## **Publication 4505**

# Modernized e-File Test Package for Forms 1065/1065-B For Tax Year 2012

**U.S. Return of Partnership Income** 

# U.S. Return of Income for Electing Large Partnerships

# Internal Revenue Service Electronic Tax Administration



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#### Form 1065/1065-B Assurance Testing Tax Year 2012

#### WHAT'S NEW?

ATS is scheduled to begin on 11/05/2012

Form 1125-A has been added to the test scenarios as it replaced the Schedule A on the Form 1065/1065B.

If you are an Online Provider you must provide the SoftwareID. You will not need to provide the preparer information for testing purposes.

Use your own IP Address for each test scenario.

#### 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 Processing Year 2013 (Tax Year 2012) 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.

For transmitters, 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. 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.

If the transmitter is participating through A2A, they 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.

For software developers, the ETIN is in permanent "test" status. When the testing season approaches an e-Help Desk assistor will contact the software developers that have tested in the prior year and provide guidelines and directions in the testing process. If the software developer is ready to start testing, and they have not been contacted by an e-Help Desk assistor they can contact the e-Help Desk to obtain a softwareID. When they pass testing, the software id is moved to passed status. That software id must be included in every return prepared by that package and transmitted to MeF. If the software developer also intends to transmit, he must register as both a software developer and transmitter. See above for information on transmitter ETIN and testing.

**Note:** If you are a new software developer testing for the first time and are ready to test, please contact the e-Help Desk to be provided with guidelines and process.

#### 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.

**NOTE:** Software developers are not required to retest when there is schema changes (minor or major). But we strongly recommend that you use the Assurance Testing System (ATS) to retest when ever you update your software with new schema changes.

#### WHAT IS TESTED?

The test package for the TY2012 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/STRONG AUTHENTICATION

Prior to testing, all software developers and transmitters must have obtained an Electronic Transmitter Identification Number (ETIN), Electronic Filer Identification Number (EFIN)

#### **Internet Filing Application (IFA)**

Transmitters who will be sending returns to Modernized e-File (MeF) through IFA will use the password that they selected when they completed their e-Services Registration to access the Internet Filing Application system. The same password will be used whether you are going to send returns to our testing or production systems.

#### **Application to Application (A2A)**

In the future, passwords will no longer be used for filing through MeF. Transmitters using A2A will be required to use digital certificates (X.509) which will provide much stronger security for A2A transactions. Transmitters will be notified when passwords are no longer needed.

It's recommended that a new System ID be added for developing and testing your digital certificates for MeF processing, prior to converting your existing System IDs from passwords to certificates.

A Strong Authentication User Guide is available which explains the integration and use of this IRS-provided client code sample to support certificate-based authentication for MeF A2A Web services. In addition to the code itself, it provides necessary information and guidance that developers may use when integrating the new feature into client software that communicates with the IRS A2A Web services. This guidance is relevant both to client code that will be developed in the future and to pre-existing client code not currently using digital signatures to sign SOAP messages. If interested in obtaining the Strong Authentication User Guide, please contact IRS at: 1-866-255-0654.

Additional information on Strong Authentication can also be found in Publication 4164, Modernized e-File Guide for Software Developers and Transmitters.

#### WHEN TO TEST

When you are ready to test, and if you have not been contacted by the e-Help Desk about the testing season, please 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

Testing for 1065/1065B for TY2012 will be available in ATS on November 5, 2012. 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. Information on the format for state returns may be found in MeF Submission Composition Guide. 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.

- 1. 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 message ID number that appears in the SOAP 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.

#### **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, 85100-85199
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,
Coorgio	GA	344nn, 346nn, 347nn, 349nn
Georgia Hawaii		300nn-319nn, 39815, 39834, 399nn
Idaho	HI	967nn, 968nn
	ID	832nn-838nn
Illinois	IL IN	600nn-629nn
Indiana	IN	460nn-479nn
lowa	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
		700mm 702mm, 704mm-740mm

#### **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	MP	9695n
Northern Mariana Islands		
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	СТ	Central African Republic
AC	Antigua & Barbuda	CD	Chad
AR	Argentina	CI	Chile
AM	Armenia	CH	China
AA	Aruba	KT	Christmas Island
AT	Ashmore & Cartier Islands	IP	Clipperton Island
AS	Australia	CK	Cocos (Keeling) Islands
AU	Austria	CO	Colombia
AJ	Azerbaijan	CN	Comoros
BF	Bahamas	CF	Congo, Republic of the (Brazzaville)
BA	Bahrain	CG	Congo, Democratic Rep of the (Zaire)
FQ	Baker Islands	CW	Cook Islands
BG	Bangladesh	CR	Coral Sea Islands
BB	Barbados	VP	Corsica
BS	Bassas da India	CS	Costa Rica
ВО	Belarus	IV	Cote D'Ivoire (Ivory Coast)
BE	Belgium	HR	Croatia
BH	Belize	CU	Cuba
BN	Benin	CY	Cyprus
BD	Bermuda	EZ	Czech Republic
BT	Bhutan	DA	Denmark
BL	Bolivia	DJ	Djibouti
BK	Bosnia-Herzegovina	DO	Dominica
ВС	Botswana	DR	Dominican Republic
BV	Bouvet Island	TT	East Timor
BR	Brazil	EC	Ecuador
Ю	British Indian Ocean Territory	EG	Egypt
VI	British Virgin Islands	ES	El Salvador

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

IC	Iceland	MV	Maldives
IN	India	ML	Mali
ID	Indonesia	MT	Malta
IM	Man, Isle of	PP	Papua-New Guinea
RM	Marshall Islands	PF	Paracel Islands
MB	Martinique	PA	Paraguay
MR	Mauritania	PE	Peru
MP	Mauritius	RP	Philippines
MF	Mayotte	PC	Pitcairn Islands
MX	Mexico	PL	Poland
MQ	Midway Islands	PO	Portugal
MD	Moldova	RQ	Puerto Rico
MN	Monaco	QA	Qatar
MG	Mongolia	RE	Reunion
МН	Montserrat	RO	Romania
МО	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	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**

For 1065	Name Control	Tax Period Ending Month
69-000001	SAMS	12
69-000002	JENN	12
69-000003	CARL	12
69-0000004	EAST	12
69-0000005	SHOE	12

For 1065-B	Name Control	Tax Period Ending Month
69-000006	ABCO	12
69-000007	ABCC	12
69-0000008	BLAC	12

After you have passed testing using the test scenarios in this Publication, you can use the following EINs and Name Controls for subsequent testing:

#### Form 1065:

EIN	Name Control	EIN	Name Control
69-1000009	BROW	69-1000022	BROW
69-1000010	BROW	69-1000023	BROW
69-1000011	BROW	69-1000024	BROW
69-1000012	BROW	69-1000025	BROW
69-1000013	BROW	69-1000026	BROW
69-1000014 BROW		69-1000027	BROW
69-1000015	BROW	69-1000028	BROW
69-1000016	BROW	69-1000029	BROW
69-1000017	BROW	69-1000030	BROW
69-1000018	BROW	69-1000031	BROW
69-1000019	BROW	69-1000032	BROW
69-1000020	BROW	69-1000033	BROW
69-1000021	BROW		

#### Form 1065-B:

EIN	Name Control
69-1000034	BROW
69-1000035	BROW
69-1000036	BROW
69-1000037	BROW
69-1000038	BROW

# Exhibit 4 Tax Year 2012 1065/1065-B Test Scenarios

#### **TAX YEAR 2012 1065/1065-B TEST SCENARIOS**

1. 1065, 4562 (2), 4797, 8825, 8882, 1065 SCH K-1 (27), Form 8453-PE, Schedule M-3, Schedule C

#### ATTACHMENTS:

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

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

**NOTE:** Please use the same data for the additional twenty four (24) 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, 1125-A, 4562, 4797, 8824, 8925, 1065 SCH K-1 (2), Form 8453-PE, Schedule B-1

#### **ATTACHMENTS:**

Self-Charged Itemized Other Deductions Statement Other Cost Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE

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

#### **ATTACHMENTS:**

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement Other Income (Loss) Statement Itemized Other Deductions Statement Section 754 Election Income (Loss) From Foreign Partnerships Schedule

#### **BINARY ATTACHMENTS: None**

4. 1065, 1125-A, 4562, 4797, 8308, 8949, Schedule D, 1065 Sch K-1 (3), Schedule B-1, Form 8453-PE, Schedule M-3, Schedule C

#### **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
Other Cost Statement
Other AMT Items Statement

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

5. 1065, 1125-A, 4562 (3), 4797, 6252 (2), 8825, 1065 Sch K-1 (4), Schedule M-3, Schedule F (Form 1040), Form 8453-PE, Schedule C

#### **ATTACHMENTS:**

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement Other Income (Loss) Statement Itemized Other Deductions 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, 1125-A, 4797, 1065-B SCH K-1 (2), Form 8453-B

#### ATTACHMENTS:

Itemized Other Deductions Schedule
Inventoriable Costs Paid Schedule
Current Assets Statement
Income Expenses Recorded on Books Not on Schedule K Statement
Itemized Deductions Not Charged Against Books Statement

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

# 7. 1065-B, 1125-A, 4562 (2), 8825, 1065-B SCH K-1 (2), Form 8453-B, Schedule C, Schedule M-3

#### **ATTACHMENTS:**

Itemized Other Deductions Schedule Qualified Nonrecourse Financing Statement Miscellaneous Item Statement

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

8. 1065-B, 1125-A, 8308, 1065-B SCH K-1 (75), Schedule M-3, Schedule C

#### **ATTACHMENTS:**

Itemized Other Deductions Schedule

**BINARY ATTACHMENTS: None** 

**NOTE:** Please use the same data for the additional seventy four (74) 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, 8882, 1065 SCH K-1 (27), Form 8453-PE, DEPENDENCIES, Schedule M-3, Schedule C

#### **ATTACHMENTS:**

Itemized Other Deductions Statement Other Credits and Credit Recapture 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 2012

Preparer Firm: Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, NV 89501

Multiple Software Packages Used: Yes or No

Originator: EFIN: Self-select

Type: ERO

**Practitioner PIN: 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

Date Signed: 04/01/2013

Preparer: Name: Jesse James

PTIN: P00000001 Phone: 555-631-1212

Email Address: Anymail@email.com

**Date Prepared: 04/01/2013** 

Self Employed: No

#### **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 4, Schedule K, Line 15f)

Childcare	25 (00
Cillideare	35,600

#### Schedule L Other Assets Statement (Form 1065, Page 5, 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 5, 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

	100 ment of that Revenue	ne Treasury e Service	For cale	OMB No. 1545-0099									
		ness activity		Name of partnership						D Employer	identification nun	nber	
Lega	I Servic	es		Sam Starling, LLP	69	-0000001							
<b>B</b> Prince	cipal produ	ct or service	Print	Number, street, and room	or suite no. If a P.O. box, see th	e instruc	ctions.			E Date bu	siness started		
Lega	I Servic	es	or	631 N McKinley Street						10	/01/1977		
C Bus	iness cod	de number	type.	City or town, state, and ZI	P code					F Total ass	ets (see the		
	5411	10		Reno, NV 89510						instruction	ons)		
										\$ 10	8,367,919		
G H I J Caut	(6) ☐ Technical termination - also check (1) or (2)  I Check accounting method: (1) ☑ Cash (2) ☐ Accrual (3) ☐ Other (specify) ►  Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ► 27												
												—	
		Returns a	-	sales		1a 1b	323	3,455,613	-				
				rances		ID			1c	22	3,455,613		
	2 2			d (attach Form 1125-	,				2	32	3,433,013	—	
							1 1 1		3	32	3,455,613	—	
		Gross profit. Subtract line 2 from line 1c								<del>32</del>	3,433,013	—	
Income	1	-	/ income (loss) from other partnerships, estates, and trusts (attach statement)									—	
<u> </u>			gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)								10,000	—	
<u>=</u>		Other income (loss) (attach statement)							7		10,000	—	
	1		otal income (loss). Combine lines 3 through 7								3,465,613	—	
			laries and wages (other than to partners) (less employment credits)								0,535,025	—	
(see the instructions for limitations)	1		_	ents to partners							2,675,031	—	
mita	1			tenance	10 11		2,042,164	—					
for li	1	Bad debt		teriarios					12		2,042,104	—	
Suc	1	Rent	.5						13	2	5,922,173	—	
ucti		Taxes an	d license						14		2,226,452	—	
instr		Interest .	a 11001100						15		14,622	—	
the			tion (if re	quired, attach Form 4	562)	16a		7,292,891			,022	—	
ees)		•	•		and elsewhere on return	16b		18,275	16c		7,274,616		
S	1			deduct oil and gas					17		1,211,010		
Deductions		-	-	etc					18		4,255,918		
당			•	programs					19		7,100,361		
ğ	1			(attach statement) .					20		0,737,848	_	
۵	21	Total de	ductions	Add the amounts sh	nown in the far right colun	nn for l	lines 9 th	rough 20.	21	24	2,784,210	_	
	22	Ordinary	busines	s income (loss). Sub	tract line 21 from line 8				22	8	0,681,403		
Sig		knowled	lge and beli		examined this return, including a mplete. Declaration of preparer ( as any knowledge.				liability	company n			
Her	е						4/0	1/2013	pre	eparer shown tructions)?	pelow (see	ь	
		Sig	gnature of g	general partner or limited liab	pility company member manager		Date			· <u>L</u>		لـــ	
Paid	1	Print/Ty	pe preparer	's name	Preparer's signature			Date	Chast	,	PTIN	_	
		Jesse J	lames					4/01/2013	1	( ∐ if mployed	P0000000	1	
	oarer	Firm's n	ame ▶	Electronic Tax Filers In	nc					EIN►	69-0000098	_	
use 	Only		ddress ►		one no. 555-631-1212								

Form 1065 (2012) Page **2** 

Sch	edule B Other Information									
1	What type of entity is filing this return? Check the applicable box:	Yes	No							
а	☐ Domestic general partnership <b>b</b> ☐ Domestic limited partnership									
С	☐ Domestic limited liability company d ☑ Domestic limited liability partnership									
е	☐ Foreign partnership f ☐ Other ►									
2	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?	<b>,</b>								
3	At the end of the tax year:	_								
	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or									
а	tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the									
	profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		,							
b	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of									
b	the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership									
4	At the end of the tax year, did the partnership:		<i>'</i>							
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of									
	stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see									
	instructions. If "Yes," complete (i) through (iv) below		~							
	(ii) Name of Corporation (iii) Employer Identification Number (if any) (iii) Country of Incorporation Owned in Vo		ock							
	()hiv									
b	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss,									
-	or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below		.,							
	(ii) Employer	aximun	<b>V</b> n							
	(i) Name of Entity  (ii) Name of Entity  (iii) Type of Organization  Number (if any)  (iv) Country of Organization  Percentage Profit, Los									
			•							
	Udiy EU, EUIE									
_		Yes	No							
5	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		~							
6	Does the partnership satisfy <b>all four</b> of the following conditions?									
а	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 \$1 million.									
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.									
d	The partnership is not filing and is not required to file Schedule M-3		~							
	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 L on Schedule K-1.									
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		~							
8	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		.,							
9	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide		<b>'</b>							
<del>-</del>	information on any reportable transaction?		~							
10	At any time during calendar year 2012, 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, Report of Foreign Bank and									
	Financial Accounts. If "Yes," enter the name of the foreign country. ▶		<b>/</b>							

Form 1065 (2012) Page 3

Sch	dule B Other Information (continued)									
	У	Yes	No							
11	At any time 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, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions									
12a	Is the partnership making, or had it previously made (and not revoked), a section 754 election?		<u> </u>							
	See instructions for details regarding a section 754 election.									
b	Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions									
	Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions.									
13	Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly-owned by the partnership throughout the tax year)									
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		<u> </u>							
15	If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ►									
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's									
		~								
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶									
18a	Did you make any payments in 2012 that would require you to file Form(s) 1099? See instructions		~							
b	If "Yes," did you or will you file required Form(s) 1099?		<u> </u>							
19	Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶ 0									
20	Enter the number of partners that are foreign governments under section 892. ▶ 0									
_	ated Identifying									
TMP	Barton Mayflower number of TMP 000-01-0001									
entity, of TMI	representative Barton and Jenkins Enterprise of TMP 555-555-1212									
Addre desigr	ated									
TMP	Anchorage, AK 99502	005								
	Form 10	<b>U</b> 65	(2012)							

Form **1065** (2012)

Page 4

Form 1065 (2012)

