess, city, state, and	ZIP code			125	5	
Jennings Boat, LLC			6a	Ordinary	dividends		
Rt 1 Box 843				0 110 1			
Bar Harbor, ME 04609			6b	Qualified	dividends		
			7	Royalties			
C IRS Center where partner	ship filed return		┤ ′	rioyanioo			
Ogden			8	Net short	-term capital gain (loss)		
D Check if this is a pub	olicly traded partner	ship (PTP)					
E Tax shelter registration			9a	Net long-	term capital gain (loss)	17	Alternative minimum tax (AMT) items
F Check if Form 8271 i	is attached		01-	0-1141-1	(000() (
Dort II Informati	on About the	Doutney	9b	Collection	es (28%) gain (loss)		
Part II Information G Partner's identifying number		Partner	9c	Unrecapt	ured section 1250 gain		
000-10-0001					· ·		
H Partner's name, address,	city, state, and ZIP	code	10	Net section	on 1231 gain (loss)	18	Tax-exempt income and
Daniel Jennings							nondeductible expenses
PO Box 1589			11	Other inc	ome (loss)		C 300
Bar Harbor, ME 04609							
			+				
General partner or I member-manager	LLC 🗀	Limited partner or other LLC member				19	Distributions
J Domestic partner		Foreign partner	12	Section 1	79 deduction	1	
Bomestie partifer	_	Toroigh partitor					
K What type of entity is this	partner? Indivi	dual	13	Other ded	ductions		
L Partner's share of profit, I	loss, and capital:					20	Other information
Beginr		Ending					A 405
Profit	0 %	50 % 50 %					A 125
Loss Capital	0 %	50 %					
Сарна	7,0	70	14	Self-emple	oyment earnings (loss)		
M Partner's share of liabilitie	es at vear end:				A (248,803)		
Nonrecourse							
Qualified nonrecourse fina	ancing\$				C (248,803)		
Recourse	\$	2,375,869	*Se	e attach	ned statement for a	additio	onal information.
			\dashv				
N Partner's capital account	•						
Beginning capital account Capital contributed during		25,000	Jul				
Current year increase (de	, , , , , , , , , , , , , , , , , , , ,	(259,225)	3e (
Withdrawals & distribution	1)	Į				
Ending capital account	\$	(234,225)	For IRS Use Only				
	🗆		For				
	AAP	n 704(b) book					
U Other (explain)							

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

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	\$40,000
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
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					

	10	165		U.S. Return of Par	rtnershi	ip Inc	ome			OMB No. 1545-00	99
		he Treasury	For calend	dar year 2007, or tax year beginning ▶ See separat			J	, 20		2007	
A P	rincipal b	usiness activity		Name of partnership					D Em	ployer identification	number
N	<i>l</i> lanage	ment	Use the IRS	Carlton Asset Managment, LP					69	000000	13
B Pi	rincipal pro	oduct or service	label.	Number, street, and room or suite no. If	a P.O. box, se	ee the ins	tructions.		E Da	te business started	t
F	inancia	al Invest	Other- wise,	1678 South Hoover Blvd						10/23/1998	}
C B	usiness c	ode number	print	City or town, state, and ZIP code						tal assets (see the	
	52	23900	or type.	San Francisco, CA 94101					\$	tructions) 6,725,256	
H I	Check a		thod: (1) [K-1. Attach	☐ Initial return (2) ☐ Final return (3☐ Cash (2) ☐ Accrual none for each person who was a partratach Schedule M-3)	ner at any tin	3) 🗌 Ot	ther (speci	ear ▶			
Caı	ution. In	clude only tr	ade or bus	siness income and expenses on line	es 1a throug	gh 22 be	elow. See	the instructi	ons fo	or more informa	tion.
	1a G	ross receipts	or sales			1a					Τ
	1			inces					1c		
	1			nedule A, line 8)					2		$\overline{}$
ne				ne 2 from line 1c					3		
Income				from other partnerships, estates,					4	10,229,525	
<u>n</u>	1	-	, ,	tach Schedule F (Form 1040)) .				·	5		
	1			m 4797, Part II, line 17 (attach Fo					6		
				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 employ					9	1,179,658	
(see the instructions for limitations)	1			o partners		•			10	561,900	
Ē				pe					11	8,610	
for	1								12		
tions	1								13	729,654	
truci									14	871,972	
ins	1								15		
e th	16a D	epreciation (if required	l, attach Form 4562)		16a	62	,765			
	b Le	ess depreciat	ion report	ed on Schedule A and elsewhere o	on return	16b			16c	62,765	
ions	1	epletion (Do	not dedu	ict oil and gas depletion.)				· · · ⊢	17		
	18 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 throu	gh 20 .	21	4,158,889	
	22 O			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	I 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	s based s return elow (see
_			or general	Salation of infinited hability company member	Date		Date		Dr	eparer's SSN or PT	TINI
Pai	d	Preparer's signature			Date		Check	if mployed ▶	٦ ١٠٠٤	spaidi s oon di Pi	11.0
Pre	parer's	Firm's name (or voure 🕨				Sell-e		- -		
Use	Only	if self-employe	ed),)				EIN ►		\	
_		address, and						Phone no.	(
For	Privacy	Act and Pap	erwork Re	eduction Act Notice, see separate in	nstructions.		Cat. I	No. 11390Z		Form 1065	(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	inventory at end or year		
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2		
Ja	(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?	Ш	No
Sc	If "Yes," attach explanation. hedule B Other Information		
	What type of entity is filing this return? Check the applicable box:	Yes	No
1	☐ 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 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		~
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 ▶ 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:		
	ne of ldentifying number of TMP		
Add	dress of		
TMI	ignated December 2015		

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 . . . b Adjusted gain or lossc 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)

Form	1065 (2007)								Page 4
Ana	lysis of Net Inc	ome (Loss)							
	Net income (loss).	Combine Schedule		through 11.				sum of 1	406,413,471
2	Analysis by partner type:	(i) Corporate	(ii) Individ	lual (iii) Indivi	dual	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
а	General partners						41,147,057		
	Limited partners				4,05	8,516	361,207,898		
Sch	nedule L B	Balance Sheets	per Books		Begin	ning of	tax year	End of	tax year
		Assets		(a			(b)	(c)	(d)
1	Cash						5,232,390		6,027,450
		 accounts receivabl					0,202,000		
		or bad debts							
							-	-	
		obligations						-	
		rities						-	
_		ets (attach stateme	,					-	
7		ll estate loans .						-	
		s (attach statement	•		,621,7	40		1,682,950	
	_	er depreciable ass			,021,7 ,372,3		240.264	1,435,144	247 906
		d depreciation .			,312,3	19	249,361	1,435,144	247,806
		depletion							
	•	amortization)							
	-	(amortizable only)							
b		d amortization .							
13	,	ch statement) .					5 404 754	-	
14							5,481,751	-	6,275,256
	Liabili	ities and Capital					4.507.000		0.040.005
15							1,567,623	-	3,049,605
16	Mortgages, notes, b	oonds payable in les	s than 1 year	· .				-	
17	Other current liabi	ilities <i>(attach stater</i>	ment)					-	
18	All nonrecourse lo	oans						_	540,000
19	Mortgages, notes, I	bonds payable in 1	year or more					_	
20	Other liabilities (at	tach statement)						_	
21	Partners' capital a	accounts					3,914,128	_	2,685,651
		d capital					5,481,751		6,275,256
Sch		Reconciliation of lote. Schedule M-3							
1	Net income (loss)	per books			6	ncome	recorded on books	this year not include	ed
2	Income included on	Schedule K, lines 1, 2	2, 3c,			n Sche	edule K, lines 1 thro	ough 11 (itemize):	
	5, 6a, 7, 8, 9a, 10,	and 11, not recorde	ed on		a ¯	Гах-ех	empt interest \$		
	books this year (iter	mize):							
3		nents (other than he			7 [Deduct	ions included on S	Schedule K, lines	1
					t	hrough	n 13d, and 16l, n	ot charged agains	st
4		d on books this yea			k	ook in	come this year (ite	emize):	
	included on Sche	dule K, lines 1 thro	ough				ciation \$		
	13d, and 16l (item)	ize):							
а	Depreciation \$								
b	Travel and enterta	ainment \$			8 /	Add lin	es 6 and 7		
					9	ncome	(loss) (Analysis of	Net Income (Loss	s),
5		gh 4				ine 1).	Subtract line 8 from	m line 5	
Sch	nedule M-2 A	nalysis of Partn	ers' Capi		1				
1		ning of year		3,914,128	6 [Distribu	utions: a Cash		408,202,737
2	Capital contribute	ed: a Cash					b Proper	ty	
		b Property .			7 (Other o	decreases (itemize	e):	
3	Net income (loss)	per books		06,974,260					
4		itemize):							
	,				1		es 6 and 7		
5	Add lines 1 throu	gh 4		10,888,388	9 E	Balance	at end of year. Subti	ract line 8 from line 5	2,685,651
			€	Printed on re	ecycled p	aper			Form 1065 (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 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) . 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 5 (b) Cost (business use only) (c) Flected cost (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

	4562 (2007)														Page 2
Pa		Property (In							, cellul	ar telep	ohone	s, certa	ain co	mputer	s, and
		rty used for e For any vehicle						,	e rate o	r deduc	rtina le	ase eyr	nense	comple	te onl v
		4b, columns (a											,	oompio	io omy
	tion A—Depre								1		•				
24a	Do you have evid	lence to support t	1	investme T	nt use cl	aimed?		∐ No	24b	f "Yes,"	is the e	evidence	written'		s No
Тур	(a) be of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	Cos	(d) it or other basis			preciation vestment nlv)	(f) Recover period	y Me	(g) thod/ vention	Depr	(h) eciation luction	Ele secti	(i) ected ion 179 cost
25	Special allowance year and used mo	for qualified New	York Liberty of	or Gulf Op	oportunity	Zone pro	operty pla	aced in se	ervice dur	ing the ta	x 25				
26	Property used										. 20				
			%												
			%												
07	Dranarty used	F00/ or loss	%												
27	Property used	50% or less	in a quaime	1	ness us	se:				S/L -					
			%							5/L -					
			%							S/L -					
28	Add amounts										28				
29	Add amounts	in column (i),											. 29	9	
Con	nplete this secti	on for vehicles							ehicles		owner	" or role	ated no	reon	
	provided vehicles														vehicles
30	Total business/	investment mile	o drivon		a)		b)	(c)	(c	D	(e)	(1	f)
30	during the year (icle 1		cle 2		cle 3	Vehic			cle 5	Vehi	
	miles)														
31	Total commuting miles driven during the year Total other personal (noncommuting)		ig the year												
32															
00	miles driven														
33	lines 30 through	h 32		Vac	No	Vac	No	Voc	No	Voc	No	Voc	No	Voc	No
34	Was the vehicl use during off-			Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehic	•													
00	more than 5% o														
36	Is another vehicuse?	cie avallable for													
		Section C—Qu													
	wer these quest more than 5%						comp	leting S	ection I	3 for ve	hicles	used by	y empl	oyees w	vho are
						,								Yes	No
37	Do you mainta		olicy staten					al use o	of vehici	es, incl	uding	commu	ting,	100	110
38	Do you maintain	•						icles, ex	 cept com	· · nmuting,	by you	r employ	ees?		
	See the instruct														
39	Do you treat a														
40	Do you provid									-		-	oout		
41	the use of the Do you meet the								 (See ins						
••	Note: If your a														
Pai	rt VI Amort	tization													
	(a)			b)			c)		(0			(e) tization		(f)	
	Description (of costs		ortization gins	1		tizable ount		Co sec	de tion	peri	od or		ortization f this year	for
42	Amortization of	f costs that be			 07 tax v			ctions).			perc	entage		• • • • • • • • • • • • • • • • • • • •	
	, 11101112411011 01	י ייטטנט נוומנ טפּנָ	g.no during	, oui 20	J. lan	, oui (30	- 1110ti U	J.13113j.							
43	Amortization of											43			
44	Total. Add am	nounts in colu	mn (f). See	the ins	_	ns for w	here to	report				44			
					⊕ PI	rinted on r	ecycled pa	aper					F	orm 456	2 (2007

				Final K-1	Ame	ended 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	3) 15	Credits
Internal Revenue Service	year beginn	ing, 2007			40,649,08	_	
Partner's Share of		eductions,	2	Net rental	real estate income (lo	ss)	
Credits, etc.	•	m and separate instructions.	3	Other net	rental income (loss)	16	Foreign transactions
Double Information	ion About the	Dawlmanahin	1	Cuaranta	ad may was a mate		A Japan
Part I Informati A Partnership's employer id	ion About the	Partnersnip	4	Guarantee	ed payments 561,9 0	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			3,65	3	D 1,022,953
Carlton Asset Manage	ement I P		6a	Ordinary	dividends		
1678 S Hoover Blvd							L 63,251
San Francisco, CA 94	1101		6b	Qualified	dividends		
0 IDO Ott			7	Royalties			
C IRS Center where partne	ership filed return			NI-4 -b4	A		
Ogden			- 8	Net snort-	term capital gain (loss	5)	
D Check if this is a pu		. , ,	9a	Net long-	term capital gain (los	s) 17	Alternative minimum tax (AMT) items
E							/ itemative minimal tax (im) itemo
F Check ii Form 6271	is attached		9b	Collectible	es (28%) gain (loss)		
Part II Informati	ion About the	Partner					
G Partner's identifying num	ber		9с	Unrecapti	ured section 1250 ga	n	
69-3000001							
H Partner's name, address, XYZ Management	, city, state, and ZIP	code	10	Net section	on 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
7272 W Truman Ave			11	Other inco	ome (loss)		C 111
Sacramento, CA 9581	3						
			-				
General partner or member-manager	LLC	Limited partner or other LLC member				19	Distributions
J Domestic partner		Foreign partner	12	Section 1	79 deduction		A 40,820,274
bomestic partier		Toreign partner			4,33	33	
K What type of entity is this	s partner? Partne	ership	13	Other dec	ductions		
L Partner's share of profit,						20	Other information
Begin		Ending					4.0.050
Profit	10 % 10 %	10 % 10 %					A 3,653
<u>Loss</u> Capital	10 %	10 %					
σαριταί	70	70	14	Self-emplo	syment earnings (loss)		
M Partner's share of liabiliti	es at vear end:				A 41,210,98	89	
Nonrecourse , , ,	•	54,000					
Qualified nonrecourse fin	nancing\$				C 41,210,98		
Recourse	\$		*Se	e attach	ed statement for	additi	onal information.
			-				
N Partner's capital account	•	391,413					
Beginning capital accour		· ·)nly				
Capital contributed durin Current year increase (de		40,697,426	e O				
Withdrawals & distributio	,	40,820,274	l s				
Ending capital account	\$	268,565	IRS				
			For IRS Use Only				
	AAP Section	n 704(b) book	"				
Other (explain)							

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

Cat. No. 11394R

				Final K-1		Amended	K-1	OMB No. 1545-0099
Schedule K-1 (Form 1065)	2	2007	Pa	art III				nt Year Income, Other Items
Department of the Treasury Internal Revenue Service	For calendar year 200	7, or tax	1	Ordinary b	ousiness income	(loss) 1	5 Credits	
Internal Revenue Service	year beginning	, 2007			361,776	_		
Partner's Share of	o o	, 20	2	Net rental	real estate income	e (loss)		
Credits, etc.	► See back of form and se	parate instructions.	3	Other net	rental income (los	ss) 16	Foreign	transactions
Dort I Informati	ion About the Dortne	robin	4	Guarantos	ed payments			A Japan
Part I Informati A Partnership's employer id	ion About the Partne	ersnip	1	Guarantee	eu payments			B 9,104,282
69-000003			5	Interest in	come			D 3,104,202
	ress, city, state, and ZIP code		1		32	,507		D 9,104,282
Carlton Asset Manage	ement LP		6a	Ordinary o	dividends			
1678 S Hoover Blvd								L 562,934
San Francisco, CA 94	1101		6b	Qualified of	dividends			
			<u> </u>	- · · ·				
C IRS Center where partne	rehin filed return		7	Royalties				
Ogden	asinp med return		8	Net short-	term capital gain ((loss)		
	blick to ded a set of section (DTD)		† °	Net Short-	terri capitai gairi (1033)		
-	blicly traded partnership (PTP) ion number, if any		9a	Net long-t	erm capital gain	(loss) 17	' Alternati	ve minimum tax (AMT) items
F Check if Form 8271								
			9b	Collectible	es (28%) gain (los	s)		
	ion About the Partne	er	_					
G Partner's identifying num	ber		9c	Unrecapti	red section 1250	gain		
69-3000002 H Partner's name, address,	city state and ZIP code		10	Not coatio	on 1231 gain (loss	.) 18	Tax-exe	empt income and
	, only, oraco, and an oodo		"	iver section	71 1231 gailt (1033	,,		luctible expenses
ABC Investments 93 E Oaks Dr			11	Other inco	ome (loss)			C 989
Los Angeles, CA 9005	52							
General partner or	LLC Limited p	artner or other LLC				40) Distribu	
member-manager	member		12	Section 1	79 deduction	19	Distribu	A 363,300,436
J Domestic partner	☐ Foreign p	artner		OCCIOIT I		,567		A 303,300,430
K What type of entity is thi	s partner? Partnership		13	Other ded		,,,,,,		
L Partner's share of profit,						20	Other in	nformation
Begin	•	Ending						
Profit	89 %	89 %						A 32,507
Loss	89 %	89 %						
Capital	89 %	89 %	14	Self-emplo	yment earnings (lo	ce)		
			'-	Geli-emplo	yment earnings (io	33)		
M Partner's share of liabiliti Nonrecourse	es at year end:\$	480,600						
Qualified nonrecourse fin								
Recourse			*Se	e attach	ed statement	for add	itional info	ormation.
N Partner's capital account	t analysis:	== .						
Beginning capital accour			n _y					
Capital contributed durin	• •	362,207,091	0 0					
Current year increase (de Withdrawals & distributio	/	363,300,436)	Us					
Ending capital account	ons\$ <u>\</u>	2,390,229	RS					
			For IRS Use Only					
Tax basis G	AAP Section 704(b) b	ook	ا لا					
Other (explain)								

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

Cat. No. 11394R

				Final K-1	Amen	ded 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	For calendar year 2	007 or tax	1	Ordinary b	ousiness income (loss)	15	Credits
Internal Revenue Service	•	, 2007			4,064,909		
		, 20	2	Net rental	real estate income (los	s)	
Partner's Share of							
O 114 4 .	► See back of form and s	,	3	Other net	rental income (loss)	16	Foreign transactions
							A Japan
	on About the Partr	nership	4	Guarantee	ed payments		
A Partnership's employer id	entification number						B 102,295
69-0000003			5	Interest in	come		
B Partnership's name, addre	ess, city, state, and ZIP coo	de			365	5	D 102,295
Carlton Asset Manage	ement LP		6a	Ordinary of	dividends		
1678 S Hoover Blvd							L 6,325
San Francisco, CA 94	101		6b	Qualified	dividends		
			7	Royalties			
C IRS Center where partner	ship filed return						
Ogden			- 8	Net short-	term capital gain (loss)		
I	olicly traded partnership (PT	,	9a	Net long-t	term capital gain (loss)	4=	A11 11 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
E Tax shelter registration	on number, if any		Ja	Net long-	terrii capitai gairi (ioss)	17	Alternative minimum tax (AMT) items
F Check if Form 8271 i	is attached		9b	Collectible	es (28%) gain (loss)		
Part II Information	on About the Partr	30r	1 00	Concombic	33 (2070) gain (1003)		
G Partner's identifying numb		iei	9c	Unrecaptu	ured section 1250 gain		
69-3000003	J61		**		area economical series		
H Partner's name, address,	city, state, and ZIP code		10	Net section	on 1231 gain (loss)	18	Tax-exempt income and
	, ,,		'	TVOT SCOTIC	71 1201 gain (1000)		nondeductible expenses
T Carlton 888 NW Peach St			11	Other inco	ome (loss)	1	C 11
San Francisco, CA 94	101				(1885)		
I ☐ General partner or I	LLC Limited	partner or other LLC					
member-manager	membe					19	Distributions
J Domestic partner	Foreign	partner	12	Section 1	79 deduction		A 4,082,027
		, partitor			433	3	
K What type of entity is this	partner? Individual		13	Other ded	luctions		
L Partner's share of profit, I						20	Other information
Beginn		Ending					
Profit	1 %	1 %					A 365
Loss	1 %	1 %					
Capital	1 %	1 %					
			14	Self-emplo	yment earnings (loss)		
M Partner's share of liabilitie	,						
l	\$						
	ancing\$		+0			1 -1'4'	and information
Recourse	\$		^56	e attach	ed statement for a	additio	onal information.
			-				
N Partner's capital account	•	20.444					
Beginning capital account			nly				
Capital contributed during			0				
Current year increase (de			Use				
Withdrawals & distribution		4,082,027) 26,857	SS				
Ending capital account	\$	20,037	For IRS Use Only				
Tax basis GA	Section 704(b)	hook	P				
Other (explain)	Section 704(b)	DOOK					

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.

Department of the Treasury Internal Revenue Service Attach to Form 1065 or Form 1065-B. ► See separate instructions.							
	of partnership	r identification number					
Carl	ton Asset Mana	gement, LP		69	0000003		
A [The amount of th	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 count of adjusted total assets for the tax year of total receipts for the taxable year is equal to the tax year 410,686,302. It is a reportable entity partner with respect to ore in the partnership's capital, profit, or loss	f the tax year is equal to \$10 m the year is equal to \$10 million al to \$35 million or more. If bo to the partnership owns or is o	n or more. x C is cheated to	If box B is checked, cked, enter the total own an interest of 50		
		e of Reportable Entity Partner		Maximum F	Percentage Owned or emed Owned		
E	☐ Voluntary File	er					
Par	t I Financi	al Information and Net Income (Loss)	Reconciliation				
b c 2 3a	 No. Go to lir Did the partners Yes. Skip lir No. Go to lir Did the partners Yes. Comple No. Skip line Enter the incom Has the partners ✓ No. Has the partners 	nes 1b and 1c and complete lines 2 through ne 1b. See instructions if multiple non-tax-basis ship prepare a certified audited non-tax-basis ne 1c and complete lines 2 through 11 with rene 1c. Ship prepare a non-tax-basis income statement lines 2 through 11 with respect to that in less 2 through 3b and enter the partnership's restatement period: Beginning	asis income statements are preparations income statement for that perespect to that income statement for that period? The statement income statement income (loss) per its books income statement period on each item restated.)	pared. iod? iot. and record / 31 / line 2?	2007_		
4 5a b 6a b 7a b	Net income from Net loss from no Net income from Net income (los Net income (los Adjustment to e (attach schedule	,	and enter as a positive amount and enter as a positive amount and enter as a positive amount) ach schedule) ble entities and nonincludible	t)	4 406,974,260 5a () 5b 6a () 6b 7a 7b 8		
	•	econcile income statement period to tax yea nts to reconcile to amount on line 11 (attach	,	1	10		

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) Temporary Difference	(c) Permanent Difference	(d) 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 9	Income (loss) from foreign partnerships (attach schedule) Income (loss) from other pass-through entities	10,229,525			10,229,525
10 11 12	(attach schedule)				
13 14 15 16 17 18 19 20	Hedging transactions Mark-to-market income (loss) Cost of goods sold (attach Form 8916-A) Sale versus lease (for sellers and/or lessors) Section 481(a) adjustments Unearned/deferred revenue Income recognition from long-term contracts 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		(560 700)	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

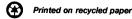
Name of partnership

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			<u> </u>	
	Expense/Deduction Items	(a) Expense per Income Statement	(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				
23 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	Total expense/deduction items. 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.

Attachment

OMB No. 1545-1668

Information furnished for the foreign partnership's tax year 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," do 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

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

Electronic Tax Filers, Inc

123 Any Street Anytown, NY 11717

Firm's name (or yours if self-employed), address, and ZIP code

Cat. No. 25852A

EIN ▶

Phone no.