Sched	ule K	Partners' Distributive Share Items		Total amount
	1	Ordinary business income (loss) (page 1, line 22)	1	80,681,403
	2	Net rental real estate income (loss) (attach Form 8825)	2	
Income (Loss)	За	Other gross rental income (loss)		
	b	Expenses from other rental activities (attach statement)  3b		
	С	Other net rental income (loss). Subtract line 3b from line 3a	3с	
	4	Guaranteed payments	4	22,675,031
	5	Interest income	5	92,650
	6	Dividends: a Ordinary dividends	6a	
ne		<b>b</b> Qualified dividends <b>6b</b>		
Š	7	Royalties	7	
<u>u</u>	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
	9a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a	
	b	Collectibles (28%) gain (loss) 9b		
	C	Unrecaptured section 1250 gain (attach statement) 9c	-	
	10	Net section 1231 gain (loss) (attach Form 4797)	10	
	11	Other income (loss) (see instructions) Type ▶	11	
<u> </u>	12	Section 179 deduction (attach Form 4562)	12	
on	13a	Contributions	13a	
Deductions	b	Investment interest expense	13b	
Ð 📗	C	Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
Pe	d	Other deductions (see instructions) Type ▶	13d	300
<b>5</b>	14a	Net earnings (loss) from self-employment	14a	55,024,842
Self- Employ- ment	b	Gross farming or fishing income	14b	30/02/10/12
Self	C	Gross nonfarm income	14c	55,024,842
<del></del>	15a	Low-income housing credit (section 42(j)(5))	15a	30/02 1/0 12
	b	Low-income housing credit (other)	15b	
Credits	C	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
Ģ	d	Other reptal real actate gradite (see instructions) Type	15d	
Ō	е	Other rental credits (see instructions)  Type	15e	
	f	Other credits (see instructions)  Type	15f	35,600
	16a	Name of country or U.S. possession ►	10.	33,333
	b	Gross income from all sources	16b	
ns	c	Gross income sourced at partner level	16c	
<u>.</u>		Foreign gross income sourced at partnership level	100	
ansactions	Ь	Passive category ► e General category ► f Other ►	16f	
ns	_	Deductions allocated and apportioned at partner level		
_	g	Interest expense ► h Other	16h	
n T	9	Deductions allocated and apportioned at partnership level to foreign source income	1011	
eig	i	Passive category ► j General category ► k Other ►	16k	
Foreign	i	Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐ · · · · · · ·	161	
ш	m	Reduction in taxes available for credit (attach statement)	16m	
	n	Other foreign tax information (attach statement)		
×	17a	Post-1986 depreciation adjustment	17a	199,456
Alternative Minimum Tax (AMT) Items	b	Adjusted gain or loss	17b	
ter ⊒ ti	С	Depletion (other than oil and gas)	17c	
m m	d	Oil, gas, and geothermal properties—gross income	17d	
Βire	е	Oil, gas, and geothermal properties—deductions	17e	
₹≥₹	f	Other AMT items (attach statement)	17f	
	18a	Tax-exempt interest income	18a	
tio	b	Other tax-exempt income	18b	
na.	С	Nondeductible expenses	18c	775,128
or.	19a	Distributions of cash and marketable securities	19a	75,140,310
nf	b	Distributions of other property	19b	
Other Information	20a	Investment income	20a	92,650
Ě	b	Investment expenses	20b	
0	С	Other items and amounts (attach statement)		

Form 10	065 (2012)										Page <b>5</b>
Analy	sis of Net Incom	ne (Loss)									
1		Combine Schedule 12 through 13d, and				sult, subtr	act the s	um of 	1		103,652,209
2	Analysis by (ii) Individual (iii)							(v)	Exem	npt	(vi)
	partner type:	(i) Corporate	1	oassive)	(iv) Par	tnership		anizat		Nominee/Other	
а	General partners										
	Limited partners										
		nce Sheets per B	looks	Bed	ginning of ta	x vear			End	d of ta	ax year
GOIL		Assets		(a)		(b)		(c			(d)
1	<u> </u>			, , , , , , , , , , , , , , , , , , ,			4,582	•			41,036,739
2a		accounts receivable				10,07	1,002				11/000/107
b		r bad debts								_	
3											
4	U.S. government									-	
5	Tax-exempt secur	_									
		rities ets (attach statemen									
6		•								-	
7a	· ·	or persons related to	partners)		_					H	
b	Mortgage and rea									-	
8		s (attach statement)						_	0.404	-4/	
9a	_	er depreciable asset	s		37,028	00.04	0.570		9,134		50 407 400
	Less accumulated			32,1	23,456	32,81	3,572	- 2	6,947	,318	52,187,198
10a	Depletable assets		5 L H	+	_					5	
b	Less accumulated	•									
11	Land (net of any a	·									
12a	Intangible assets (	`			_					_	
b	Less accumulated			NIA							
13	Other assets (attach				V		8,915				15,143,982
14	Total assets					61,36	7,069				108,367,919
		es and Capital									
15		BB				0				_	
16		onds payable in less th									
17	Other current liabi	ilities (attach stateme	ent) .			$\overline{}$	8,152				6,183,915
18	All nonrecourse lo	ans	<i>-</i> 7			11,00	00,000				11,000,000
19a	Loans from partners	s (or persons related to	partners)								
b	Mortgages, notes, b	oonds payable in 1 yea	r or more			20					
20		tach statement) .									
21	Partners' capital a		I.V								
22	Total liabilities and	d capital	. 27.								
Sch		econciliation of In ote. Schedule M-3 m							urn		
1		per books				recorded o			ot incl	uded	
2	` ,	Schedule K, lines 1, 2, 3			on Sch	edule K, line	s 1 through	n 11 (item	nize):		
2		and 11, not recorded o			a Tax-e						
		and 11, not recorded t ize):				•	·				
3	Guaranteed pav	ments (other tha	in		7 Deduc	ctions inclu	uded on S	Schedu	le K I	ines	
•						ough 13d			,		
4	•	ed on books this yea				st book in					
•		Schedule K, lines				ciation \$_					
	through 13d, and				opi o						
а	Depreciation \$				8 Add li	nes 6 and	7				
b	Travel and enterta	inment \$		1		e (loss) (					
5	Add lines 1 through	gh 4				, line 1). Si					
_	edule M-2 An	nalysis of Partner	·	COUNTS	(2000)	,		1101			1
<u>Scn</u>		ing of year			6 Distrib	outions: <b>a</b>	Cach				75,140,310
2	_	d: <b>a</b> Cash		55,717	טוטנוע ס		Property				73,140,310
~	Capital Continuate	<b>b</b> Property			<b>7</b> Other	decrease	s (itemize	): 	•		
3	Net income (loss)	per books		35,397							
4	Other increases (it	temize):	. 121,4			nes 6 and					75,140,310
5	Add lines 1 through	nh 4	166.2			nes o and e at end of v					91 184 004

### Form **4562**

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

 OMB No. 1545-0172

Department of the Treasury Internal Revenue Service (99) Name(s) shown on return

Business or activity to which this form relates

Sequence No. **179** 

Identifying number

San Starling, LLP Legal Services 69-0000001 **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. 1 2 3 Threshold cost of section 179 property before reduction in limitation (see instructions) . 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 (a) Description of property (b) Cost (business use only) (c) Elected cost 6 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 9 Tentative deduction. Enter the smaller of line 5 or line 8 . . . . . . . . . . 9 **10** Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . . . . . . 10 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) 11 12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) 14 Special depreciation allowance for qualified property (other than listed property) placed in service 14 3,258,175 15 **16** Other depreciation (including ACRS) 16 625,392 Part III MACRS Depreciation (Do not include listed property.) (See instructions.) 17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . . . . . 17 2.745.142 18 If you are electing to group any assets placed in service during the tax year into one or more general Section B-Assets Placed in Service During 2012 Tax Year Using the General Depreciation System (b) Month and year (c) Basis for depreciation (d) Recovery (f) Method (a) Classification of property placed in (business/investment use (e) Convention (g) Depreciation deduction service only-see instructions) 285,740 **19a** 3-year property 325.098 **b** 5-year property c 7-year property d 10-year property e 15-year property **f** 20-year property g 25-year property 25 yrs. S/L h Residential rental 27.5 yrs. MM 9/1 property 27.5 yrs. MM S/L i Nonresidential real 39 yrs. ММ S/L property MM S/L 35,069 Section C-Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System 20a Class life S/L **b** 12-year 12 yrs. **c** 40-year 40 yrs. 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 instructions 22 7.274.616 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

Form	4562 (2012)														Page 🚄
	rt V Listed	Property (In				tain ot	her ve	ehicles,	certa	in cor	nputer	s, and	prope	erty us	ed for
		nment, recrea			,	-4			1 -	-l 4!					h- 04-
		or any vehicle t umns (a) throug	•		_			_		_	i lease	expens	e, comp	olete <b>on</b>	i <b>ly</b> 24a,
	Section A-	-Depreciation a	and Other Int	formati	on (Ca	ution:	See the	e instruc	ctions f	or limits	for pas	ssenger	autom	obiles.)	
248	a Do you have evid	lence to support the		stment us	e claime		Yes	No	<b>24b</b> If	"Yes," i	s the ev	idence v	vritten?	☐ Yes	☐ No
		(b) Date placed in service (c) Busine investme percen	ess/ (ent use Cost or o	d) ther basis		(e) for depreness/investuse only)	stment	(f) Recovery period		(g) ethod/ evention		(h) oreciation eduction	Ele	(i) ected sect cost	
25		ciation allowan	ce for qualifie			erty pla	ced in			25					
26		more than 50%					-000) 0.			25					
	1 1000119 0.000		%	<u> </u>		·-									
			%												
			%												
27	Property used	150% or less in		usiness	use:				10 "						
			%						S/L -				_		
			%						5/L -				-		
28	Add amounts	in column (h), li	, -	ıh 27 F	nter he	re and	on line	21 nac		28			-		
29		in column (i), lin											29		
		(),						e of Ve				-			
		n for vehicles use													ehicles
to yo	our employees, fi	rst answer the qu	uestions in Sec	ction C t	o see if	you me	et an e	xception	to com	pleting	this sec	tion for	those ve	hicles.	
30		investment miles t include commut		(a) Vehicle 1		<b>(b)</b> Vehicle 2			<b>c)</b> icle 3	e 3 Veh			<b>(e)</b> Vehicle 5		f) cle 6
31	Total commutin	g miles driven du	ring the year												
		personal (non	commuting)												
33	Total miles dr lines 30 through	riven during the gh 32	e year. Add												
34		icle available f	•	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
	_	-duty hours? .													
35		le used primaril er or related per													
36	Is another vehic	le available for pe													
		Section C—Q tions to determi ers or related pe	ne if you mee	t an exc	ception									who <b>ar</b>	e not
37	Do you mainta your employee	ain a written po es?	licy statemen	-		-		use of \	ehicles	s, includ	ding co	mmutin 	g, by 	Yes	No
38	•	ain a written po See the instructi	•			•			,			٠, .	, ,		
	Do you provid	Ill use of vehicle de more than fivicles, and retair	e vehicles to	your e	mploye	es, obt	tain info	 ormatio	n from	your e					
41		the requirement													
••	-	answer to 37, 3	_	-					-						
Pa	rt VI Amorti		, , ,		.,		1		·						
	(a) Description of costs  (b) Date amortization begins			ation	ation (c) Amortizable amount			С	(d) Code section			(e) Amortization period or Am percentage		<b>(f)</b> ortization for this yea	
42	Amortization of	of costs that beg	gins during yo	our 2012	2 tax ye	ar (see	instruc	ctions):							
			-												
43	Amortization of	of costs that be	l nan hefore vo	ur 2012	tay vo	ar						43			

44 Total. Add amounts in column (f). See the instructions for where to report .

44

### Form **4562**

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

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

OMB No. 1545-0172

2012

Attachment Sequence No. 179

Department of the Treasury
Internal Revenue Service (99)
Name(s) shown on return

Business or activity to which this form relates

Identifying number

Sam	Starling		Renta	I				69-000001			
Par			tain Property Und d property, comple			omplete Part I.					
1	Maximum amount (see	instructions	1								
2	Total cost of section 17	79 property	2								
3	Threshold cost of section	on 179 prop	3								
4	Reduction in limitation.	n in limitation. Subtract line 3 from line 2. If zero or less, enter -0									
5	Dollar limitation for tax										
	separately, see instruct	5									
6_	(a) Descrip										
					1 _						
_	Listed property. Enter the										
8	Total elected cost of se						8				
9	Tentative deduction. En						9				
10	Carryover of disallowed		•				10				
11	Business income limitatio Section 179 expense de						12				
12 13	Carryover of disallowed					13	12				
	: Do not use Part II or F					13					
						clude listed property.)	(See ir	nstructions )			
	Special depreciation a				<u>,                                      </u>	<u> </u>	1 000	ion donorion,			
	during the tax year (see						14				
15	Property subject to sec	ction 168(f)(1	) election				15				
	Other depreciation (incl						16				
Par	t III MACRS Depre	ciation (Do	o not include liste	d property.)	(See instruc	tions.)					
				Section A							
						12	17	18,275			
	If you are electing to g	roup any as	ssets placed in serv	ice during the	tax year in	to one or more general	17	18,275			
	If you are electing to g asset accounts, check I	roup any as here	ssets placed in serv	ice during the	tax year in	to one or more general					
	If you are electing to g asset accounts, check   Section B-A	roup any as here Assets Place	ssets placed in serv	ice during the	tax year in	to one or more general					
18	If you are electing to g asset accounts, check   Section B - A	roup any as here	ssets placed in serv	ice during the	tax year in	to one or more general	n Syste				
(a) (	If you are electing to g asset accounts, check   Section B—A Classification of property   (b) 1   3-year property	here  Assets Place Month and year placed in	ssets placed in serv	g 2012 Tax Y	e tax year in  ear Using th	to one or more general	n Syste	em			
(a) (iiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiii	If you are electing to g asset accounts, check    Section B – A  Classification of property  3-year property  5-year property	here  Assets Place Month and year placed in	ssets placed in serv	g 2012 Tax Y	e tax year in  ear Using th	to one or more general	n Syste	em			
(a) (iii) 19a b	If you are electing to g asset accounts, check   Section B - A Classification of property  3-year property  5-year property  7-year property	here  Assets Place Month and year placed in	ssets placed in serv	g 2012 Tax Y	e tax year in  ear Using th	to one or more general	n Syste	em			
(a) (iiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiii	If you are electing to g asset accounts, check   Section B - A   Classification of property   3-year property   5-year property   7-year property   10-year property	here  Assets Place Month and year placed in	ssets placed in serv	g 2012 Tax Y	e tax year in  ear Using th	to one or more general	n Syste	em			
18 (a) (b) C dd	If you are electing to g asset accounts, check   Section B — A Classification of property  3-year property  5-year property  7-year property  10-year property  15-year property	here  Assets Place Month and year placed in	ssets placed in serv	g 2012 Tax Y	e tax year in  ear Using th	to one or more general	n Syste	em			
(a) (d) (d) (e) (f) (d) (e) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f	If you are electing to g asset accounts, check   Section B — A   Classification of property   3-year property   5-year property   10-year property   15-year property   15-year property   20-year property	here  Assets Place Month and year placed in	ssets placed in serv	g 2012 Tax Y  (d) Recovery period	e tax year in  ear Using th	to one or more general	n Syste	em			
18 (a) (d) 19a (d) (e) (e) 1	If you are electing to g asset accounts, check   Section B — A   Classification of property   3-year property   5-year property   10-year property   15-year property   15-year property   20-year property   25-year property   25-year property	here  Assets Place Month and year placed in	ssets placed in serv	g 2012 Tax Y  (d) Recovery period	e tax year into	to one or more general	n Syste	em			
18 (a) (d) 19a (d) (e) (e) 1	If you are electing to g asset accounts, check   Section B — A   Classification of property   3-year property   5-year property   10-year property   15-year property   15-year property   20-year property	here  Assets Place Month and year placed in	ssets placed in serv	g 2012 Tax Y  (d) Recovery period  25 yrs. 27.5 yrs.	e tax year int	to one or more general  to one or more general  for General Depreciation  for (f) Method  S/L  S/L	n Syste	em			
(a) (d) (e) (f) (h) (h) (h) (h) (h) (h) (h) (h) (h) (h	If you are electing to g asset accounts, check    Section B – A  Classification of property  3-year property  5-year property  10-year property  15-year property  20-year property  25-year property  Residential rental property	here  Assets Place Month and year placed in	ssets placed in serv	25 yrs. 27.5 yrs. 27.5 yrs.	e tax year into the convention of the convention	to one or more general  to one or more general  for the General Depreciation  for the General De	n Syste	em			
(a) (d) (e) (f) (h) (h) (h) (h) (h) (h) (h) (h) (h) (h	If you are electing to g asset accounts, check   Section B – A   Classification of property   3-year property   5-year property   10-year property   10-year property   15-year property   20-year property   25-year property   Residential rental	here  Assets Place Month and year placed in	ssets placed in serv	g 2012 Tax Y  (d) Recovery period  25 yrs. 27.5 yrs.	e tax year into the convention of the convention	to one or more general  on (f) Method  S/L  S/L  S/L  S/L  S/L  S/L	n Syste	em			
(a) (d) (e) (f) (h) (h) (h) (h) (h) (h) (h) (h) (h) (h	If you are electing to g asset accounts, check    Section B — A  Classification of property  3-year property  5-year property  10-year property  15-year property  20-year property  25-year property  Residential rental property  Nonresidential real property	here  Assets Place Month and year placed in service	ed in Service Durin (c) Basis for depreciation (business/investment use only—see instructions)	g 2012 Tax Y  (d) Recovery period  25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs.	e tax year into the convention of the convention	to one or more general  to one or more general  for General Depreciation  f) Method  S/L  S/L  S/L  S/L  S/L  S/L  S/L  S/	(g) Do	em epreciation deduction			
(a) (d) (e) (d) (e) (f) (h) (h) (h) (h) (h) (h) (h) (h) (h) (h	If you are electing to g asset accounts, check    Section B — A  Classification of property  3-year property  5-year property  10-year property  15-year property  20-year property  25-year property  Residential rental property  Nonresidential real property	here  Assets Place Month and year placed in service	ed in Service Durin (c) Basis for depreciation (business/investment use only—see instructions)	g 2012 Tax Y  (d) Recovery period  25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs.	e tax year into the convention of the convention	to one or more general  on (f) Method  S/L  S/L  S/L  S/L  S/L  S/L	(g) Do	em epreciation deduction			
(a) (a) (b) (c) (d) (e) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f	If you are electing to g asset accounts, check    Section B — A  Classification of property  3-year property  5-year property  10-year property  15-year property  20-year property  25-year property  Residential rental property  Nonresidential real property  Section C — As	here  Assets Place Month and year placed in service	ed in Service Durin (c) Basis for depreciation (business/investment use only—see instructions)	g 2012 Tax Y  (d) Recovery period  25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs.	e tax year into the convention of the convention	so one or more general  in the General Depreciation  in the General Deprec	(g) Do	em epreciation deduction			
(a) (a) (b) (c) (d) (e) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f	If you are electing to g asset accounts, check    Section B — A  Classification of property  3-year property  5-year property  10-year property  15-year property  20-year property  25-year property  Residential rental property  Nonresidential real property  Section C — As:  Class life	here  Assets Place Month and year placed in service	ed in Service Durin (c) Basis for depreciation (business/investment use only—see instructions)	25 yrs. 27.5 yrs. 27.5 yrs. 27.5 yrs. 27.5 yrs.	e tax year into the convention of the convention	sto one or more general  in the General Depreciation  in the General Depre	(g) Do	em epreciation deduction			
(a) (b) (c) (d) (e) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f	If you are electing to g asset accounts, check    Section B — A  Classification of property  3-year property  5-year property  10-year property  15-year property  20-year property  25-year property  Residential rental property  Nonresidential real property  Section C — As:  Class life  12-year	Assets Place Month and year placed in service	ed in Service During  (c) Basis for depreciation (business/investment use only—see instructions)	25 yrs. 27.5 yrs. 29 yrs. 2012 Tax Yes.	e tax year into the convention of the convention	S/L	(g) Do	em epreciation deduction			
(a) (b) (c) (d) (e) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f	If you are electing to g asset accounts, check   Section B — A Classification of property 3-year property 5-year property 10-year property 20-year property 25-year property 25-year property Residential rental property Nonresidential real property Section C — As: Class life 12-year 40-year Listed property. Enter a	Assets Place Month and year placed in service  see instruction amount from	ed in Service During  (c) Basis for depreciation (business/investment use only—see instructions)  d in Service During  ms.)	25 yrs. 27.5 yrs. 27.5 yrs. 27.5 yrs. 27.5 yrs. 27.5 yrs. 40 yrs.	e tax year into the convention of the convention	S/L	(g) Do	em epreciation deduction			
(a) (b) (c) (d) (e) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f	If you are electing to g asset accounts, check    Section B—A  Classification of property  3-year property  5-year property  10-year property  15-year property  20-year property  25-year property  Residential rental property  Nonresidential real property  Section C—As:  Class life  12-year  40-year  Total. Add amounts fro	Assets Place Month and year placed in service  see instruction amount from rom line 12,	ed in Service During  (c) Basis for depreciation (business/investment use only—see instructions)  d in Service During  ms.)  line 28	g 2012 Tax Y  (d) Recovery period  25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs.  2012 Tax Yea  12 yrs. 40 yrs.	e tax year into the tax year into	S/L	(g) Do	em epreciation deduction			
(a) (a) (b) (c) (d) (d) (d) (d) (d) (d) (d) (d) (d) (d	If you are electing to g asset accounts, check   Section B — A Classification of property 3-year property 5-year property 10-year property 20-year property 25-year property 25-year property Residential rental property Nonresidential real property Section C — As: Class life 12-year 40-year Listed property. Enter a	Assets Place Month and year placed in service  e instruction amount from rom line 12, priate lines of	ed in Service During  (c) Basis for depreciation (business/investment use only—see instructions)  d in Service During  ns.)  n line 28	25 yrs. 27.5 yrs. 27.5 yrs. 27.5 yrs. 27.5 yrs. 27.5 yrs. 40 yrs.	e tax year into the tax year into tax year	S/L	(g) Do	em epreciation deduction			