69

631

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

0000098

Forn	า 8865	(2007)							Page 2
So	hed	check box b , enter t	thip of Partnership Interest. the name, address, and U.S. est you constructively own. Se	. tax	payer identi tructions. —	fying	numb	per (if an	ler. If you
		a Owns a direct inte		b				Check if	Check if
		Name	Address		Identifying nun		any)	foreign person	direct partner
Cal	rton /	Asset Management, LP	1678 Hoover Blvd, San Francisco C/ CA 94101	A	69-0000	0098			V
So	bod	ulo A.1. Certain Partners of F	oreign Partnership (see instru	ruction	26)				
30	nea				<u> </u>				Check if
		Name	Address		Identifyir	ng num	per (if a	any)	foreign person
Doe	es the	e partnership have any other foreign	person as a direct partner?				□ Ye	es	☐ No
Sc	hed		List all partnerships (foreign or indirectly owns a 10% inte		omestic) in v	vhich	the f	oreign pa	artnership
		Name	Address		EIN (if any)			al ordinary me or loss	Check if foreign partnership
			Frade or Business Income	h 22 h	olow Soo the	inotruo	tions t	for more in	formation
Cat	ition.	Include only trade or business incom	e and expenses on lines Ta through	11 22 0	elow. See trie	Instruc	lions	or more in	iormation.
	1a	Gross receipts or sales		1a					
	1	Less returns and allowances		1b			1c		
4	2	Cost of goods sold					2		
m	3	Gross profit. Subtract line 2 from lin	ne 1c				3		
luco	4	Ordinary income (loss) from other par	·		,		4		
_	5	Net farm profit (loss) (attach Schede					5		
	6	Net gain (loss) from Form 4797, Pa					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		
(SL	11	Repairs and maintenance					11		
itatior	12	Bad debts					12		
iii	13	Rent				•	13		
ns fo	14	Taxes and licenses					14		
ructio	15	Interest					15		
inst	1	Depreciation (if required, attach For		16a					
(see		Less depreciation reported elsewhe	*	16b			16c		
Suc	17	Depletion (Do not deduct oil and ga	as depletion.)				17		
ξį	18	Retirement plans, etc					18		
qŭ	19	Employee benefit programs					19		
Deductions (see instructions for limitations)	20	Other deductions (attach statement,)				20		
_	21	Total deductions. Add the amounts she	own in the far right column for lines 9	9 throu	gh 20		21		
	22	Ordinary business income (loss) fro	m trade or husiness activities. Sub-	tract l	ine 21 from lin	e 8	22		

Form 8865 (2007)

Schedule D Capital Gains and Losses

Part I Short-Term Capital Gains and Losses—Assets Held One 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 othe (see instruction		(f) Gain or (loss) Subtract (e) from (d)					
1												
2	Short-term capital gain from ins	tallment sales from	Form 6252, line 26	or 37		2						
3	Short-term capital gain (loss) from	om like-kind exchan	ges from Form 882	4		3						
4	Partnership's share of net short-	term capital gain (los	ss), including special	ly allocated short-	term capital							
	gains (losses), from other partner					4						
5	Net short-term capital gain or Form 8865, Schedule K, line 8	(loss). Combine lir	nes 1 through 4 in c	column (f). Enter h	ere and on	5						
Pa	rt II Long-Term Capital G											
	(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 othe (see instruction		(f) Gain or (loss) Subtract (e) from (d)					
6												
7	Long-term capital gain from ins	tallment sales from	Form 6252, line 26	or 37		7						
8	Long-term capital gain (loss) fro	m like-kind exchan	ges from Form 8824	1		8						
9	Partnership's share of net long-t gains (losses), from other partner		9									
10	Capital gain distributions		10									
11	Net long-term capital gain or	(loss). Combine line	es 6 through 10 in o	column (f). Enter h	nere and on	11						
	Torri 0000, ochedule IX, line 9a	n 8865, Schedule K, line 9a or 11										

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 expensec 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). 15d d Other rental real estate credits (see instructions) Type ▶ Type ▶ e Other rental credits (see instructions) Type ► f Other credits (see instructions) 15f **16a** Name of country or U.S. possession ▶.... \boldsymbol{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 20b **b** Investment expenses **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	8865 (2007)						Page 0
Sc	hedule M Balance Sheets for	Interest Allocation	l				
b	content contegery (content content content)				(a) Beginning of tax year	(b) End of tax year	
_	Other	<u> </u>					
Sc	hedule M-1 Reconciliation of Inc. 1, is answered "Yes."		ks W	ith Inco	me (Loss) per Return. (No	ot required if Item GS	₃, page
	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) Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		7	pear no lines 1 Tax-ex Deduct K, lines charge year (its Deprese Add line)	e recorded on books this at included on Schedule K, through 11 (itemize): empt interest \$ ions included on Schedule 1 through 13d, and 16l not d against book income this emize):		
Scl	hedule M-2 Analysis of Partne	ers' Capital Accour	nts. (Not req	uired if Item G9, page 1	l, is answered "Ye	es.")
1 2 3 4	Balance at beginning of year . Capital contributed: a Cash b Property Net income (loss) per books . Other increases (itemize):		7	Other	tions: a Cash b Property		
5	Add lines 1 through 4		9	Balanc	e at end of year. Subtract rom 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 .				
	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				
_			ı	<u>I</u>	Form 8865 (2007)



Printed on recycled paper

SCHEDULE O (Form 8865)

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

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

OMB No. 1545-1668

2007

Department of the Treasury
Internal Revenue Service

Name of transferor

Carlton Asset Management, LP

Filer's identifying number 69-000003

Name of foreign partnership

Part I Tra	nsfers Reportal	ble Under S	ection 6038B				
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	(f) 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	r Section 6038B				
(a) Type of property	(b) Date of original transfer	(c) Date of disposition	(d) Manner of disposition	(e) Gain recognized by partnership	(f) Depreciation recapture recognized by partnership	(g) Gain allocated to partner	(h) Depreciation recapture allocated to partner

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

section 904(f)(5)(F)?

Cat. No. 25909U

Schedule O (Form 8865) 2007

✓ No

► ☐ Yes



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SCHEDULE P (Form 8865)

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

OMB No. 1545-1668

2007

(under section 6046A)

Department of the Treasury
Internal Revenue Service

Name of person filing Form 8865 ▶ 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				

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					
(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 Proportiona	I Interest				
(a) Description of change	(b) Date of change	(c) FMV of interest	(d) Basis in interest	(e) % of interest before change	(f) % of interest after change
Part IV Supplemental Informat	ion 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 Pa	artnershi	p Inc	ome		OM	1B No. 1545-009	99
		the Treasury e Service (77)	For calen	dar year 2007,	or tax year beginning ▶ See separ	ate instruction		,, 20		l	2007	
		usiness activity	Use the	Name of part	·				i) Employ	yer identification	
	Quarrie		IRS Lastiand squarres							69	000000	
	Principal product or service label. Number, street, and room or suite no. If a P.O. box, see the instructions.								_ ['	E Date I	business started	i
_	Crushe	d Stone	wise,	2313 Jack							03/29/2002	
C B	usiness c	ode number	print	City or town,	state, and ZIP code						assets (see the ctions)	
	21	12310	or type.	Portland,	OR 97208					\$	28,234,548	
G H I J	Check a		thod: (1) [K-1. Attacl	Cash h one for each	(2) ☐ Final return (2) ☑ Accrual person who was a pa ule M-3)	(3 rtner at any tim	o) 🗌 Ot ne during					
Ca	ution. /r	nclude only tr	ade or bu	siness incom	e and expenses on li	nes 1a throug	h 22 be	elow. See the ins	tructior	ns for i	more informa	tion.
	1-0	· · · · · · · · · · · · · · · · · · ·					1a	15,200,800				Т
		iross receipts					1b	115,470	1		15,085,330	
								-			7,000,000	
e					ne 8)					_	8,085,330	_
οū	1				ne 1c					_	0,000,000	
Income	1	-			oartnerships, estates ule F (Form 1040))		•	•	. —			
_	1		. , .		rt II, line 17 (attach					_	37,400	
	1	• ,		,	,	,			. —		36,522	
	8 T	otal income	(loss) (atta	ombine lines	nt)				. —	_	8,159,252	$\overline{}$
- (s					partners) (less emplo					_	550,000	
ation	10 G								. —	_		
imit	11 R								. —		3,120,512	$\overline{}$
Deductions (see the instructions for limitations)	12 B								1:	_	11,411	
ons	13 R								1:	_	486,634	
ucti	14 Ta								1	_	262,140	
instr	15 In								1	_	38,106	
the	16a D	epreciation (16a	1,552,601				_
see	h L				dule A and elsewhere		16b	1,552,601	16	ic		
S	17 D								1		653,121	$\overline{}$
<u>.</u>	18 R								1	В	53,721	$\overline{}$
걸	19 E	mployee ben	efit progr	ams					1	_	287,416	$\overline{}$
ਲ੍ਹ	20 0	ther deduction	, ,						2	0	1,314,204	
۵	21 T	otal deducti	ons. Add	the amount	s shown in the far r	ight column	for lines	s 9 through 20	. 2	1	6,777,265	$\overline{}$
					Subtract line 21 fro				. 2	_	1,381,987	
	gn ere	Under penaltie and belief, it is	s of perjury, s true, corre	I declare that I h	ave examined this return, e. Declaration of prepare	including accom				ny mem May th	ber manager) is e IRS discuss this e preparer shown bel	s return low (see
		Signature	e of general	partner or limite	ed liability company mem	ber manager		Date		monucti	onoj: Lites	□ 140
Pai		Preparer's signature	-		. •	Date		Check if self-employed	▶ □	Prepa	rer's SSN or PT	'IN
rre	parer's Only	Firm's name (or yours	Electron	ic Tax Filers, Inc			EIN ▶	69	1	0000098	
030	, only	if self-employed address, and a	ea), ZIP code		e Drive Anytown, C	OR 97201		Phone r	10.	(555		00
For	Privacy	Act and Pap	erwork Re	eduction Act	Notice, see separate	instructions.		Cat. No. 1139	0Z		Form 1065	(2007)

	1065 (2007)	Р	age 2
Sc	hedule A Cost of Goods Sold (see the instructions)		
1	Inventory at beginning of year	2,320	
2		2,263	
3		0,412	
4	0001 01 10001	4,212	
-	Additional Society 2007 Cools (attach statement)	8,713	
5	other decid fattaer state menty	5,1 10	
6	Total Act into Tallough 5	7,920	
7	involtory at one or year		
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	0,000	
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) ▶		
h	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶		
		H	
	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?	_	No
е	Was there any change in determining quantities, cost, or valuations between opening and closing inventory?	/	No
	If "Yes," attach explanation.		
Sc	hedule B Other Information		
1	What type of entity is filing this return? Check the applicable box:	Yes	No
а			
С			
e			~
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			
5	Does this partnership meet all three of the following requirements?		
а			
	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		~
	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		
U	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		
10	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 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)		
Ente	r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:		
	me of Identifying number		
TM	eignated P 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 Income (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 17c 619,783 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 Partners' capital accounts 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 Income recorded on books this year not included Net income (loss) per books . . . 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 4 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) 21 12.630 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 2
	rt V Listed	l Property (Ir							, cellula	r telep	hones	s, certa	ain con	nputer	
		rty used for e For any vehicle			-			,	rata ar	doduc	tina lo	200 04	oonso o	omplo	to onl y
		for arry verticie 4b, columns (a											berise, c	ompie	e only
	tion A—Depre	ciation and O	ther Inforn	nation (0	Caution:	See th	ne ins	truction	ns for lim	its for	passen	iger au			
24 a	Do you have evid	lence to support t		nvestment	use claime	ed? 🔽	Yes	No	24b If	"Yes," i	s the ev	/idence	written?	✓ Ye	s⊡No
Тур	(a) be of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	Cost	d) or other asis	(busine		reciation estment ly)	(f) Recovery period	(g Meth Conve	nod/		(h) reciation duction	sect	(i) ected on 179 cost
25	Special allowance year and used mo	for qualified New ore than 50% in a	York Liberty of	or Gulf Opp ness use (s	ortunity Zor	ne prope ons) .	erty pla	ced in se	ervice durin	g the tax	25				
26		more than 50													
	7 Envoy	02/17/2007	100 %		42,600			2,600		200 D			8,520		
200	7 HondaCiv	01/01/2007	100 %		20,550		2	0,550	5	200 D	BAHY		4,110)	
27	Property used	 50% or less i	in a qualifie	d husine	ee neo.										
	1 Toperty used	0070 01 1633 1	%	Ju Dusine	33 use.					S/L -					
			%							S/L -					
			%							S/L -	,				
28		in column (h),									28		12,630		
29	Add amounts	in column (i), I											. 29		
Com	nplete this secti	on for vehicles			—Inform oprietor.					n 5% o	wner."	or rela	ated per	son.	
If you	provided vehicles	to your employee	es, first answe	r the ques	tions in Sec	tion C t	to see	if you me	eet an exce	eption to	comple	ting this	section for	or those	vehicles.
30	during the year (investment mile	ommuting	(a) (b) Vehicle 1 Vehicle					(d) Vehicle 4		(e) Vehicle 5		(Vehi	f) cle 6	
31	,	miles driven durin													
32	Total other pe	ersonal (noncor	mmuting)												
33	Total miles driv		ear. Add												
34		le available for duty hours? .		Yes	No Y	es	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehice more than 5% of	cle used primar owner or related													
36	Is another vehicuse?	cle available for													
		Section C—Qu													
	wer these ques more than 5%		-				omple	eting S	ection B	for veh	nicles ι	used b	y emplo	yees v	/ho are
37		ain a written po byees?												Yes	No
38	Do you maintair	a written policy tions for vehicles	statement th	nat prohib	its persona	al use c	of vehic	cles, exc	cept comr	nuting, l	oy your	employ	ees?	~	
39		all use of vehic	-											V	
40		le more than f													
41	Do you meet th	e vehicles, and e requirements	concerning of	qualified a	utomobile	demor	nstrati	on use?	(See inst	ructions	s.) .			<u> </u>	V
Pai		nswer to 37, 38 t ization	o, oə, 40, 01	41 15 Y	-s, uo no	J. COM	piele	Section	וטו נוו	e cover	eu ven	icies.			
·	(a) Description		Date am	b) ortization gins	,	(c) Amortiza amour			(d) Cod secti	е	(e Amorti: perio	zation d or		(f) rtization	for
42	Amortization o	f costs that beg			/ 7 tay yoo:			rtione).			percer	ntage		,	
74	AITIOI IIZAIIOIT O	Developmer		/30/2007		(SEE I		,106		291		5			10,411
40	A	A	anas bet	C	007 t							45			24.542
43 44		of costs that b nounts in colur	_	-	-						.	43 44			31,513 41,924
<u> </u>			(1)1 000			on recy				<u></u>	•		Fo		2 (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 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 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 Form 4797 (2007) For Paperwork Reduction Act Notice, see separate instructions.

Page 2

Form 4797 (2007)

Pa	(see instructions)	Sect	ions 1245, 123	00, 1252, 125	94, 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			
C						
_ <u>D</u>			T			
	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		82,000 44,000	9,000		
22	Depreciation (or depletion) allowed or allowable		38,000	5,400 3,600		
23	Adjusted basis. Subtract line 22 from line 21	25	30,000	3,000	,	
24	Total gain. Subtract line 23 from line 20	24	32,000	9,400		
25	If section 1245 property:					
a	Depreciation allowed or allowable from line 22	25a	44,000	5,400		
b	Enter the smaller 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.					
а	Additional depreciation after 1975 (see instructions)	26a				
b						
-	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 26d				
d						
e f	Enter the smaller of line 26c or 26d	26f				
g	Add lines 26b, 26e, and 26f	$\overline{}$				
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				
<u>c</u>	Enter the smaller of line 24 or 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				
Sur	Enter the smaller of line 24 or 29a (see instructions)	29b	ough D through	line 20h hef	re going to line	30
Oui	minary of Fare in dames complete property columns	, , , , , , , , , , , , , , , , , , , ,	odgir B tillodgir	Time 200 ber		
30	Total gains for all properties. Add property columns A through	h D, line	e 24		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 other than casualty or theft on Form 4797, line 6	or theft	on Form 4684, line	e 33. Enter the p		4,000
Pa	rt IV Recapture Amounts Under Sections 179					50% or Less
	(see instructions)				(a) Section 179	(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		

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Form **4797** (2007)

Test Scenario 4 Eastland Quarries 69-0000004

Certain Partnership Interests (Rev. October 2005) OMB No. 1545-0941 Department of the Treasury Internal Revenue Service ► Please print or type. Name of partnership Employer identification number Telephone number **555**) **555-555** 69:0000004 **Eastland Quarries** 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

Under penalties of perjury, I declare that I have examined this return, including accompanying attachments, and to the best of my

Date

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

knowledge and belief, it is true, correct, and complete.

Signature of general partner or limited liability company member

Report of a Sale or Exchange of

Form **8308**

Sign Here Only if You

Are Filing This Form by Itself and Not With Form 1065 or Form 1065-B

SCHEDULE D (Form 1065)

Capital Gains and Losses

OMB No. 1545-0099

9007

Department of the Treasury Internal Revenue Service		, Attaon t	5 T 51111 T 5051			<u> </u>
Name of partnership					Employer ident	ification number
Eastland Quarries					69	0000004
Part I Short-Term	Capital Gains an	d Losses—Asse	ts Held 1 Year o	r Less		000004
(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 ructions)	(f) Gain or (loss) Subtract (e) from (d)
100 Shares ABC	04/09/2007	09/13/2007	5,000		2,700	2,300
2 Short-term capital g	ain from installment	sales from Form 6	252, line 26 or 37 .		2	
3 Short-term capital g	jain (loss) from like-k	ind exchanges from	m Form 8824		3	
•	of net short-term capi , from other partnersh	• , ,,	0 ,		erm 4	
on Form 1065, Sche			<u> </u>		5	2,300
	Capital Gains and	d Losses—Asse	ts Held More Tha	an 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)		other basis ructions)	(f) Gain or (loss) Subtract (e) from (d)
1 Acre of Land 6	08/01/2003	01/10/2007	7,500		10,000	(2,500)
7 Long-term capital g	ain from installment	sales from Form 6	252, line 26 or 37 .		7	
8 Long-term capital g	ain (loss) from like-ki	nd exchanges fror	n Form 8824		8	
	e of net long-term gains (losses), from			-		
10 Capital gain distribu	itions				10	
	tal gain or (loss). Co edule K, line 9a or 11					(2,500)
	,	<u> </u>		<u> </u>	· · · · · · · · · · · · · · · · · · ·	(//

651106

				Final K-1	Ameno	led K-	1 OMB	No. 1545-0099
Schedule K-1 (Form 1065)		2007	Pa	art III	Partner's Share Deductions, Cr			
•				Oudings		15	Credits	Itellis
Department of the Treasury Internal Revenue Service		vear 2007, or tax	1	Ordinary	business income (loss) 310.947	15	Credits	
		, 2007	2	Net rental	real estate income (loss			
Partner's Share of								
Credits, etc.	•	and separate instructions.	3	Other net	rental income (loss)	16	Foreign transaction	ons
Part I Informat	tion About the F	Partnership	4	Guarante	ed payments			
A Partnership's employer	identification number							
69-000004			5	Interest in				
B Partnership's name, add	dress, city, state, and Z	IP code		0 "	3,201			
Eastland Quarries			6a	Ordinary	dividends			
2313 Jackson Ave Portland, OR 97208			6b	Qualified	dividends			
Fortiand, OK 37200				Qualifica	arriacriac			
			7	Royalties				
C IRS Center where partner	ership filed return							
Ogden			8	Net short-	term capital gain (loss)			
	ublicly traded partnersh		9a	Net long-	518 term capital gain (loss)	17	Alternative minimum	a tay (AMT) itama
	ation number, if any		00	14ct long	(563)	17	Alternative minimun	A (44,871)
F Check if Form 8271	1 is attached		9b	Collectible	es (28%) gain (loss)			A (44,071)
Part II Informat	tion About the F	Partner					B (3,515)	C 139,451
G Partner's identifying nur	nber		9с	Unrecapti	ured section 1250 gain			
000-30-0001								
H Partner's name, address Peter Teak	s, city, state, and ZIP co	ode	10	Net section	on 1231 gain (loss) (12,713)	18	Tax-exempt incor nondeductible ex	
34 West Washington	Ave		11	Other inco	ome (loss)			
Portland, OR 97208								
			1					
I General partner or member-manager		mited partner or other LLC nember				19	Distributions	
J Domestic partner	□ F	oreign partner	12	Section 1	79 deduction			
K What type of entity is the	is seems Individu	ıal	13	Other dec	ductions			
K What type of entity is thL Partner's share of profit					A 675	20	Other information	
· '	nning	Ending						
Profit	45 %	0 %						A 3,201
Loss	45 %	0 %						
Capital	45 %	0 %	14	Colf ample	pyment earnings (loss)			
			14	Seir-empio	syment earnings (loss)			
M Partner's share of liability								
Nonrecourse								
l	-		*Se	e attach	ed statement for a	dditio	onal information	٦.
N Partner's capital accour	•							
Beginning capital accou		9,822,670	n y					
Capital contributed duri		746,777	Ō					
Current year increase (d	· ,	746,777	Use					
Withdrawals & distribution		10,569,447	SS					
Ending capital account	\$		For IRS Use Only					
Tax basis Other (explain)	GAAP Section	704(b) book	Ä					

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	OMB No. 1545-0099
Schedule K-1 20 07	D			Current Year Income,
(Form 1065)				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		310,947		
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.	ľ	Other her rental income (ioss)	10	1 oreign transactions
Part I Information About the Partnership	4	Guaranteed payments		
A Partnership's employer identification number				
69-000004	5	Interest income		
B Partnership's name, address, city, state, and ZIP code		3,200		
Eastland Quarries	6a	Ordinary dividends		
2313 Jackson Ave Portland, OR 97208	6b	Qualified dividends		
Fortiality, OK 97200	05	Quaimed dividends		
	7	Royalties		
C IRS Center where partnership filed return	<u> </u>			
Ogden	8	Net short-term capital gain (loss)		
D Check if this is a publicly traded partnership (PTP)		517		
E Tax shelter registration number, if any	9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
F	9b	(562) Collectibles (28%) gain (loss)		A (44,871)
Part II Information About the Partner	1 35	Collectibles (2070) gain (1055)		B (3,515) C 139,451
G Partner's identifying number	9c	Unrecaptured section 1250 gain		B (3,313) C 139,431
000-00-0002				
H Partner's name, address, city, state, and ZIP code	10	Net section 1231 gain (loss)	18	Tax-exempt income and
Joseph Spruce		(12,712)		nondeductible expenses
5421 North 2100 South	11	Other income (loss)		
Portland, OR 97208				
	-			
I General partner or LLC Limited partner or other LLC member-manager member			19	Distributions
	12	Section 179 deduction		A 855,000
J Domestic partner				71000,000
K What type of entity is this partner? Individual	13	Other deductions		
L Partner's share of profit, loss, and capital:		A 675	20	Other information
Beginning Ending				
Profit 0 % 45 %				A 3,200
Loss 0 % 45 %				
Capital 0 % 45 %	14	Self-employment earnings (loss)		
	'-	Self-employment earnings (ioss)		
M Partner's share of liabilities at year end: Nonrecourse				
Qualified nonrecourse financing				
Recourse	*Se	ee attached statement for a	dditic	nal information.
N Partner's capital account analysis:				
Beginning capital account\$	<u></u>			
Capital contributed during the year .\$	Ŏ			
Current year increase (decrease)\$ 746,777	Jse			
Withdrawals & distributions \$ (855,000) Ending capital account	SS I			
Ending capital account \$ (108,223)	For IRS Use Only			
☐ Tax basis ☐ GAAP ✓ Section 704(b) book	요			
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 Amei	nded K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)	2007	P	art III			Current Year Income, s, and Other Items
Department of the Treasur	y For calendar year 2007, or tax	1	Ordinar	y business income (loss	15	Credits
Internal Revenue Service	year beginning, 2			760,09	_	
	ending, 20_	2	Net ren	tal real estate income (los	ss)	
	of Income, Deductions,	3	Other n	net rental income (loss)	16	Foreign transactions
Credits, etc.	See back of form and separate instruction	ons.	Othern	iet ferital income (ioss)	10	Foreign transactions
	nation About the Partnership	4	Guaran	teed payments		
1	pyer identification number		1-1			
B Partnership's name	, address, city, state, and ZIP code	5	Interest	income 7.93	4	
,	•	6a	Ordinar	7,82 ry dividends	4	
Eastland Quarries 2313 Jackson Ave		"	Ordina	y dividende		
Portland, OR 9720		6b	Qualifie	ed dividends		
0 IDO Ott	and a subject that subject	7	Royaltie	es		
	partnership filed return	8	Not obs	out torm capital gain (loss)	_	
Ogden		°	Net Silc	ort-term capital gain (loss) 1,26	_	
	a publicly traded partnership (PTP) istration number, if any	9a	Net Ion	g-term capital gain (loss		Alternative minimum tax (AMT) items
I	8271 is attached	_		(1,375	6)	A (109,684)
- Check in Form	ozi i o attacino	9b	Collecti	ibles (28%) gain (loss)		
	nation About the Partner					B (8,592) C 340,881
G Partner's identifying	g number	9c	Unreca	ptured section 1250 gair	ו	
000-30-0003 H Partner's name, add	dress, city, state, and ZIP code	- 40	NI-4	-ti 1001i (I)	18	Tax-exempt income and
Jonathan Teak	dress, city, state, and Zir code	10	Net sec	ction 1231 gain (loss) (31,075		nondeductible expenses
48 Adams Ave		11	Other in	ncome (loss)		
Portland, OR 9720	08					
☐ ☐ General partne	er or LLC Limited partner or other LI	C				
member-manag					19	Distributions
J Domestic partr	er Foreign partner	12	Section	179 deduction		A 1,045,000
K What type of entity	is this partner? Individual	13	Other o	deductions		
	profit, loss, and capital:			A 1,65	0 20	Other information
E	Beginning Ending					
Profit	55 % 55					A 7,824
Loss	55 % 55 55 % 55					
Capital	33 %	14	Self-em	ployment earnings (loss)		
M Partner's share of li	abilities at year end:			A 739,52	3	
				22,2		
1	se financing\$			C 739,52		
Recourse	2,500,0	00 *S	ee attac	ched statement for	additi	onal information.
N Partner's capital ac Beginning capital ac	12.005.4	84				
Capital contributed	ccount	O				
Current year increas	4 025 4	55 eg				
Withdrawals & distr	ibutions \$ (1,045,000					
Ending capital acco	ount \$ 12,785,9	39 (25) (39) (30) (30) (30) (30) (30) (30) (30) (30				
₋	0.445	For				
Tax basis Other (explain)	GAAP 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

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

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)

Туре	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 S Dotum of Dor	tnorch	in In		LTD I	69-000005 OMB No. 1545-009	20
Forn		JDD	For calon	U.S. Return of Part		•		\vdash	○○ ○○○○○○○○○○○○○	
		the Treasury e Service (77)	Por Caleri	► See separate			y, 20		200 <i>1</i>	
		usiness activity	Use the	Name of partnership					mployer identification	
		MANUFACTU	IRS	SHOEBILL LTD Number, street, and room or suite no. If a	DO boy o	oo tho in	atruationa		9 000000	
		oduct or service	label. Other-	5551 ELLIOT RD	i F.O. DOX, S	ee me m	structions.		ate business started	
			wise,	City or town, state, and ZIP code				FT	10/01/1968 otal assets (see the	
СБ		or type						estructions)		
	31	11500		SALT LAKE CITY, UT 84101				\$	71,419,054	<u></u>
H I	Check a		ethod: (1) 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	3) 🗍 C		- 		
Cau	ution. In	nclude only tr	ade or bu	siness income and expenses on lines	s 1a throu	gh 22 b		ctions	for more informat	tion.
	1	iross receipts				1a	47,291,088			
ncome	1			ances				1c	47,291,088	
		ost of goods	-	2	21,882,071					
	1			ne 2 from line 1c				3	25,409,017	
		,	` ,	from other partnerships, estates, a		•	,	4	23,712	
=	1	•	. , .	ttach Schedule F (Form 1040))				5	636,570	
	1			rm 4797, Part II, line 17 (attach Fo				6	470.000	
	7 0	ther income	(loss) (atta	ach statement)				7	478,206	
_	8 Total income (loss). Combine lines 3 through 7							8	26,547,505	
ions		Salaries and wages (other than to partners) (less employment credits)							804,722	-
nitat	1	duaranteed payments to partners							17,239	
(see the instructions for limitations)	1			ce				11	2,571,330	_
ns f								13	900,002	
uctic	1							14	44,444	
nstr								15	912,647	
the						16a	5,888,277	10	012,041	
see			•	d, attach Form 4562) ted on Schedule A and elsewhere or		16b	5,726,037	16c	162,240	
_	1		•	uct oil and gas depletion.)	metam	1 2 2 2	0,1 20,001	17	102,210	
<u>io</u>		etirement pla						18		
덛		mployee ben						19		
Deductions	00 0		/-44	(t - t - · · · · · · · · · · · · · ·				20	8,961,480	
۵	21 T	otal deducti	ons. Add	n statement) the amounts shown in the far righ	nt column	for line	s 9 through 20	21	14,374,124	
	22 O	rdinary busi	iness inc	ome (loss). Subtract line 21 from I	line 8 .			22	12,173,381	
Sig	gn ere	and belief, it is on all informat	s true, corre	I declare that I have examined this return, inclet, and complete. Declaration of preparer (of a preparer has any knowledge. partner or limited liability company member	ther than ge	npanying neral par	schedules and statemen ther or limited liability co 04/15/2008 Date	mpany r	o the best of my knownember manager) is ay the IRS discuss this the preparer shown beliestructions)? Yes	based return ow (see
		, ,	or Acticial	Paration of infinited hability company member	Date		, Date	Р	reparer's SSN or PT	IN
Pai		Preparer's signature				/15/200	Check if self-employed ▶	\Box '	000-40-0011	
	parer's	Firm's name (or yours	ELECTRONIC TAX FILERS INC			1 1 1 1 1	<u>□</u> 69 :	0000098	
USE	Only	if self-employe	ed),	1065 FEILE DR ANYTOWN N			Phone no		555 \ 555 <u>-</u> 555	55

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

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 Additional section 263A costs (attach statement) 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: **b I** Domestic limited partnership **a** Domestic general 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**

	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
	1	Other gross rental income (loss)		
	h	Expenses from other rental activities (attach statement).		
		Other net rental income (loss). Subtract line 3b from line 3a	3c	
s)	4	Guaranteed payments	4	
Income (Loss)	5	Interest income	5	1,771,604
j			6a	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
e E	6	Dividends: a Ordinary dividends	- Ou	
o	_		7	2,550,000
ů	7	Royalties	8	2,330,000
_	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	H	
		Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a	
	b	Collectibles (28%) gain (loss)	-	
	С	Unrecaptured section 1250 gain (attach statement) 9c		007.070
	10	Net section 1231 gain (loss) (attach Form 4797)	10	237,979
	11	Other income (loss) (see instructions) Type ▶	11	
ns	12	Section 179 deduction (attach Form 4562)	12	
Deductions	13a	Contributions	13a	
S		Investment interest expense	13b	
eq		Section 59(e)(2) expenditures: (1) Type ▶	13c(2)	
	d	Other deductions (see instructions) Type ▶	13d	
`	14a	Net earnings (loss) from self-employment	14a	3,300,721
Employ- ment	b	Gross farming or fishing income	14b	
ᇤᇤ	С	Gross nonfarm income	14c	3,300,721
		Low-income housing credit (section 42(j)(5))	15a	
w		Low-income housing credit (other)	15b	
Ħ		Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
Credits	1	Other rental real estate credits (see instructions) Type	15d	
O	1	Other rental credits (see instructions) Type	15e	
		Other credits (see instructions) Type	15f	
		Name of country or U.S. possession ▶		
S		Gross income from all sources	16b	
ansactions	1	Gross income sourced at partner level	16c	
t	"	Foreign gross income sourced at partnership level		
Sa	اء ا	, ,	16f	
ä	a	Passive category ► e General category ► f Other ►	101	
È		Deductions allocated and apportioned at partner level	16h	
gu	g	Interest expense ▶	.011	
Foreign T		Deductions allocated and apportioned at partnership level to foreign source income	16k	
Ē		Passive category ► j General category ► k Other ► Total foreign taxes (check one): ► Paid □ Accrued □	16I	
_	1		16m	
	m	Reduction in taxes available for credit (attach statement)	10111	
		Post-1986 depreciation adjustment	17a	800,000
×	170			,
Tax	17a		17b	
m Tax Items	b	Adjusted gain or loss	17b	
num Tax T) Items	b	Adjusted gain or loss	17c	
nimum Tax MT) Items	b	Adjusted gain or loss	17c 17d	
Minimum Tax (AMT) Items	b c d e	Adjusted gain or loss	17c 17d 17e	
	b c d e f	Adjusted gain or loss Depletion (other than oil and gas) Oil, gas, and geothermal properties—gross income Oil, gas, and geothermal properties—deductions Other AMT items (attach statement)	17c 17d 17e 17f	
	b c d e f	Adjusted gain or loss Depletion (other than oil and gas) Oil, gas, and geothermal properties—gross income Oil, gas, and geothermal properties—deductions Other AMT items (attach statement) Tax-exempt interest income	17c 17d 17e 17f 18a	
	b c d e f 18a b	Adjusted gain or loss Depletion (other than oil and gas) Oil, gas, and geothermal properties—gross income Oil, gas, and geothermal properties—deductions Other AMT items (attach statement) Tax-exempt interest income Other tax-exempt income	17c 17d 17e 17f 18a 18b	56 403
	b c d e f 18a b	Adjusted gain or loss Depletion (other than oil and gas) Oil, gas, and geothermal properties—gross income Oil, gas, and geothermal properties—deductions Other AMT items (attach statement) Tax-exempt interest income Other tax-exempt income Nondeductible expenses	17c 17d 17e 17f 18a 18b 18c	56,403
	18a b c	Adjusted gain or loss Depletion (other than oil and gas) Oil, gas, and geothermal properties—gross income Oil, gas, and geothermal properties—deductions Other AMT items (attach statement) Tax-exempt interest income Other tax-exempt income Nondeductible expenses Distributions of cash and marketable securities	17c 17d 17e 17f 18a 18b 18c 19a	56,403
	b c d e f 18a b c 19a b	Adjusted gain or loss Depletion (other than oil and gas) Oil, gas, and geothermal properties—gross income Oil, gas, and geothermal properties—deductions Other AMT items (attach statement) Tax-exempt interest income Other tax-exempt income Nondeductible expenses Distributions of cash and marketable securities Distributions of other property	17c 17d 17e 17f 18a 18b 18c 19a 19b	
	18a b c 19a b	Adjusted gain or loss Depletion (other than oil and gas) Oil, gas, and geothermal properties—gross income Oil, gas, and geothermal properties—deductions Other AMT items (attach statement) Tax-exempt interest income Other tax-exempt income Nondeductible expenses Distributions of cash and marketable securities	17c 17d 17e 17f 18a 18b 18c 19a	56,403

Test Scenario 5

Form 1065 (2007) Page **4**

ana	alysis of Net Inco	ome (Loss)						
1	Net income (loss). Schedule K, lines 1						sum of 1	17,762,467
2	Analysis by	(i) Corporate	(ii) Individual (active)	(iii) Individu (passive)	ual	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
_	partner type: General partners		(3.3. 2)	4,440			3	
	Limited partners		8,881,233		,017	4,440,617		
		alance Sheets			ina of t	tax year		f tax year
30		Assets	por Books	(a)		(b)	(c)	(d)
4	Cash			(-)		700,440	(-)	25,330
	Trade notes and a			4,999,222	2	100,110	16,488,999	
	Less allowance for			809,11	_	4,190,111	1,288,222	15,200,777
	Inventories			333,111		27,126,200	, ,	18,204,529
	U.S. government of					, ,, ,,		
	Tax-exempt securi							
6	Other current asse					22,700		5,100,278
	Mortgage and real					,		
	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 (3,111,000		
	Less accumulated	• • • • • • • • • • • • • • • • • • • •	I					
	Other assets (attac							
	Total assets					61,113,679		71,419,054
•		ties and Capital						
5	Accounts payable					3,100,377		3,987,240
6	Mortgages, notes, b							20,317,292
7	Other current liabil		-			7,530,250		12,200,450
8	All nonrecourse los	·						
9	Mortgages, notes, b					32,908,075		
	Other liabilities (att							
1	Partners' capital a					17,574,977		34,914,072
	Total liabilities and	capital				61,113,679		71,419,054
		econciliation of) per Books	With		s) per Return	
		ote. Schedule M-3	3 may be require	d instead of S	Schedu	ule M-1 (see inst	ructions).	
1	Net income (loss)		I				this year not include	ed
2	Income included on			I		dule K, lines 1 thre		
	5, 6a, 7, 8, 9a, 10,		I	a Ta	ax-exe	mpt interest \$		
	books this year (iten							
3	Guaranteed paym	•					Schedule K, lines	
	insurance)		I		_		ot charged again	st
4	Expenses recorded	•		I		come this year (ite		
	included on Sched		ough	a De	eprecia	ation \$		
	13d, and 16l (itemize	ze):	272					
	Depreciation \$							
b	Travel and enterta	ainment \$						
_				3,372 9 Ind	come ((loss) (Analysis of	Net Income (Loss	S),
5 Sa	Add lines 1 through hedule M-2 A				e 1). S	bubliact lifle o fro	m line 5	17,762,467
					_4!! !			
1	Balance at beginn			4,9 // 0,000 6 Di	รเท่อนโ			
2	Capital contribute				·hor J		ty	
2	Not income (Is)	b Property .	40.00	7 Ot 39,095		•	e):	
3	Net income (loss)							
4	Other increases (if	•		8 Ac				
5		gh 4					ract line 8 from line s	

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

OMB No. 1545-0172

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 Threshold cost of section 179 property before reduction in limitation 3 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 22,361 14 Property subject to section 168(f)(1) election 15 **16** Other depreciation (including ACRS) 16 MACRS Depreciation (Do not include listed property.) (See instructions.) Section A 131,190 17 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

(a)	Classification of property	year placed in service	(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				MM	S/L	
	Section C—A	ssets Placed	in Service During 20	007 Tax Year	Using the Alte	ernative Deprecia	ntion System
20a	Class life					S/I	

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							
c 40-year			40 yrs.	MM	S/L							
Part IV Summary	(see instruction	ons)										

Part IV	Summary	(see	instructions)

21	Listed property. Enter amount from line 28	21	
22	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
23	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 only
		4b, columns (a													
		eciation and O									-				
24a	Do you have evi	dence to support t		investme T	nt use cla	aimed?	_ Yes	∐ No	24b 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)	(f) Recovery period	Me	(g) 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		nent miles driven include commuting		a) cle 1		b) cle 2		(c) (d) hicle 3 Vehicle 4			(e) Vehicle 5		(f) Vehicle 6	
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 are
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**

Depreciation and Amortization (Including Information on Listed Property)

OMB No. 1545-0172

Depart	ment of the Treasury	(1	nciuumg miomia	ation on Lis	stea Frop	erty)		
	Revenue Service	► See	separate instructions.	► Attach	to your tax re	eturn.		Attachment Sequence No. 67
Name	e(s) shown on return			ess or activity to w				Identifying number
SH	OEBILL UNLIMITE	D	DAIR	Y PRODUCTS	MFG			69-000005
Pai	t I Election	To Expense C	ertain Property U					
			sted property, comp			complete Par	: <i>1.</i>	
1	Maximum amount.	See the instruc	tions for a higher limit	for certain bus	inesses	·	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		ter -0		4	
5	Dollar limitation fo	r tax year. Subt	ract line 4 from line 1	. If zero or less	, enter -0 I	f married filing		
	separately, see ins	structions					5	
	(a	a) Description of pro	pperty	(b) Cost (business	s use only)	(c) Elected cos	:	
6								
7			t from line 29					
8			property. Add amour				8	
9			naller of line 5 or line				9	
10			n from line 13 of your				10	
11			maller of business incom				11	
12 13			Add lines 9 and 10, b 2008. Add lines 9 and			ine II	12	
			ow for listed property.					
Par						clude listed pr	oner	ty.) (See instructions.)
		•			•		орог	
14			York Liberty or Gulf C					
	instructions)		thanol plant property		ce during the	tax year (see	14	
15	,		(1) election				15	
16	Other depreciation	. ,					16	
			(Do not include list					
		•	•	Section A	`	,		
17	MACRS deduction	ns for assets pla	aced in service in tax	vears beginnir	na before 20	07	17	5,075,260
18			assets placed in serv		-			
	general asset acc	ounts, check he	ere	<u> </u>	<u> </u>	🕨 🗌		
	Section B-		d 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	n (f) Metho	d	(g) Depreciation deduction
19a	3-year property							
b	5-year property		2,642,388	5 YRS	H	Y 200	DB	528,478
С	7-year property							
d	- 7 1 1 7							
	15-year property	_						
f	- 7 1 1 7	_						
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	S/L		
	property	Assets Disease	in Comice During Of	007 Tay Vaar	MM Using the A	S/L	rooi:	ation System
		Assets Placed	in Service During 20	Juriax Year	Using the A		recia	tion System
	Class life	_	2.025.470	10	LI.	9/L		422.200
	12-year		2,935,176	12 yrs.	H			122,299
	40-year	/ (see instructi	one)	40 yrs.	MM	S/L		
		,	,				21	
21	Listed property. E				in actions :- (-		41	
22			lines 14 through 17, li lines of your return. Pa				22	5,726,037
23			ced in service during			no occinion.		3,720,037
		•	ibutable to section 2	•	23			

	4562 (2007)														Page 2
Pa	rt V Listed	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 only
		4b, columns (a													
	tion A—Depre										-				
24a	Do you have evi	dence to support t		investme T	nt use cl	aimed?	☐ Yes	∐ No	24b 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)	(f) Recovery period	Me	(g) thod/ vention	Depr	(h) eciation uction	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 of	or Gulf Opness use	portunity (see instr	Zone prouctions)	operty pla	aced in se	rvice durir	g the ta	x 25				
26		d more than 50													
			%												
			%												
			%												
27	Property used	50% or less i	T .	T	ness us	e:									
			%							S/L ·					
			%							S/L ·					
			%							S/L -					
28		in column (h),									28				
29	Add amounts	in column (i), l											. 29	,	
^or	nplete this sect	ion for vehicles							ehicles	n 50%	owner	" or role	ted no	reon	
	provided vehicles														vehicles
30	during the year	/investment mile (do not include co	ommuting	(a) Vehicle 1			(b) (c) Vehicle 2 Vehicle 3			(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31	Total commuting	miles driven durin	g the year												
32		ersonal (noncor													
33	Total miles driv lines 30 throug	ven during the y h 32	ear. Add												
34		le 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													
	wer these ques						comp	leting S	ection B	for ve	ehicles	used by	emplo	oyees w	/ho are
37	-	ain a written po	<u> </u>				person	al use c	of vehicle	es, incl	uding	commu	ting,	Yes	No
38		n a written policy		hat proh	ibits pers	sonal us					by you	 r employ	ees?		
00		tions for vehicles	-												
39 40	-	all use of vehic de more than f		-							omala				
40	the use of the	e vehicles, and re requirements	I retain the	inform	ation re	ceived	?					-			
41		nswer to 37, 38										nicles			
Pa		tization	5, 00, 40, 01	71 13	700, 0	<i>5 1101 00</i>	mpicto	0000101	1 101 11	0000	nea vei	noico.			
	(a)			b) lortization			c) tizable		(d) Cod		Amor	e) tization	Amo	(f)	for
	Description	OI COSIS		gins			ount		secti	on		od or entage		his year	
	Amortization o	f costs that beg	gins during	your 20	07 tax y	/ear (se	e instru	ctions):							
42								i _							
42															
42															
42 43 44	Amortization	of costs that b	_	-		-						43			

Shoebill LTD 69-0000005

Sales of Business Property

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

Attachment Sequence No. 27

Department of the Treasury Internal Revenue Service (99)	► Attach to your tax return. ► See separate instruction
Name(s) shown on return	
SHOEBILL UNLIMITED	

Identifying number 69-000005

Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute

Pa	rt I Sales or Exchange Than Casualty or						sions From Other
(a) Description of property		(b) Date acquired (c) Date so (mo., day, yr.)		(d) Gross sales price			(g) Gain or (loss)
2							
3	Gain, if any, from Form 4684,	line 20				3	
4	Section 1231 gain from install						237,979
5	Section 1231 gain or (loss) from Install					1 -	,
6	Gain, if any, from line 32, from		0			· · · · -	
7	Combine lines 2 through 6. E						237,979
1	ŭ	•	,				
	Partnerships (except electing instructions for Form 1065, Sch						
	Individuals, partners, S corp from line 7 on line 11 below at 1231 losses, or they were rec on the Schedule D filed with y	nd skip lines 8 and captured in an earl	9. If line 7 is a gai	n and you did not gain from line 7	have any prior yea	ar section	
8 9	Nonrecaptured net section 12 Subtract line 8 from line 7. If z If line 9 is more than zero, en long-term capital gain on the	zero or less, enter- iter the amount fro	-0 If line 9 is zero om line 8 on line 1	o, enter the gain from 2 below and enter	om line 7 on line 1 r the gain from lin	ne 9 as a	
Pa	rt II Ordinary Gains ar			,- -			
10	Ordinary gains and losses not	•	,	clude property hel	d 1 vear or less):		
				, , , , ,	, , , , , , , , , , , , , , , , , , , ,		
11	Loop if any from line 7			I.		11	()
12	Loss, if any, from line 7 Gain, if any, from line 7 or am					12	
13	•					13	
14	Net gain or (loss) from Form 4					14	· · · · · · · · · · · · · · · · · · ·
15	Ordinary gain from installmen					15	
16	Ordinary gain or (loss) from like		•			16	
17	Combine lines 10 through 16	J					
18	For all except individual return						
a	lines a and b below. For individual return lines a and b below. For individual if the loss on line 11 includes a	idual returns, com	plete lines a and b	below:	•		
	the part of the loss from inco loss from property used as ar	me-producing pro	perty on Schedule	e A (Form 1040), I	ine 28, and the pa	art of the	1
L			ling the less if	, on line 100 F-+	or horo and an F-		
Ø	Redetermine the gain or (loss)	on line 17 exclud	ing the loss, it any	y, on line roa. Ent	er nere and on Fo	rm 1040, 18k	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 13086I

Form **4797** (2007)

Test Scenario 5

Form 4797 (2007) Page **2**

Pai	t III Gain From Disposition of Property Under (see instructions)	Sect	ions 1245, 125	50, 1252,	1254	4, and 125	5	
19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 pr	operty:				(b) Date acqui (mo., day, y		(c) Date sold (mo., day, yr.)
Α	SEE F6252		04/30/04	4	06/30/07			
В								
С								
D							\longrightarrow	
	These columns relate to the properties on lines 19A through 19E	D. ▶	Property A	Property	/ B	Property	С	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	21	600,000					
22	Depreciation (or depletion) allowed or allowable	22	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 smaller of line 24 or 25a	25b	150,000				\longrightarrow	
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					\longrightarrow	
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						
Ь	Additional depreciation after 1969 and before 1976	26d						
e	Enter the smaller 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).							
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					\rightarrow	
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 smaller of line 24 or 28a	28b						
29	If section 1255 property:							
а	Applicable percentage of payments excluded from income							
L	under section 126 (see instructions)	29a						
	Enter the smaller of line 24 or 29a (see instructions)	29b	ough D through	line 29h	hefoi	re anina to	line	30
Ouri	mary of rare in dams. Complete property columns	7 1111	ough D through	1 11110 200	DCIO	going to		00.
30	Total gains for all properties. Add property columns A through	n D. lin	a 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	or theft	on Form 4684, line	e 33. Enter	the po	ortion from	32	N/A
Pa	Recapture Amounts Under Sections 179 (see instructions)	and 2	280F(b)(2) Whe	n Busine	ess U	Jse Drops		
	(CCC IIICH CCHOTIC)					(a) Sectio	n	(b) Section 280F(b)(2)
22	Section 170 expense deduction or depreciation allowable in	rior va	ore		33			,
33 34	Section 179 expense deduction or depreciation allowable in p Recomputed depreciation (see instructions)	-	ars		34		\dashv	
35	Recapture amount. Subtract line 34 from line 33. See the inst			ort	35		\neg	

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

Attachment Sequence No. **79**

Department of the Treasury Internal Revenue Service Name(s) shown on return Identifying number SHOEBILL LINI IMITED 69-000005

эп	DEBILL UNLIMITED		09-0000003	
1	Description of property PASTEURIZER			
2a		06	/ 30 /	2004
3	Was the property sold to a related party (see instructions) after May 14, 1980? If "No," skip line 4		🗌 Yes	✓ No
4	Was the property you sold to a related party a marketable security? If "Yes," complete Part III	. If "N	0,"	
	complete Part III for the year of sale and the 2 years after the year of sale	<u> </u>	🗌 Yes	☐ No
Par	Gross Profit and Contract Price. Complete this part for the year of sale only.			
5	Selling price including mortgages and other debts. Do not include interest whether stated or unstated	5		
6	Mortgages, debts, and other liabilities the buyer assumed or took			
	the property subject to (see instructions) · · · · · · · · · · · · · · · · · · ·			
7	the property subject to (see instructions) · · · · · · · · · · · · · · · · · · ·			
8	Cost or other basis of property sold			
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	13		
14	Subtract line 13 from line 5. If zero or less, do not complete the rest of this form (see instructions)	14		
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	15		
16	Gross profit. Subtract 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		
Par	Installment Sale Income. Complete this part for the year of sale and any year y have certain debts you must treat as a payment on installment obligations.	ou red	eive a paym	ent or
19	Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions	19	.42	01869
20	If this is the year of sale, enter the amount from line 17. Otherwise, enter -0	20		
21	Payments received during year (see instructions). Do not include interest, whether stated or unstated	21	566,365	5
22	Add lines 20 and 21	22	566,365	5
23	Payments received in prior years (see instructions). Do not include			
20	interest, whether stated or unstated			
24	Installment sale income. Multiply line 22 by line 19	24	237,979	9
25	Enter the part of line 24 that is ordinary income under the recapture rules (see instructions)	25		
26	Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions)	26	237,979	9
Pai	rt III Related Party Installment Sale Income. Do not complete if you received the fin	al pay	ment this tax	x 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?		□Yes	 □ No
29	If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the			
	met. Check the box that applies.	101101	ring condition	113 13
а	□ 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				
С		after t	he first dispos	ition.
d			·	
е	☐ It can be established to the satisfaction of the Internal Revenue Service that tax avoidance w	as not	a principal pu	ırpose
	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)	30		
31	Enter contract price from line 18 for year of first sale	31		
32	Enter the smaller of line 30 or line 31	32		\perp
33	Total payments received by the end of your 2007 tax year (see instructions)	33		
34	Subtract line 33 from line 32. If zero or less, enter -0	34		\perp
35	Multiply line 34 by the gross profit percentage on line 19 for year of first sale	35		
36	Enter the part of 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		

For Paperwork Reduction Act Notice, see page 4.

Cat. No. 13601R

Form **6252** (2007)

Form **6252**

Installment Sale Income

► Attach to your tax return.

OMB No. 1545-0228

▶ Use a separate form for each sale or other disposition of Department of the Treasury property on the installment method. Sequence No. Internal Revenue Service Name(s) shown on return Identifying number **SHOEBILL UNLIMITED** 69-000005 Description of property ► BOTTLING MACHINE ✓ No Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," ☐ No Gross Profit and Contract Price. Complete this part for the year of sale only. Part I 3,150,000 5 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 6 the property subject to (see instructions) 7 3.150.000 7 Subtract line 6 from line 5 8 600,000 8 Cost or other basis of property sold 9 150,000 450,000 Adjusted basis. Subtract line 9 from line 8 10 10 11 Commissions and other expenses of sale 11 12 150,000 Income recapture from Form 4797, Part III (see instructions) . . . 12 600,000 13 13 2,550,000 14 14 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 15 15 2,550,000 16 16 17 Subtract line 13 from line 6. If zero or less, enter -0- 17 Contract price. Add line 7 and line 17 18 18 3,150,000 Installment Sale Income. Complete this part for the year of sale and any year you receive a payment or Part II have certain debts you must treat as a payment on installment obligations. .80952381 19 Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions 19 20 20 If this is the year of sale, enter the amount from line 17. Otherwise, enter -0n Payments received during year (see instructions). Do not include interest, whether stated or unstated 21 21 0 22 22 Payments received in prior years (see instructions). **Do not** include 23 23 24 0 24 25 Enter the part of line 24 that is ordinary income under the recapture rules (see instructions). Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions) 26 Part III Related Party Installment Sale Income. Do not complete if you received the final payment this tax year. 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? Yes 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.

е	It can be established to the satisfaction of the Internal Revenue Service that tax avoidance w	as no	it a principal purpo	se
	for either of the dispositions. If this box is checked, attach an explanation (see instructions).	1	I I	
30	Selling price of property sold by related party (see instructions)	30		
31	Enter contract price from line 18 for year of first sale	31		
32	Enter the smaller of line 30 or line 31	32		
33	Total payments received by the end of your 2007 tax year (see instructions)	33		
	Subtract line 33 from line 32. If zero or less, enter -0-	34		
35	Multiply line 34 by the gross profit percentage on line 19 for year of first sale	35		
36		36		
37	Enter the part of line 35 that is ordinary income upder the recapture rules (see instructions). Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions)	37		

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.

(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		
	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	
	Identify below the partnerships, esta 20a. Attach a schedule if more space			net income (loss)	is sho	wn on line		
	(1) Name		(2) 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.