Form	4562 (2012)														Page 🚄
	rt V Listed	Property (In				tain ot	her ve	ehicles,	certa	in cor	nputer	s, and	prope	erty us	ed for
		nment, recrea			,	-4			1 -	-l 4!					h- 04-
		or any vehicle t umns (a) throug	•		_			_		_	i lease	expens	e, comp	olete <b>on</b>	i <b>ly</b> 24a,
	Section A-	-Depreciation a	and Other Int	formati	on (Ca	ution:	See the	e instruc	ctions f	or limits	for pas	ssenger	autom	obiles.)	
248	a Do you have evid	lence to support the		stment us	e claime		Yes	No	<b>24b</b> If	"Yes," i	s the ev	idence v	vritten?	☐ Yes	☐ No
		(b) Date placed in service (c) Busine investme percen	ess/ (ent use Cost or o	d) ther basis		(e) for depreness/investuse only)	stment	(f) Recovery period		(g) ethod/ evention		(h) oreciation eduction	Ele	(i) ected sect cost	
25		ciation allowan	ce for qualifie			erty pla	ced in			25					
26		more than 50%					-000) 0.			25					
			%			<u>· · · · · · · · · · · · · · · · · · · </u>									
			%												
			%												
27	Property used	50% or less in		usiness	use:				lo "						
			%						S/L -				_		
			%						5/L -				-		
28	Add amounts	in column (h), li	, -	ıh 27 F	nter he	re and	on line	21 nac		28			-		
29		in column (i), lin											29		
		(),						e of Ve				-			
		n for vehicles use													ehicles
to yo	our employees, fi	rst answer the qu	uestions in Sec	ction C t	o see if	you me	et an e	xception	to com	pleting	this sec	tion for	those ve	hicles.	
30		investment miles t include commut			a) cle 1		<b>b)</b> icle 2		<b>c)</b> icle 3		d) icle 4		<b>e)</b> icle 5	(t Vehi	
31	Total commutin	g miles driven du	ring the year												
		personal (non	commuting)												
33	Total miles dr lines 30 through	riven during the gh 32	e year. Add												
34		icle available f	•	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
	_	-duty hours? .													
35		le used primaril er or related per													
36	Is another vehic	le available for pe													
		Section C—Q tions to determi ers or related pe	ne if you mee	t an exc	ception									who <b>ar</b>	e not
37	Do you mainta your employee	ain a written po es?	licy statemen	-		-		use of \	ehicles	s, includ	ding co	mmutin 	g, by 	Yes	No
38	•	ain a written po See the instructi	•			•			,			٠, .	, ,		
	Do you provid	Ill use of vehicle de more than fivicles, and retair	e vehicles to	your e	mploye	es, obt	tain info	 ormatio	n from	your e					
41		the requirement													
••	-	answer to 37, 3	_	-					-						
Pa	rt VI Amorti		, , ,		.,		1		·						
	(a) Description	of costs	(b) Date amortization	ation	Amoi	<b>(c)</b> tizable ar	mount	С	(d) ode secti	ion	(e) Amortiza period percent	ation I or	Amortiza	<b>(f)</b> tion for th	is year
42	Amortization of	of costs that beg	gins during yo	our 2012	2 tax ye	ar (see	instruc	ctions):							
			-												
43	Amortization of	of costs that be	l nan hefore vo	ur 2012	tay vo	ar						43			

44 Total. Add amounts in column (f). See the instructions for where to report .

44

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.

▶ Information about Form 4797 and its separate instructions is at www.irs.gov/form4797.

OMB No. 1545-0184

Attachment

Sequence No. 27 Name(s) shown on return Identifying number Sam Starling, LLP 69-000001 Enter the gross proceeds from sales or exchanges reported to you for 2012 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 Than Casualty or Theft-Most Property Held More Than 1 Year (see instructions) (e) Depreciation (f) Cost or other (g) Gain or (loss) (b) Date acquired 2 (a) Description (c) Date sold (d) Gross allowed or basis, plus Subtract (f) from the of property (mo., day, yr.) (mo., day, yr.) sales price allowable since improvements and sum of (d) and (e) acquisition expense of sale Gain, if any, from Form 4684, line 39 . . . . . . . . . . . Section 1231 gain from installment sales from Form 6252, line 26 or 37. 4 4 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 5 5 Gain, if any, from line 32, from other than casualty or theft. . . 6 6 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . 7 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 Nonrecaptured net section 1231 losses from prior years (see instructions) . . . Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) Ordinary Gains and Losses (see instructions) Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less): 11 Loss, if any, from line 7 . . . . . . . . . . . . . . . . . . 11 Gain, if any, from line 7 or amount from line 8, if applicable . 12 12 10,000 13 13 14 Net gain or (loss) from Form 4684, lines 31 and 38a . . . . . . 14 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . 15 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824. . . 16 17 10,000 17 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below: a 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." See instructions . . . 18a

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14

18b

Pai	Gain From Disposition of Property Und (see instructions)	ler Se	ections 1245, 12	50, 1252, 1	254,	and 1255		
19	(a) Description of section 1245, 1250, 1252, 1254, or 125		(b) Date acq (mo., day,		(c) Date sold (mo., day, yr.)			
Α	Furniture and Fixtures		10/01/201	11	01/19/2012			
В								
C								
D		_						
	These columns relate to the properties on lines 19A through 19D	). <b>▶</b>	Property A	Property	В	Property	C	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					
22	Depreciation (or depletion) allowed or allowable	22	10,000					4
23	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:		10.000					
	Depreciation allowed or allowable from line 22	25a	10,000					
	Enter the <b>smaller</b> of line 24 or 25a	25b	10,000		_	_		
26	If section 1250 property: If straight line depreciation was used,							
•	enter -0- on line 26g, except for a corporation subject to section 291.  Additional depreciation after 1975 (see instructions)	26a						
	Applicable percentage multiplied by the <b>smaller</b> of line	200						
	24 or line 26a (see instructions)	26b						
С	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c						
d	Additional depreciation after 1969 and before 1976.	26d						
е	Enter the <b>smaller</b> of line 26c or 26d	26e						
f	Section 291 amount (corporations only)	26f						
g	Add lines 26b, 26e, and 26f	26g						
27	<b>If section 1252 property:</b> 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						
	Line 27a multiplied by applicable percentage (see instructions)	27b						
с	Enter the <b>smaller</b> of line 24 or 27b	27c						
28	If section 1254 property:							
	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a						
	Enter the smaller of line 24 or 28a	28b						
29	If section 1255 property:							
а	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a						
h	Enter the <b>smaller</b> of line 24 or 29a (see instructions) .	29a						
	nmary of Part III Gains. Complete property colur		through D throug	h line 29b b	efore	aoina to lir	 ne 30.	
						9 - 11 - 11 - 11		
30	Total gains for all properties. Add property columns A thro	ough D.	line 24				30	10,000
31	Add property columns A through D, lines 25b, 26g, 27c, 2	-					31	10,000
32	Subtract line 31 from line 30. Enter the portion from casu							
	other than casualty or theft on Form 4797, line 6						32	
Par	Recapture Amounts Under Sections 17 (see instructions)						50%	or Less
	,					(a) Section 179	n	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable	in prio	years	[	33			
34	Recomputed depreciation (see instructions)	-		Ţ	34			

Recapture amount. Subtract line 34 from line 33. See the instructions for where to report

35

35

Form **8825** (Rev. December 2010)

Department of the Treasury

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

Internal Revenue Service **Employer identification number** Sam Starling, LLP 69-0000001 Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions. See page 2 to list additional properties. Physical address of each property—street, city, Type-Enter code 1-8; Fair Rental Days Personal Use Days state, ZIP code see page 2 for list 125 Modernized Street Rental Α Newtown, NV 89510 В C D **Properties Rental Real Estate Income** В С D Α 1,234,900 2 Gross rents . . . . . 2 **Rental Real Estate Expenses** 3 Advertising . . . . . . 3 Auto and travel . . . . . 4 Cleaning and maintenance . . 5 Commissions . . . . . 6 Insurance . . . . . . 7 7 8 Legal and other professional fees 8 Interest . . . . . . . 9 9 Repairs . . . . . . . . 10 10 11 Taxes 11 Utilities . . . . 12 12 13 Wages and salaries . . . . 13 Depreciation (see instructions) 14 18,275 14 Other (list) ► Ground Lease, Fees 1,013,500 15 Total expenses for each property. Add lines 3 through 15 . . . 16 1.031.775 17 Income or (Loss) from each 203,125 property. Subtract line 16 from line 2 17 1,234,900 **18a** Total gross rents. Add gross rents from line 2, columns A through H . 18a **b** Total expenses. Add total expenses from line 16, columns A through H . . . . . . . . 18b 1,031,775 19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real 19 20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1) . . . . . . 20a b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed: (1) Name (2) Employer identification number 203,125 21 Net rental estate income (loss). Combine lines 18a through 20a. Enter the result here and on: • Form 1065 or 1120S: Schedule K, line 2, or

• Form 1065-B: Part I, line 4

Form 8825 (12-2010) Page **2** 

1	Show the type and address of earntal value and days with person				eal estate pro	perty l	isted, report the	e numb	per of days rented	at fair	
	Physical address of each proper state, ZIP code	Type—Enter code 1-8; see below for list			Fair Rental D	ays	Personal Use Days				
Ε											
F											
G											
Н											
						Prop	erties		Į.		
	Rental Real Estate Income		E		F		G		Н		
2	Gross rents	2									
	Rental Real Estate Expenses										
_	Advertising	3									
4	Auto and travel	4									
5 6	Cleaning and maintenance	5 6		-						_	
7	Insurance	7								-	
_	Legal and other professional fees	8								$\vdash$	
	Interest	9									
	Repairs	10									
	Taxes	11									
	Utilities	12									
13	Wages and salaries	13									
	Depreciation (see instructions)	14									
15	Other (list) ►										
		15									
		-									
16	Total avenues for each property									<del>                                     </del>	
10	Total expenses for each property.  Add lines 3 through 15	16									
17	Income or (Loss) from each	10								-	
• •	property. Subtract line 16 from line 2	17									

#### Allowable Codes for Type of Property

- 1-Single Family Residence
- 2-Multi-Family Residence
- 3-Vacation or Short-Term Rental
- 4-Commercial
- 5-Land
- 6-Royalties
- 7-Self-Rental
- 8-Other (describe)

# 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

Identifying number

Sam Starling, LLP 69-000001 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. 35,000 5 35,000 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. 35,000 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 taxpaver during the tax year.

## SCHEDULE C (Form 1065)

Name of partnership

Sam Starling, LLP

**Additional Information for Schedule M-3 Filers** 

OMB No. 1545-0099

(Rev. December 2011) Department of the Treasury Internal Revenue Service

▶ Attach to Form 1065. See separate instructions.

Employer identification number

Yes No 1 At any time during the tax year, were there any transfers between the partnership and its partners subject to the v Do the amounts reported on Schedule M-3, Part II, lines 7 or 8, column (d), reflect allocations to this partnership from another partnership of income, gain, loss, deduction, or credit that are disproportionate to this partnership's share of capital in such partnership or its ratio for sharing other items of such partnership? . . . . . . . . . . . . At any time during the tax year, did the partnership sell, exchange, or transfer any interest in an intangible asset to v At any time during the tax year, did the partnership acquire any interest in an intangible asset from a related 4 At any time during the tax year, did the partnership make any change in accounting principle for financial accounting purposes? See instructions for a definition of change in accounting principle . . . . . . . . . . . . At any time during the tax year, did the partnership make any change in a method of accounting for U.S. income v

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

Cat. No. 49945S

Schedule C (Form 1065) (Rev. 12-2011)

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

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

► Attach to Form 1065 or Form 1065-B.

**Employer identification number** 

OMB No. 1545-0099

Department of the Treasury Internal Revenue Service

Name of partnership

▶ Information about Schedule M-3 (Form 1065) and its instructions is at www.irs.gov/form1065.

Sam S	Starling, LLP				69-00	000001
This S	Schedule M-3 is being filed beca	ause (check all that apply):		<u>-</u>		
Α	✓ The amount of the partnersh	ip's total assets at the end of the	he tax year is equal to \$10 mil	lion or more	:-	
В	The amount of the partnersh enter the amount of adjusted		ne tax year is equal to \$10 mill 183,508,229	on or more.	If box E	B is checked,
С		for the tax year is equal to \$35	5 million or more. If box C is c	hecked, ent	er the t	otal receipts for
D	☐ An entity that is a reportable	e entity partner with respect t				
		ership's capital, profit, or loss,				
	Name of Reportable I	-ntity Partner	Identifying Number		Percent eemed (	tage Owned or Owned
E	☐ Voluntary Filer.					
Part	Financial Information	and Net Income (Loss) Re	econciliation			
1a	Did the partnership file SEC For	m 10-K for its income statemer	nt period ending with or within	this tax yea	ır?	
	✓ Yes. Skip lines 1b and 1c an	d complete lines 2 through 11	with respect to that SEC Form	10-K.		
		ctions if multiple non-tax-basis				
b	Did the partnership prepare a ce					
		ete lines 2 through 11 with resp	pect to that income statement			
	No. Go to line 1c.					
С	Did the partnership prepare a no		•			
	Yes. Complete lines 2 through					
•	-	and enter the partnership's net				
2	Enter the income statement peri				/ 2012	<u>.                                    </u>
3a	Has the partnership's income st			ne 2?		
	<ul><li>Yes. (If "Yes," attach a state</li><li>✓ No.</li></ul>	ment and the amount of each i	terri restated.)			
b	Has the partnership's income star	tement been restated for any of	the five income statement perio	nde pracadin	a the no	eriod on line 22
		ment and the amount of each i		as procedin	g the pe	Shod on line 2:
	✓ No.		,			
4a	Worldwide consolidated net ince	ome (loss) from income statem	ent source identified in Part I,	line 1	4a	121,435,397
b	Indicate accounting standard us			İ		
	1  ☑ GAAP 2 □	IFRS 3 □	704(b)			
	<b>4</b> ☐ Tax-basis <b>5</b> ☐	Other: (Specify) ►				
5a	Net income from nonincludible f	oreign entities (attach statemer	nt)	·	5a (	)
b	Net loss from nonincludible fore	=		)	5b	
6a	Net income from nonincludible l	J.S. entities (attach statement)			6a (	)
b	Net loss from nonincludible U.S.	•	•		6b	
7a	Net income (loss) of other foreig	= :			7a	
b	Net income (loss) of other U.S. of	_		t	7b	
8	Adjustment to eliminations of					
0	(attach statement)				8	
9 10	Adjustment to reconcile income Other adjustments to reconcile t		•		9 10	
11	Net income (loss) per income	•	•		11	121,435,397
• • • • • • • • • • • • • • • • • • • •	Note. Part I, line 11, must equa			[		121,433,377
12	Enter the total amount (not just the			led or remove	ed on the	e following lines:
		Total Assets	Total Liabil	ties		
а	Included on Part I, line 4	108,	367,919	17,183,0	000	
b	Removed on Part I, line 5					
С	Removed on Part I, line 6					
d	Included on Part I, line 7				1	