OMB No. 1545-0074

	ment of the Treasury I Revenue Service (99)	.0 10 1	► See Instruction	s for Sch	hedule F (Form 1040).		Attachment Sequence No. 14	
Name	of proprietor				,	Social sec	curity number (SSN)	_
BRO	OWNS COWS							
A Pri	ncipal product. Describe in one or two	words y	our principal crop or act	ivity for the	e current tax year.	B Enter c	ode from Part IV	٦
DAI	RY CATTLE						1 1 2 1 2 0	ı
						D Employ	er ID number (EIN), if any	y
C Ac	counting method:	(1) 🔽	Cash	(2)	Accrual	6 9 0	0 0 0 0 2 5	
								_
E Did	d you "materially participate" in the	operati	on of this business du	uring 2007	7? If "No," see page F-2 for limit o	n passive l	osses. 🗹 Yes 🗌 N	0
Par	t I Farm Income—Cash M	lethod.	Complete Parts I	and II (A	ccrual method. Complete Par	ts II and II	II, and Part I, line 11.))
	Do not include sales of	livesto	k held for draft, br	eeding,	sport, or dairy purposes. Rep	ort these :	sales on Form 4797.	
1	Sales of livestock and other item	s you b	ought for resale		1 135,960			
2	Cost or other basis of livestock a	and othe	er items reported on I	ine 1	2 65,230			
3	Subtract line 2 from line 1					3	70,730	_
4	Sales of livestock, produce, grain	ns, and	other products you ra	aised		4	2,630,180	_
5a	Cooperative distributions (Form(s)	1099-PA	TR) . 5a		,450 5b Taxable amour	nt 5b	11,450	_
6a	Agricultural program payments (s	see page	e F-3) . 6a	67,	,810 6b Taxable amour	nt 6b	67,810	_
7	Commodity Credit Corporation (C	CCC) loa	ans (see page F-3):					
а	CCC loans reported under election	on .				7a	6,650	_
b	CCC loans forfeited				7c Taxable amour	nt 7c		_
8	Crop insurance proceeds and fed		1 2 1	(see pag	i [i]			
	Amount received in 2007				8b Taxable amour			_
	If election to defer to 2008 is atta				Amount deferred from 2006 .	8d	12 590	_
9	Custom hire (machine work) inco					9	12,580 1,420	-
10	_				und (see page F-3)	10	1,420	-
11					If you use the accrual method, en	ter ▶ 11	2,800,820	
Par						- 11	2,000,020	-
T CIT	-			as taxes.	, insurance, or repairs on your	home.		
10	· · · · · · · · · · · · · · · · · · ·		<u> </u>		•			-
12	Car and truck expenses (see page F-4). Also attach Form 4562	12		25	Pension and profit-sharing plans	25		
13	Chemicals	13	49,690	26	·			_
14	Conservation expenses (see		,		a Vehicles, machinery, and			
17	page F-4)	14	67,810		equipment	26a	96,600	
15	Custom hire (machine work)	15	80,550		b Other (land, animals, etc.)	26b	135,040	_
16	Depreciation and section 179				Repairs and maintenance	27	58,750	_
	expense deduction not claimed			28	Seeds and plants	28	11,680	_
	elsewhere (see page F-4)	16	338,370	29	Storage and warehousing	29	74,330	_
17	Employee benefit programs other			30	Supplies	30	32,010	_
	than on line 25	17		31	Taxes	31	55,040	_
18	Feed	18	508,140	32	Utilities	32	85,080	_
19	Fertilizers and lime	19	65,440	33	Veterinary, breeding, and medicine	33		_
20	Freight and trucking	20	37,130	34	Other expenses (specify):			
21	Gasoline, fuel, and oil	21	62,160	-	a			_
22	Insurance (other than health)	22	33,620		b	04-		-
23	Interest:	23a	31,750		C	04-1		-
a b	Mortgage (paid to banks, etc.)	23b	77,380		d	24		-
24	Other	24	263,680		e f	34f		-
35	Total expenses. Add lines 12 th		•		·	▶ 35	2,164,250	-
36	Net farm profit or (loss). Subtract	•	•	ive, see II	າວແປບແປກວຸ, , , , , , , , , , , , , , , , , , ,		_,,	-
30	 If a profit, enter the profit on For 	m 1040,	line 18, and also on s	Schedule	SE, line 1.	36	636,570	
	If you file Form 1040NR, enter the	ne profit	on Form 1040NR, line	19.	(_
37	 If a loss, you must go to line 37. If you have a loss, you must check 		•		_			
31	 If you checked 37a, enter the 		,		, , , , ,	37a □	All investment is at risk	
	If you file Form 1040NR, enter	the loss	on Form 1040NR, I	ine 19.		, _	Some investment is not at risk	
	• If you checked 37b, you must	attach	F orm 6198. Your loss	s may be	limited.			

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

Pa	Farm Income—Accrual Method (see page F-7).			
	Do not include sales of livestock held for draft, breeding, sport, or dairy purposes. Repo and do not include this livestock on line 46 below.	rt the	se sales on Form	4797
	and do not molded the investory on the selection			
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			

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



48

49

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

Inventory of livestock, produce, grains, and other products at end of year

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 farming
111210 Vegetable and melon farming

111300 Fruit and tree nut farming

111400 Greenhouse, nursery, and floriculture production

111900 Other crop farming

Animal Production

46

47

48

112111 Beef cattle ranching and farming

112112 Cattle feedlots

112120 Dairy cattle and milk production

Sheep and goat farming

112210 Hog and pig farming

112300 Poultry and egg production

112510 Aquaculture

112400

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)	2007	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
Dant	·	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) 59,495	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	onai iniormation.
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	☐ 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		
69-000005		5	Interest in	ncome		
B Partnership's name, addres	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
F	s attached	9b	Collectib	les (28%) gain (loss)		A 200,000
	on About the Partner			1 1 1050		
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 03310						C 14,101
General partner or Li member-manager	LC Limited partner or other member	LLC			19	Distributions
J	Foreign partner	12	Section 1	179 deduction		
K 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		*C	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,	6000 (000 (000) (0				
Tax basis GAA Other (explain)	AP Section 704(b) book	Po				

				Final K-1		Amend		
	edule K-1 n 1065)	2007	Pa	art III				Current Year Income, s, and Other Items
	l Revenue Service	calendar 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)		
	P4 4 .	k of form and separate instructions.	3	Other ne	et rental incom		16	Foreign transactions
	Information About Partnership's employer identification	-	4	Guarante	eed payments			
l	000005		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	3	637,500		
l	DEN		8	Net short	t-term capital (
D E	Check if this is a publicly traded Tax shelter registration number,		9a	Net long	-term capital (gain (loss)	17	Alternative minimum tax (AMT) items
F	Check if Form 8271 is attached							A 200,000
Pa	rt II Information Abou	t the Partner	9b	Collectib	oles (28%) gair	ı (loss)		
l	Partner's identifying number		9с	Unrecap	tured section	1250 gain		
)-40-0003 Partner's name, address, city, state, a	and 7IP code	10	Not soot	ion 1231 gain	(loss)	18	Tax-exempt income and
l	NY CYPRESS	and Ell Godo	"	Net Sect	ion izoi gain	59,495	.0	nondeductible expenses
	IO SOUTH 19 WEST		11	Other inc	come (loss)			
SA	N FRANCISCO, CA 94104							
								C 14,101
<u> </u>	General partner or LLC	Limited partner or other LLC						
١.	member-manager	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			
L	Partner's share of profit, loss, and ca	pital:					20	Other information
	Beginning Profit 25	Ending % 25 %						A 442,901
l	Profit 25 Loss 25							7 772,301
l	Capital 25							
			14	Self-empl	loyment earning	gs (loss)		
l	Partner's share of liabilities at year er							
ı		.\$						
ı	Recourse		*Se	e attach	hed statem	ent for a	dditio	onal information.
ı	Partner's capital account analysis:	4 000 744						
ı	Beginning capital account	105.000	hly					
	Capital contributed during the year Current year increase (decrease) .	4 000 774	[e					
ı	Withdrawals & distributions	.\$()	l us					
l	Ending capital account	.\$ 8,728,518	For IRS Use Only					
	✓ Tax basis GAAP Other (explain)	Section 704(b) book	Fo					

				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) 59,494	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				
ĸ	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	25 %						
			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)

Туре	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

	1	N	65-B		ι	U.S. Return o	of Incon	ne for			OMB No. 1545-16	26	
Form	n ■	U	50 D		EI	lecting Large	Partne	erships			2007		
		of the	Treasury Service	For calen	ndar year 2007, o	or tax year beginning ₋ ► See separa			, 20	·			
A Principal business activity Use the Name of partnership						D Em	ployer identification	number					
	<u>/IINII</u>			IRS label.	ABC OIL AN		f - DO h	!		_	9 000000		
		ii prodi GA	uct or service	Other-	28 OIL RIG	t, and room or suite no. I	Ta P.O. box, s	see instructions.		■ Da	te business started 11/08/1999		
		s code		wise, print		state, and ZIP code				F To	tal assets (see instru		
		truction	ıs)	or type.	ANYTOWN,	TX 79001				\$	E 64:	7 000	
_		211	110		AitTOWN	, 12 10001				φ	3,01	7,088	
			plicable box			n (2) 🗌 Name char	-	3) 🗌 Address		•	mended return		
			counting me			(2) 🗹 Accrual					2		
						person who was a par							
	Criec	JK II S	criedule ivi-	3 (FOIII 10	obj is attached								
Pa	rt I	•	Taxable I			m Passive Loss	Limitation	n Activities					
	1a		s receipts or s	, , , ,	2,512,000	b Less returns and a				1c	2,512,000		
	2					e 8)				2	576,000		
	3					e 1c				3	1,936,000	-	
4	4				. , .	(attach Form 8825)				5		\vdash	
me	5		,	,		activities <i>(attach sch</i> artnerships, estates,	,			6		+	
ncome	6		-	. ,	•	artherships, estates, ile F (Form 1040))		•	,	7			
드	8	Exc	ess of ne	et short-	term capital	gain over net lor	ng-term ca	pital loss (S	chedule D,	8			
	9					t II, line 17 <i>(attach F</i>				9			
	10		• •	,	,	s) (attach schedule)	,			10			
	11					3 through 10				11	1,936,000		
	12	Sala	aries and v	vages (ot	her than to pa	artners) (less emplo	yment cred	lits)		12			
	13			-						13			
	14									14	224,165	-	
	15									15 16		+	
	16									17		+-	
JS	17 18									18			
tions						e deduction (see ins		19a					
Deduc	l					lule A and elsewhere	,	19b		19c			
)ec	20			•						20	148,180		
_	21	Ret	irement pla	ans, etc.						21			
	22									22		-	
	23			,	ch schedule)					23	226,740 599,085	_	
	24	Tot	al deducti	i ons. Add	the amounts	s shown in the far r	right colum	n for lines 12	through 23	24	399,063	_	
	25	Tax	able incor	me (loss)	from passive	e loss limitation ac	tivities. Sul	btract line 24	from line 11	25	1,336,915		
_ts	26	Tax	(see instru	uctions). (Check if from:	: a Form 4255	b 🗌 Fo	rm 8611		26			
anc	27		er paymen			a Form 2439		rm 4136		27			
Tax and Payments	28					ine 26 over line 27				28			
_	29					ne 27 over line 26 ed this return, including accor	mpanying schedu	lles and statements	and to the best of my	29 knowled	ge and belief it is true	correct	
Siç	an					eral partner or limited liability							
	ere						0	4/10/2008		with	the IRS discuss this the preparer shown	below	
			Signature of g	jeneral partn	er or limited liabili	ity company member man	ager Dat	е		(see	instructions)? Yes	No	
Pai	d		Preparer's				Date		Check if	. '	parer's SSN or PTIN		
	epar	er's	signature	- /				10/2008	self-employed	j OC	00-50-5555		
	e Or			f-employed)),	RONIC TAX FILER		24	EIN 69	,	0000098		
_				nd ZIP code		FILE DR, ANYTOW			Phone no.	(55	,		
For	Priva	acy A	ct and Pap	erwork R	eduction Act N	Notice, see separate	instructions	ca. Ca	at. No. 26265H		Form 1065-B	(2007)	

Form	1065-B (2007)		Page 2
Par	Taxable Income or Loss From Other Activities		
1	Interest	1	550
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	Total income (loss). 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	
	Total miscellaneous itemized deductions	401	
b	Deductible amount. Multiply line 10a by 30%	10b	
11	Other deductions (attach schedule)	11	
12 13	Total deductions. Add lines 7, 8, 9, 10b, and 11	12	550
	nedule A Cost of Goods Sold (see instructions)	13	550
	,	4	
1	Inventory at beginning of year.	2	
2	Purchases less cost of items withdrawn for personal use	3	
3	Cost of labor	4	
4	Additional section 263A costs (attach schedule)	-	76,000
5	Other costs (attach schedule)		76,000
6	Total. Add lines 1 through 5	7	7 0,000
7 8	Inventory at end of year		76,000
_	Check all methods used for valuing closing inventory:		0,000
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 1.4		
	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attac	. ,	
	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnersh	<u>·</u>	
е	Was there any change in determining quantities, cost, or valuations between opening and closing in	ventory? 🗆	Yes 🗌 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 partnershipb ✓ Domestic limited partnership		
	☐ Domestic limited liability company d☐ Domestic limited liability partnership		
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		
4	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms		\ \ \ \ \ \
_	and 8813. (See instructions.)		V
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 informative reportable transaction?		
7	At any time during calendar year 2007, did the partnership have an interest in or a signature or oth over a financial account in a foreign country (such as a bank account, securities account, or ot account)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes name of the foreign country. ▶	ther financial s," enter the	
8	During the tax year, did the partnership receive a distribution from, or was it the grantor to, or tra foreign trust? If "Yes," the partnership may have to file Form 3520	nsferor to, a	
9	Enter the number of Forms 8865 , Return of U.S. Persons With Respect to Certain Foreign Partnership to this return. ▶ 0		

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

Sc	hedule D Capital Ga	ains and Losses						
	Part I—	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 o (see instru		(f) Gain or (I Subtract (e) fr	oss) 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 n 3 in column (f)		3 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		(f) Gain or (I Subtract (e) fro	
5	,							
6	Enter gain from Form 47	'97, Part I				. 6		2,500
7	Long-term capital gain fi	rom installment sale	s from Form 6252,	line 26 or 37		. 7		
8 9	Long-term capital gain (I	oss) from like-kind (gain or (loss). Comb	exchanges from For pine lines 5 through	m 8824 8 in column (f)		. 8		2,500
			III—Summary of				•	-
10	Combine lines 4 and 9 a	and enter the net ga	in (loss)			10	2,500	
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	s). Subtract line 11	from line 10		<u> </u>	12	2,500	
	Pai	rt IV—Net Capital (Gain (Loss) From P	assive Loss Limitati	on Activities	S		
13	Redetermine the amount	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 the amount on line 11 or		•	-		14		
15	Redetermine the amount					45		
	loss limitation activities					15		
16	Net capital gain or (los positive or both negative	, enter the smaller o						
	and on Schedule K, line					16		
	Note. When figuring whe							
			•	s) From Other Acti				
17	Excess of net short-ter				ne 14 from	4-		
10	line 11. Enter here and o					17		
18	Net capital gain or (los on Schedule K, line 4b			16 from line 12. Ente		18	2,500	

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

Sch	Schedule K Partners' Shares of Income, Credits, Deductions, etc.								
		(a) D	Distributive shar	e items			(b)	Total amount	t
1a	Taxable income (loss	from passive los	s limitation activ	ities (Part I, line	25)		1a	1,336,915	
b	Amount on line 1a all	ocated to general	partners as:		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)								
	line 1c from line 1a (re	•	. ,				1d	668,457	
2	Taxable income (loss		•	,			2	550	
3	Qualified dividends fr		•	•			3		
4a	Net capital gain (loss	•		•	•		4a	2.500	
b	Net capital gain (loss)		•	•			4b 5	2,500	
5	Net passive alternative		-				6		
6	Net other alternative	•					7		
7	Guaranteed payment						8		
8	Income from discharge						9		
9	Tax-exempt interest						10		
10 11	General credits (see Low-income housing						11		
							12		
12 13a	Rehabilitation credit to Net earnings (loss) from						13a	668,458	
b							13b	,	
14a	Name of foreign cour								
b	Gross income from a						14b		
c	Gross income source						14c		
d	Foreign gross income	•	•	,					
	(1) Passive category		•				14d(1)		
	(2) General category						14d(2)		
	(3) Other (attach sch						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 so	ource income:		4.45(4)		
	(1) Passive category						14f(1)		
	(2) General category						14f(2)		
	(3) Other (attach sch	,					14f(3)		
g	Total foreign taxes (c						14g		
	Reduction in taxes as Other items and amo						14h		
<u>15</u> Ana	lysis of Net Incom		e reported sepa	inately to partife	is fattacii scriedule	7)			
1	Net income (loss). In c		s 1c through 4h	7 and 8 From th	ne result subtract li	ne 14a	1	1,339	965
	Analysis by	, ,	(ii) Individual	(iii) Individual			xempt	,	,
~	partner type:	(i) Corporate	(active)	(passive)	(iv) Partnership		ization	(vi) Nominee/C	Other
а	General partners		669,982						
b	Limited partners			669,983					

Form 1065-B (2007) Page 5

SCI	Balance Sneets per Boo	OKS				
	Assets			inning 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		140,2	260	3,375,112	
	Depletable assets		375, ²		523,320	2,851,792
	Less accumulated depletion		373,	10,000	323,320	2,001,732
11	, , , , , , , , , , , , , , , , , , , ,			10,000		
	Intangible assets (amortizable only) Less accumulated amortization					
	Other assets (attach schedule)					
13 14	Total assets.			5,200,850		5,617,088
14	Liabilities and Capital			3,233,333		5,011,000
15	Accounts payable			470,588		205,366
16	Mortgages, notes, bonds payable in less than 1 years.					, , , , , , , , , , , , , , , , , , , ,
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	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 \$.		
2	Currenteed perments		1			
4	Guaranteed payments		7	Deductions included on	Pohodulo K lines 1s	
4	included on Schedule K, lines 1c through		'	through 4b, and 14g, not of	· · · · · · · · · · · · · · · · · · ·	
	4b, and 14g (itemize):			income this year (itemize		
а	Depreciation \$		а	Depreciation \$	•	
b	Travel and entertainment \$ 57,140					

						74,212
			8	Add lines 6 and 7		74,212
		57,140	9	Income (loss). (Analys	is of Net Income	
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	Balance at beginning of year	2,476,125	6	Distributions: a Cash		
2	Capital contributed: a Cash	373,180	-	b Prope	rty	
	b Property	4 057 067	-			
3	Net income (loss) per books	1,357,037	7	Other decreases (itemiz	e):	
4	Other increases (itemize):					
			8	Add lines 6 and 7		
5	Add lines 1 through 4	4,206,342	9	Balance at end of year. line 5	Subtract line 8 from	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 (mo., day, yr.) (c) Date sold (d) Gross allowed or basis, plus Subtract (f) from the allowable since acquisition improvements and expense of sale 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

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For Paperwork Reduction Act Notice, see separate instructions.

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Form 4797 (2007)

Pa	rt III Gain From Disposition of Property Under (see instructions)	Sect	tions 1245, 12	50, 1252, 1	254	I, and 1255	
19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 pr	roperty:	:			(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
Α							
В							
С							
D							
	These columns relate to the properties on lines 19A through 19I	D. ▶	Property A	Property I	В	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20					
21	Cost or other basis plus expense of sale						
22	Depreciation (or depletion) allowed or allowable						
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						
b	Enter the smaller 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						
a	line 24 is not more than line 26a, skip lines 26d and 26e Additional depreciation after 1969 and before 1976						
d e	Enter the smaller of line 26c or 26d						
f	Section 291 amount (corporations only)						
g	Add lines 26b, 26e, and 26f						
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).						
a	Soil, water, and land clearing expenses	27a					
b	Line 27a multiplied by applicable percentage (see instructions) Enter the smaller of line 24 or 27b	27b					
c		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 smaller of line 24 or 28a	28b					
29	If section 1255 property:						
	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					
Sun	nmary of Part III Gains. Complete property columns	A thr	ough D through	n line 29b b	efor	e going to line	30.
30	Total gains for all properties. Add property columns A through						
31	Add property columns A through D, lines 25b, 26g, 27c, 28b,						
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	
Pa	rt IV Recapture Amounts Under Sections 179 (see instructions)	and 2	280F(b)(2) Whe	en Busines	s U	se Drops to 5	0% or Less
						(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in	orior ve	ars		33		
4	Recomputed depreciation (see instructions)				34		
35	Recapture amount. Subtract line 34 from line 33. See the inst				35		

Form **4797** (2007)



	☐ PUBLICLY T	RΑ	DED PARTNERSHIF)				
PARTNERSHIP'S name, street address, city, state, and ZIP code. ABC OIL AND GAS LP 28 OIL RIG RD ANYTOWN, TX 79001			Taxable income (loss) from passive activities 68,457 Taxable income (loss) from other activities	0	MB No. 1545-1626 2007 Schedule K-1 (Form 1065-B)	Partner's Sha of Income (Los From an Electii Large Partnersh		
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3	Qualified dividends				Copy A	
69-000006	000-50-0001						For Internal Revenue	
PARTNER'S name JONATHAN WALKER				4b	4b Net capital gain (loss) from other activities Service Ce			
JONATHAN WALKER				1,	250		File with Form 1065-B.	
Street address (including apt. no.)		5	Net passive AMT adjustment	6 Net other AMT adjustment				
1657 E FORKS RD		1					For Paperwork Reduction Act	
City, state, and ZIP code		7	General credits	Cow income neading credit			Notice and	
BAY SHORE, NY 11706		9	Other				instructions for	
BAY SHORE, NY 11706 Partner's share of liabilities: a Nonrecourse \$ 602,690 b Qualified nonrecourse financing . \$			J1 668,458 J2 668,458	2007 for F U Income			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) C	at. N	No. 25437H		epartment of the T	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		Of	f Income (Loss)		
ANYTOWN, TX 79001		2	Taxable income (loss) from other activities		<u> </u>	Fr	From an Electing Large Partnership		
		27	75		Schedule K-1 (Form 1065-B)	Lai	rge Partnership		
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3	Qualified dividends				Сору А		
69-000006	000-50-0002						For Internal Revenue		
PARTNER'S name			 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	Reduction Act Notice and		
DAY SUODE NV 44706							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							Large Partnerships.		
Schedule K-1 (Form 1065	- B) Ca	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)

Туре	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))

Exp	lanation of (Qualified Nonrecours	e Financing
-----	---------------	----------------------	-------------

Form	1	065-B			J.S. Return o					OMB No. 1545-162	26
		of the Treasury venue Service	For calen		or tax year beginning ▶ See separat	, 2007,	and ending .	, 20		2007	
A Pr	incipa	al business activity	Use the	Name of partne					D Em	ployer identification	number
		ENT MANUFA(IRS		NT MANUFACTURII				_	9 000000	
		I product or service	label. Other-		t, and room or suite no. If	a P.O. box, s	ee instructions.		E Da	ite business started	
C	EME	ENT	wise,	100 CONCR						01/19/1998	
		s code no. tructions)	print or type.	City or town, s	state, and ZIP code				F To	tal assets (see instru	ictions)
(5)	ee 11151	327300	,,,	ANYTOWN,	MN 55001				\$	17,56	5.232
H I	Chec Num	ck accounting me ber of Schedules	ethod: (1) K-1. Attac	Cash ch one for each	(2) ☐ Name chang (2) ☑ Accrual person who was a parti	(3 ner at any tir	ne during the	specify) ►tax year ►		mended return	
Pa	rt I	Taxable I	ncome o	or Loss Fro	m Passive Loss L	imitation	Activities				
	1a	Gross receipts or s	sales L4	11,175,200	b Less returns and all	owances L		c Bal ►	1c	41,175,200	
	2	Cost of goods	s sold (Sc	hedule A, line	∋8)				2	26,954,578	_
	3				e 1c				3	14,220,622	
	4				attach Form 8825) .				4	485,000	
je	5	Net income (lo	oss) from	other rental a	activities <i>(attach sche</i>	edule) .			5		
οπ	6	Ordinary incom	me (loss)	from other pa	artnerships, estates,	and trusts	(attach sche	dule)	6		
Income	7	Net farm profi	it (loss) <i>(a</i>	ttach Schedu	le F (Form 1040)) .				7		-
_	8	Excess of ne	et short-t	term capital	gain over net long	g-term ca	pital loss (S	Schedule D,			
									8		-
	9				t II, line 17 <i>(attach Fo</i>				9		
	10				s) (attach schedule) .				10	44705000	
	11				3 through 10				11	14,705,622	-
	12				artners) (less employ		,		12	1,937,201	-
	13								13	4 000 750	-
	14								14	1,036,752	-
	15								15		
	16								16	4 444 496	+
S	17								17	1,414,186	+
ions	18	Interest							18		+
달	l				e deduction (see inst		19a	447,655 26,438	100	421,217	
Deduct		•			ule A and elsewhere	on return	19b	20,430	19c 20	421,217	\vdash
۵	20								21	148,180	\vdash
	21								22	786,000	
	22								23	1,522,700	+-
	23 24	Other deducti		,	s shown in the far ri				24	7,266,236	\vdash
	24	Total deducti	ions. Auc	ine amounts	s shown in the far h	grit Colum	1 IOI IIIIes 12	inrough 23		1,200,200	$\overline{}$
	25				e loss limitation act	ivities. Sub	otract line 24	from line 11	25	7,439,386	<u> </u>
Tax and Payments	26	,	,		: a	b For			26		
an	27	Other paymen			a ☐ Form 2439		m 4136 .		27		+
Jay Jay	28				ine 26 over line 27.				28		-
_	29				ne 27 over line 26 ed this return, including accom	nanying schod:	les and statements	and to the best of my	29	ge and belief it is true	Correct
Sig	nr				ed this return, including accomeral partner or limited liability of						
He							04/12	/2008		the IRS discuss this	
	.1 -	Signature of o	ieneral partn	er or limited liabili	ty company member mana	ger Date			(see	the preparer shown instructions)? Yes	below No
_		, ,	, posi 411		, p y	Date			Prer	parer's SSN or PTIN	
Pai		Preparer's signature					1/12/2008	Check if self-employed		000-60-6666	
	par	FIIIII S Halli		ELECT	RONIC TAX FILERS	INC		EIN 69		0000098	-
Use	e Or	yours if sel address. ar	f-employed) nd ZIP code		FILE DR, ANYTOWN		01	Phone no.	(555		55
For	Priva				Notice, see separate i			at. No. 26265H		Form 1065-B	(2007)