Name of partnership

Sam Starling, LLP

69-0000001

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

	Income (Loss) Items  (Attach statements for lines 1 through 9)	(a) Income (Loss) per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Income (loss) from equity method foreign corporations				
2	Gross foreign dividends not previously taxed				
3	Subpart F, QEF, and similar income inclusions				
4	Gross foreign distributions previously taxed				
5	Income (loss) from equity method U.S. corporations				
6	U.S. dividends				
7	Income (loss) from U.S. partnerships				
8	Income (loss) from foreign partnerships				
9	Income (loss) from other pass-through entities				
10	Items relating to reportable transactions (attach statement)				
11	Interest income (attach Form 8916-A)				
12	Total accrual to cash adjustment				
13	Hedging transactions				
14	Mark-to-market income (loss)				
	, ,	/		(	1
15	Cost of goods sold (attach Form 8916-A)	,		1	
16	Sale versus lease (for sellers and/or lessors)				
17	Section 481(a) adjustments				
18	Unearned/deferred revenue				
19	Income recognition from long-term contracts				
20	Original issue discount and other imputed interest .				
21a	Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities .	10,000			
b	Gross capital gains from Schedule D, excluding amounts from pass-through entities				
С	Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d	Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses .				10,000
е	Abandonment losses				
f	Worthless stock losses (attach statement)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach statement)				
23	<b>Total income (loss) items.</b> Combine lines 1 through 22	10,000			10,000
24	Total expense/deduction items. (from Part III, line				
	31) (see instructions)	(12,959,862)	4,116,715	(21,899,903)	(30,743,050)
25	Other items with no differences	134,385,259	, , , ,		134,385,259
26	Reconciliation totals. Combine lines 23 through 25	121,435,397	4,116,715	(21,899,903)	103,652,209
20	11000110111011110111101111111111111111	121,733,377	7,110,713	(21,077,703)	100,002,207

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

Part III

Name of partnership Employer identification number

Sam Starling, LLP 69-0000001

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

	Return—Expense/Deduction Items				
	Expense/Deduction Items	(a) Expense per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	State and local current income tax expense				
2	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				
6	Meals and entertainment	1,550,256		(775,128)	775,128
7	Fines and penalties			, ,	·
8	Judgments, damages, awards, and similar costs				
9	Guaranteed payments			22,675,031	22,675,031
10	Pension and profit-sharing				<u> </u>
11	Other post-retirement benefits				
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				
23a	Depletion—Oil & Gas				
b	Depletion—Other than Oil & Gas				
24	Intangible drilling & development costs				
25	Depreciation	11,409,606	(4,116,715)		7,292,891
26	Bad debt expense	7.5.7.55	( -   -   -   -		11
27	Interest expense (attach Form 8916-A)				
28	Purchase versus lease (for purchasers and/				
	or lessees)				
29	Research and development costs				
30	Other expense/deduction items with differences (attach statement)				
31	Total expense/deduction items. Combine lines 1				
	through 30. Enter here and on Part II, line 24,				
	reporting positive amounts as negative and negative				
	amounts as positive	12,959,862	(4,116,715)	21,899,903	30,743,050
				Schedule N	1-3 (Form 1065) 2012

Page 3

					Final K-1	Amended	K-1	OMB No. 1545-0099
	nedule K-1		2012		art III P	artner's Share of	Cur	rent Year Income,
Fo	rm 1065)					eductions, Credi	ts, a	nd Other Items
Оера	rtment of the Treasury	For calen	dar year 2012, or tax	1	Ordinary b	usiness income (loss)	15	Credits
nterr	nal Revenue Service	year begi	0.4.10.4			8,068,141		
<b>.</b>	utusaula Chaus af h		ng 12/31 , 20 12	2	Net rental r	eal estate income (loss) 20,312		P 3,560
	rtner's Share of I edits, etc.	•	m and separate instructions.	3	Other net r	ental income (loss)	16	Foreign transactions
	Part I Information	About the Par	tnership	4	Guarantee	d payments		
Α	Partnership's employer ide							
		69-0000001		5	Interest inc	come		
В	Partnership's name, addres	ss, city, state, and ZIF	code			9,265		
San	n Starling, LLP			6a	Ordinary d	ividends		
	N McKinley Drive							
Ren	no, NV 89510			6b	Qualified d	ividends		
					Davakiaa			
C	IRS Center where partners	hip filed return		7	Royalties			
Ogo			(DTD)	8	Net short-t	erm capital gain (loss)		
D	Check if this is a public	cly traded partnership	(PTP)	ľ	Net Short-	eriri capitai gairi (1033)		
E	art II Information	About the Par	tner	9a	Net long-te	erm capital gain (loss)	17	Alternative minimum tax (AMT) items
E E	Partner's identifying number					5-4 g (-5)	''	, , , , , , , , , , , , , , , , , , , ,
-	r artifer 3 lacitarying flambe	000-00-0022		9b	Collectible	s (28%) gain (loss)		
F	Partner's name, address, o	ity, state, and ZIP cod	de					A 19,946
San	n Starling			9с	Unrecaptu	red section 1250 gain		
	D. Box 99 & Birch Bra	nch						
	ohns, NFLD Canada,			10	Net section	n 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
G	General partner or LLC	C X Limit	ed partner or other LLC	11	Other inco	me (loss)		
	member-manager							C 77,513
Н	Domestic partner	rore	ign partner					
l1	What type of entity is this p	artner? (see instruction	ons) Individual					
12	If this partner is a retiremen	•	′ <del></del>				19	Distributions
	(see instructions)		·	12	Section 17	9 deduction		
J	Partner's share of profit, los	ss, and capital (see in	structions):					A 7,514,031
	Beginning	1	Ending	13	Other ded	uctions		A 7,514,051
	Profit	10 %	10 %				20	Other information
	Loss	10 %	10 %					
	Capital	10 %	10 %					
	Dawn and a share at the billion	-4						A 9,265
K	Partner's share of liabilities  Nonrecourse	•	1,100,000	14	Self-emplo	yment earnings (loss)		
	Qualified nonrecourse finar		1,100,000			, · · · · · · · · · · · · · · · · · · ·		
	Recourse							
L	Partner's capital account a	nalysis:		*Se	e attache	d statement for add	litiona	al information.
	Beginning capital account	\$	4,488,892					
	Capital contributed during	· · · · · · · · · · · · · · · · · · ·						
	Current year increase (decr		12,143,540					
	Withdrawals & distributions		7,514,031)					
	Ending capital account .	\$	9,118,401	For IRS Use Only				
	☐ Tay basis ☐	CAAD X S	ection 704(b) book	Ĭ				
	☐ Tax basis ☐ Other (explain)	GAAP X Se	:Guon 704(b) book	<u> </u>				
	☐ Other (explain)			ρ̈́				
М	Did the partner contribute	property with a built-in	n gain or loss?	_				
	Yes X		•					
	If "Yes," attach statem							

					☐ Final k	K-1 Amended	l K-1	OMB No. 1545-0099
_	nedule K-1		2012		art III	Partner's Share of	f Cur	rent Year Income,
(Fo	rm 1065)					<b>Deductions, Credi</b>	its, a	nd Other Items
	artment of the Treasury	For calenda	ar year 2012, or tax	1	Ordina	ry business income (loss)	15	Credits
nter	nal Revenue Service	year beginn				32,272,562		
Pai	rtner's Share of I	ending		_ 2	Net ren	ital real estate income (loss) 81,8250		F 14,240
	edits, etc.		and separate instruction	ns. 3	Other r	net rental income (loss)	16	Foreign transactions
ı	Part I Information	About the Part	nership	4	Guarar	nteed payments		
Α	Partnership's employer ide	entification number				22,675,031		
		69-0000001		5	Interes	t income		
В	Partnership's name, addre	ss, city, state, and ZIP	code			37,060		
	n Starling, LLP			6a	Ordina	ry dividends		
	N McKinley Drive			6b	Qualifi	ed dividends		
Rer	no, NV 89510			"	Qualific	ed dividends		
C	IRS Center where partners	hip filed return		7	Royalti	es		
Ogo		ally two doct mouth analysis (	OTD)	8	Net sh	ort-term capital gain (loss)		
D	☐ Cneck if this is a publi	cly traded partnership (l	21P)		1100 011	orr torm capital gain (1000)		
	Part II Information	About the Part	ner	9a	Net lor	ng-term capital gain (loss)	17	Alternative minimum tax (AMT) items
E	Partner's identifying numb		-					
	, ,	69-1000001		9b	Collect	tibles (28%) gain (loss)		A 79,782
F	Partner's name, address, o	city, state, and ZIP code						A 19,162
Bar	ton and Jenkins Enter	prise		9c	Unreca	aptured section 1250 gain		
	510 W			10	Not on	otion 1921 gain /loss)	18	Tay ayampt income and
And	chorage, AK 99502			10	iver se	ction 1231 gain (loss)	10	Tax-exempt income and nondeductible expenses
G	X General partner or LLC	C Limited	d partner or other LLC	11	Other i	ncome (loss)	1	
	member-manager	memb						C 210 052
н	X Domestic partner	Foreig	n partner					C 310,052
l1	What type of entity is this p	•	·	_			10	B:
12	If this partner is a retirement (see instructions)	nt plan (IRA/SEP/Keogh	/etc.), check here	12	Soction	n 179 deduction	19	Distributions
	,		· · · · · · · ·		Section	1179 deduction		
J	Partner's share of profit, lo Beginning		Ending	13	Other	deductions	1	A 30,056,124
	Profit	40 %	40 9	6			20	Other information
	Loss	40 %	40 9					A 37,060
	Capital	40 %	40 9					A 57,000
K	Partner's share of liabilities	•						
	Nonrecourse		4,400,00		Self-er	nployment earnings (loss)		
	Qualified nonrecourse final					A 55,024,842		
	Recourse	\$		-		C 55,024,842		
L	Partner's capital account a	analysis:		*S	ee atta	ched statement for add	ditiona	al information.
	Beginning capital account	\$	17,955,56	8				
	Capital contributed during	the year \$		_				
	Current year increase (deci		48,574,16					
	Withdrawals & distributions							
	Ending capital account .	\$	36,473,60	4   g				
	□ <b></b> □		Since 704/b) by 1	1				
	☐ Tax basis ☐ Other (explain)	GAAP X Sec	tion 704(b) book	l RS				
	Other (explain)			For IRS Use Only				
М	Did the partner contribute	property with a built-in	nain or loss?	"				
•••	•	No	J 5000.					
	If "Yes," attach statem							

Version A, Cycle 2 Fillable Fields: Font=10pt Times: Color=Black: Checkmark=Cross

651112 OMB No. 1545-0099 Final K-1 Amended K-1 Part III Partner's Share of Current Year Income. Schedule K-1 (Form 1065) **Deductions, Credits, and Other Items** Ordinary business income (loss) Department of the Treasury 15 Credits For calendar year 2012, or tax Internal Revenue Service 01/01 1,613,628 vear beginning , 2012 Net rental real estate income (loss) ending 12/31 , 20 12P 712 Partner's Share of Income. Deductions. Other net rental income (loss) Foreign transactions Credits, etc. ▶ See back of form and separate instructions. Guaranteed payments Part I Information About the Partnership Partnership's employer identification number 69-0000001 Interest income 1.853 Partnership's name, address, city, state, and ZIP code Ordinary dividends Sam Starling, LLP 631 N McKinley Drive 6b Qualified dividends Reno, NV 89510 7 Royalties IRS Center where partnership filed return Ogden 8 Net short-term capital gain (loss) Check if this is a publicly traded partnership (PTP) Part II Information About the Partner Net long-term capital gain (loss) Alternative minimum tax (AMT) items Partner's identifying number 990-00-0001 Collectibles (28%) gain (loss) A 3,989 Partner's name, address, city, state, and ZIP code Unrecaptured section 1250 gain Taxpayer 1 P.O. Box 0001 Net section 1231 gain (loss) Tax-exempt income and Reno, NV 89510 nondeductible expenses Other income (loss) General partner or LLC X Limited partner or other LLC member-manager member C 15,503 Н X Domestic partner Foreign partner What type of entity is this partner? (see instructions) Individual 11 Distributions If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here 12 Section 179 deduction Partner's share of profit, loss, and capital (see instructions): A 1,502,806 Other deductions Beginning Other information 2 % Profit 2 % 2 % Loss 2 % 2 % Capital A 1,853 Partner's share of liabilities at year end: Self-employment earnings (loss) Nonrecourse . . . . . . . . \$ Qualified nonrecourse financing . \$ Recourse . . . . . . . . \*See attached statement for additional information. Partner's capital account analysis: Beginning capital account . . . Capital contributed during the year 607,177 Current year increase (decrease) . 375,702) For IRS Use Only Withdrawals & distributions . . . Ending capital account . . . . Section 704(b) book GAAP Tax basis Other (explain)

If "Yes," attach statement (see instructions)

Yes

Did the partner contribute property with a built-in gain or loss? X No

Cat. No. 11394R

#### **TEST SCENARIO 2**

FORMS REQUIRED:

1065, 4562, 4797, 8824, 8925, 1125-A 1065 SCH K-1 (2), 1065 SCH B-1, Form 8453-PE

**ATTACHMENTS:** 

Self-Charged Interest Election Itemized Other Deductions Statement Other Cost Statement

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

**HEADER INFO:** 

Tax Period: Calendar Year 2012

Preparer Firm Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, NV 89501

Multiple Software Packages Used: Yes or No

Originator: EFIN: Self-select

**Type: ERO** 

Practitioner PIN: 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: Horace Jennings

**Title: Chief Executive Officer** 

Taxpayer PIN: Phone: 555-555-555

Email Address: Anymail@email.com

Date Signed: 04/15/2013

Preparer: Name: Paul Jennings

PTIN: P00000002 Phone: 555-631-1212

Email Address: Anymail@email.com

**Date Prepared: 04/15/2013** 

Self Employed: No

IRS PAYMENT: N/A

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

### **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

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

Amortization	500
Professional Fees	225,000
Insurance	84,722

### Other Cost Statement (Cost of Good Sold, Form 1125-A, Line 5)

Other Cost	131,245
------------	---------

Note: Guaranteed payments are for medical insurance

	106 tment of that Revenue	ne Treasury		ndar year 2012, or tax year	turn of Partnersh beginning 01/01, 65 and its separate instruct	- 2012, er	nding	12/31 , 20 1		омв n	No. 1545-009	9
		ness activity		Name of partnership						D Employer	identification r	number
	Sales			Jennings Boat, LLC							-0000002	
		ct or service	Print		or suite no. If a P.O. box, see th	o inotrus	otiono				siness started	
	s & Servi		or	RT 1 Box 843	or suite no. If a P.O. box, see th	e iristruc	JUOIIS.				/01/2011	
	siness cod		type.	City or town, state, and ZI	P code						sets (see the	
										instruction		
441222 Bar Harbor, ME 04609						\$	2,749,483					
G H I J	Check applicable boxes: (1) ✓ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (6) ☐ Technical termination - also check (1) or (2)  Check accounting method: (1) ☐ Cash (2) ✓ Accrual (3) ☐ Other (specify) ►  Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ►  Check if Schedules C and M-3 are attached								(5)	Amended ref	turn	
Caul	ion. Ilicit	uae <b>only</b> l	raue or b	iusiriess iricorne and ex	penses on lines 1a through	22 Dei	ow. see	the mstruction	S IOI II	iore irrior	mation.	
	1a	Gross red	eipts or	sales		1a	4	1,212,980				
	1			ances		1b		350,000				
				line 1b from line 1a.					1c		3,862,980	
				d (attach Form 1125-A		$\cdot$	1 1 1		2		3,508,023	
				ract line 2 from line 1			$\cup$ $+$		3	<b>3</b> (E	354,957	
e	1	-	y income (loss) from other partnerships, estates, and trusts (attach statement) 4									
Income			rm profit (loss) (attach Schedule F (Form 1040))						-		0.000	
<u>ဗ</u>		_	gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)					6		9,000		
		Other income (loss) (attach statement)						7 8		2/2 057		
			tal income (loss). Combine lines 3 through 7								363,957	
(see the instructions for limitations)	1		_						9		150,000 110,000	
nital	1										5,562	
or II	1	Bad debt		terialice	L-1V				11		5,302	
ons 1	1	Rent		JKA					13		265,740	
uctic		Taxes an							14		33,450	
instr		Interest .	a 11001100						15		95,362	
the			ion (if re	quired, attach Form 4	562)	16a		100,976	10		70,002	
ees)		•	•		and elsewhere on return	16b			16c		100,976	
S	1			deduct oil and gas					17			
<u>.</u>				etc					18			
Deductions				programs					19		1,250	
ਲ੍ਹ	1	Other de	ductions	(attach statement) .					20		310,222	
۵	21	Total de	ductions	. Add the amounts sh	nown in the far right colun	nn for l	lines 9 th	rough 20.	21		1,072,562	
	22				tract line 21 from line 8				22		(708,605)	
Sig Her		knowled	lge and beli		examined this return, including a mplete. Declaration of preparer ( as any knowledge.		an general		liability Ma pr	company n	nember mana	<u> </u>
		Sig	gnature of g	general partner or limited liab	pility company member manager		Date					
Paid	4	Print/Ty	pe preparer	's name	Preparer's signature			Date	Chac	√ ☐ if	PTIN	
	a parer	Paul Je	nnings					04/15/2012	1	employed	P000000	002
	•	Firm's n	ame ►	Electric Tax Filers Inc	-					EIN►	69-000009	8
Use Only Firm's name Firm's address ► 1065 Efile Drive, Anytown, NV 89501						Phone no.						

Form 1065 (2012) Page **2** 

Sch	edule B Other Information		
1	What type of entity is filing this return? Check the applicable box:	Yes	No
а	☐ Domestic general partnership <b>b</b> ☐ Domestic limited partnership		
С	<ul><li>✓ Domestic limited liability company</li><li>d □ Domestic limited liability partnership</li></ul>		
е	☐ Foreign partnership f ☐ Other ►		
2	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?		
2			~
3	At the end of the tax year:		
а	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the		
	profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		,
b	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of		
	the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information		
	on Partners Owning 50% or More of the Partnership	~	
4	At the end of the tax year, did the partnership:		
а	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of		
	stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		
	Instructions. If "Yes," complete (i) through (iv) below		~
	(i) Name of Corporation (ii) Employer Identification Number (if any) (iii) Country of Incorporation (iv) Perco		ock
	()hiv		
b	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss,		
	or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below		.,
	(ii) Employer	 aximun	<b>V</b> n
	(i) Name of Entity  (ii) Name of Entity  (iii) Type of lentification Number (if any)  Number (if any)  (iv) Country of Percentage Profit, Los		
			•
	1 1 00 0040		
	11111/ // // // // // // // // // // //		
		Yes	No
5	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		~
6	Does the partnership satisfy <b>all four</b> of the following conditions?		
а	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 \$1 million.		
C	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
d	The partnership is not filing and is not required to file Schedule M-3		~
	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 L on Schedule K-1.		
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		~
8	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms		
	modified so as to reduce the principal amount of the debt?		~
9	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		,
10	At any time during calendar year 2012, 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, Report of Foreign Bank and		
	Financial Accounts. If "Yes," enter the name of the foreign country. ▶		<b>/</b>

Form 1065 (2012) Page 3

Sch	edule B Other Information (continued)	-				
		Yes	No			
11	At any time 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, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		V			
12a	Is the partnership making, or had it previously made (and not revoked), a section 754 election?		~			
	See instructions for details regarding a section 754 election.					
b	Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions					
С	Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions.		V			
13	Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly-owned by the partnership throughout the tax year)					
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		/			
15	If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶					
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's					
	Information Statement of Section 1446 Withholding Tax, filed for this partnership. ►		<u> </u>			
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶					
18a	Did you make any payments in 2012 that would require you to file Form(s) 1099? See instructions		<b>'</b>			
b	If "Yes," did you or will you file required Form(s) 1099?		~			
19	Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶ 0					
20	Enter the number of partners that are foreign governments under section 892. ▶ 0					
Name design TMP	lated ldentifying number of TMP					
entity,	P representative of TMP					
TMP	, OCIV EULE					
	Form 1	1065	(2012)			

Page 4

Sched	ule K	Partners' Distributive Share Items		Total amount
	1	Ordinary business income (loss) (page 1, line 22)	1	(708,605)
	2	Net rental real estate income (loss) (attach Form 8825)	2	
	За	Other gross rental income (loss)		
	b	Expenses from other rental activities (attach statement)  3b		
	С	Other net rental income (loss). Subtract line 3b from line 3a	3с	
(S	4	Guaranteed payments	4	110,000
Income (Loss)	5	Interest income	5	250
<u>_</u>	6	Dividends: a Ordinary dividends	6a	
ne		<b>b</b> Qualified dividends <b>6b</b>		
Ď	7	Royalties	7	
<u>u</u>	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
	9a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a	
	b	Collectibles (28%) gain (loss) 9b		
	C	Unrecaptured section 1250 gain (attach statement) 9c		
	10	Net section 1231 gain (loss) (attach Form 4797)	10	
	11	Other income (loss) (see instructions) Type ▶	11	
<u> </u>	12	Section 179 deduction (attach Form 4562)	12	
o	13a	Contributions	13a	
Deductions	b	Investment interest expense	13b	
Ð 📗	C	Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
Pe	d	Other deductions (see instructions) Type	13d	300
<b>5</b>	14a	Net earnings (loss) from self-employment	14a	(248,803)
Self- Employ- ment	b	Gross farming or fishing income	14b	(= 15/555)
Seli	C	Gross nonfarm income	14c	(248,803)
<del></del>	15a	Low-income housing credit (section 42(j)(5))	15a	(2.15/555)
40	b	Low-income housing credit (other)	15b	
Credits	C	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
eo O	d	Other rental real actate gradite (see instructions) Type	15d	
Ō	е	Other rental credits (see instructions)  Type	15e	
	f	Other credits (see instructions)  Type	15f	
	16a	Name of country or U.S. possession	101	
	b	Gross income from all sources	16b	
ns	c	Gross income sourced at partner level	16c	
<u>.</u>		Foreign gross income sourced at partnership level	100	
ansactions	Ь	Passive category ► e General category ► f Other ►	16f	
ns	_	Deductions allocated and apportioned at partner level	101	
_	g	Interest expense ► h Other	16h	
n T	9	Deductions allocated and apportioned at partnership level to foreign source income		
eig	i	Passive category ► j General category ► k Other ►	16k	
Foreign	i	Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐ · · · · · · ·	161	
ш	m	Reduction in taxes available for credit (attach statement)	16m	
	n	Other foreign tax information (attach statement)		
×	17a	Post-1986 depreciation adjustment	17a	
Alternative Minimum Tax (AMT) Items	b	Adjusted gain or loss	17b	
të 🖫 E	С	Depletion (other than oil and gas)	17c	
m L)	d	Oil, gas, and geothermal properties—gross income	17d	
Βire	е	Oil, gas, and geothermal properties—deductions	17e	
₹ <u>₹</u> ₹	f	Other AMT items (attach statement)	17f	
	18a	Tax-exempt interest income	18a	
ţio	b	Other tax-exempt income	18b	
na	С	Nondeductible expenses	18c	600
Other Information	19a	Distributions of cash and marketable securities	19a	
	b	Distributions of other property	19b	
	20a	Investment income	20a	250
	b	Investment expenses	20b	
0	С	Other items and amounts (attach statement)		

Form 1065 (2012) Page **5** 

Analy	sis of Net Incom	ne (Loss)									•
1		Combine Schedule							f		
	Schedule K, lines	12 through 13d, and	1161						1		(598,355)
2	Analysis by partner type:	(i) Corporate	(ii) Indiv (activ	I .	(iii) Indiv (passiv		(iv) Partnersh		y) Exer ganiza		(vi) Nominee/Other
а	General partners		(2	44,178)							
b	Limited partners		(3	54,177)							
Sche	edule L Bala	nce Sheets per B	Books	·	Beginnin	Beginning of tax year		'	En	d of ta	ax year
		Assets			(a)		(b)	(c)			(d)
1	Cash										75,500
2a	Trade notes and a	accounts receivable							42	2,555	
b	Less allowance fo	r bad debts									42,555
3	Inventories										2,225,675
4	U.S. government	obligations									
5	Tax-exempt secur	_									
6	•	ets (attach statemen	t)								
7a		or persons related to	-								
b	Mortgage and rea										
8		(attach statement)									
9a		er depreciable asset							501	1,229	
b	Less accumulated									0,976	400,253
10a	Depletable assets		$\mathbf{S}^{\mathbf{T}}$								
b	Less accumulated				4						00
11	Land (net of any a	•									
12a	Intangible assets (	·								5,000	
b	Less accumulated									500	5,500
13	Other assets (atta					1//					.,
14	Total assets	•									2,749,483
Liabilities and Capital											· ·
15											498,442
16		onds payable in less th									
17		lities (attach stateme				Н.					345,622
18		ans									
19a	Loans from partners	s (or persons related to	partners)								
b		oonds payable in 1 yea									
20	Other liabilities (at						7617				2,375,869
21	Partners' capital a		I.W								(468,450)
22		d capital								_	2,749,483
Sche		econciliation of In		oss) ner	Books	With I	ncome (Loss	) per B	eturn		
		ote. Schedule M-3 m							ota		
1		per books		518,45			recorded on book		r not inc	luded	
2	• •	Schedule K, lines 1, 2, 3					dule K, lines 1 thro				
_		and 11, not recorded of			a	Tax-ex	empt interest \$	;			
	books this year (itemi	ze):	Ž.,								
3	Guaranteed pay	ments (other tha	้าเก		7	Deduct	tions included o	on Sched	lule K,	lines	
					•		ugh 13d, and				
4	Expenses recorde	d on books this yea	ar		┪ ;	against	book income	this year	(itemi:	ze):	
	not included on	Schedule K, lines	1		а	Depred	ciation \$		80	0,505	
	through 13d, and	16l (itemize):									80,505
а	Depreciation \$				8	Add lin	es 6 and 7 .				80,505
b	Travel and enterta	inment \$		60			(loss) (Analys				
5	Add lines 1 through	jh 4		(517,850	_		line 1). Subtract				(598,355)
		nalysis of Partner									
1		ing of year				Distrib	utions: <b>a</b> Cash				
2	_	d: <b>a</b> Cash		50,00	00		<b>b</b> Prope	ertv .			
	•	<b>b</b> Property .			7	Other o	decreases (item	nize):			
3	Net income (loss)	per books		(518,450							
4	Other increases (it				<b>∸</b> -	Add lin	es 6 and 7 .				
5	Add lines 1 through			(468 450	_		at and of year Su				(468 450)

### Form 1125-A

**Cost of Goods Sold** 

(December 2011)

Department of the Treasury
Internal Revenue Service

► Attach to Form 1120, 1120-C, 1120-F, 1120-S, 1065, and 1065-B.

OMB No. 1545-XXXX

Name			Employer identification number
Jenni	ngs Boat, LLC		69-000002
1	Inventory at beginning of year	1	
2	Purchases	2	5,602,453
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	131,245
6	<b>Total.</b> Add lines 1 through 5	6	5,733,698
7	Inventory at end of year	7	2,225,675
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	3,508,023
9a	Check all methods used for valuing closing inventory:  (i) ☐ Cost  (ii) ☐ Lower of cost or market  (iii) ☐ Other (Specify method used and attach explanation.) ▶		
b	Check if there was a writedown of subnormal goods		
С	Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 97	0) .	▶ □
d	If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO	9d	
е	If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? .		🗌 Yes 🔽 No
f	Was there any change in determining quantities, cost, or valuations between opening and closing invertattach explanation	,	·
For Pa	perwork Reduction Act Notice, see separate instructions. Cat. No. 55988R		Form <b>1125-A</b> (12-2011)

### Form **4562**

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

► See separate instructions.

► Attach to your tax return.

OMB No. 1545-0172

2012

Attachment
Sequence No. 179

Department of the Treasury
Internal Revenue Service (99)
Name(s) shown on return

Business or activity to which this form relates

Identifying number

Jenr	ings Boats, LLC		Boat S	Sales			69-	0000002	
Par		•	rtain Property Un			amplete Dort I	!		
			ed property, compl			•			
1	•		s)				1		
2					-		2		
3			-		•	tions)	3		
4							4		
5						er -0 If married filing			
							5		
6_	(a) De	escription of proper	ty	(b) Cost (busi	ness use only)	(c) Elected cost			
	Lista di musica subst. Fint		fuere line 00		7				
			from line 29			d 7			
_			property. Add amoun				9		
9							10		
10	•		•			line F (see instructions)			
11				•	•	line 5 (see instructions)	11		
12			dd lines 9 and 10, b to 2013. Add lines 9			13	12		
			w for listed property. wance and Other I			clude listed property.) (	See instr	uctions )	
						erty) placed in service		uctions.)	
	during the tax year						14	73,490	
15	= -	-	·				15	70/170	
	Other depreciation		0)				16		
			o not include liste				1 1		
		•		Section A		,			
17	MACRS deductions	for assets pla	ced in service in tax	vears beginnii	ng before 20	12	17		
						to one or more general			
	asset accounts, che	eck here							
	Section B	-Assets Plac	ed in Service Durin	g 2012 Tax Y	ear Using th	ne 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	on <b>(f)</b> Method	(g) Depreciation deduc		
19a	3-year property	5511155	22,444	3	HY	200 DB		7,481	
b			1,500	5	HY	200 DB		300	
C			26,555	7	HY	200 DB		3,792	
d	10-year property								
	15-year property								
f	20-year property								
g	25-year property			25 yrs.		5/L			
	Residential rental			27.5 yrs.	MM	S/L			
	property			27.5 yrs.	MM	5/L			
i	Nonresidential real			39 yrs.	MM	5/L			
	property				MM	S/L		10,913	
	Section C-	-Assets Place	d in Service During	2012 Tax Ye	ar Using the	Alternative Depreciation	n Systen	n	
20a	Class life					S/L			
b	12-year			12 yrs.		S/L			
	40-year			40 yrs.	MM	S/L			
Par	t IV Summary (S	See instructio	ns.)						
21	Listed property. Ent						21	5,000	
22						n (g), and line 21. Enter		_	
			of your return. Partne				22	100,976	
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs									

Form	4562 (2012)																Page 2
Pa				lude autor			tain ot	her v	ehicles	, ce	rtain	n con	nputer	s, and	d prope	erty us	ed for
		-		on, or amu		,				_							
				r which you									lease (	expens	se, com	olete <b>or</b>	ily 24a,
				(c) of Section									f			- h :! <b>\</b>	
246				d Other Inf					_						<i>r autom</i> written?		
248	Do you have ev		pport the t	ousiness/inves	siment us	se ciaime	eu ?	Yes	_ No _	240			s the evi		wniten?		∐ No_
	(a) e of property (list vehicles first)	(b) Date placed in service	Business investment percentag	use Cost or o	d <b>)</b> ther basi		for depre ness/inve use only	stment	(f) Recover period		<b>(g</b> Meth Conve	nod/		(h) preciation duction	n Ele	(i) ected sect cost	
25	Special dep		llowance	for qualifie			erty pla	ced in				25					
26	Property use	ed more tha	an 50% i	n a qualified	d busin	ess use	e:	•			<u> </u>						
	- 1 - 7			%													
				%													
				%													
27	Property use	ed 50% or l	less in a	qualified bu	ısiness	use:		,									
				%							/L –						
				%						_	/L –						
				%							/L –						
28	Add amount			_						_		28					
_29	Add amount	s in columr	n (i), line												29		
Cam	nlata thia agati	ion for vobic	مامم سممط						e of Ve			." ~ "	ماملمط م	04000	lf vou pr	ميناطمطي	ممامامه
	plete this secti our employees,																enicies
to yo	di employees,	III St all SWE	i tile que	3110113 111 060			i .		T .				_				
30	Total business/investment miles driven durin the year ( <b>do not</b> include commuting miles) .				(a) (b) Vehicle 1 Vehicle 2											f) cle 6	
	Total commut																
33	miles driven Total miles lines 30 thro	driven dur															
34	Was the ve	hicle avail	able for	personal	Yes	No	Yes	No	Yes	N	0	Yes	No	Yes	No	Yes	No
35	Was the veh than 5% own	•	-	•													
36	Is another veh	nicle availabl	e for pers	sonal use?													
		Section	C-Qu	estions for	Emplo	yers W	ho Pro	vide V	ehicles	for	Use	by Th	eir Em	ployee	es	•	
	wer these que e than 5% ow			•		•	to con	npleting	g Section	on Bi	for ve	ehicle	s used	by em	ployees	who <b>ar</b>	e not
37	Do you mair your employ		-	y statemen			s all pe	rsonal 	use of	vehic	eles,	includ	ding co	nmutir 	ng, by 	Yes	No
38	Do you mair employees?		•	•										-			
39 40																	
41	,	•		_	•						•			,			
Do	Note: If you		37, 38,	39, 40, or 4	11 IS "Y	es," do	not coi	mplete	Section	n B to	or the	e cove	ered vel	ncles.			
Pal	rt VI Amor	uzauon											(e)				
		a) on of costs		(b) Date amortiza begins	ation	Amo	<b>(c)</b> rtizable a	mount	(	(d Code s		1	Amortiza period percent	or	Amortiza	<b>(f)</b> ation for th	nis year
42	Amortization	of costs th	nat begir	ns during yo	ur 2012	2 tax ye	ear (see	instru	ctions):								
Star	t Up			01/01/201	12			6,0	00	19	5			5			500
	Amortization													43			
44	Total. Add	amounts in	column	(t). See the	instruc	tions fo	or where	e to rep	oort .					44			500

Department of the Treasury Internal Revenue Service (99)

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.

▶ Information about Form 4797 and its separate instructions is at www.irs.gov/form4797.