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Par	t II Taxable Income or Loss From Other Activities		
1	Interest	1	
2a	Total ordinary dividends		
	Qualified dividends		
	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	Total income (loss). 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	
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	
6	Total. Add lines 1 through 5	6	
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	
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) ▶		
	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, atta	<u> </u>	
	Do the rules of section 263A (for property produced or acquired for resale) apply to the partners	•	
е	Was there any change in determining quantities, cost, or valuations between opening and closing if "Yes," attach explanation.	nventory? \square	Yes □ No
Sch	nedule B Other Information (see instructions)		
1	,		Yes No
_	What type of entity is filing this return? Check the applicable box:		Yes No
	What type of entity is filing this return? Check the applicable box: ☐ Domestic general partnership b ☐ Domestic limited partnership		Yes No
С	What type of entity is filing this return? Check the applicable box: Domestic general partnership Domestic limited liability company Domestic limited liability partnership		Yes No
c e	What type of entity is filing this return? Check the applicable box: ☐ Domestic general partnership ☐ Domestic limited liability company ☐ Domestic limited liability partnership ☐ Foreign partnership ☐ Other ▶		Yes No
c e 2	What type of entity is filing this return? Check the applicable box: ☐ Domestic general partnership ☐ Domestic limited liability company ☐ Domestic limited liability partnership ☐ Foreign partnership ☐ Foreign partnership ☐ Are any partners in this partnership also partnerships?		Yes No
c e	What type of entity is filing this return? Check the applicable box: □ Domestic general partnership □ Domestic limited liability company □ Domestic limited liability partnership □ Foreign partnership Are any partners in this partnership also partnerships? □ During the partnership's tax year, did the partnership own any interest in another partnership or int	n any foreign	Yes No
c e 2	What type of entity is filing this return? Check the applicable box: □ Domestic general partnership □ Domestic limited liability company □ Domestic limited liability partnership □ Foreign partnership Are any partners in this partnership also partnerships?	any foreign	Yes No
c e 2 3	What type of entity is filing this return? Check the applicable box: □ Domestic general partnership □ Domestic limited liability company □ Domestic limited liability partnership □ Foreign partnership Are any partners in this partnership also partnerships? □ During the partnership's tax year, did the partnership own any interest in another partnership or intentity that was disregarded as an entity separate from its owner under Regulations sections 30 301.7701-3? If "Yes," see instructions for required attachment	any foreign 1.7701-2 and	Yes No
c e 2	What type of entity is filing this return? Check the applicable box: □ Domestic general partnership □ Domestic limited liability company □ Domestic limited liability partnership □ Foreign partnership □ Are any partners in this partnership also partnerships? □ During the partnership's tax year, did the partnership own any interest in another partnership or intentity that was disregarded as an entity separate from its owner under Regulations sections 30:301.7701-3? If "Yes," see instructions for required attachment □ Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms	any foreign 1.7701-2 and 	Yes No
c e 2 3	What type of entity is filing this return? Check the applicable box: □ Domestic general partnership □ Domestic limited liability company □ Domestic limited liability partnership □ Foreign partnership □ Are any partners in this partnership also partnerships? □ During the partnership's tax year, did the partnership own any interest in another partnership or intentity that was disregarded as an entity separate from its owner under Regulations sections 30 301.7701-3? If "Yes," see instructions for required attachment □ Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms and 8813. (See instructions.)	n any foreign 1.7701-2 and 	Yes No
c e 2 3	What type of entity is filing this return? Check the applicable box: □ Domestic general partnership □ Domestic limited liability company □ Domestic limited liability partnership □ Foreign partnership □ Are any partners in this partnership also partnerships? □ During the partnership's tax year, did the partnership own any interest in another partnership or it 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 □ Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms and 8813. (See instructions.) □ Is this partnership a publicly traded partnership as defined in section 469(k)(2)?	n any foreign 1.7701-2 and . 8804, 8805, 	Yes No
c e 2 3	What type of entity is filing this return? Check the applicable box: □ Domestic general partnership □ Domestic limited liability company □ Domestic limited liability partnership □ Foreign partnership □ Foreign partnership □ Are any partners in this partnership also partnerships? □ During the partnership's tax year, did the partnership own any interest in another partnership or it 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 □ Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms and 8813. (See instructions.) □ 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 inform	n any foreign 1.7701-2 and ation on any	Yes No
c e 2 3	What type of entity is filing this return? Check the applicable box: □ Domestic general partnership □ Domestic limited liability company □ Domestic limited liability partnership □ Foreign partnership Are any partners in this partnership also partnerships? □ During the partnership's tax year, did the partnership own any interest in another partnership or intentity that was disregarded as an entity separate from its owner under Regulations sections 30° 301.7701-3? If "Yes," see instructions for required attachment □ Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms and 8813. (See instructions.) □ 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 inform reportable transaction? □ Domestic limited partnership □ Domestic limited partnership or intended liability partnership or intended limited liability partnership or intended limited liability partnership or intended limited liability partnership or intended liability partnership or intende	n any foreign 1.7701-2 and 8804, 8805, ation on any	Yes No
c e 2 3	What type of entity is filing this return? Check the applicable box: □ Domestic general partnership □ Domestic limited liability company □ Domestic limited liability company □ Domestic limited liability partnership □ Foreign partnership □ Foreign partnership □ Are any partners in this partnership also partnerships? □ During the partnership's tax year, did the partnership own any interest in another partnership or intentity that was disregarded as an entity separate from its owner under Regulations sections 30 301.7701-3? If "Yes," see instructions for required attachment □ Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms and 8813. (See instructions.) □ 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 inform reportable transaction? □ At any time during calendar year 2007, did the partnership have an interest in or a signature or or	n any foreign 1.7701-2 and 	Yes No
c e 2 3	What type of entity is filing this return? Check the applicable box: □ Domestic general partnership □ Domestic limited liability company □ Domestic limited liability company □ Domestic limited liability partnership □ Foreign partnership □ Foreign partnership □ Are any partners in this partnership also partnerships? □ During the partnership's tax year, did the partnership own any interest in another partnership or intentity that was disregarded as an entity separate from its owner under Regulations sections 30 301.7701-3? If "Yes," see instructions for required attachment □ Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms and 8813. (See instructions.) □ 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 inform reportable transaction? □ At any time during calendar year 2007, did the partnership have an interest in or a signature or or over a financial account in a foreign country (such as a bank account, securities account, or contents the partnership in the partnership have an interest in or a signature or or over a financial account in a foreign country (such as a bank account, securities account, or contents the partnership in the partnership have an interest in or a signature or or over a financial account in a foreign country (such as a bank account, securities account, or contents the partnership in the partnership in the partnership have an interest in or a signature or or over a financial account in a foreign country (such as a bank account, securities account, or contents the partnership in th	n any foreign 1.7701-2 and	Yes No
c e 2 3	What type of entity is filing this return? Check the applicable box: □ Domestic general partnership □ Domestic limited liability company □ Domestic limited liability partnership □ Foreign partnership □ Are any partners in this partnership also partnerships? □ During the partnership's tax year, did the partnership own any interest in another partnership or intentity that was disregarded as an entity separate from its owner under Regulations sections 30 301.7701-3? If "Yes," see instructions for required attachment □ Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms and 8813. (See instructions.) □ 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 inform reportable transaction? □ At any time during calendar year 2007, did the partnership have an interest in or a signature or or over a financial account in a foreign country (such as a bank account, securities account, or caccount)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes"	n any foreign 1.7701-2 and 	Yes No
c e 2 3 4 5 6 7	What type of entity is filing this return? Check the applicable box: □ Domestic general partnership □ Domestic limited liability company □ Domestic limited liability company □ Domestic limited liability partnership □ Foreign partnership □ Foreign partnership □ Other ■	n any foreign 1.7701-2 and 	Yes No
c e 2 3	What type of entity is filing this return? Check the applicable box: □ Domestic general partnership □ Domestic limited liability company □ Domestic limited liability partnership □ Foreign partnership □ Are any partners in this partnership also partnerships? □ During the partnership's tax year, did the partnership own any interest in another partnership or intentity that was disregarded as an entity separate from its owner under Regulations sections 30 301.7701-3? If "Yes," see instructions for required attachment □ Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms and 8813. (See instructions.) □ 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 inform reportable transaction? □ At any time during calendar year 2007, did the partnership have an interest in or a signature or or over a financial account in a foreign country (such as a bank account, securities account, or caccount)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes"	n any foreign 1.7701-2 and 	Yes No

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

Sc		ains and Losses						
		-Short-Term Capi	tal Gains and Lo	sses—Assets Held	d 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		(f) Gain or (Subtract (e) fr	loss) om (d)
1								
2	Short-term capital gain f	rom installment sale	es from Form 6252.	line 26 or 37		2		
3	Short-term capital gain (,			3		
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.)	(e) Cost or o (see instru	ther basis ictions)	er basis (f) Gain or (loss)				
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 a	and enter the net ga	in (loss)			10		
11	Enter excess of net short			g-term capital loss (lir	ne 9)	11		
12	Net capital gain or (los	s). Subtract line 11	from line 10	· · · · · · · · · · · · · · · · · · ·		12		
	Pa	rt IV—Net Capital (Gain (Loss) From P	assive Loss Limitati	on Activities	3		
13	Redetermine the amoun	t on line 11 by takir	ng into account only	aains 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	smaller 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 amoun loss limitation activities	t on line 12 by takir	ng into account only	gains and losses fro	m passive	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 smaller, treat	both numbers as pos	sitive.			
		Part V—Net C	Capital Gain (Los	s) From Other Act	vities			
17	Excess of net short-ter	m capital gain ove	r net long-term ca	pital loss. Subtract lin	ne 14 from			
	line 11. Enter here and o					17		
18	Net capital gain or (los	s) from other activ	vities. 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 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	•		,	, I I	1			
	(1) Taxable income (_	•	ities	1b(1) 3,477,1				
	(2) Taxable income (loss) from rental r	eal estate activit	ties	1b(2) 242,5	00			
	(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	3,719,693	
d	Taxable income (loss)	from passive loss	limitation activit	ies allocated to li	mited partners. Su	ıbtract			
	line 1c from line 1a (re	port on Schedules	s K-1, box 1) .				1d	3,719,693	
2	Taxable income (loss)	from other activition	ties (Part II, line	13)			2	37,412	
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 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						8		
9	Tax-exempt interest i	ncome					9		
10	General credits (see i	nstructions)					10		
11	Low-income housing	credit (see instruc	ctions)				11		
12	Rehabilitation credit f	rom rental real es	tate activities (a:	ttach Form 3468)		12		
13a	Net earnings (loss) from	om self-employme	ent				13a	3,719,693	
b							13b	3,719,693	
14a	Name of foreign cour								
b	Gross income from a						14b		
С	Gross income source	ed at partner level	(attach schedule	e)			14c		
d	Foreign gross income	e sourced at partn	ership level:				4.4.1/4)		
	(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:				4.4 - (4)		
	(1) Interest expense						14e(1)		
							14e(2)		
f	Deductions allocated	and apportioned	at partnership le	evel to foreign so	ource income:		4.45(4)		
	(1) Passive category						14f(1)		
	(2) General category						14f(2)		
	(3) Other (attach school	,					14f(3)		
g	Total foreign taxes (c						14g		
	Reduction in taxes av				vo (attach ==b=st-t		14h		
15 Ana	Other items and amo		e reported sepa	arately to partne	rs (attach schedule	<u> </u>			
	Net income (loss). In c	<u> </u>	a 10 through 45	7 and 9 From th	o rocult cubtract !	no 14a	4	7 476 700	
1_		olumin (b), add ilnes			e resuit, subtract II		1	7,476,798	
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership		kempt ization	(vi) Nominee/Other	
а	General partners		3,738,399						
b	Limited partners			3,738,399					

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

	Assets	-	a)	(b)	(c)	(d)
,			~ <i>,</i>	1,565,000	(0)	4,791,818
1	Cash		525,697	1,505,000	3,100,000	4,731,010
	Trade notes and accounts receivable		200,000	3,325,697	200,000	2,900,000
_	Less allowance for bad debts		200,000	3,211,146	200,000	2,816,414
3	Inventories			3,211,140		2,010,414
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)	_	500,000		7.057.000	
	Buildings and other depreciable assets.		500,000	6 000 000	7,957,000 1,900,000	6.057.000
	Less accumulated depreciation		,500,000	6,000,000	1,900,000	6,057,000
	Depletable assets					
	Less accumulated depletion			1 000 000		1 000 000
	Land (net of any amortization)			1,000,000		1,000,000
	Intangible assets (amortizable only)					
	Less accumulated amortization					
13	Other assets (attach schedule)			15,101,843	-	17,565,232
14	Total assets			15,101,643		17,505,232
	Liabilities and Capital			044 224		457 620
	Accounts payable			944,231	-	157,620
16	Mortgages, notes, bonds payable in less than 1 y				-	
17	Other current liabilities (attach schedule) .			12 000 000	-	6,000,000
18	All nonrecourse loans			12,000,000	-	6,000,000
19	Mortgages, notes, bonds payable in 1 year or mo				-	
20	Other liabilities (attach schedule)			2,157,612	-	11 407 612
21 22	Partners' capital accounts			15,101,843	-	11,407,612 17,565,232
_	Reconciliation of Incom Note. Schedule M-3 may b		ead of So	chedule M-1 (see ins	tructions).	
1	Net income (loss) per books	1,200,000		ome recorded on b luded on Schedule	•	
~	through 4b, and 8, not recorded on books			and 8 (itemize):	it, iiiles it tilloug	''
	this year (itemize):			c-exempt interest \$.		
	tilis year (iterilize).		a raz	·····································		
3	Guaranteed payments		1			-
4	Expenses recorded on books this year not		1	ductions included on		C
•	included on Schedule K, lines 1c through			ough 4b, and 14g, not	,	
	4b, and 14g (itemize):			ome this year (itemize	0 0	``
а	Depreciation \$ 163,450			preciation \$		
b	Travel and entertainment \$ 63,348		1			
	*					
			8 Add	d lines 6 and 7		
		226,798		ome (loss). (Analys		
5	Add lines 1 through 4	7,476,798		ss), line 1.) Sùbtract		. 7,476,798
Scl	nedule M-2 Analysis of Partners' Ca	apital Accou	nts			
1	Balance at beginning of year	2,157,612	6 Dis	tributions: a Cash		
2	Capital contributed: a Cash	2,000,000		b Prope	erty	
	b Property		_	·		
3	Net income (loss) per books	7,250,000	7 Oth	ner decreases (itemiz	ːe):	-
4	Other increases (itemize):					
	, ,		8 Add	d lines 6 and 7		. 0
			9 Bal	ance at end of year.	Subtract line 8 from	n
5	Add lines 1 through 4	11,407,612		5		

Form **1065-B** (2007)



Printed on recycled paper

-orm **4562**

Depreciation and Amortization(Including Information on Listed Property)

OMB No. 1545-0172

2007

Attachment
Sequence No. 67

Name(s) shown on return

ABC CEMENT MANUFACTURING

Business or activity to which this form relates

Identifying number

16

CEMENT MANUFACTURING 69-000007 **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 80,500 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 4 0 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 125,000 separately, see instructions (b) Cost (business use only) (a) Description of property (c) Elected cost **6 DUMP TRUCK** 80,500 80,500

7	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	8		80,500
	Tentative deduction. Enter the smaller of line 5 or line 8	9		80,500
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10		
	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11		125,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	2	80,500
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.

Section A

	Section B—Assets Placed in Service During 2007 Tax Year Using the General Depreciation 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	(g) Depreciation deduction						
19a	3-year property												
b	5-year property		120,000	5 YRS	HY	200 DB	24,000						
С	7-year property		256,500	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.		S/L							
h	Residential rental			27.5 yrs.	MM	S/L							
	property			27.5 yrs.	ММ	S/L							
i	Nonresidential real			39 yrs.	ММ	S/L							
	property				MM	S/L							

Part IV	Summary	(see	instructions)	

21	Listed property. Enter amount from line 28	21	
22	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	421,217
23	For assets shown above and placed in service during the current year,		

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2007)

Form	4562 (2007)														Page 2
		ted Property	(Include aut	tomob	les, ce	ertain c	ther v	ehicles	, cellula	ar teler	hone	s, certa	ain cor	nputer	
		perty used for							,			,			,
		e: For any vehic											oense,	comple	te onl y
		, 24b, columns													
		preciation and							1						
24a	Do you have	evidence to suppor		investme	nt use c	laimed?		□ No	24b If	"Yes,"	is the e	evidence	written?		s UN
Тур	(a) be of property (vehicles first)	ist Date placed in service	Business/ investment use percentage	Cos	(d) t or othe basis		(e) Basis for depreciation (business/investment use only)		(f) Recovery period	/ Me	g) thod/ rention	Depr	(h) eciation luction	(i) Elected section 179 cost	
25	Special allowa	ance for qualified Ne d more than 50% in	w York Liberty o	or Gulf O	oportunity	/ Zone pr	operty pl	aced in se	ervice duri	ng the ta	x 25				
26		sed more than 5					· ·				. 25				
			%												
			%												
			%												
27	Property u	sed 50% or less	s in a qualifie	ed busi	ness us	se:									
			%							S/L -	-				
			%							S/L -					
			%							S/L -					
28		nts in column (h									28				
29	Add amou	nts in column (i)											. 29)	
Con	nnlata this s	ection for vehicl							/ehicles		owner	" or rela	ated ne	reon	
If you	provided vehi	cles to your employ	ees, first answe	er the que	estions in	Section	C to see	if you m	eet an exc	eption to	compl	eting this	section 1	or those	vehicles
30	during the ye	ess/investment mear (do not include	commuting	(a) Vehicle 1			(b) (c) Vehicle 2 Vehicle 3			(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31	,	ting miles driven dur													
32	Total other	personal (nonc	ommuting)												
33		driven during the													
34	Was the ve	hicle available fo off-duty hours?	or personal	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the v	ehicle used prim	arily by a												
36	Is another v	ehicle available fo	or personal												
		Section C—C		r Emp	loyers	Who P	rovide	Vehicle	s for U	se by	Their E	Employ	ees		
		uestions to dete	rmine if you	meet a	n exce	ption to								oyees w	vho are
37	Do you ma	intain a written	policy staten	nent th	at prohi	ibits all	person	al use d	of vehicle	es, incl	uding	commu	ting,	Yes	No
38	Do you mair	nployees? Itain a written polic ructions for vehicl		hat proh	ibits per	sonal us					by you	r employ	ees?		
39		at all use of veh	-												
40		ovide more than									empla	ovees al	oout		
41	the use of	the vehicles, aret the requirements	nd retain the	inform	ation re	eceived	?								
		ur answer to 37,										hicles.			
Pa	rt VI Am	ortization													
	Descrip	(a) tion of costs	Date am	b) lortizatior gins	ı	Amor	c) tizable ount		(d Cod sect	de	Amor peri	(e) tization od or		(f) ortization this year	for
42	Amortizatio	n of costs that b			07 tax	vear (se	e instru	ctione).			perce	entage		-	
74	7 11 11 11 11 LALIU	וו טו טטטנט ווומנ ט	Jania during	your Zu	J, lax	your (se	o monu	5110110).							
43	Amortization	on of costs that	began befor	e your	2007 ta	ax year.						43			
44		amounts in col	_	-		-						44			
					$\overline{}$	rinted on r							Fo	orm 456	2 (2007

Form 4562

Department of the Treasury Internal Revenue Service

Depreciation and Amortization (Including Information on Listed Property)

20**07**Attachment

	al Revenue Service	► See	separate instructions	s. ► Attach	to your tax ret	urn.	Attachment Sequence No. 67
Name	e(s) shown on return		Busin	ess or activity to v	which this form rela	ates	Identifying number
AB	C CEMENT MANUF	ACTURING	CEM	ENT MANUFA	CTURING		69-000007
Pai	rt I Election T	o Expense C	Certain Property U	Inder Section	n 179		
	Note: If yo	u have any lis	sted property, com	plete Part V i	before you c	omplete Part I.	
1	Maximum amount.	See the instruc	tions for a higher limi	t for certain bu	sinesses		1 \$125,000
2			y placed in service (s				2
3			operty before reducti		•		\$500,000
4			line 3 from line 2. If z			4	4
5	Dollar limitation for	tax year. Subt	ract line 4 from line 1	1. If zero or les	s, enter -0 If	married filing	
	separately, see ins	tructions					5
	(a	Description of pro	perty	(b) Cost (busines	ss use only)	(c) Elected cost	
6							
7	Listed property. Er	nter the amoun	t from line 29		7		
8			property. Add amou			17 <u>.</u>	3
9			naller of line 5 or line				9
10	Carryover of disalle	owed deduction	n from line 13 of you	ır 2006 Form 4	562	<u>1</u>	0
11	Business income limit	ation. Enter the s	smaller of business incor	me (not less than	zero) or line 5 (se	ee instructions) 1	1
12	•		Add lines 9 and 10, I			ne 11 1	2
13	•		2008. Add lines 9 and				
			ow for listed property				
Par	t II Special De	preciation Al	lowance and Other	r Depreciatio	n (Do not inc	lude listed prop	perty.) (See instructions.)
14	property) and cellul	osic biomass e	York Liberty or Gulf thanol plant property	placed in servi		tax year (see	4
15	Property subject to	section 168(f)	(1) election			1	5
16	Other depreciation	(including ACF	RS)			1	6
Par			(Do not include lis				
				Section A	-		
17	MACRS deduction	s for assets pla	aced in service in tax	vears beginni	na before 200	7 1	7 26,438
18		•	assets placed in serv		-		
	general asset acco			_	•		
	Section B-	-Assets Place	d in Service During		ar Using the C	general Depreci	ation System
(a)	Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)		(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property						
b	5-year property						
	7-year property						
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			39 yrs.	MM	S/L	
	property				MM	S/L	
		Accete Blaced	in Service During 2	2007 Tax Year	Using the Alt	ternative Depre	ciation System
		455ets Flaceu	III Gol vice Bailing 2	Tax rour	- Coming and Fine	T	
	Class life	Assets Flaced	In cervice Burning 2			S/L	
b	Class life 12-year	Assets Placed	In cervice burning 1	12 yrs.		S/L	
b c	Class life 12-year 40-year				MM	_	
b c	Class life 12-year 40-year	(see instruction		12 yrs.		5/L 5/L	
b c	Class life 12-year 40-year To Summary Listed property. Er	(see instruction	ons) m line 28	12 yrs. 40 yrs.	MM	5/L 5/L	1
b c Par	Class life 12-year 40-year TIV Summary Listed property. Er Total. Add amounts	(see instruction of the amount from the from line 12,	ons) m line 28	12 yrs. 40 yrs.	MM	S/L S/L 2 , and line 21.	
b c Pai 21 22	Class life 12-year 40-year It IV Summary Listed property. Er Total. Add amounts Enter here and on the	(see instruction ter amount from line 12, he appropriate	ons) m line 28 lines 14 through 17, lines of your return. P	12 yrs. 40 yrs. Lines 19 and 20 Partnerships and	MM D in column (g) If S corporation	S/L S/L 2 , and line 21.	2 26,438
ь с Раг 21	Class life 12-year 40-year Total. Add amounts Enter here and on t For assets shown	(see instruction ter amount from line 12, he appropriate above and place	ons) m line 28	12 yrs. 40 yrs. lines 19 and 20 artnerships and 40 yrs.	MM D in column (g) If S corporation	S/L S/L 2 , and line 21.	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2007)

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers a property used for centeraliment, recreation, or amusement.)	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 of intrough (or of Section A. and Section C. and Section		rt V Listed								, cellula	ar telep	hone	s, cert	ain cor	nputer	
Section A—Depreciation and Other Information (Caution: See the Instructions for James and anothers) See		Note:	For any vehicle	e for which	you ar	e using	the sta	andard	mileage			_	,	pense,	comple	te only
24a D you have evidence to support the business/investment use claimed?	Sec			, ,										itomohi	les)	
to the property lat be a part of the part										1						s N
Types of property dist best placed in services and servic				1				(e)		(f)		_	Vidence			(i)
year and used more than 50% in a qualified business use: 25 Property used more than 50% in a qualified business use: 26 Property used more than 50% in a qualified business use: 27 Property used 50% or less in a qualified business use: 28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 29 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 29 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 29 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 29 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 29 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 29 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 29 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 29 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 29 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 29 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 29 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 29 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 20 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1, 20 Add amounts in column (h), lines 26 through 27. Enter here and on line 21, page 1, 20 Add amounts in column (h), lines 26 through 27. Enter here and on line 21, page 1, 20 Add amounts in column (h), lines 26 through 27. Enter here and on line 21, page 1, 20 Add amounts in column (h), lines 26 through 27. Enter here and on line 21, page 1, 20 Add amounts in column (h), lines 26 through 27. Enter here and on line 21, page 1, 20 Add amounts in column (h), lines 26 through 27. Enter here and on line 21, page 1, 21 Amortization of costs that begins before your 2007 tax year (see	Тур	vehicles first)	service	investment use percentage		basis	(bu	siness/in	vestment nly)	period	Conv	ention			secti	on 179
96 96 96 97 97 98 98 97 98 97 98 98	25	Special allowance year and used me	e for qualified New ore than 50% in a	York Liberty of qualified busing	or Gulf Op ness use	portunity (see instr	Zone procestions Zone process.	operty pl	aced in se	ervice durii	ng the tax	25				
96 96 96 97.1 97.2 98.2 98.2 99.4	26	Property used	d more than 50			usines	s use:			1			1			
Section Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section Cost Public 1 Vehicle 2 Vehicle 3 Vehicle 4 Vehicle 5 Vehicle 6 Vehicle 7 Vehicle 7 Vehicle 7 Vehicle 8 Vehicle 8 Vehicle 8 Vehicle 8 Vehicle 8 Vehicle 9 Vehic				1							+					
Property used 50% or less in a qualified business use:																
96 96 97 96 97 96 97 97	27	Property used	⊥ d 50% or less i	, , ,		ness us	se:									
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.				· · · · · · · · · · · · · · · · · · ·							S/L -	-				
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(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

BC	CEMENT MANUFACTURING						69 00	00007
	Show the kind and location of ea	ch proj	perty. See page 2 t	o list additional	prope	rties.		
	200 METAMORPHIC RD, ANYTO							
					Prop	erties		
	Rental Real Estate Income		A	В		С		D
	Gross rents	2	615,000					
	Rental Real Estate Expenses	3	24,000					
	Advertising	4	24,000					
	Auto and travel	5						
	Cleaning and maintenance	6						
	Insurance	7	26,500					
	Legal and other professional fees	8						
	Interest	9	42,312					
	Repairs	10	,					
	Taxes	11	10,750					
	Utilities	12						
	Wages and salaries	13						
	Depreciation (see instructions)	14	26,438					
	Other (list) ▶							
		15						
		-						
	Total expenses for each property.							
	Add lines 3 through 15	16	130,000					
	Total gross rents. Add gross rents	s from	line 2, columns A t	hrough H			17	615,000
				-			18 (130,000
	Total expenses. Add total expens	es iroi	ir line 16, columns	A through h			10 (100,000
	Net gain (loss) from Form 4797, Festate activities		•	sposition of pro		rom rental real	19	
a	Net income (loss) from rental real	estate	activities from partr	nerships, estate	s. and t	trusts in which		
	this partnership or S corporation						20a	
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) Emplo	yer identificatio	n num	ber		
								485,000
	 Net rental real estate income (loss Form 1065 or 1120S: Schedule 			gn 2∪a. Enter th	ie resu	it nere and on:	21	-100,000

For Paperwork Reduction Act Notice, see back of form.

Cat. No. 10136Z

Form **8825** (12-2006)

Form 8825 (12-2006) Page 2 Show the kind and location of each property. Ε F G н **Properties** Ε G **Rental Real Estate Income** 2 2 Rental Real Estate Expenses 3 3 Advertising 4 4 Auto and travel. 5 Cleaning and maintenance. 5 6 Commissions 7 7 Insurance . . 8 8 Legal and other professional fees. 9 9 Interest 10 Repairs . 10 11 11 Taxes 12 Utilities . 12 13 13 Wages and salaries . . . 14 14 Depreciation (see instructions) Other (list) ▶ 15 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 anv:

- 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)

CENTRAL ISLIP, NY 11722 Partner's share of liabilities:		9 Other		instructions for completing this form, see the
1168 BEECH ST City, state, and ZIP code		7 General credits	8 Low-income housing	credit For Paperwork Reduction Act Notice and
JOHN MACBETH Street address (including apt. no.)		passive activities 5 Net passive AMT adjustment	from other activitie	File with Form 1065-B.
69-000007 PARTNER'S name	000-60-0001	4a Net capital gain (loss) from	4b Net capital gain (lo	For Internal Revenue
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	18,706 3 Qualified dividends	(Form 1065-B)	Copy A
ABC CEMENT MANUFACTU 100 CONCRETE LN ANYTOWN, MN 55001	RING	passive activities 3,719,693 2 Taxable income (loss) from other activities	20 07	Partner's Share of Income (Loss) From an Electing Large Partnership
CORRECTED PARTNERSHIP'S name, street addres	ss. city, state, and ZIP code.	1 Taxable income (loss) from	OMB No. 1545-1626	

Do NOT Cut or Separate Forms on This Page

CORRECTED PARTNERSHIP'S name, street address ABC CEMENT MANUFACTU 100 CONCRETE LN ANYTOWN, MN 55001	ss, city, state, and ZIP code.	1 Taxable income (loss) from passive activities 3,719,693 2 Taxable income (loss) from other activities 18,706	OMB No. 1545-1626 2007 Schedule K-1 (Form 1065-B)	Partner's Share of Income (Loss) From an Electing Large Partnership	
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3 Qualified dividends		Copy A	
69-000007	000-60-0002			For	
PARTNER'S name JOHN CAPULET		4a Net capital gain (loss) from passive activities	4b Net capital gain (le from other activities		
Street address (including apt. no.) 1175 BEECH ST		5 Net passive AMT adjustment	6 Net other AMT adju	stment For Paperwork	
City, state, and ZIP code		7 General credits	8 Low-income housing credit Reduction Notice		
Partner's share of liabilities: a Nonrecourse b Qualified nonrecourse financing c Other Tax shelter registration number		9 Other	instructions for 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) c	at. No. 25437H	Department of the T	reasury - Internal Revenue Service	

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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

	1065-B U.S. Return of Income for				OMB No. 1545-1626						
Electing Large Partnerships			20	20 07							
Department of the Treasury Internal Revenue Service			T OF GUICE		➤ See separat						
A Principal business activity Use the			Use the		f partnership	_				nployer identification r	
MINING			IRS label.		COAL INDUSTRIES LLO, street, and room or suite no. If				_	0000008 ate business started	
B Principal product or service COAL			Other-			a P.O. box, s	see instructions.		E Da	08/03/1998	
			wise, print	vise, orint 100 MAIN ST City or town, state, and ZIP code					F Total assets (see instructions)		
C Business code no. (see instructions)			or type.						1.		
		212110		ANYIC	OWN, WV 25001				\$	20,440	,320
H I	Chec Numl	k accounting mober of Schedules	ethod: (1) s K-1. Attac	Cash ch one for	return (2) Name chang (2) Accrual each person who was a parti	(; ner at any ti	3) Other (sme during the t	ax year ▶			
Do	ırt I	Tavable	Income	or Loss	From Passive Loss L	imitation	Activities				
Га		Gross receipts or		01,256,3				l a Pal N	1c	101,256,342	
	1a 2		04.00		A, line 8)				2	58,332,511	
	3				m line 1c				3	42,923,831	
	4				oss) (attach Form 8825)				4	, , , , , , ,	
Ф	5				ental activities (attach sche				5		
E	6				ner partnerships, estates,				6		
Income	7	-	. ,		hedule F (Form 1040)) .		•	· .	7		
_	8				pital gain over net long	-			8		
	9	,	n (loss) from Form 4797, Part II, line 17 (attach Form 4797)					9			
	10	10 Other income (loss) (see instructions) (attach schedule)				10					
	11				lines 3 through 10				11	42,923,831	
	12				to partners) (less employ		,		12	12,487,136	
	13		uaranteed payments to partners						13	0.040.540	
	14								14	2,612,540	
	15								15 16	1,720,000	
	16								17	4,106,315	
SI	17							II.	18	4,100,313	
Deductions	18	Interest				· · ·	19a		10		
nct		•			Schedule A and elsewhere	,	19b		19c		
ed	20	Depletion .	ation repo	rted on o	oriedule A aria elsewriere	mictain	100		20	3,750,225	
Ω	21	Retirement pl	lans etc						21		
	22	Employee be	,						22	1,218,412	
	23	Other deduct							23	5,554,374	
	24	Total deduct	tions. Add	the am	ounts shown in the far ri	ght colum	n for lines 12	through 23	24	31,449,002	
	25	Taxable inco	me (loss)	me (loss) from passive loss limitation activities. Subtract line 24 from line 11						11,474,829	
_ts	26	Tax (see instr	ructions).	Check if	from: a Form 4255	b 🗌 For	rm 8611 .		26		
Tax and Payments	27	Other paymer	nts. Check if from: a ☐ Form 2439 b ☐ Form 4136					27			
ax	28				s of line 26 over line 27.			📙	28		
	29				s of line 27 over line 26 .	<u> </u>			29		<u> </u>
Sig	n	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									
He		k	№ 04/15/2008							y the IRS discuss this	
		Signature of general partner or limited liability company member manager Date					(see	the preparer shown e instructions)? Yes	below No		
	-I	Preparer's			, p. y	Date		Objects 16	Pre	parer's SSN or PTIN	
Paid		signature					000-70-7777				
Preparer's Use Only Firm's name (or yours if self-end)							0000098				
US	e On	yours if se address, a	elf-employed) and ZIP code		65 EFILE DR, ANYTOWN	, WV 250	01	Phone no.	(55	5) 555-555	55
For	Priva	acy Act and Pa	perwork R	eduction	Act Notice, see separate i	nstructions	. C	at. No. 26265H		Form 1065-B	(2007)

Page 142 of 194

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

Cat. No. 26265H

Form	1065-B (2007)			Page 2
Par	t II Taxable Income or Loss From Other Activities			
1	Interest	1	357,6	510
2a	Total ordinary dividends			
b	Qualified dividends			
С	Nonqualified dividends (subtract line 2b from 2a)	2c		
3	Gross royalties	3	1,569,7	<u>′21</u>
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	Total income (loss). Add lines 1, 2c, 3, 4, and 5	6	1,927,3	31
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	10h		
	Deductible amount. Multiply line 10a by 30%	10b		
11	Other deductions (attach schedule)	12		
12 13	Total deductions. Add lines 7, 8, 9, 10b, and 11	13	1,927,3	131
	nedule A Cost of Goods Sold (see instructions)	10	1,327,0	701
		1	5,650,2	225
1	Inventory at beginning of year	2	57,478,8	
2 3		3	1,425,6	
4	Cost of labor	4	.,,.	
5	Other costs (attach schedule)	5		
6	Total. Add lines 1 through 5	6	64,554,6	574
7	Inventory at end of year	7	6,222,1	_
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	58,332,5	511
_	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 1.4	471-2(c)	▶	-
С	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attack	ch Form	<i>970</i>) ▶	- 🗌
	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnersh	•		
е	Was there any change in determining quantities, cost, or valuations between opening and closing i If "Yes," attach explanation.	nventory	/? ☐ Y es	☑ No
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 ☐ Domestic limited partnership			
С	✓ Domestic limited liability company d □ Domestic limited liability partnership			
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			· ·
4	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms			
	and 8813. (See instructions.)			V
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 fina es," ente	ancial er the	~
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 	to, a	
9	Enter the number of Forms 8865 , Return of U.S. Persons With Respect to Certain Foreign Partnersh to this return. ▶ 0	ips, atta	ched	

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	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 of (see instru	ther basis ctions)	(f) Gain or (loss) Subtract (e) from (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 For	rm 8824 n 3 in column (f)		3 4		
				es—Assets Held N	ore Than	1 Year	1	
	(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 (loss) Subtract (e) from (d)	
5								
6	Enter gain from Form 47	97, Part I				. 6		
7	Long-term capital gain fi	rom installment sale	s from Form 6252,	line 26 or 37		. 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	5		
13	Redetermine the amount loss limitation activities	•		gains and losses fro	m passive	13		
14	Excess of net short-ter			nital loss. Enter the	emaller of			
	the amount on line 11 or		•	-		14		
15	Redetermine the amount on line 12 by taking into account only gains and losses from passive							
	loss limitation activities					13		
16	Net capital gain or (los positive or both negative							
	and on Schedule K, line					16		
	Note. When figuring whe			·				
			•	s) From Other Acti				
17	Excess of net short-ter				ne 14 from	47		
18	line 11. Enter here and on Net capital gain or (los					17		_
10	on Schedule K, line 4b	•		16 from line 12. Ente		18		

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

Sch	Schedule K Partners' Shares of Income, Credits, Deductions, etc.								
		(a) D	istributive shar	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			,	, 				
	(1) Taxable income	(loss) from trade o	r business activ		1b(1)				
	(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		
d	Taxable income (loss)	from passive loss	limitation activit	ies allocated to li	imited partners. Su	ubtract			
	line 1c from line 1a (re	eport on Schedules	s K-1, box 1) .				1d	11,474,829	
2	Taxable income (loss) from other activity	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	ities (Schedule I	D, line 16)	⊢	4a		
b	Net capital gain (loss) from other activit	ties (Schedule D	, line 18)			4b		
5	Net passive alternative	ve minimum tax ad	djustment				5		
6	Net other alternative						6		
7	Guaranteed payment						7		
8	Income from dischar						8		
9	Tax-exempt interest						9		
10							10		
11									
12							12	42 402 460	
13a	3 (1 1 7		ent				13a	13,402,160	
b							13b	13,402,160	
14a	Name of foreign cou						146		
b	Gross income from a					⊢	14b		
C	Gross income source		•	e)			14c		
d	Foreign gross income		•			1	14d(1)		
	(1) Passive category					· · ·	14d(2)		
	(2) General category						14d(3)		
	(3) Other (attach sch	,				[14(0)		
е	Deductions allocated		•			1	14e(1)		
	(1) Interest expense					· · · ·	14e(2)		
						[- 15(=)		
'	Deductions allocated			evel to foreign so	ource income:	1	14f(1)		
	(1) Passive category(2) General category						14f(2)		
	(3) Other (attach sch						14f(3)		
C	Total foreign taxes (c		Accrued [i			14g		
9 h						⊢	14h		
15	The desired in takes available for creat fathager conceancy.								
	lysis of Net Incom		•						
1	Net income (loss). In o	olumn (b), add lines	s 1c through 4b,	7, and 8. From th	e result, subtract li	ne 14g	1	13,402	,160
2	Analysis by	(i) Corporate	(ii) Individual	(iii) Individual	(iv) Partnership	(v) Exe		(vi) Nominee/	Other
	partner type:	(,, cc.,poiato	(active)	(passive)	(, - =	organiz	zation	(1.)	
а	General partners								
h	Limited partners	1		42 402 460	I .	1		1	

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	
-	Trade notes and accounts receivable							
	Less allowance for bad debts							
3	Inventories				5,650,225		6,222,163	
4	U.S. government obligations							
	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		,227,	116		7,297,740		
	Less accumulated depletion		,392,		2,835,084	2,912,140	4,385,600	
	Land (net of any amortization)				7,220,410		7,220,410	
	Intangible assets (amortizable only)							
	Less accumulated amortization							
13	Other assets (attach schedule)							
14	Total assets				18,174,540		20,440,320	
1-7	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	
	Decemblishing of Incom		Bo	oks '		s) per Return		
Scr	Note. Schedule M-3 may b							
1	Net income (loss) per books	12,416,540	6	Inco	ome recorded on b	ooks this year not		
2	Income included on Schedule K, lines 1c				uded on Schedule	•		
_	through 4b, and 8, not recorded on books				and 8 (itemize):	,		
	this year (itemize):		2		-exempt interest \$.			
	, ().							
3	Guaranteed payments							
4	Expenses recorded on books this year not		7		luctions included on			
	included on Schedule K, lines 1c through				ough 4b, and 14g, not o			
	4b, and 14g (itemize):				ome this year (itemize			
а	Depreciation \$ 985,620		a		preciation \$			
	Travel and entertainment \$							
			8	Add	d lines 6 and 7		0	
		985,620	9	Inco	ome (loss). (Analys	is 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		nts					
1	Balance at beginning of year	5,650,000	6	Dist	tributions: a Cash		5,000,000	
2	Capital contributed: a Cash					rty		
	b Property							
3	Net income (loss) per books	12,416,540	7	Oth	er decreases (itemiz	e):		
4	Other increases (itemize):				,	, 		
	, ,		8	Add	l lines 6 and 7		5,000,000	
			9		ance at end of year.			
5	Add lines 1 through 4	18,066,540			5			

Form **1065-B** (2007)



Printed on recycled paper

Form **8308**

(Rev. October 2005)

Department of the Treasury Internal Revenue Service

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

Please print or type.

OMB No. 1545-0941

Name of partnership

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.

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)

Schedule K-1 (Form 1065	- B) Ca	at. N	lo. 25437H	De	epartment of the Tr	reasury -	Internal Revenue Service
c Other	\$ \$						2007 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.
ANYTOWN, WV 25001		9	Other				instructions for completing this form, see the
City, state, and ZIP code		7	General credits	8	Low-income housing	credit	Reduction Act Notice and
1001 MAIN ST		Ĺ					For Paperwork
Street address (including apt. no.)		5	Net passive AMT adjustment	6	Net other AMT adju	stment	File with Form 1065-B.
PARTNER'S name TAXPAYER B1		48	Net capital gain (loss) from passive activities		Net capital gain (lo from other activitie		Service Center
69-000008	000-70-1001		Not control aster (local) (41.	Nist seettel see		For Internal Revenue
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3	Qualified dividends				Copy A
		19	other activities	1 1	Schedule K-1 Form 1065-B)	Laı	rge Partnership
ANYTOWN, WV 25001		2	Taxable income (loss) from	'	2007		f Income (Loss) om an Electing
BLACK COAL INDUSTRIES 100 MAIN ST	LLC	١,,	,		0007	l .	Partner's Share
PARTNERSHIP'S name, street address	ss, city, state, and ZIP code.	1	Taxable income (loss) from passive activities	OM	IB No. 1545-1626		
	□ PUBLICLY T	RA	DED PARTNERSHIF)			

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CORRECTED	☐ PUBLICLY 1	TRA	DED PARTNERSHIP	D		
PARTNERSHIP'S name, street address, city, state, and ZIP code. BLACK COAL INDUSTRIES LLC 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 F La	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)	Cat. N	lo. 25437H	Department of	the Treasury	- Internal Revenue Service

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CORRECTED	☐ PUBLICLY T	RA	DED PARTNERSHIF	5			
PARTNERSHIP'S name, street address BLACK COAL INDUSTRIES 100 MAIN ST ANYTOWN, WV 25001	, , , , , , , , , , , , , , , , , , , ,	57	Taxable income (loss) from passive activities 7,374 Taxable income (loss) from other activities 636	0	MB No. 1545-1626 2007 Schedule K-1 (Form 1065-B)	oʻ Fi	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.) 300 MAIN ST		5	Net passive AMT adjustment	6	Net other AMT adju	stment	For Paperwork
City, state, and ZIP code		7	General credits	8	Low-income housing	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) C	at. N	lo. 25437H		epartment of the T	reasury -	Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

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

_	1	065		U.S. Return of	Partnershi	p In	come	[OMB No. 1545-009	99
	rtment	of the Treasury	For calen	dar year 2007, or tax year beginnir			ng, 2	.0		2007	
		enue Service (77) I business activity		Name of partnership	parate 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	no. If a P.O. box, se	e 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 To	tal assets (see the	
			or type.	Reno, NV 89510						structions)	ı
		541110		1010,117 00010					\$	108,367,919	
H I	Chec Numb	per of Schedules	thod: (1) [K-1. Attacl	☐ Initial return (2) ☐ Final return	ual (3 a partner at any tin	3) 🗍 (ne duri	Other (specify) Ing the tax year	·			
Ca	ution.	Include only tr	ade or bus	siness income and expenses o	on lines 1a throug	gh 22 i	below. See the	instructio	ns fo	or more informa	tion.
_	4	Out to the second				1a	323,455,613				
		Gross receipts				1b	323,433,010		1c	323,455,613	
	2			ances					2	020,-100,010	
Э	3			ne 2 from line 1c				· · ⊢	3		
Income	4			from other partnerships, esta		4					
<u>n</u>	5	•	. ,	ttach Schedule F (Form 1040		5					
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)									10,000	
	7			ach statement)					7		
	8	Total income	(loss). C	ombine lines 3 through 7 .	<u> </u>	<u> </u>	<u> </u>		8	323,465,613	
) (suc	9	Salaries and v	vages (oth	ner than to partners) (less en	nployment credi	ts) .		🗀	9	110,535,025	
(see the instructions for limitations)	10	Guaranteed pa	ayments t	o partners	1	10	22,675,031				
<u>=</u>	11			ce	1	11	2,042,164				
s fol	12				🗀	12					
ction	13				· · ⊢	13	25,922,173				
stru	14							· · ⊢	14	12,226,452	
ie in	15							=	15	14,622	
ee #	1			d, attach Form 4562)		16a	7,292,891		0-	7.074.040	
	1			ted on Schedule A and elsewh		16b	18,275		6с 17	7,274,616	
ons				uct oil and gas depletion.)				–	18	4,255,918	
cţi		Retirement pla						–	19	7,100,361	
Deducti	19	Employee ben						· · ⊢	20	50,737,848	
Ď	20 21	Other deduction Total deduction		n statement) the amounts shown in the f	ar right column	 for lin	es 9 through 2	—	21	242,784,210	
	22			ome (loss). Subtract line 21					22	80,681,403	
Sig	an	Under penaltie and belief, it is	s of perjury, s true, corre	I declare that I have examined this ret ct, and complete. Declaration of prep preparer has any knowledge.	turn, including accon	npanyin neral pa	g schedules and st urtner or limited liab	atements, a	ınd to	the best of my know	wledge based
	ere	Olemant III	of general	partner or limited liability company n			Deta		with	y the IRS discuss this the preparer shown below tructions)? Yes	low (see
_		, ,	e or general	partner or limited liability company n			Date		De	aparar's CCN as DT	INI
Pai Pre	d parer	Preparer's signature			Date		Check if self-employ	yed ▶ □		eparer's SSN or PT	IIN
	Only						EIN	>	-		
_		address, and		<u> </u>			Pho	ne no.	()	
For	Priva	cy Act and Pap	erwork Re	eduction Act Notice, see separ	rate instructions.		Cat. No. 1	1390Z		Form 1065	(2007)

Page 154 of 194

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) ▶		
	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?		No
е	Was there any change in determining quantities, cost, or valuations between opening and closing inventory?	; LJ	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		~
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)?		<u> </u>
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. \blacktriangleright		~
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:		
	me of Identifying number		
TM			
des	dress of ignated ————————————————————————————————————		
TM	P 7		

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) 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 Partners' capital accounts 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 07 Attachment
Interna	Revenue Service	► See	separate instructions.	► Attach	to your tax ret	urn.		Sequence No. 67
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			Certain Property Ur 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 nr	oner	ty.) (See instructions.)
14 15		losic biomass e	York Liberty or Gulf Cothanol plant property produced in the control of the contr				14 15	3,258,175
16	Other depreciation		. ,				16	625,392
Par		<u> </u>	(Do not include list			ctions.)		3-3,552
		-	•	Section A	,	,		
17			aced in service in tax		_		17	2,745,142
18	If you are electing general asset according		assets placed in servi ere	-	-	one or more		
			ed in Service During			General Depre	eciati	ion System
(a)	Classification of property	(b) Month and	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method		(g) Depreciation deduction
19a	3-year property							
b	5-year property		1,428,700	5	HY		DB	285,740
C	7-year property		2,275,000	7	HY	·	DB	325,098
	10-year property							
	15-year property							
f	20-year property			0.5				
	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	1 425 000	39 yrs.	MM MM	5/L 5/L		25.060
	property Section C—	Assets Placed	1,425,000 in Service During 20				rocis	35,069
202	Class life	Assets Flaced	In Service During 20	Jor Tax Teal		S/L	COIC	Tion System
	12-year			12 yrs.		5/L		
	40-year			40 yrs.	MM	5/L		
	<u>_</u>	(see instructi	ons)		1	1 0/1		<u> </u>
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 4562 (2007)

Form	4562 (2007)														Page 2
	rt V Listed	l Property (Ir							s, cellula	ar telep	hone	s, cert	ain co	mputer	
		rty used for e						,							
		For any vehicle 4b, columns (a											bense,	comple	te only
Sec	tion A—Depre												ıtomob	iles.)	
	Do you have evid								1	"Yes," i					s 🗆 No
Тур	(a) be of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use	1	(d) t or othe basis		siness/in	preciation vestment		y Meti	g) hod/ ention	Depr	(h) reciation duction	secti	(i) ected on 179 cost
25	Special allowance	for qualified New	York Liberty	or Gulf Or	portunity	Zone pr	use or operty pl		ervice duri	ng the tax					,051
	year and used mo	ore than 50% in a	qualified busi	ness use	(see instr	ructions).					25				
26	Property used	more than 50			usines	s use:						1			
			%												
			%							+					
27	Property used	l I 50% or less i			1688 119	se.									
	Troperty used	0070 01 1633	% %		1033 40					S/L -					
			%							S/L -					
			%							S/L -					
28	Add amounts										28				
29	Add amounts	in column (i),	line 26. En	ter here	and o	n line 7	, page	1					. 2	9	
Con	nplete this secti	ion for vehicles							Vehicles		wner	" or rela	ated no	reon	
	provided vehicles														vehicles
20	Tatal business/	(i.e., .e., .e., .e., .e., .e., .e., .e.,		· (a)		b)	Ι ((c)	(d)			e)	(1	f)
30	Total business/investment miles driven during the year (do not include commuting miles)		ommuting	Vehicle 1 Vehicle 2 Vehicle			Vehic		icle 5	Vehicle 6					
31															
32	Total commuting miles driven during the year Total other personal (noncommutin														
	miles driven														
33	Total miles driv		ear. Add												
34	Was the vehicl use during off-			Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehice more than 5% of														
36	Is another vehic		personal												
A		Section C—Qu													
	wer these quest more than 5%						comp	leting S	ection E	3 for ver	nicies	usea b	y empi	oyees w	/no are
								-1	- 6 1- ! - !	!!-				Yes	No
37	by your emplo	ain a written po yees?													
38	Do you maintain See the instruct														
39	Do you treat a	all use of vehic	cles by em	oloyees	as per	sonal u	ıse? .								
40	Do you provid														
	the use of the														
41	Do you meet th											 hioloo			
Pai		nswer to 37, 38 t ization	5, 39, 40, 0	41 15	165, U	O HOL CO	ompiete	Section	пьюп	ne cover	eu vei	nicies.			
ı a	7 Amon									n		(e)			
	(a) Description	of costs	Date am	b) lortization gins		Amor	c) tizable ount		(c Co sect	de	Amor peri	tization od or entage		(f) ortization t this year	for
42	Amortization of	f costs that beg	gins during	your 20	07 tax	year (se	e instru	ctions):				·			
43	Amortization of	of costs that h	egan befor	e vour	2007 +	ax vear						43			
44	Total. Add am		_	-		-						44			
_			(-)- 000	0	$\overline{}$	rinted on r				<u> </u>	-		F	orm 456	2 (2007
							, p.								,_551

	4562		Depreciation	n and Am	ortizat	ion			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. 67			
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 sn	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			2008. Add lines 9 and									
Par			ow for listed property.			t in alı	ido listad pr	opor	ty.) (See instructions.)			
14	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 instructions)											
16	Other depreciation	. ,						16				
			(Do not include list			struct	ions)	10				
ı aı	WIF COLOR	opi colation	•	Section A	(000 1110	, aoi	10110./					
17	MACRS deduction	e for assets of	aced in service in tax		na hefore	2007		17	18,275			
18		to group any	assets placed in serv		tax year							
	Section B-	-Assets Place	d in Service During	2007 Tax Yea	r Using t	he G	eneral Depr	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) Conve	ntion	(f) Metho	d	(g) Depreciation deduction			
19a	3-year property											
b	5-year property											
С	7-year property											
	10-year property											
	15-year property											
f	20-year property	-		05			0.11					
	25-year property			25 yrs.	1 11 1		9/L					
h	Residential rental property			27.5 yrs. 27.5 yrs.	MM MM		5/L 5/L					
i	Nonresidential real property			39 yrs.	MM MM		5/L 5/L					
	<u> </u>	Assets Placed	in Service During 2	007 Tax Year		e Alte		recia	tion System			
20a	Class life						5/L					
	12-year			12 yrs.			5/L					
	40-year			40 yrs.	ММ		S/L					
	<u>_</u>	(see instructi	ons)									
21	Listed property. Er	`	,					21				
22	Total. Add amount	s from line 12,	lines 14 through 17, li lines of your return. Pa					22	18,275			
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 20	63A costs .	. 23							
For F	Paperwork Reduction	n Act Notice, se	e separate instructions	.	Cat. No. 12	906N			Form 4562 (2007)			