OMB No. 1545-0184

Attachment Sequence No. 27

Identifying number

Jeni	nings Boats, LLC		69-000	002									
1	Enter the gross proceeds substitute statement) that						1						
Pa	Sales or Exchan Than Casualty o						sions I	From Other					
2	(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 or basis, plu improvements expense of s	s and	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)					
	701				7, 4								
3	Gain, if any, from Form 4684	4, line 39					3						
4	Section 1231 gain from insta	allment sales from	Form 6252, line 26	6 or 37			4						
5	Section 1231 gain or (loss) f	rom like-kind exch	anges from Form	8824			5						
6	Gain, if any, from line 32, from	om other than casu	alty or theft				6						
7	Combine lines 2 through 6.	Enter the gain or (lo	oss) here and on the	ne appropriate line a	s follows:		7						
	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 Nonrecaptured net section 1231 losses from prior years (see instructions)													
9	Subtract line 8 from line 7. I 9 is more than zero, enter			_									
	capital gain on the Schedule				•	•	9						
Par													
10	Ordinary gains and losses n	ot included on line	s 11 through 16 (ir	clude property held	1 year or less):								
							(						
11	Loss, if any, from line 7.						11 (	)					
12	Gain, if any, from line 7 or a						12						
13							13						
14	Net gain or (loss) from Form Ordinary gain from installment						14						
15 16	Ordinary gain or (loss) from		,				15	9,000					
17	Combine lines 10 through 1		5 1101111 01111 0024				16 17	9,000					
18	For all except individual retu		ount from line 17 c	on the appropriate lir	· · · · · · · · · · · · · · · · · · ·	skip lines a	17	7,000					
	and b below. For individual	•			,								
а	If the loss on line 11 includes	a loss from Form 4	1684, line 35, colun	nn (b)(ii), enter that pa	art of the loss here. Er	nter the part							
	of the loss from income-prod												
	used as an employee on Sch	` '	•	•			18a						
b	Redetermine the gain or (los	ss) on line 17 exclu	ding the loss, if an	y, on line 18a. Enter	here and on Form 1	040, line 14	18b						

Pa	Gain From Disposition of Property Und (see instructions)	er Se	ctions 1245, 12	250, 1252, 1	254,	and 1255		, ,
19	(a) Description of section 1245, 1250, 1252, 1254, or 1255	5 prope	erty:			<b>(b)</b> Date acqui (mo., day, yr		(c) Date sold (mo., day, yr.)
Α								
B								
C		-						
D								_
			Property A	Property	В	Property	c	Property D
	These columns relate to the properties on lines 19A through 19D							
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	-4-6					40
23	Adjusted basis. Subtract line 22 from line 21	23						
04	Total sain Cubtract line 22 from line 20							
24	Total gain. Subtract line 23 from line 20	24						
25	If section 1245 property:	05-						
	Depreciation allowed or allowable from line 22 Enter the <b>smaller</b> of line 24 or 25a	25a 25b					-	
		250			-	_		
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.							
9	Additional depreciation after 1975 (see instructions)	26a						
	Applicable percentage multiplied by the <b>smaller</b> of line	200						
b	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						
	Additional depreciation after 1969 and before 1976.	26d						
	Enter the <b>smaller</b> of line 26c or 26d	26e						
f	Section 291 amount (corporations only)	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						
	Line 27a multiplied by applicable percentage (see instructions)	27b						
	Enter the <b>smaller</b> of line 24 or 27b	27c						
28	If section 1254 property:							
а	Intangible drilling and development costs, expenditures							
_	for development of mines and other natural deposits,							
	mining exploration costs, and depletion (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 under section 126 (see instructions)	29a						
	Enter the <b>smaller</b> of line 24 or 29a (see instructions) .	29b	tlaua conta D. tlaua con	 				
Sun	nmary of Part III Gains. Complete property colun	nns A	through D throug	gn line 29b t	perore	going to line	<del>3</del> 30.	
00	Tatal sains favall avanantias Add avanants salvassa Athur		line 04					
30 31	Total gains for all properties. Add property columns A thro Add property columns A through D, lines 25b, 26g, 27c, 26	-					30 31	
32	Subtract line 31 from line 30. Enter the portion from casu						31	
52	other than casualty or theft on Form 4797, line 6	-					32	
Par	Recapture Amounts Under Sections 17 (see instructions)					_		or Less
	(200 111211 40110112)					(a) Saatia		(h) Saation
						(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 i	nstruct	ions for where to rep	port	35			

## Form **8824**

### **Like-Kind Exchanges**

(and section 1043 conflict-of-interest sales)

OMB No. 1545-1190

Attachment Sequence No. **109** 

Department of the Treasury Internal Revenue Service

Part I

Information on the Like-Kind Exchange

► Attach to your tax return.

Name(s) shown on tax return

Jennings Boats, LLC

69-0000002

1	Note: If the property described on line 1 or line 2 is real or personal property located outside the United States, indicate the country.  Description of like-kind property given up:							
2	Description of like-kind property received:							
3	Date like-kind property given up was originally acquired (month, day, year)	3	01/21/2012					
4	Date you actually transferred your property to other party (month, day, year)	4	07/22/2012					
5	Date like-kind property you received was identified by written notice to another party (month, day, year). See instructions for 45-day written identification requirement	5	07/22/2012					
6	Date you actually received the like-kind property from other party (month, day, year). See instructions	6	07/22/2012					
7	Was the exchange of the property given up or received made with a related party, either directly of (such as through an intermediary)? See instructions. If "Yes," complete Part II. If "No," go to Part	or indir III .	ectly Yes  No					
Par		I						
8	Name of related party  Relationship to you	Relate	d party's identifying number					
	Address (no., street, and apt., room, or suite no., city or town, state, and ZIP code)							
9	During this tax year (and before the date that is 2 years after the last transfer of property that was the exchange), did the related party sell or dispose of any part of the like-kind property received (or an intermediary) in the exchange or transfer property into the exchange, directly or indirectly (through an intermediary), that became your replacement property?	from y such a	ou as					
10	During this tax year (and before the date that is 2 years after the last transfer of property that was the exchange), did you sell or dispose of any part of the like-kind property you received?							
	If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If both lines 9 at the year of the exchange, stop here. If either line 9 or line 10 is "Yes," complete Part III and report deferred gain or (loss) from line 24 <b>unless</b> one of the exceptions on line 11 applies.							
11	If one of the exceptions below applies to the disposition, check the applicable box:							
а	☐ The disposition was after the death of either of the related parties.							
b	☐ The disposition was an involuntary conversion, and the threat of conversion occurred after the	e excl	nange.					
С	You can establish to the satisfaction of the IRS that neither the exchange nor the disposition had tax avoidance as one of its principal purposes. If this box is checked, attach an explanation (see instructions).							

Your social security number

Name(s	s) snown	on tax	return.	Do not	enter na	me and	social	security	number	it snown	on	otner	siae
Jenni	ngs Bo	ats, I	LC										

69-000002

Part	Ⅲ Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Rec	eive	d	
	Caution: If you transferred and received (a) more than one group of like-kind properties or (b) cash or other	her (no	ot like-kind) property,	,
	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. Otherwise,	go to	line 15.	
12	Fair market value (FMV) of other property given up			
13	Adjusted basis of other property given up			
14	Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the			
	gain or (loss) in the same manner as if the exchange had been a sale	14		
	Caution: If the property given up was used previously or partly as a home, see Property used as			
	home in the instructions.			
15	Cash received, FMV of other property received, plus net liabilities assumed by other party,			
	reduced (but not below zero) by any exchange expenses you incurred (see instructions)	15	9,000	
16	FMV of like-kind property you received	16	30,000	
17	Add lines 15 and 16	17	39,000	
18	Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any			
	exchange expenses <b>not</b> used on line 15 (see instructions)	18	25,000	
19	Realized gain or (loss). Subtract line 18 from line 17	19	14,000	
20	Enter the smaller of line 15 or line 19, but not less than zero	20		
21	Ordinary income under recapture rules. Enter here and on Form 4797, line 16 (see instructions)	21	9,000	
22	Subtract line 21 from line 20. If zero or less, enter -0 If more than zero, enter here and on			
	Schedule D or Form 4797, unless the installment method applies (see instructions)	22		
23	Recognized gain. Add lines 21 and 22	23	9,000	
24	Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions .	24	5,000	
25 Part	Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23    Deferral of Gain From Section 1043 Conflict-of-Interest Sales	25	25,000	
26 27	the divested property.  Enter the number from the upper right corner of your certificate of divestiture. ( <b>Do not</b> attach a copy of your certificate. Keep the certificate with your records.)			- 
28	Description of replacement property ▶			-
29	Date divested property was sold (month, day, year)	29	MM/DD/YYY	YY
30	Sales price of divested property (see instructions)			
31	Basis of divested property	-		
32	Realized gain. Subtract line 31 from line 30	32		
33	Cost of replacement property purchased within 60 days after date			
	of sale			
34	Subtract line 33 from line 30. If zero or less, enter -0	34		
35	Ordinary income under recapture rules. Enter here and on Form 4797, line 10 (see instructions)	35		
36	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)	36		
37	<b>Deferred gain.</b> Subtract the sum of lines 35 and 36 from line 32	37		
38	Basis of replacement property. Subtract line 37 from line 33	38	1	

(Rev. January 2010) Department of the Treasury Internal Revenue Service (99)

### **Report of Employer-Owned Life Insurance Contracts**

▶ Attach to the policyholder's tax return—See instructions.

OMB No. 1545-2089

Identifying number

Attachment Sequence No. 160

varrie(S	) Shown on return	laem	identifying number					
Jenni	ngs Boats, LLC		69-0000002					
Name c	f policyholder, if different from above	Identi	fying number, if different from above					
Type of	business							
1111	00							
1	Enter the number of employees the policyholder had at the end of the tax year	1	3					
2	Enter the number of employees included on line 1 who were insured at the end of the tax year under the policyholder's employer-owned life insurance contract(s) issued after August 17, 2006. See Section 1035 exchanges on page 2 for an exception	2	1					
3	Enter the total amount of employer-owned life insurance in force at the end of the tax year for employees who were insured under the contract(s) specified on line 2	3	50,000					
4a	Does the policyholder have a valid consent (see instructions) for each employee included on line 2?							
b	If "No," enter the number of employees included on line 2 for whom the policyholder does							
	not have a valid consent	4b						

### **General Instructions**

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

### **Purpose of Form**

Use Form 8925 to report the number of employees covered by employer-owned life insurance contracts issued after August 17, 2006, and the total amount of employer-owned life insurance in force on those employees at the end of the tax year. Policyholders must also indicate whether a valid consent has been received from each covered employee, and the number of covered employees for which a valid consent has not been received.

See sections 101(j) and 6039I, and Notice 2009-48, 2009-24 I.R.B. 1085, for more information.

### **Definitions**

**Employer-owned life insurance** contract. For purposes of Form 8925, an insurance contract is an employerowned life insurance contract if it is owned by a policyholder as defined below, and covers the life of the policyholder's employee(s) on the date the life insurance contract is issued. If vou have master contracts, see section 101(j)(3) for additional information.

Policyholder. For purposes of Form 8925 and these instructions, a policyholder is an "applicable policyholder" as defined in section 101(j)(3)(B). Generally, a policyholder is the person who owns the employerowned life insurance contract, and who is (a) engaged in a trade or business

that employs the person insured under the employer-owned life insurance contract and (b) the direct or indirect beneficiary of the employer-owned life insurance contract.

**Related person.** A related person is considered a policyholder if that person is (a) related to the policyholder (defined earlier) under sections 267(b) or 707(b) (1), or (b) engaged in a trade or business under common control with the policyholder. See sections 52(a) and (b).

Employee. Employee includes an officer, director, or highly compensated employee under section 414(q).

Insured. An individual must be a U.S. citizen or resident to be considered insured under an employer-owned life insurance contract. Both individuals covered by a contract covering the joint lives of two individuals are considered insured.

Notice and consent requirements. To qualify as an employer-owned life insurance contract, the policyholder must meet the notice and consent requirements listed below before the issuance of the contract.

1. Provide written notification to the employee stating the policyholder intends to insure the employee's life and the maximum face amount for which the employee could be insured at the time the contract was issued.

The written notification must include a disclosure of the face amount of life insurance, either in dollars or as a multiple of salary, that the policyholder

reasonably expects to purchase with regard to the employee during the course of the employee's tenure. Additional notice and consent are required if the aggregate face amount of the employer-owned life insurance contracts with regard to an employee exceeds the amount of which the employee was given notice and to which the employee consented. See Q&A-9 and Q&A-12 in Notice 2009-48.

- 2. Provide written notification to the employee that the policyholder will be a beneficiary of any proceeds payable upon the death of the employee.
- 3. Receive written consent from the employee. See Valid consent under the instructions for line 4a.

Electronic notification and consent. The written notification and consent requirement can be met electronically only if the system for electronic notification and consent meets requirements 1 through 3, above. See Q&A-11 in Notice 2009-48 for more information.

Issue date of contract. Generally, the issue date of a life insurance contract is the date on the policy assigned by the insurance company on or after the date of application. For purposes of meeting the notice and consent requirements, the issue date of the employer-owned life insurance contract is the later of (1) the date of application of coverage, (2) the effective date of coverage, or (3) the formal issuance of the contract. See Q&A-4 in Notice 2009-48 for more information.

Version A, Cycle 2 Fillable Fields: Font=10pt Times; Color=Black; Checkmark=Cross

					J Final K-1	K-1	OMB No. 1545-0099
	nedule K-1 rm 1065)		2012	Pa	Partner's Share of Deductions, Credit	Cur	
	rtment of the Treasury	For calend	ar year 2012, or tax	1	Ordinary business income (loss)	15	Credits
nterr	nal Revenue Service	year begin	ning $01/01$ , 2012		(354,303)		
Do:	duor's Shore of Inco		12/31 , 20 12	2	Net rental real estate income (loss)		
	rtner's Share of Inco edits, etc. ►	•	and separate instructions.	3	Other net rental income (loss)	16	Foreign transactions
	Part I Information Ab	out the Part	nership	4	Guaranteed payments		
Α	Partnership's employer identifica	ation number			110,000		
	69	-0000002		5	Interest income		
В	Partnership's name, address, cir	ty, state, and ZIP	code		125		
	nings Boats, LLC			6a	Ordinary dividends		
	Box 843			6b	Qualified dividends		
Bar	Harbor, ME 04609			05	Qualified dividerius		
С	IRS Center where partnership fil	ed return		7	Royalties		
Ogo		eu retuiri			,		
D	Check if this is a publicly tra	aded partnership (	PTP)	8	Net short-term capital gain (loss)		
P	art II Information Ab	out the Part	ner	9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
E	Partner's identifying number	0 10 0001		L	0 11 111 (000() : (1 )		
_		0-10-0001		9b	Collectibles (28%) gain (loss)		
F	Partner's name, address, city, s	tate, and ZIP code	1	9c	Unrecaptured section 1250 gain		
	niel Jennings . Box 1589				9		
	Harbor, ME 04609			10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
G	X General partner or LLC	Limite	d partner or other LLC	11	Other income (loss)		
	member-manager	memb	•				C 200
н	X Domestic partner	Foreig	n partner				C 300
l1	What type of entity is this partne	er? (see instruction	s) Individual				
12	If this partner is a retirement plan		· ————			19	Distributions
				12	Section 179 deduction		
J	Partner's share of profit, loss, ar	nd capital (see inst	ructions):				
	Beginning		Ending	13	Other deductions		
	Profit	%	50 %			20	Other information
	Loss	%	50 %				
	Capital	%	50 %				
K	Partner's share of liabilities at ye	oar and:					A 125
K	Nonrecourse			14	Self-employment earnings (loss)		
	Qualified nonrecourse financing	· -			A (248,803)		
	Recourse		2,375,869		C (248,803)		
				*\$6	ee attached statement for add	ition	Linformation
L	Partner's capital account analys  Beginning capital account			36	e attached statement for add	ILIOITE	ai inionnation.
	Capital contributed during the ye		25,000				
	Current year increase (decrease)		(259,225)				
	Withdrawals & distributions .		)	슬			
	Ending capital account	. \$	(234,225)	Ō			
		_		For IRS Use Only			
	X Tax basis GAA	.P ∐ Sec	tion 704(b) book	RS			
	U Other (explain)			ō			
	Did the party as and "	nako ordale = le 100 t	rain ar laga	"			
М	Did the partner contribute property Yes X No	erty with a built-in	yanı ür iüss?				
	If "Yes," attach statement (	see instructions)					

					Final K-	-1	Amended	K-1	OMB No. 1545-009	99
	nedule K-1		2012	Pa	art III	Partner's	Share of	Cur	rent Year Income,	
Fo	rm 1065)					<b>Deductio</b>	ns, Credi	ts, a	nd Other Items	
	artment of the Treasury	For calend	ar year 2012, or tax	1	Ordinary	/ business inco	me (loss)	15	Credits	П
nterr	nal Revenue Service	year begin	ning $01/01$ , 2012				(354,303)			
_		endin		2	Net renta	al real estate i	ncome (loss)			
	rtner's Share of li edits, etc.		ctions, n and separate instructions.	3	Other ne	et rental incom	ne (loss)	16	Foreign transactions	1
	Part I Information	About the Part	norshin	4	Guarant	teed payments	<u> </u>			$\dashv$
A	Partnership's employer ide		ilerənip	l '		,				
^	i artifership s employer ide	69-0000002		5	Interest	income				$\exists$
В	Partnership's name, addres		code	i			125			
	·	50, 01ty, 0tato, a.i.a <u>2</u> .i.		6a	Ordinary	y dividends				
	nings Boats, LLC Box 843									
	Harbor, ME 04609			6b	Qualified	d dividends				
С	IRS Center where partnersh	nip filed return		7	Royaltie	es				
Ogo	den									
D	Check if this is a public	cly traded partnership (	PTP)	8	Net sho	rt-term capital	gain (loss)			
E	art II Information	About the Part	ner	9a	Net long	g-term capital	gain (loss)	17	Alternative minimum tax (AMT) iter	ns
E	Partner's identifying number		-	1						-
	, ,	000-10-0002		9b	Collectib	bles (28%) gai	n (loss)			1
F	Partner's name, address, c	ity, state, and ZIP code	e							
Jam	nes Stephens			9с	Unrecap	otured section	1250 gain			
	0 Madison Lane							<u> </u>		$\exists$
Bos	ston, MA 02109			10	Net sect	tion 1231 gain	(loss)	18	Tax-exempt income and nondeductible expenses	
G	General partner or LLC		d partner or other LLC	11	Other in	come (loss)				
	member-manager	memb	per						C 30	ام
Н	X Domestic partner	☐ Foreig	ın partner						C 30	4
								-		
l1	What type of entity is this p							10	Distributions	$\dashv$
12	If this partner is a retirement (see instructions)	t plan (IRA/SEP/Keogh	/etc.), check here	12	Section	179 deduction		19	Distributions	
	,			'2	Section	179 deduction	ı			$\dashv$
J	Partner's share of profit, los Beginning		tructions): Ending	13	Other de	eductions		-		
		1	50 %		0 11.01 01	0440110110		20	Other information	$\dashv$
	Profit Loss	% %	50 %							
	Capital	%	50 %							
	<u>- Capital</u>	70	23 70							
ĸ	Partner's share of liabilities	at year end:							A 12	5
	Nonrecourse			14	Self-em	ployment earr	ings (loss)			
	Qualified nonrecourse finan									
	Recourse									
										Ц
L	Partner's capital account a	nalysis:		*Se	e attacl	hed statem	ent for add	litiona	al information.	┙
	Beginning capital account	\$								
	Capital contributed during t	· —	25,000							
	Current year increase (decr	· —	(259,225)							
	Withdrawals & distributions		(224.225)	Ę						
	Ending capital account.	\$	(234,225)	For IRS Use Only						
		o		ĮΣ						
		GAAP L Sec	tion 704(b) book	<u>₩</u>						
	Other (explain)			ō						
	Did the newton tall	ana manda e e e e e e e e e e e e e e e e e e e	main as lace?	"						
М	Did the partner contribute p  Yes		gaill or loss?	1						
	If "Yes," attach statem									