Form	4562 (2007)														Page 2
Pa		l Property (In							, cellula	ır telep	ohone	s, cert	ain cor	nputer	s, and
	Note:	For any vehicle	for which	you ar	e using	the st	andard	mileage					oense,	comple	te only
500	tion A—Depre	tb, columns (a)											ıtomohi	loc)	
	Do you have evice										•				s⊡No
_ 14			(c) Business/				(e)					Viderice			(i)
Тур	(a) be of property (list vehicles first)	(b) Date placed in service	Business/ investment use percentage		(d) t or other basis		sis for de	preciation vestment	(f) Recovery period	/ Me	(g) thod/ vention		(h) reciation duction	Ele secti	ected ion 179 cost
25	Special allowance year and used mo	for qualified New ore than 50% in a co	York Liberty of qualified busing	or Gulf Op ness use	portunity (see instr	Zone pructions).	operty pl	aced in se	ervice durir	ng the ta	x 25				
26		more than 50													
			%												
			%												
			%												
27	Property used	50% or less i		1	ness us	se:			ı	T 0 //		T			
			% %							S/L -				-	
			%							S/L -				_	
28	Add amounts	in column (h),	, -		07 Ent	or horo	and or	line 21	l page :		28			-	
29		in column (i), I											. 29	•	
		(4),							/ehicles				`		
	nplete this secti I provided vehicles		s used by a	a sole p	ropriet	or, part	ner, or	other"r	nore tha	ın 5%					vehicles
30		Total business/investment miles driven during the year (do not include commuting miles)			(a) Vehicle 1 Veh		b) icle 2	(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31	miles)														
32	•														
-															
33	Total miles driven during the year. Add lines 30 through 32														
34	Was the vehicle	e available for duty hours? .	personal	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehic	le used primar	ily by a												
36	Is another vehic	cle available for	personal												
	5	Section C—Qu	estions fo	r Emp	oyers '	Who P	rovide	Vehicle	s for U	se by	Their I	Employ	ees		
	wer these ques more than 5%						comp	leting S	ection E	3 for ve	hicles	used b	y empl	oyees w	ho are
37		ain a written po byees?												Yes	No
38	Do you maintain	a written policy ions for vehicles	statement tl	nat proh	bits per	sonal us	e of veh	icles, ex	cept com	muting,	by you	r employ	/ees?		
39	Do you treat a	all use of vehic	les by emp	oloyees	as per	sonal u	ıse? .								
40		le more than fi													
41	Do you meet th	e vehicles, and e requirements o	concerning (qualified	automo	bile der	nonstrat	ion use?	(See ins	truction	s.) .				
Da		nswer to 37, 38 t ization	3, 39, 40, oi	r 41 is "	Yes," d	o not c	omplete	Section	n B for th	ne cove	red ve	hicles.			
Pa	rt VI Amor	uzation										(a)			
	(a) Description	of costs	Date am	b) ortization gins		Amor	(c) tizable ount		(d) Cod secti	de	Amor per	(e) tization od or entage		(f) ortization t this year	for
42	Amortization of	f costs that beg	gins during	your 20	07 tax y	year (se	e instru	ctions):			1 2010				
											+				
43	Amortization of	of costs that be	egan befor	e your	 2007 ta	ax vear						43			
44		nounts in colum	_	-		-						44			
			.,		$\overline{}$	rinted on I							F	orm 456	2 (2007
							•								

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.) (d) Gross sales price basis, plus improvements and expense of sale (c) Date sold 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 line 14

Form 4797 (2007) Page 2

rai	(see instructions)	Seci	.10115 1240, 120	JU, 1232,	1234	+, and 125		
19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 pr	operty:				(b) Date acqu (mo., day, y	ired r.)	(c) Date sold (mo., day, yr.)
Α	Furniture and Fixtures					10/01/200	06	01/19/2007
В								
С								
D							\longrightarrow	
	These columns relate to the properties on lines 19A through 19E	D. ▶	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	10,000 10,000				-	
22 23	Depreciation (or depletion) allowed or allowable	22	10,000					
23	Adjusted basis. Subtract line 22 from line 21	20						
24	Total gain. Subtract line 23 from line 20	24	10,000					
25	If section 1245 property:							
a	Depreciation allowed or allowable from line 22	25a	10,000					
b	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 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 smaller of line 26c or 26d	26e 26f					\dashv	
f g	Section 291 amount (corporations only)	26g					\rightarrow	
 27 а 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						
c	Enter the smaller of line 24 or 27b	27c						
28	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:							
	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						
Sun	nmary of Part III Gains. Complete property columns	A thr	ough D through	line 29b b	efo	re going to	line	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 of their than accounts, as the form 1707, line 6.	or theft	on Form 4684, line	e 33. Enter th	ne po	ortion from	31	
Pa	rt IV Recapture Amounts Under Sections 179 (see instructions)						32 to 5	60% or Less
	((a) Sectio 179	n	(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				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

lame							Emplo	yer identification nu	ımber
	Starling, LLP						69	0000001	
1	Show the kind and location of ea	ach prop	perty. See page 2 t	to list additional	propertie	es.			
Α	Rental								
В									
С									
D									
					Proper	ties			
	Rental Real Estate Income		Α	В		С		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							<u> </u>
6	Commissions	. 6							
7	Insurance	. 7							
8	Legal and other professional fees	8							
9	Interest	. 9							
10	Repairs	. 10							
11	Taxes	11							-
2	Utilities	12							
3	Wages and salaries	14	18,275						
4 5	Depreciation (see instructions)		1,013,500						
13	Other (list) ▶		1,010,000						
		15							
		-							
6	Total expenses for each property.								
	Add lines 3 through 15	16	1,031,775						
7	Total gross rents. Add gross ren	ts from	line 2, columns A t	hrough H			17	1,234,900	
8	Total expenses. Add total expen	ses fron	n line 16, columns	A through H .			18	(1,031,775)
9	Net gain (loss) from Form 4797,	Part II, I	ine 17, from the di	sposition of prop	perty fron	n rental real	40		
	estate activities						19		
:ua	Net income (loss) from rental real this partnership or S corporation					sts in which	20a		
h	Identify below the partnerships, es	•	•	•	,		200		
D	20a. Attach a schedule if more spa			iet iricome (ioss)	is shown	on line			
		400 10 110							
	(1) Name		(2) Emplo	yer identification	n number	•			
21	Net rental real estate income (los			gh 20a. Enter th	e result h	ere and on:	21	203.125	
	• Form 1065 or 1120S: Schedu	le K, line	e 2, or						
	• Form 1065-B: Part I, line 4								

Form	8825 (12-2006)					Page 2						
1	Show the kind and location of ea	ch prope	rty.									
Ε												
F												
G												
Н												
				Properties								
	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										

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

Sam Starling, LLP 69-0000001
Part I Current Year Credit

	Carrent real orealt		
1	Enter the total qualified wages paid or incurred during calendar year 2007 only (see instructions)		
а	Qualified empowerment zone wages	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	4	40,000
_	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	11	
12	instructions)	12	
Par			
13	Regular tax before credits:		
10	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		
	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		
•	Corporations. Enter the amount from Form 4626, line 14	14	
•	Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56		
15	Add lines 13 and 14	15	
16a	Credits from Form 1040, lines 47 through 50 and lines 52 through 54 (or		
	Form 1040NR, lines 44, 45, and 47 through 49)		
b	Foreign tax credit		
С	Credits from Forms 5735 and 8834		
d	Non-business alternative motor vehicle credit (Form 8910, line 18) 16d		
е	Non-business alternative fuel vehicle refueling property credit (Form 8911, line 19)		
f	Add lines 16a through 16e	16f	
17	Net income tax. Subtract line 16f from line 15. If zero, skip lines 18 through 24 and enter -0- on line 25	17	
18	Net regular tax. Subtract line 16f from line 13. If zero or less, enter -0-	-	
19	Tentative minimum tax (see instructions)	-	
20	Enter 25% (.25) of the excess, if any, of line 18 over \$25,000 (see 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. All others. Enter the smaller of line 10 or line 25. Report this amount on Form 1040 line 55; Form 1040NP, line 50; Form 1120, Schoolule I, line 56; or the		
	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	
	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)

88 Form (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

Identifying number 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:
 - 1. 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	1 OMB No. 1545-0099
Schedule K-1	D			Current Year Income,
(Form 1065)	Pa			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		403		
ending, 20	2	Net rental real estate income (loss	5)	
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
<u>'</u>				
Part I Information About the Partnership	4	Guaranteed payments		
A Partnership's employer identification number				
69-0000001	5	Interest income		
B Partnership's name, address, city, state, and ZIP code		1		
Sam Starling, LLP	6a	Ordinary dividends		
631 N McKinley Dr	- Ch	Ovalified dividends		
Reno, NV 89510	6b	Qualified dividends		
	7	Royalties		
C IRS Center where partnership filed return	┤ ′	Toyanos		
Ogden	8	Net short-term capital gain (loss)		
		The orient term suprice gain (1999)		
D	9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
F Check if Form 8271 is attached				A 1
orieck in orin 6271 is attached	9b	Collectibles (28%) gain (loss)		
Part II Information About the Partner				
G Partner's identifying number	9с	Unrecaptured section 1250 gain		
000-00-0001				
H Partner's name, address, city, state, and ZIP code	10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
Taxpayer A1				·
PO Box 0001	11	Other income (loss)		C 4
Reno, NV 89510				
	-			
General partner or LLC Limited partner or other LLC member-manager member			19	Distributions
	12	Section 179 deduction		A 376
J Domestic partner				
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 .0005 % .0005 %				A 1
Loss .0005 % .0005 %				
Capital .0005 % .0005 %				
	14	Self-employment earnings (loss)		
M Partner's share of liabilities at year end:				
Nonrecourse				
Qualified nonrecourse financing\$	*0		-1-111	
Recourse	- 56	ee attached statement for a	aditic	onal information.
	-		٨	
N Partner's capital account analysis:				
Deginning capital account , , , , , , ,	Inly			
Current year increase (decrease) \$ 607	e C			
Current year increase (decrease)\$ 607 Withdrawals & distributions\$ (376)	l S			
Ending capital account \$ 456	RS			
Ending outside docount	For IRS Use Only			
Tax basis GAAP Section 704(b) book	ľ			
Other (explain)				

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

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

65110	
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			Final K-1	Amend	led K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)	2007	Pa	21 4 111			Current Year Income, s, and Other Items
Department of the Treasury	For calendar year 2007, or tax	1	Ordinary bu	siness income (loss)	15	Credits
Internal Revenue Service	year beginning, 2007			8,068,140		K 4,000
	ending, 20	2	Net rental re	eal estate income (loss)		
Partner's Share of	Income, Deductions,		0.1	20,312		P 3,560
Credits, etc.	▶ See back of form and separate instructions.	3	Other net re	ental income (loss)	16	Foreign transactions
Dout I Informati	ion About the Doutneyship	4	Cuarantand	novmente		
Part I Informati A Partnership's employer id	ion About the Partnership	+ *	Guaranteed	payments		
69-000001	definition frames	5	Interest inco	ome		
	ress, city, state, and ZIP code	1		9,265		
		6a	Ordinary div	,		
Sam Starling, LLP 631 N McKinley Dr						
Reno, NV 89510		6b	Qualified div	vidends		
,						
		7	Royalties			
C IRS Center where partne	rship filed return					
Ogden		8	Net short-te	rm capital gain (loss)		
D Check if this is a pu	blicly traded partnership (PTP)					
	ion number, if any	9a	Net long-ter	m capital gain (loss)	17	Alternative minimum tax (AMT) items
F Check if Form 8271	is attached					A 19,946
		9b	Collectibles	(28%) gain (loss)		
	ion About the Partner	1	I I t	-1		
G Partner's identifying num	iber	9c	Unrecapture	ed section 1250 gain		
000-00-0022	city, state and ZID ands			1001 1 11 1	10	Tay avament income and
H Partner's name, address,	, city, state, and ZIP code	10	Net section	1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
Sam Starling		11	Other incom	20 (1000)		C 77,513
PO Box 99 7 Birch Branch		1'''	Other incon	ie (i055)		077,313
St Johns, NFLD						
Canada, AIC5N5						
General partner or	LLC Limited partner or other LLC					
member-manager	member				19	Distributions
J Domestic partner	Foreign partner	12	Section 179	deduction		A 7,514,031
Bomestie partie	roloigh parties					
K What type of entity is this	s partner? Individual	13	Other dedu	ctions		
L Partner's share of profit,					20	Other information
Begin						
Profit	10 %					A 9,265
Loss	10 %					
Capital	10 %	14	Calf amailan			
		14	Seir-employr	nent earnings (loss)		
M Partner's share of liabilities	1 100 000					
	\$1,100,000					
Qualified nonrecourse fin		*\$6	e attache	d statement for a	dditi	onal information
Recourse	\$		o allaono	d otatornont for a	aarti	Silai iiiioiiiiatioii.
N Partner's capital account	h analysis	1				
N Partner's capital account Beginning capital accour	4 400 002	>				
Capital contributed durin	π) Jul				
Current year increase (de	10 110 510	se (
Withdrawals & distributio	7 514 021	Š				
Ending capital account	9,118,401	IRS				
		For IRS Use Only				
Tax basis G	AAP 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

Other (explain)

Ending capital account

				~	□.		651106
Schedule K-1 (Form 1065)		20 07	Pa	Final K-1	Partner's Share	e of	OMB No. 1545-0099 Current Year Income, s, and Other Items
Department of the Treasury Internal Revenue Service	For calendar year 2	.007, or tax	1	Ordinary	business income (loss)	15	Credits
Internal Revenue Service		, 2007	2	Not ronte	32,272,561 al real estate income (loss		K 16,000
Doutnou's Chara o		, 20	_	Net rent	81,250		P 14,240
Partner's Share of Credits, etc.	► See back of form and		3	Other ne	et rental income (loss)	16	Foreign transactions
	tion About the Part	nership	4	Guarant	eed payments		
A Partnership's employer	identification number		<u> </u>		22,675,031		
69-000001 B Partnership's name, add	dress, city, state, and ZIP cod	de	5	Interest			
	uress, city, state, and zir con	Je	6a	Ordinary	37,060 dividends		
Sam Starling, LLP 631 N McKinley Dr			04	Ordinary	dividends		
Reno, NV 89510			6b	Qualified	d dividends		
			<u> </u>	Danakia	_		
C IRS Center where partn	ership filed return		7	Royaltie	S		
Ogden	·		8	Net shor	t-term capital gain (loss)		
D Check if this is a p	publicly traded partnership (PT	Г Р)					
E Tax shelter registra	ation number, if any		9a	Net long	-term capital gain (loss)	17	Alternative minimum tax (AMT) items
F	1 is attached		9b	Collectib	oles (28%) gain (loss)		A 79,782
Part II Informa	tion About the Part	ner	1		,,,, (,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
G Partner's identifying nu		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	9с	Unrecap	tured section 1250 gain		
69-1000001							
H Partner's name, addres			10	Net sect	tion 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
Barton and Jenkins RR 510 W	Enterprise		11	Other in	come (loss)	-	C 310,051
Anchorage, AK 9950)2		l	Other in	001110 (1000)		0 010,001
]	_						
General partner of member-manager	r LLC Limited	d partner or other LLC				19	Distributions
J Domestic partner			12	Section	179 deduction		A 30,056,124
J Domestic partner	L Foreign	n partner					1100,000,121
K What type of entity is the	his partner? Partnership)	13	Other de	eductions		
L Partner's share of profit						20	Other information
1	inning	Ending					A 27 000
Profit	40 % 40 %	40 % 40 %					A 37,060
Loss Capital	40 %	40 %					
σιριτιί	70	10 70	14	Self-emp	loyment earnings (loss)		
M Partner's share of liabili	ities at year end:				A 55,024,842		
Nonrecourse	\$	4,400,000					
Qualified nonrecourse f	inancing\$		*0.		C 55,024,842		and information
Recourse	\$		36	e attac	hed statement for a	aaiti	onal information.
N Partner's capital accou	nt analysis		1				
· '	unt\$	17,955,567	>				
Capital contributed duri			Use Only				
Current year increase (d	' /	48,574,159	Jse				
Withdrawals & distribut		30,056,124)	RS U				
Ending capital account	\$	36,473,602	1 <u>E</u>				

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Tax basis GAAP Section 704(b) book

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

For

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)

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	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

1065				U.S. Return of Partn		OMB No. 1545-0099				
		he Treasury e Service (77)	For calend	dar year 2007, or tax year beginning ▶ See separate ir		2007				
A Principal business activity Name of partnership								D E	mployer identification r	number
	<i>l</i> lanage		Use the IRS	Carlton Asset Managment, LP	_	69 0000003				
		oduct or service	label.	Number, street, and room or suite no. If a P.	ED	E Date business started				
F	inancia	al Invest	Other- wise,	1678 South Hoover Blvd					10/23/1998	
C B	usiness c	ode number	print	City or town, state, and ZIP code					otal assets (see the nstructions)	
523900			or type.	San Francisco, CA 94101	\$	6,725,256	<u> </u>			
G H I J	Check a		nge (5) Amended return							
Ca	ution. In	clude only tr	ade or bus	siness income and expenses on lines 1	a throug	gh 22 bel	ow. See the instruc	tions	for more informat	ion.
	1a G	ross receipts	s or sales			1a				
				inces		1b		1c		
				hedule A, line 8)			,	2		
Je				ne 2 from line 1c				3		
Income				from other partnerships, estates, and				4	10,229,525	
2	1	-	. ,	tach Schedule F (Form 1040))			,	5		
_	1			m 4797, Part II, line 17 (attach Form				6		
	1	• • •		7	400,420,252					
	8 T	otal income	(loss) (atta	ach statement)	8	410,649,777				
- (s		Salaries and wages (other than to partners) (less employment credits)							1,179,658	
ition	1								561,900	
mita				10	8,610					
(see the instructions for limitations)				ce	12	0,010				
ns f	1				13	729,654				
lotic								14	871,972	
ารtท	1							15	0/1,9/2	
Je ir		,								
ee t	1								00.705	
									62,765	
ons	1								0.45.070	
	18 R	etirement pla	ans, etc		18	345,678				
ğ	19 E	mployee ben	efit progra	ams	19					
Deduct	20 O	ther deduction	ons <i>(attacl</i>	h statement)			100000	20	398,652	
			21	4,158,889						
	22 O			ome (loss). Subtract line 21 from lin				22	406,490,888	
Sign Here		and belief, it is on all informat	s true, correc ion of which	I declare that I have examined this return, includ tt, and complete. Declaration of preparer (othe preparer has any knowledge.	r than ger	npanying so neral partne	er or limited liability con	npany i	to the best of my known member manager) is lay the IRS discuss this with the preparer shown belostructions)?	return ow (see
_		Signature	e of general _l	partner or limited liability company member ma			Date			
Pai Pro	d parer's	Preparer's signature			Date		Check if self-employed ▶		reparer's SSN or PTI	N
	only	Firm's name (or if self-employed					EIN ►	- 1		
		address, and	ZIP code				Phone no.	()	
For	Privacy	Act and Pap	erwork Re	eduction Act Notice, see separate instr	uctions.		Cat. No. 11390Z		Form 1065	(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:		
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)	=	
	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?	; L I	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		
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 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		
	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	8813. See the instructions	~	
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		V
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	_	
10	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached		
12	to this return 1		
	Ignation 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 signated P Identifying number of TMP		
Add	dress of		
des TM	ignated P ———————————————————————————————————		

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 \boldsymbol{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 lossc Depletion (other than oil and gas) . . . 17b 17c 17d d Oil, gas, and geothermal properties-gross income Oil, gas, and geothermal properties—deductions 17e f 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)								Page 4
Ana	lysis of Net Inco	ome (Loss)							
1	Net income (loss). Schedule K, lines 1		es 1 through 11. F					406,413,471	
2	Analysis by partner type:	(i) Corporate	(ii) Individua (active)	al (iii)	(iii) Individual (passive)		(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
а	General partners						41,147,057	7	
b Limited partners					4,0	58,516	361,207,898	8	
Sch	nedule L B	alance Sheets p	er Books		Begi	nning o	f tax year	End o	f tax year
		Assets		(a	1)		(b)	(c)	(d)
1	Cash						5,232,390		6,027,450
	Trade notes and a								3,000
	Less allowance fo								
	Inventories								
	U.S. government								
	Tax-exempt secur								
	Other current asse		,						
	Mortgage and rea								
	Other investments	'		4	624.7	40		1,682,950	
	Buildings and other	•			621,7 372,3		240.264	1,435,144	247,806
	Less accumulated	•		- '	312,3	119	249,361	1,433,144	247,000
	Depletable assets								
	Less accumulated								
	Land (net of any a	,				_			
	Intangible assets (• • • • • • • • • • • • • • • • • • • •							
	Less accumulated								
	Other assets (attack						5 404 754		0.075.050
14	Total assets						5,481,751		6,275,256
		ties and Capital					4 507 000		0.040.005
15	Accounts payable						1,567,623		3,049,605
16	Mortgages, notes, b	onds payable in less	s than 1 year.						
17	Other current liabi	lities <i>(attach staten</i>	nent)						
18	All nonrecourse lo	ans							540,000
19	Mortgages, notes, k	oonds payable in 1 y	ear or more .						
20	Other liabilities (at	tach statement)							
21	Partners' capital a						3,914,128		2,685,651
22	Total liabilities and						5,481,751		6,275,256
Sch		econciliation of ote. Schedule M-3							
1	Net income (loss)	per books			6	Income	recorded on books	this year not includ	led
2	, ,	Schedule K, lines 1, 2					edule K, lines 1 th	•	
		and 11, not recorde					empt interest \$		
		nize):					•		
3		ents (other than he			7			Schedule K, lines	
							n 13d, and 16l,		
4		d on books this year					ncome this year (it		
	•	dule K, lines 1 thro					,		
	13d, and 16l (itemi					•			
а	Depreciation \$,							
	Travel and enterta				8				
					9	Income	e (loss) (Analysis c	of Net Income (Los	s),
5		gh 4				line 1).	Subtract line 8 fro	om line 5	<u></u>
Sch		nalysis of Partn		Accour	nts				
1	Balance at beginn	ning of year	3	,914,128	6	Distrib	utions: a Cash		408,202,737
2	_	d: a Cash						erty	
_		b Property .			7	Other o		:e):	
3	Net income (loss)	per books	400	,974,260	-		•		
4		temize):							
-	`				8				
5	Add lines 1 through	gh 4	410	,888,388	9	Balance	at end of year. Sub	tract line 8 from line	5 2,685,651

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	4569		Depreciation	n and Am	ortizat	ion		OMB No. 1545-0172
Form 4JUZ		(1	2007					
	ment of the Treasury I Revenue Service	► See	Attachment Sequence No. 67					
Name	(s) shown on return	7 000	Identifying number					
Carlton Asset Management LP Carlt				on Asset Man	agement l	LP		69-000003
Par	t I Election	To Expense C	Certain Property U	nder Section	า 179			
	Note: If y	ou have any li	sted property, com	olete Part V I	before yo	u complete Par		+10T 0 0 0
1			tions for a higher limit				1	\$125,000
2			y placed in service (s				3	43,332
3			operty before reduction				4	\$5 <i>00,000</i>
4	Reduction in limits	— <u>·</u>						
5	separately, see in:		ract line 4 from line 1				5	
		a) Description of pro		(b) Cost (busines		(c) Elected cos		
6	Office Equipment				23,456	23	,456	
	Furniture/fixtures				19,876		,876	
7	Listed property. E	nter the amoun	t from line 29		7		,	
8			property. Add amour			and 7	8	43,332
9			naller of line 5 or line				9	43,332
10	Carryover of disal	lowed deductio	n from line 13 of you	r 2006 Form 4	562		10	
11	Business income lim	itation. Enter the s	smaller of business incon	ne (not less than	zero) or line	5 (see instructions)	11	125,000
12			Add lines 9 and 10, b			an line 11	12	43,332
13			2008. Add lines 9 and					
Par			ow for listed property.			in alicela linea al in		ty.) (See instructions.)
14 15 16	property) and celluinstructions). Property subject t	llosic biomass e 	York Liberty or Gulf (thanol plant property	placed in servi	ce during	the tax year (see	14 15 16	43,766
			(Do not include list				10	40,1
		- оргоолишот	•	Section A	, (0000			
17	MACRS deduction	ns for assets nl	aced in service in tax	vears beginni	na before	2007	17	18,999
18			assets placed in serv		_			
	general asset acc	ounts, check he	ere	<u> </u>	<u></u>	🕨 🗌		
	Section B		d in Service During	2007 Tax Yea	r Using tl	ne General Depr	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) Conver	ntion (f) Metho	d	(g) Depreciation deduction
19a	3-year property							
b	5-year property							
<u>c</u>	7-year property	_						
	10-year property	_						
	15-year property	_						
f	25	_		25		S/L		
<u>g</u>	Residential rental			25 yrs. 27.5 yrs.	MM	5/L		
n	property			27.5 yrs.	MM	5/L		
	Nonresidential rea	.1		39 yrs.	MM	5/L		
•	property			1 2 3 3 2 3	MM	S/L		
	Section C-	Assets Placed	in Service During 2	007 Tax Year	Using the	Alternative Dep	recia	ition System
20a	Class life					S/L		
	12-year			12 yrs.		S/L		
С	40-year			40 yrs.	ММ	S/L		
Par	t IV Summary	/ (see instructi	ons)					
21	Listed property. E						21	
22			lines 14 through 17, li					
00			lines of your return. Pa			ttions—see instr.	22	62,765
23		•	ced in service during	•				
<u></u>	•		ributable to section 2		23	2001		5
ror F	∙aperwork Heductio	n ACT NOTICE, SE	e separate instructions	ò.	Cat. No. 12	906N		Form 4562 (2007)

Form	4562 (2007)														Page 2
Pa		l Property (In							, cellula	ır telep	ohone	s, cert	ain coi	mputer	s, and
	Note:	For any vehicle	for which	you ar	e using	the st	andard	mileage					pense,	comple	te only
500	tion A—Depre	tb, columns (a)											ıtomoh	ilos \	
	Do you have evice														s⊡No
_ 14			(c) Business/				(e)					Vidence			(i)
Type of property (list Date placed in vehicles first)		Business/ investment use percentage		(d) t or other basis		Basis for depreciation (business/investment use only)		(f) Recovery period	y (g) Method/ Convention		(h) Depreciation deduction		Ele secti	ected ion 179 cost	
25	Special allowance year and used mo	for qualified New ore than 50% in a co	York Liberty of qualified busing	or Gulf Op ness use	Gulf Opportunity Zone property placed in servicess use (see instructions)						x . 25				
26		more than 50												-	
			%												
			%												
			%												
27	Property used	50% or less i		1	ness us	se:			ı	T 0 //		T			
			% %							S/L -				-	
			%							S/L -				-	
28	Add amounts	in column (h),	, -		07 Ent	or horo	and or	line 21	l page :		28			-	
29		in column (i), I											. 29	9	
		(7,							/ehicles						
	nplete this secti u provided vehicles		s used by a	a sole p	ropriet	or, part	ner, or	other"r	nore tha	ın 5%					vehicles
30	Total business/investment miles driven			(a) Vehicle 1					(c) (d)						
31	during the year (do not include commuting miles)														
32	•	ersonal (noncon													
-															
33	Total miles driv	ren during the yeh	ear. Add												
34	Was the vehicle	e available for duty hours? .	personal	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehic	ele used primar owner or related	ily by a												
36	Is another vehic	cle available for	personal												
	5	Section C—Qu	estions fo	r Emp	oyers '	Who P	rovide	Vehicle	s for U	se by	Their I	Employ	ees		
	wer these ques more than 5%						comp	leting S	ection E	3 for ve	hicles	used b	y empl	oyees w	ho are
37		ain a written po byees?												Yes	No
38	Do you maintain	a written policy ions for vehicles	statement tl	nat proh	bits per	sonal us	e of veh	icles, ex	cept com	muting,	by you	r employ	ees?		
39	Do you treat a	all use of vehic	les by emp	oloyees	as per	sonal u	ıse? .								
40		le more than fi													
41	Do you meet th	e vehicles, and e requirements o	concerning (qualified	automo	bile der	nonstrat	ion use?	(See ins	truction	s.) .				
Da		nswer to 37, 38 t ization	3, 39, 40, oi	r 41 is "	Yes," d	o not c	omplete	Section	n B for th	ne cove	ered ve	hicles.			
Pa	rt VI Amor	uzation										(0)			
	(a) Description	of costs	Date am	b) ortization gins		Amor	(c) tizable ount		(d) Cod secti	de	Amor per	(e) tization iod or entage		(f) ortization t this year	for
42	Amortization of	f costs that beg	gins during	your 20	07 tax y	year (se	e instru	ctions):			1 2010				
43	Amortization of	of costs that be	egan befor	e your	 2007 ta	ax vear						43			
44		nounts in colum	_	-		-						44			
			.,		$\overline{}$	rinted on I							F	orm 456	2 (2007
							•								

SCHEDULE O (Form 8865)

Transfer of Property to a Foreign Partnership

(under section 6038B)

OMB No. 1545-1668

Department of the Treasury Internal Revenue Service	► Attach to Form 8865. See Instructions for Form 8865.		2007
Name of transferor		Filer's identifying	number
Carlton Asset Manager	nent, LP	69-0000003	
Name of foreign partnership)		

Mai Tai Investments Part I Transfers Reportable Under Section 6038B (b) Number of items transferred (c)
Fair market
value on date
of transfer (e) Section 704(c) allocation method (g)
Percentage interest
in partnership after
transfer (f) Gain (a) Date of transfer (d) Cost or other basis Type of property recognized on transfer Cash Marketable securities Inventory 08/09/2007 12,345 16,000 25 Tangible property used in trade or business Intangible property Other property Supplemental Information Required To Be Reported (see instructions): Part II **Dispositions Reportable Under Section 6038B** (f)
Depreciation
recapture
recognized (b) Date of original transfer (h)
Depreciation
recapture allocated (e) Gain recognized by (a) Type of property (d) Manner of disposition disposition to partner partnership to partner by partnership Part III Is any transfer reported on this schedule subject to gain recognition under section 904(f)(3) or

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section 904(f)(5)(F)?

Cat. No. 25909U

Schedule O (Form 8865) 2007

Yes

✓ No



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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 I	nves	tments

wai tai iiivesiiieiiis					
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
Part III Change in Proportional	Interest				
Part III Change III i Toportional	interest				
(a) Description of change	(b) Date of change	(c) FMV of interest	(d) Basis in interest	(e) % of interest before change	(f) % of interest after change
Part IV Supplemental Informati	on Required To	Be Reported (s	see instructions)		

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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

OMB No. 1545-1668
0007
2007
Attachment

Department of the Treasury Internal Revenue Service , 2007, and ending Sequence No. 118 01/01 12/31 , 20 07 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 1-2-3 Ginsu, Chuo-Ku 3 Country under whose laws organized 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, attached to this return (see instructions). 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," do 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

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

Electronic Tax Filers, Inc

123 Any Street Anytown, NY 11717

Firm's name (or yours if self-employed), address, and ZIP code

Cat. No. 25852A

EIN ▶

Phone no.

69

631

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

0000098

Name Address Identifying num Calrton Asset Management, LP 1678 Hoover Blvd, San Francisco CA 69-0000 CA 94101 Schedule A-1 Certain Partners of Foreign Partnership (see instructions)	onstructive interest Check if foreign person O098 Check if check if direct partner Check if Check if check if direct partner Check if Check if check if check if direct partner
Name Address Identifying num Calrton Asset Management, LP 1678 Hoover Blvd, San Francisco CA 69-0000 CA 94101 Schedule A-1 Certain Partners of Foreign Partnership (see instructions) Name Address Identifying Address Identifying Does the partnership have any other foreign person as a direct partner? Schedule A-2 Affiliation Schedule. List all partnerships (foreign or domestic) in vowns a direct interest or indirectly owns a 10% interest. Name Address EIN	Check if foreign person 0098 Check if direct partner
Calrton Asset Management, LP 1678 Hoover Blvd, San Francisco CA 69-0000 CA 94101 Schedule A-1 Certain Partners of Foreign Partnership (see instructions) Name Address Identifying Does the partnership have any other foreign person as a direct partner? Schedule A-2 Affiliation Schedule. List all partnerships (foreign or domestic) in volume owns a direct interest or indirectly owns a 10% interest.	mber (if any) foreign person direct partner 0098
Schedule A-1 Certain Partners of Foreign Partnership (see instructions) Name Address Identifyir Does the partnership have any other foreign person as a direct partner? Schedule A-2 Affiliation Schedule. List all partnerships (foreign or domestic) in vowns a direct interest or indirectly owns a 10% interest. Name Address	0098 V
Schedule A-1 Certain Partners of Foreign Partnership (see instructions) Name Address Identifying Does the partnership have any other foreign person as a direct partner? Schedule A-2 Affiliation Schedule. List all partnerships (foreign or domestic) in vowns a direct interest or indirectly owns a 10% interest. Name Address EIN	
Name Address Identifyin Does the partnership have any other foreign person as a direct partner? Schedule A-2 Affiliation Schedule. List all partnerships (foreign or domestic) in vowns a direct interest or indirectly owns a 10% interest. Name Address EIN	
Does the partnership have any other foreign person as a direct partner?	
Schedule A-2 Affiliation Schedule. List all partnerships (foreign or domestic) in vowns a direct interest or indirectly owns a 10% interest. Name Address EIN	ng number (if any) foreign person
Schedule A-2 Affiliation Schedule. List all partnerships (foreign or domestic) in vowns a direct interest or indirectly owns a 10% interest. Name Address EIN	
Schedule A-2 Affiliation Schedule. List all partnerships (foreign or domestic) in vowns a direct interest or indirectly owns a 10% interest. Name Address EIN	
owns a direct interest or indirectly owns a 10% interest. Name Address EIN	
Name Address Address	
	Total ordinary Check if foreign partnershi
Schedule B Income Statement—Trade or Business Income	
Caution. Include only trade or business income and expenses on lines 1a through 22 below. See the	instructions for more information.
1a Gross receipts or sales	
1a Gross receipts or sales 1a b Less returns and allowances 1b	1c
2 Cost of goods sold	2
3 Gross profit. Subtract line 2 from line 1c	3
8 • Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)	
6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	
7 Other income (loss) (attach statement)	-
8 Total income (loss). Combine lines 3 through 7	8
9 Salaries and wages (other than to partners) (less employment credits)	
10 Guaranteed payments to partners	
11 Repairs and maintenance	
12 Bad debts 13 Boot	
គ្នុ 13 Rent	
15 Interest	
16a Depreciation (if required, attach Form 4562) 16a	
b Less depreciation reported elsewhere on return	16c
17 Depletion (Do not deduct oil and gas depletion.)	
11 Repairs and maintenance 12 Bad debts 13 Rent 14 Taxes and licenses 15 Interest 16a Depreciation (if required, attach Form 4562) b Less depreciation reported elsewhere on return 17 Depletion (Do not deduct oil and gas depletion.) 18 Retirement plans, etc. 19 Employee benefit programs 20 Other deductions (attach statement)	
19 Employee benefit programs	ַ וַשַּׁוֹ
Other deductions (attach statement)	
22 Ordinary business income (loss) from trade or business activities. Subtract line 21 from lin	20

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 886		•		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		
	1	Other gross rental income (loss)			
		Expenses from other rental activities (attach statement)			
Income (Loss)		Other net rental income (loss). Subtract line 3b from line 3a	3c		
	4		4		
SO		Guaranteed payments	5		
Ţ	5	Interest income	6a		
Je	0	Dividends: a Ordinary dividends	- Ou		
o	l _	D ddained dividends	7		
ည	7	Royalties			
_	8	Net short-term capital gain (loss)	8		
	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		
ţį	13a	Contributions	13a		
S		Investment interest expense	13b		
þa		Section 59(e)(2) expenditures: (1) Type ▶	13c(2)		
		Other deductions (see instructions) Type ▶	13d		
Self- Employ- ment	14a	Net earnings (loss) from self-employment	14a		
푸럴분	b	Gross farming or fishing income	14b		
SEE	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		Other rental real estate credits (see instructions) Other rental credits (see instructions) Type	15e		
		Other credits (see instructions) Other credits (see instructions) Type	15f		
			101		
S	1	Name of country or U.S. possession ▶	16b		
Ö		Gross income from all sources	16c		
Ċţi	С	Gross income sourced at partner level	100		
sa	١.	Foreign gross income sourced at partnership level	464		
ansactions	d	Passive category ► e General category ► f Other ►	16f		
Ë		Deductions allocated and apportioned at partner level	4.CL		
	g	Interest expense ▶	16h		
Foreign		Deductions allocated and apportioned at partnership level to foreign source income			
Ö	1	Passive category ► j General category ► k Other ►	16k		
ш		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		
Tive	b	Adjusted gain or loss	17b		
Alternative Minimum Tax (AMT) Items	С	Depletion (other than oil and gas)	17c		
Jijijijijiji	d	Oil, gas, and geothermal properties—gross income	17d		
A F	1	Oil, gas, and geothermal properties—deductions	17e		
		Other AMT items (attach statement)	17f		
_		Tax-exempt interest income	18a		
ţį		Other tax-exempt income	18b		
Jat		Nondeductible expenses	18c		
Ĕ		Distributions of cash and marketable securities	19a		
Other Information	1		19b		
		Distributions of other property	20a		
he	1	Investment expenses	20b		
ö		Investment expenses	200		
		and none and announce junction of the first part			

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 . . . 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

	8865 (2007)						Page 6
Sc	hedule M Balance Sheets for Interest A	llocation			Т		
					(a) Beginning of tax year	(b) End of tax year	
1	Total U.S. assets			[
2	Total foreign assets:						
а	Passive category						
	General category (attach statement)						
	Other	<u> </u>					
Sc	hedule M-1 Reconciliation of Income (Loss 1, is answered "Yes.")	s) per Book	s W	ith Inco	ne (Loss) per Return. (No	t required if Item (39, page
			6		recorded on books this		
1	Net income (loss) per books .				t included on Schedule K,		
2	Income included on Schedule K,				through 11 (itemize):		
	lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10,		а		empt interest \$		
	and 11 not recorded on books this year (itemize):		_				
3	Guaranteed payments (other		7		ons included on Schedule		
3	than health insurance)				1 through 13d, and 16l not dagainst book income this		
4	Expenses recorded on books				emize):		
4	this year not included on		а		iation \$		
	Schedule K, lines 1 through 13d,			•			
	and 16I (itemize):						
а	Depreciation \$						
b	Travel and entertainment \$		8	Add lin	es 6 and 7		
_	Add Book Advanced A		9	Income	(loss). Subtract line 8		
	Add lines 1 through 4 1edule M-2 Analysis of Partners' Capita	A A A A A A A A A A A A	to (uirod if Itom CO page 1	ic anawarad "'	/oo."\
		II ACCOUNT				, is alloweled	55.)
1	Balance at beginning of year . Capital contributed:		6	Distribu	tions: a Cash		
2			7	Othor	b Property lecreases (itemize):		
	a Cash		'		ecreases (iternize).		
3	Net income (loss) per books .						
4	Other increases (itemize):						
-	Other increases (itemize).		8		es 6 and 7		
			9		e at end of year. Subtract		
5	Add lines 1 through 4		•	line 8 f	rom 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).

	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 2	Sales of inventory Sales of property rights (patents, trademarks, etc.)				
3	Compensation received for technical, managerial, engineering, construction, or like services				
4 5	Commissions 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.)				
13	Compensation paid for technical, managerial, engineering, construction, or like services				
	Commissions paid				
15	Rents, royalties, and license fees paid				
	Distributions paid				
18	Other				
19	Add lines 10 through 18.				
	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				

Form **8865** (2007)



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				Final K-1		Amend	led K-	1 (OMB No. 1545-0099
Schedule K-1 (Form 1065)	20	07 [Pa	art III				Current Y s, and Oth	ear Income, ner Items
Department of the Treasury	For calendar year 2007, or	tax	1	Ordinary I	business incon	ne (loss)	15	Credits	
Internal Revenue Service	year beginning				40,6	49,089			
Deutschle Obers	ending	, 20	2	Net rental	real estate inc	ome (loss)			
	of Income, Deductions,	I	3	Other net	rental income	(loss)	16	Foreign trans	sactions
Credits, etc.	See back of form and separat	e instructions.				(/			A Japan
	ation About the Partnersh	ip	4	Guarantee	ed payments				
A Partnership's employ	er identification number	-	_	1-4		61,900			B 1,022,953
B Partnership's name.	address, city, state, and ZIP code		5	Interest in	ncome	3,653			D 1,022,953
			6a	Ordinary	dividends	3,033			D 1,022,933
Carlton Asset Man 1678 S Hoover Blv			-						L 63,251
San Francisco, CA			6b	Qualified	dividends				
C IRS Center where pa	ertnorohin filod roturn		7	Royalties					
Ogden	ittlership illed return		8	Net short-	term capital ga	in (loss)			
	a publicly traded partnership (PTP)		Ü	140t Short	torm oupital ge	air (1000)			
	stration number, if any		9a	Net long-	term capital ga	in (loss)	17	Alternative mir	nimum tax (AMT) items
F Check if Form 8	•				(2224)				
	attender till Delter		9b	Collectible	es (28%) gain	(loss)			
Part II Inform G Partner's identifying	nation About the Partner		9c	Unrecapti	ured section 12	250 gain			
69-3000001	number			J		-00 ga			
	ress, city, state, and ZIP code		10	Net section	on 1231 gain (l	oss)	18	Tax-exempt	
XYZ Management								nondeductib	e expenses
7272 W Truman Av			11	Other inco	ome (loss)				C 111
Sacramento, CA 9	5813								
I ✓ General partner	or LLC Limited partner	or other LLC							
member-manage		or other LLO					19	Distributions	
J Domestic partne	r Foreign partne	r	12	Section 1	79 deduction				A 40,820,274
	Doutnoughin		13	Other dec	ductions	4,333			
	s this partner? Partnership		13	Other dec	ductions		20	Other inform	ation
· ·	ofit, loss, and capital: eginning Endin	_							
Profit	10 %	10 %							A 3,653
Loss	10 %	10 %							
Capital	10 %	10 %	14	Solf ample	oyment earnings	(loss)			
			14	Sell-empio	, ,	10,989			
M Partner's share of lia	bilities at year end:	54,000			A 41,2	10,303			
1	e financing\$				C 41,2	10,989			
1	\$		*Se	e attach	ed stateme	nt for a	dditio	onal informa	ation.
N Partner's capital acc	*	391,413							
1	count\$	391,413	nly						
Capital contributed c	•	40,697,426	e O						
Withdrawals & distrib	(40010400)	0,820,274)	S						
Ending capital accou		265,565	IRS						
			For IRS Use Only						
Tax basis Other (explain)	GAAP Section 704(b) book		_						

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Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

651106

			Final K-1	Amend	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 inc	ome (loss)	15	Credits
internal Revenue Service	year beginning, 2007	<u> </u>		,973,633		
Dawlmania Chana of	ending, 20	2	Net rental real estate in	ncome (loss)		
A	Income, Deductions, ▶ See back of form and separate instructions.	3	Other net rental incon	ne (loss)	16	Foreign transactions A Japan
Part I Information	on About the Partnership	4	Guaranteed payments	3		A Supun
A Partnership's employer id	entification number					B 1,534,430
69-000003		5	Interest income			
B Partnership's name, addre	•	_	0 11 11 1	5,479		D 1,534,430
Carlton Asset Manage 1678 S Hoover Blvd	ement LP	6a	Ordinary dividends			L 94,877
San Francisco, CA 94	101	6b	Qualified dividends			2 34,077
		7	Royalties			
C IRS Center where partner	ship filed return	_				
Ogden		8	Net short-term capital	gain (loss)		
	olicly traded partnership (PTP)	9a	Net long-term capital	gain (loss)	17	Alternative minimum tax (AMT) items
E	on number, if any					/ itemative minimal tax (im) itemo
I Grieck II T Gilli 627 T T	3 attached	9b	Collectibles (28%) gai	n (loss)		
	on About the Partner			1050		
G Partner's identifying numb	per	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	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		The establish rest gain	. (1000)		nondeductible expenses
93 E Oaks Dr		11	Other income (loss)			C 167
Los Angeles, CA 9005	2					
I	LLC Limited partner or other LLC member				19	Distributions
J Domestic partner	Foreign partner	12	Section 179 deduction	n		A 61,230,411
, '				6,500		
	partner? Partnership	13	Other deductions		20	Other information
L Partner's share of profit,	·				20	Other information
Beginn Profit	ing Ending 15 % 15 %					A 5,479
Loss	15 %					
Capital	15 %					
		14	Self-employment earning	igs (loss)		
M Partner's share of liabilitie	24 000					
Nonrecourse Qualified nonrecourse fina						
Recourse		*Se	e attached statem	nent for a	dditi	onal information.
N Partner's capital account						
Beginning capital account		luly				
Capital contributed during Current year increase (dec	04 040 400	e O				
Withdrawals & distribution	61 220 411	l S				
Ending capital account	\$ 402,847	For IRS Use Only				
		For				
Tax basis GA	AP Section 704(b) book	_				

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Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

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				Final K-1	Ameno	ded K-	1 OMB No. 1545-0099
Schedule K- (Form 1065)		2007	Pa	art III			Current Year Income, s, and Other Items
Department of the Internal Revenue		lendar year 2007, or tax	1	Ordinary I	business income (loss)	15	Credits
The state of the s	year b	eginning, 2007	2	Net rental	1,524 real estate income (loss)	
Partner's 9	Share of Income,	ending, 20	-	- Tot Total	Tour obtate income (roce		
Credits, et	•	of form and separate instructions.	3	Other net	rental income (loss)	16	Foreign transactions
		the Deutsership	1	Cuananta			A Japan
	Information About is employer identification nu	-	4	Guarantee	ed payments		B 38
69-0000003			5	Interest in	ncome		
B Partnership	's name, address, city, state	, and ZIP code					D 38
	set Management LP		6a	Ordinary	dividends		
1678 S Hoo	over Blvd sco, CA 94101		6b	Qualified	dividends		L 2
Janiranos	3CO, OA 34101			Qualifica	arrachas		
			7	Royalties			
l	where partnership filed return	n					
Ogden			- 8	Net short-	term capital gain (loss)		
	if this is a publicly traded pa	,	9a	Net long-	term capital gain (loss)	17	Alternative minimum tax (AMT) items
	elter registration number, if a if Form 8271 is attached	any					
			9b	Collectible	es (28%) gain (loss)		
	Information About lentifying number	the Partner	9c	Unrecapti	ured section 1250 gain		
99-000001	lentifying number			Оптесари	area occion 1200 gain		
	ame, address, city, state, an	d ZIP code	10	Net section	on 1231 gain (loss)	18	Tax-exempt income and
Taxpayer B							nondeductible expenses
888 NW Pea			11	Other inco	ome (loss)		
San Francis	sco, CA 94101						
	al partner or LLC	Limited partner or other LLC					
memb	er-manager	member	12	Section 1	79 deduction	19	Distributions
J 🗹 Domes	stic partner	Foreign partner	12	Section	79 deduction		A 1,531
K What type	of entity is this partner? In	dividual	13	Other dec	ductions		
	hare of profit, loss, and capit					20	Other information
	Beginning	Ending					
Profit Loss	.000375% .000375%						
Capital	.000375%						
			14	Self-emplo	syment earnings (loss)		
M Partner's s	hare of liabilities at year end:	•					
Nonrecours		\$2					
		\$	*Se	e attach	ed statement for a	dditi	onal information.
N Partner's c	apital account analysis:	45					
		\$15	July				
l '		\$) g				
l		1,531) US				
Ending cap	ital account	\$10	For IRS Use Only				
Tax ba	asis GAAP 🗸 S	Section 704(b) book	For				
	(explain)	שיים וויים מיים אסטונים ביים וויים מיים איים ביים איים ביים ביים ביים ביים ב					

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

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

SCHEDULE M-3 (Form 1065)

Net Income (Loss) Reconciliation for Certain Partnerships

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

	partment of the Treasury						
Name	of partnership		Employe	er ide	ntification number		
Carl	Carlton Asset Management, LP 69 0000003						
A [The amount of th	B is being filed because (check all that apply): of the partnership's total assets at the end of the tax year is equal to \$10 million of the partnership's adjusted total assets for the year is equal to \$10 million of bunt of adjusted total assets for the tax year of total receipts for the taxable year is equal to \$35 million or more. If box 0	r more.	lf bo			
D	receipts for that	ne tax year <mark>410,686,302</mark> . is a reportable entity partner with respect to the partnership owns or is dee ore in the partnership's capital, profit, or loss, on any day during the tax year o	med to	own ırtner	an interest of 50 ship.		
	Name	e of Reportable Entity Partner Identifying Number Ma			entage Owned or d Owned		
E	☐ Voluntary File	r					
Par	t I Financi	al Information and Net Income (Loss) Reconciliation					
b c 2 3a	✓ Yes. Skip lind No. Go to lind the partners ✓ Yes. Skip lind No. Go to lind Did the partners ✓ Yes. Completon No. Skip lind Enter the income Has the partners ✓ Yes. (If "Yes No.	ship file SEC Form 10-K for its income statement period ending with or within these 1b and 1c and complete lines 2 through 11 with respect to that SEC Formine 1b. See instructions if multiple non-tax-basis income statements are preparathly prepare a certified audited non-tax-basis income statement for that period are 1c and complete lines 2 through 11 with respect to that income statement. The 1c. Ship prepare a non-tax-basis income statement for that period? The lines 2 through 11 with respect to that income statement. The second statement income statement are statement period: Beginning 10 / 01 / 2007	10-K. ed. d? d record / 31 / e 2?	s on 2007	line 4. <u>7</u>		
	☐ Yes. (If "Yes✓ No.	s," attach an explanation and the amount of each item restated.)					
4		colidated net income (loss) from income statement source identified in Part I, lin	I .	4 5a	406,974,260		
		n nonincludible foreign entities (attach schedule)	· · ⊢	5b	<u>(</u>		
		n nonincludible U.S. entities (attach schedule)	I	6a	(
b	Ch.						
7a	7a Net income (loss) of other includible disregarded entities (attach schedule)						
b	,	s) of other includible entities (attach schedule)	· · ⊢	7b			
8	•	eliminations of transactions between includible entities and nonincludible enti		8			
9	(attach schedule	e)	I	9			
10	•	nts to reconcile to amount on line 11 (attach schedule)		10			
11	•	ss) per income statement of the partnership. Combine lines 4 through 10	–	11	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) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 2 3 4 5 6	Income (loss) from equity method foreign corporations Gross foreign dividends not previously taxed Subpart F, QEF, and similar income inclusions Gross foreign distributions previously taxed Income (loss) from equity method U.S. corporations U.S. dividends				
7 8	Income (loss) from U.S. partnerships (attach schedule) . Income (loss) from foreign partnerships (attach schedule)	10,229,525			10,229,525
9 10 11 12 13 14 15 16 17 18 19 20	Income (loss) from other pass-through entities (attach schedule)				()
21a	abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
	Gross capital gains from Schedule D, excluding amounts from pass-through entities				
23	Total income (loss) items. 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) 396,746,957
25 26	Other items with no differences	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

Schedule M-3 (Form 1065) 2007

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) 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			301,900	301,900				
10	Pension and profit-sharing								
11	Other post-retirement benefits								
12 13	Deferred compensation								
	property								
14	Charitable contribution of intangible property								
15	Organizational expenses as per Regulations section 1.709-2(a)								
16	Syndication expenses as per Regulations								
10	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								
23 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	Total expense/deduction items. 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