### **TEST SCENARIO 3**

#### FORMS REQUIRED:

1065, Schedule M-3 (Form1065), 1065 SCH C, 4562, 8865, 1065 SCH K-1 (3), 1065 SCH B-1, 8865 SCH O

### **ATTACHMENTS:**

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

Other Income (Loss) Statement (Form 1065, Line7) Itemized Other Deductions Statement (Page 1, Line 20)

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

Section 754 Election

**BINARY ATTACHMENTS: None** 

**HEADER INFO:** 

Tax Period: Calendar Year 2012

Preparer Firm: Electronic Tax Filers, Inc 69-0000098

123 Any Street Anytown, NY 11717

Multiple Software Packages Used: Yes or No

Originator: EFIN: Self-select

Type: ERO
Practitioner PIN:
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: Tony Carlton

Title: President Taxpayer PIN: 0200-Phone: 555-555-555

Email Address: Anymail@email.com

Date Signed: 03/15/2013

Preparer: Name: John Smith

PTIN: P00000003 Phone: 555-631-1212

Email Address: Anymail@email.com

**Date Prepared: 03/14/2013** 

Self Employed: No

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

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

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		

Attachment 2, Form 1065, Page 1, Line 7 (Other Income (Loss) Statement)

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

Attachment 3, Form 1065, Page 1, Line 20 (Itemized Other Deductions Statement)

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

Attachment 5, Form 1065, Page 3, Schedule B, Line 12a (Section 754 Election)

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

Attachment 6, Form 1065, Schedule M-3, Part II, Line 8 (Income (loss) From Foreign Partnerships Schedule)

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

**Note:** The 3.5% of Publicly Traded Partnership Tax is \$14,372,742. Please input this tax amount on Form 1065 Line 22. (Element name: "ThreeAndOneHalfPercent")

_	100	<u>65</u>		U.S. Re	turn of Partnersh	ip Incom	е		OMB N	o. 1545-00	199		
Depart Interna	ment of t	he Treasury e Service		ndar year 2012, or tax year rmation about Form 10	beginning 01/01 , 2 65 and its separate instructi		12/31 , 20 12 .irs.gov/form106		2(	012	•		
A Prin	cipal busi	ness activity		Name of partnership					D Employer i	identification	number		
Mana	agemen	t		Carlton Assets Manag	ement, LP				69-0000003				
<b>B</b> Prince	cipal produ	uct or service	Print	Number, street, and room		E Date business started							
Fina	ncial Inv	estment	or	1678 South Hoover Blv	10/23/1998								
C Bus	iness co	de number	type.	City or town, state, and Z	IP code				F Total ass	ets (see the			
	5239	00		San Francisco, CA 94	San Francisco, CA 94101								
H I J	Check a Numbe Check i	r of Sched f Schedule	method: ules K-1. / s C and N	(6) Technical termin (1) Cash (2) Attach one for each person 1-3 are attached	nation - also check (1) or (2)  Accrual  on who was a partner at any the company of the company	Other (specify) time during the	tax year ►	 	· · · ·	Amended re	eturn		
Caut	ion. Ilici	iuue <b>oiliy</b>	liaue oi L	iusiness income and ex	penses on lines ra unough	22 below. See	the mstructions	101 11	iore irriori	nauon.			
	1a	Gross red	ceipts or	sales		1a							
	b	Returns a	and allow	ances		1b							
	С	Balance.	Subtract	t line 1b from line 1a.				1c					
	2	Cost of g	oods sol	d (attach Form 1125-/	4)		410.0	2					
	3	Gross pr	ofit. Subt	3	30								
Ø	4	Ordinary	income (	loss) from other partn	4	10	,229,525						
Income	5	Net farm	profit (lo	ss) (attach Schedule F	5								
8	6			m Form 4797, Part II,	6								
드	7			s) (attach statement)	7	400	0,420,252						
	8									0,649,777			
(SI	9				9	1	1,179,658						
(see the instructions for limitations)	10	Salaries and wages (other than to partners) (less employment credits)								561,900			
init	11			tenance				11		8,610			
for	12	Bad debt		$\Box$ $\Box$ $\Box$ $\Delta$				12					
ons	13	Rent			\ Г. П <i>Г</i> А			13		729,654			
ruct	14	Taxes an	d license	es				14		871,972			
inst	15	Interest .						15					
the	16a		tion (if re	quired, attach Form 4	562)	16a	62,765						
ees)	b	•	•		and elsewhere on return	16b		16c		62,765			
S	17	-		deduct oil and gas				17					
Deductions	18	-	-	etc				18		345,678			
댱	19		•	programs				19					
ᅙ	20			(attach statement) .				20		398,652			
۵	21				nown in the far right colum	n for lines 9 th	nrough 20.	21		1,158,889			
	22				tract line 21 from line 8			22		5,490,888			
	<u> </u>				examined this return, including a	ccompanying sch	edules and stateme						
Sia.	•			ief, it is true, correct, and co rmation of which preparer ha	mplete. Declaration of preparer (c	other than general	partner or limited li	iability	company m	ember mar	nager)		
Sig		is based	i on an imo	mation of which preparer ha	as any knowledge.				ay the IRS discu		with the		
Her	е					03/	15/2013		eparer shown b structions)?	elow (see	No		
		Si	gnature of	general partner or limited liab	pility company member manager	Date							
Paid		Print/Ty	pe prepare	r's name	Preparer's signature		Date	Oh '		PTIN			
		John S	mith		_		03/14/2013	Check self- e	< ∐ if employed	P00000	003		
_	oarer	Firm's n		Electric Tax Filers Inc	<u> </u>			Firm's		69-00000	<del></del>		
Use	Only		address ► 1065 Efile Drive, Anytown, NV 89501 Phone r								FFF (04 4040		

Form 10	55 (2012)	F	Page 2						
Sch	dule 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								
C	□ Domestic limited liability company □ Domestic limited liability partnership □ Foreign partnership □ Other ►								
<u>е</u> 2	☐ Foreign partnership <b>f</b> ☐ Other ►								
_	an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner),								
3	or a nominee or similar person?	-							
	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or								
а	tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership	V							
b	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		,						
4 a	4 At the end of the tax year, did the partnership:								
	(ii) Name of Corporation (iii) Employer Identification (iii) Country of	centage							
	Number (if any) Incorporation Owned in V	oting St	ock						
	i oi i ootiiig i di pooo								
	- ( )hi/								
h	Our directly an interest of 2007 as more as our directly as indirectly as interest of 5007 as more in the profit less								
b	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial								
	interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below	_							
		/laximur							
	(i) Name of Entity Identification Number (if any) Entity Organization Percent Profit, Lo								
Mai Ta	Investment 69-0000099 Partnership Japan		25%						
	<u> </u>								
		Yes	No						
5	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under	163	140						
	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		~						
6	Does the partnership satisfy all four of the following conditions?								
а	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 \$1 million.								
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.								
d	The partnership is not filing and is not required to file Schedule M-3		~						
	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 L on Schedule K-1.								
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		<b>/</b>						
8	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		~						
9	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		~						
10	At any time during calendar year 2012, 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, Report of Foreign Bank and								
	Financial Accounts. If "Yes," enter the name of the foreign country. ▶		<b>V</b>						

Form 1065 (2012) Page 3

Sche	edule B Other Information <i>(continued)</i>									
		Yes	No							
11	At any time 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, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		V							
100	Is the partnership making, or had it previously made (and not revoked), a section 754 election?	~								
12a	See instructions for details regarding a section 754 election.									
b	Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes,"									
b	attach a statement showing the computation and allocation of the basis adjustment. See instructions		~							
С	Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions.		V							
13										
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		~							
15										
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's									
	Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		~							
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶									
18a	Did you make any payments in 2012 that would require you to file Form(s) 1099? See instructions		~							
b	If "Yes," did you or will you file required Form(s) 1099?		<b>/</b>							
19	Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶ 0									
20	Enter the number of partners that are foreign governments under section 892. ▶ 0									
Design	ation of Tax Matters Partner (see instructions)	•								
Enter b	elow the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:									
Name design TMP										
entity, of TMF	representative Juan Mefilers of TMP 555-555-5555									
Addres design	ated 7272 W. Haman XVC									
TMP	Sacramento, CA 95813	1005								
	Form 1	1065	(2012)							

Form 1065	(2012)			Page 4
Sched	ule K	Partners' Distributive Share Items		Total amount
	1	Ordinary business income (loss) (page 1, line 22)	1	405,490,888
	2	Net rental real estate income (loss) (attach Form 8825)	2	
	3a	Other gross rental income (loss)		
	b	Expenses from other rental activities (attach statement)  3b		
	С	Other net rental income (loss). Subtract line 3b from line 3a	3с	
(SS	4	Guaranteed payments	4	561,900
Income (Loss)	5	Interest income	5	36,525
	6	Dividends: a Ordinary dividends	6a	
Ĕ		<b>b</b> Qualified dividends <b>6b</b>		
ဝ	7	Royalties	7	
드	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
	9a	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		
	10	Net section 1231 gain (loss) (attach Form 4797)	10	
	11	Other income (loss) (see instructions) Type ▶	11	
us	12	Section 179 deduction (attach Form 4562)	12	43,332
Deductions	13a	Contributions	13a	
D _	b	Investment interest expense	13b	
ed	С	Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
	d	Other deductions (see instructions) Type ▶	13d	
- <del>/</del>	14a	Net earnings (loss) from self-employment	14a	41,210,989
Self- Employ- ment	b	Gross farming or fishing income	14b	
Sem	С	Gross nonfarm income	14c	41,210,989
	15a	Low-income housing credit (section 42(j)(5))	15a	
S	b	Low-income housing credit (other)	15b	
ë	С	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
Credits	d	Other rental real estate credits (see instructions)  Type	15d	
O	е	Other rental credits (see instructions)	15e	
	f	Other credits (see instructions)  Type	15f	
	16a	Name of country or U.S. possession ▶		
40	b	Gross income from all sources	16b	
ũ	С	Gross income sourced at partner level	16c	
actions		Foreign gross income sourced at partnership level		
	d	Passive category ► e General category ► f Other ►	16f	
ä		Deductions allocated and apportioned at partner level		
Ë	g	Interest expense ► h Other	16h	632,510
드		Deductions allocated and apportioned at partnership level to foreign source income		
<u>ĕ</u> .	i	Passive category ▶ j General category ▶ k Other ▶	16k	
Foreign Trans	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	Post-1986 depreciation adjustment	17a	
Alternative Minimum Tax (AMT) Items	b	Adjusted gain or loss	17b	
E H H	С	Depletion (other than oil and gas)	17c	
ĔĒC	d	Oil, gas, and geothermal properties—gross income	17d	
<u>≅</u> <u>ii</u> te	е	Oil, gas, and geothermal properties—deductions	17e	
<b>₹</b> ≥₹	f	Other AMT items (attach statement)	17f	
چ	18a	Tax-exempt interest income	18a	
ţi	b	Other tax-exempt income	18b	
ma	С	Nondeductible expenses	18c	1,111
ori	19a	Distributions of cash and marketable securities	19a	408,202,737
<u>lı</u>	b	Distributions of other property	19b	
ē	20a	Investment income	20a	36,525
Other Information	b	Investment expenses	20b	
0	С	Other items and amounts (attach statement)		

Form 1065 (2012) Page **5** 

Analy	sis of Net Incom	ne (Loss)									
1		. Combine Schedule									
	Schedule K, lines	12 through 13d, and	1161						1		406,413,471
2	Analysis by partner type:	(i) Corporate	(ii) Indiv		(iii) Individ (passive		(iv) Partnersh		(v) Exempt organization		(vi) Nominee/Other
а	General partners						41,147,0	)57			
b	Limited partners		4,05	8,516	361,207,8	398					
Sche		nce Sheets per E	Books		Beginning	of tax	year		End	d of ta	x year
		Assets			(a)		(b)	(	c)		(d)
1	Cash						5,232,390				6,027,450
2a		accounts receivable									
b		or bad debts									
3											
4	U.S. government										
5	Tax-exempt secur	=									
6	•	ets (attach statemen									
7a		or persons related to	-								
b	Mortgage and rea										
8		s (attach statement)									
9a		er depreciable asset			1,621,740				1,682	050	
b	Less accumulated		.5		1,372,370		240 261		1,435		247,806
	Depletable assets				1,312,310		249,361		1,433	,144	247,800
10a	Less accumulated		5)[4]	-	<del>-</del>						
b		•				_					
11	Land (net of any a	· ·									
12a	Intangible assets (										
b	Less accumulated										
13	Other assets (attac	•				V	F 404 7F4				
14	Total assets						5,481,751				6,275,256
4-		es and Capital					4 5 / 7 / 00				0.040.405
15							1,567,623			-	3,049,605
16		onds payable in less the								_	
17		ilities (attach statem	ent) .			- 1					
18	All nonrecourse lo										540,000
19a		s (or persons related to									
b		oonds payable in 1 yea	ar or more				104				
20	Other liabilities (at		/								
21	Partners' capital a						3,914,128			_	2,685,651
22		d capital					5,481,751				6,275,256
Sche		econciliation of Ir							turn		
		ote. Schedule M-3 m		uired inste	ead of Sch	edule	M-1 (see instru	ıctions).			
1	Net income (loss)	per books					ecorded on books			uded	
2	Income included on S	Schedule K, lines 1, 2, 3	Bc,				dule K, lines 1 thro	-	mize):		
		and 11, not recorded			a Ta	ax-exe	empt interest \$				
	books this year (itemi	ize):									
3		ments (other tha					ions included o				
	•						ugh 13d, and				
4		ed on books this ye				_	book income	this year	(ıtemız	e):	
		Schedule K, lines	1		a D	eprec	iation \$				
	through 13d, and	16i (itemize):									
а	Depreciation \$					dd line	es $6$ and $7$ .				
b	Travel and enterta						(loss) (Analys				
5	Add lines 1 throug	gh 4				.oss), l	ine 1). Subtract	line 8 fro	m line	5 .	
Sche	edule M-2 An	nalysis of Partner	s' Capita	I Accou	nts						
1	Balance at beginn	ning of year		3,914,12	28 <b>6</b> D	istribu	ıtions: <b>a</b> Cash				408,202,737
2	Capital contribute	ed: <b>a</b> Cash					<b>b</b> Prope	erty .			
		<b>b</b> Property .			7 0	ther d	lecreases (item	ize):			
3		per books		406,974,26							
4	Other increases (it	temize):			8 Ā		es 6 and 7 .				408,202,737
5	Add lines 1 through			410 888 28	88 <b>9</b> D	alanco	at and of year Sul	ntract line	R from li	no 5	2 685 651

### Form **4562**

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

OMB No. 1545-0172

2012

Attachment
Sequence No. 179

Department of the Treasury ► See separate instructions. Sequence No. 179 ► Attach to your tax return. Internal Revenue Service (99) Name(s) shown on return Business or activity to which this form relates Identifying number Carlton Asset Management, LP Carlton Asset Management, LP 69-0000003 **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. 1 1 250,000 2 43,332 3 800,000 Threshold cost of section 179 property before reduction in limitation (see instructions) . Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . . . . . . . 4 0 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions 5 250,000 6 (a) Description of property (b) Cost (business use only) (c) Elected cost Office Equipment 23,456 23,456 Furniture/Fixtures 19.876 19,876 7 Listed property. Enter the amount from line 29 . . . . . . . . . 7 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 8 43,332 Tentative deduction. Enter the **smaller** of line 5 or line 8 . . . . . . . . . . 9 43,332 **10** Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . . . . . . 10 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) 11 250,000 12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 43.332 13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special depreciation allowance for qualified property (other than listed property) placed in service 14 15 **16** Other depreciation (including ACRS) 16 43,766 Part III MACRS Depreciation (Do not include listed property.) (See instructions.) 17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . . . . . 17 18,999 18 If you are electing to group any assets placed in service during the tax year into one or more general Section B-Assets Placed in Service During 2012 Tax Year Using the General Depreciation System (b) Month and year (c) Basis for depreciation (d) Recovery (e) Convention (f) Method (a) Classification of property placed in (business/investment use (g) Depreciation deduction service only-see instructions) **19a** 3-year property **b** 5-year property c 7-year property d 10-year property e 15-year property **f** 20-year property g 25-year property 25 yrs. S/L h Residential rental 27.5 yrs. MM 9/1 property 27.5 yrs. MM S/L i Nonresidential real 39 yrs. ММ S/L property MM S/L Section C-Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System 20a Class life S/L 12 yrs. **b** 12-year **c** 40-year 40 yrs. 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

portion of the basis attributable to section 263A costs

here and on the appropriate lines of your return. Partnerships and S corporations—see instructions

23 For assets shown above and placed in service during the current year, enter the

62,765

	4562 (2012)  rt V Listed Property	(Include autor	mobiles	cerl	tain ot	her v	ehicles	cert	ain co	mouter	s and	d prope		Page <b>2</b> ed for
ı u	entertainment, re				iaiii ot	1101 V	Ciliolos	, 0011	uiii oo	mpator	o, and	и ргорс	orty us	ca ioi
	<b>Note:</b> For any vehical 24b, columns (a) this									g lease (	expens	se, comp	olete <b>on</b>	<b>ly</b> 24a,
	Section A—Depreciat									s for pas	ssenge	r autom	obiles.)	
248	Do you have evidence to supp					Yes				is the evi				☐ No
	e of property (list   Date placed   inv	vestment use Cost or o	d) ther basis		(e) for depreness/inves	stment	<b>(f)</b> Recover period	-	(g) Method/ onvention		(h) preciation eduction	n Ele	(i) ected sect cost	
25	Special depreciation allo					ced in			-					
26	the tax year and used me Property used more than					e (see	Instruct	ions)	. 25					
		%												
		%												
		%												
_27	Property used 50% or les	ss in a qualified bu	usiness	use:				S/L						
		% %						5/L						
		%						S/L						
28	Add amounts in column (	(h), lines 25 throug	ıh 27. Er	nter he	re and	on line	21, pag		. 28					
29	Add amounts in column (	(i), line 26. Enter h	ere and	on line	7, pag	e1.				·		29		
	nplete this section for vehicle our employees, first answer t	s used by a sole pr	oprietor, ction C to	partne see if	r, or oth you me	er "mo et an e	xception	5% ow to cor	ner," or	this sect	tion for	those ve	hicles.	
	Total business/investment miles driven during the year (do not include commuting miles) .			(a) (b) Vehicle 1 Vehicle 2			(c) Vehicle 3 Ve		(d) ehicle 4 Ve		(e) nicle 5	(f) Vehicle 6		
	Total commuting miles drive Total other personal miles driven													
33	Total miles driven during lines 30 through 32	g the year. Add												
34	Was the vehicle available use during off-duty hours	•	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehicle used print than 5% owner or related													
36	Is another vehicle available													
		C—Questions for							-					
	wer these questions to det e than 5% owners or relate				to com	ipietin	g Sectio	n B to	r venici	es usea	by em	pioyees	wno <b>ar</b>	e not
	Do you maintain a writte your employees?	•		,	s all per	rsonal	use of	vehicle	es, inclu	iding coi	mmutir	ng, by	Yes	No
38														
39 40	Do you treat all use of ve Do you provide more that use of the vehicles, and r	hicles by employe an five vehicles to	es as po your er	ersona mploye	l use? es, obt									
41						 demon	 Istration	 se?	 (See ins	truction	 s)			
•	Note: If your answer to 3	_	-						-		-			
Pa	rt VI Amortization					,								
	(a) Description of costs	(b) Date amortiza begins	ation	Amor	<b>(c)</b> rtizable ar	nount	(d) Code section		(e) Amortization period or percentage		(f) Amortization for this y		is year	
42	Amortization of costs that	t begins during yo	ur 2012	tax ye	ar (see	instru	ctions):							
43	Amortization of costs tha	t began before vo	 ur 2012	tax ve	ar						43			
	Total. Add amounts in c	-		-							44			

8865

Department of the Treasury

Internal Revenue Service

### 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

01/01 , 2012 and ending 12/31 beginning , 20 OMB No. 1545-1668 2012

Attachment Sequence No. 118

Name	of person	filing this ret	urn		<u> </u>		Ť	Filer's identifying	number					
Carlt	on Asset N	Management	t, LP				69-0000003							
178 9	Hoover E	Blvd	filing this form with	your tax	return)	A Catego		r (see <b>Categories o</b>	<b>/</b> 4	l 🗆 _				
San F	rancisco,	CA 94101				<b>B</b> Filer's tax year beginning 01/01 , 20 12 , and ending 12/31 , 20 12								
_C	Filer's s	share of liab	ilities: Nonrecour	se\$		Qualified nonrecourse financing \$ 4,800,000 Other \$								
D	If filer is	s a member	of a consolidated	d group	but not the parent	t, enter the	following		oout the	parent:				
	Name Addres							EIN						
	Address	S												
E	Informa	ation about	certain other part	ners (se	e instructions)									
		(1) Name			(2) Addres	SS		(3) Identifying r	number		4) Check a			
								(,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,,		Catego	ry 1 Ca	ategory 2	Constructive owner	
F1			of foreign partne	ership				<b>2(a)</b> EIN (if any	r)	60.000				
	Tai Investn KGinsu Ch									69-000				
1-2-3 Ginsu, Chuo-Kuo Tokyo, 190-2182								2(b) Reference	ID numb	oer (see i Mai6900				
								3 Country unde	er whose					
								Japan	or wrioso	iawo or	garnzoa			
4	Date of	:	5 Principal pla	ce of	6 Principal busin	ness	7 Prin	icipal business	ctional c	urrency	8b Exc	change rate		
	organiz	organization business activity code numb				number	acti	vity					e instr.)	
	09/13/	1992	Japan		523110		Security	y Dealing	Yen			.8739		
G	Provide	the following	ng information fo	r the for	eign partnership's	tax year:								
1	Name, United		id identifying nun	nber of a	gent (if any) in the	)	s	heck if the foreig  Form 1042 ervice Center wher  -file	Form	8804	Forr		or 1065-B	
3		and address ation, if any		ership's	agent in country c	of	re	ame and addressecords of the forenderecords, if diff	eign partr	. ,		•		
	Were an	nv special al	locations made b	ov the fo	reign partnership?	·					•	- □ <b>Y</b>	es 🗹 No	
					tion Return of U.		s With	Respect To For	eian Dis	renarded	l Entities			
·			urn (see instructio						-	-		·, ►	0	
7	How is t	this partners	ship classified un	der the I	aw of the country	in which it	is orga	nized? ▶	Partnersh	ip				
8		partnership d)-1(b)(4)?	own any separat		vithin the meaning			ection 1.1503-2(d	c)(3), (4), (	or 		•   Y	es 🔽 No	
9	•	, , , , ,	ip meet <b>both</b> of t		ving requirements								_	
	• The pa	artnership's	total receipts for	the tax	year were less tha	an \$250,00	0 and		)		_		es 🔽 No	
		•	•		at the end of the t and M-2.	ax year wa	as less t	han \$1 million.	}		<b>,</b>	· 🗆 1	es 🗾 No	
Your 7	f You ling form ately ot With Γαχ	" do not complete Schedules L, M-1, and M-2.  Under penalties of perjury, I declare that I have examined this return, including a and belief, it is true, correct, and complete. Declaration of preparer (other than a information of which preparer has any knowledge.  Signature of general partner or limited liability company member					cluding a er than g	g accompanying schedules and statements, and to the best of my knowledge in general partner or limited liability company member) is based on all					of my knowledge ed on all	
Retur		_	oreparer's name	ioi Oi IIIIII	Preparer's s					PTIN				
Paid Pre	d parer	John Smith	· 		·	ignature			Date 3/14/2	2012	Check self-emp	if loyed  oyed  oyed	P00000003	
	Only	Firm's name									Firm's Ell	1,	59-0000098	
		Firm's addre	ess ► 123 Any St	treet, An	town, NY 11717						Phone no		555-631-1212	

Form 8865 (2012) Page **2** 

Sch	edule	Constructive Ownership of box <b>b</b> , enter the name, add interest you constructively o	ress, and U.S. taxpayer ide					
a				b	Owns a constructi	ve intere		Chaple if
Name			Address		Identifying number	(if any)	Check if foreign person	Check if direct partner
Carlton Asset Management, LP		Management, LP	1678 S Hoover Blvd		69-0000003		person	✓ ✓
_			San Francisco, CA 94101					
0.1			. D. d					
Sch	edule	A-1 Certain Partners of Foreign	n Partnership (see instructi	ons)				Check if
		Name	Address		Identifying nu	ımber (if	any)	foreign
								person
-								
		artnership have any other foreign perso	n as a direct partner?				Yes	☐ No
Sch	edule	A-2 Affiliation Schedule. List a direct interest or indirectly or		omes	stic) in which the	foreign	partnersh	
Name		Name	Address		EIN (if any)		al ordinary ome or loss	Check if foreign partnership
Sch	edule	B Income Statement—Trade	or Rusiness Income					
		clude <b>only</b> trade or business income and e		belov	w. See the instruction	ns for m	ore informat	tion.
		<del>-</del>						
	1a	Gross receipts or sales		1a	50,000,000			
	b	Less returns and allowances		1b		1c		00,000
4	2	Cost of goods sold				. 2		00,000
come	3	Gross profit. Subtract line 2 from line				. 3	45,00	00,000
ဝိ	4	Ordinary income (loss) from other part			·	. 4		
<u>Ž</u>	5 6	Net farm profit (loss) (attach Schedule Net gain (loss) from Form 4797, Part II	**					
	7	Other income (loss) (attach statement)	•					
	•	other moonie (1999) (attach otatement)	,			` <del>  •</del>		
	8	Total income (loss). Combine lines 3	through 7			. 8	45,00	00,000
	9	Salaries and wages (other than to part	tners) (less employment credits	s) .		. 9	2,00	00,000
<u>®</u>	10	Guaranteed payments to partners .				. 10		
ıtion	11	Repairs and maintenance						
Deductions (see instructions for limitations)	12	Bad debts						
	13	Rent					2,08	81,900
	14	Taxes and licenses						
	15	Interest			i i	15		
	16a	Depreciation (if required, attach Form Less depreciation reported elsewhere	4002)	166		16c	1	
see	b   17	Depletion ( <b>Do not</b> deduct oil and gas						
eductions (	18	Retirement plans, etc						
	19	Employee benefit programs						
	20	Other deductions (attach statement)						
	-	(	· · · · ·	-				
_	21	Total deductions. Add the amounts s	shown in the far right column fo	or line	s 9 through 20 .	. 21	4,08	81,900
	22	Ordinary business income (loss) from	n trade or business activities. S	ubtra	ct line 21 from line 8	3 22	40,9	18,100

Form 8865	(2012)			Page	3
Schedu	le K	Partners' Distributive Share Items	Total amount		
	1	Ordinary business income (loss) (page 2, line 22)	1	40,918,100	_
	2	Net rental real estate income (loss) (attach Form 8825)	2		_
	3a	Other gross rental income (loss)			_
	b	Expenses from other rental activities (attach statement) 3b			
	С	Other net rental income (loss). Subtract line 3b from line 3a	3c		
(S	4	Guaranteed payments	4		_
SO	5	Interest income	5		_
7	6	Dividends: a Ordinary dividends	6a		_
шe		<b>b</b> Qualified dividends 6b			_
Income (Loss)	7	Royalties	7		
<u>ĕ</u>	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8		_
	9a	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			
	10	Net section 1231 gain (loss) (attach Form 4797)	10		
	11	Other income (loss) (see instructions) Type ▶	11		_
SI	12	Section 179 deduction (attach Form 4562)	12		_
io	13a	Contributions	13a		_
rct	b	Investment interest expense	13b		_
Deductions	С	Section 59(e)(2) expenditures: (1) Type ► (2) Amount ►	13c(2)		_
	d	Other deductions (see instructions)  Type ▶	13d		_
Self- Employ- ment	14a	Net earnings (loss) from self-employment	14a		_
Self- mplo	b	Gross farming or fishing income	14b		_
S E u	С	Gross nonfarm income	14c		_
	15a	Low-income housing credit (section 42(j)(5))	15a		_
S	b	Low-income housing credit (other)	15b		
d <del>i</del>	С	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c		
Credits	d	Other rental real estate credits (see instructions) Type ▶	15d		
O	е	Other rental credits (see instructions)  Type ▶	15e		
	f	Other credits (see instructions)  Type ►	15f		
	16a	Name of country or U.S. possession ▶			
Ø	b	Gross income from all sources	16b	40,918,100	_
ü	С	Gross income sourced at partner level	16c		_
Ċŧi		Foreign gross income sourced at partnership level			
sactions	d	Passive category ► e General category ► f Other (attach statement) ►	16f		_
_		Deductions allocated and apportioned at partner level			
Foreign Trar	g	Interest expense h Other	16h		_
gn		Deductions allocated and apportioned at partnership level to foreign source income			
<u>re</u> i	i	Passive category ► j General category ► k Other (attach statement) ►	16k		_
P	I	Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued	161	2,530,040	_
	m	Reduction in taxes available for credit (attach statement)	16m		
	n	Other foreign tax information (attach statement)			
o X s	17a	Post-1986 depreciation adjustment	17a		_
native um Tax Items	b	Adjusted gain or loss	17b		_
na iun ) It	С	Depletion (other than oil and gas)	17c		_
Alternative Minimum Tax (AMT) Items	d	Oil, gas, and geothermal properties—gross income	17d		_
₽₫₹	е	Oil, gas, and geothermal properties—deductions	17e		_
	f	Other AMT items (attach statement)	17f		_
ou	18 a	Tax-exempt interest income	18a		_
ati	b	Other tax-exempt income	18b		_
Ĕ	С	Nondeductible expenses	18c		_
for	19a	Distributions of cash and marketable securities	19a		_
<u>=</u>	b	Distributions of other property	19b		_
Other Information	20 a	Investment income	20a		_
<b>∃</b> ‡	b	Investment expenses	20b		
_	С	Other items and amounts (attach statement)			

Form 8865 (2012) Page **4** 

Schedule L Balance Sheets per Books. (Not required if Item G9, page 1, is answered "Yes.") Beginning of tax year End of tax year (d) (a) (c) **Assets** 1,750 2,250 1 Cash . . . . . . . . . . . . . 27,000,000 14,000,000 2a Trade notes and accounts receivable . . 27,000 Less allowance for bad debts . . . . 14,000,000 3 Inventories . . . . . . . . . . . 4 U.S. government obligations . . . . . 5 Other current assets (attach statement) Loans to partners (or persons related to Mortgage and real estate loans . . . . b 8 Other investments (attach statement) . . 115,000,000 187,000,000 9a Buildings and other depreciable assets . . 11,000,000 104,000,000 13,081,900 183,918,100 **b** Less accumulated depreciation . . . . 10a Depletable assets . . . . . . **b** Less accumulated depletion . . . . . Land (net of any amortization) . . . . 11 12a Intangible assets (amortizable only) . . Less accumulated amortization . . . 13 Other assets (attach statement) . . . . 131,001,750 197,920,350 14 **Total** assets . . . . . . . . . . . **Liabilities and Capital** 1,000,000 1,500,000 15 Accounts payable . . . . . . . . . 16 Mortgages, notes, bonds payable in less than 1 year 17 Other current liabilities (attach statement) . . . 18 All nonrecourse loans . . . . . . . . . 19a Loans from partners (or persons related to partners) Mortgages, notes, bonds payable in 1 year or more Other liabilities (attach statement) . . . . 20 Partners' capital accounts . . . . . . . 130,001,750 196,420,350 21 Total liabilities and capital . . . . . 131,001,750 197,920,350 22

Form **8865** (2012)

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Form 8865 (2012)

Sche	dule M Balance Sheets for Ir	nterest Allocation			
				(a) Beginning of tax year	<b>(b)</b> End of tax year
1	Total U.S. assets				
2	Total foreign assets:				
а	Passive category				
b	General category				
С	Other (attach statement)				
Sche	Reconciliation of Incom 1, is answered "Yes.")	ne (Loss) per Books	With In	ncome (Loss) per Return. (Not requ	uired if Item G9, page
	i, is allowered Tes. )				
1	Net income (loss) per books	40,968,100	6	Income recorded on books this	
	, , , ,	10/200/100		year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10,		а	- · · · · · · · · · · · · · · · · · · ·	
	and 11 not recorded on books		_ u		
	this year (itemize):		_		
3	Guaranteed payments (other		_ 7	Deductions included on Schedule K, lines 1 through 13d, and 16l not	
Ū	than health insurance)			charged against book income this	
4	Expenses recorded on books			year (itemize):	
7	this year not included on		а	_ `	
	Schedule K, lines 1 through				
	13d, and 16l (itemize):				
а	Depreciation \$				50,000
b	Travel and entertainment \$		8	Add lines 6 and 7	50,000
			9	Income (loss). Subtract line 8	
5	Add lines 1 through 4	40,968,100		from line 5	40,918,100
Sche	edule M-2 Analysis of Partners'				nswered "Yes.")
1	Balance at beginning of year	130,001,750	6	Distributions: <b>a</b> Cash	
2	Capital contributed:			<b>b</b> Property	
	<b>a</b> Cash	9,450,500	7	Other decreases (itemize):	
_	<b>b</b> Property	16,000,000			
3	Net income (loss) per books .	3,968,100			
4	Other increases (itemize):				
			8	Add lines 6 and 7	
E	Add lines 1 through 4	196,420,350	9	Balance at end of year. Subtract	196,420,350
5	Add lines 1 through 4	130,420,330		line 8 from line 5	Form <b>8865</b> (2012)
					Form <b>6003</b> (2012)

Form 8865 (2012) Page

# 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).

	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				
2	Sales of property rights (patents, trademarks, etc.)				
3	Compensation received for technical, managerial, engineering, construction, or like services				
4	Commissions received .				
5	Rents, royalties, and license fees received				
6	Distributions received				
7	Interest received				
8	Other				
9	Add lines 1 through 8				
10	Purchases of inventory .				
11	Purchases of tangible property other than inventory				
12	Purchases of property rights (patents, trademarks, etc.)				
13	Compensation paid for technical, managerial, engineering, construction, or like services				
14	Commissions paid				
15	Rents, royalties, and license fees paid				
16	Distributions paid				
17	Interest paid				
18	Other				
19	Add lines 10 through 18 .				
20	Amounts borrowed (enter the maximum loan balance during the year). See instructions				
21	Amounts loaned (enter the maximum loan balance during the year). See instructions				F 9965 (2010)
					- UULL (0040)

# SCHEDULE B-1 (Form 1065)

(Rev. December 2011) Department of the Treasury Internal Revenue Service

# Information on Partners Owning 50% or More of the Partnership

▶ Attach to Form 1065. See instructions on back.

OMB No. 1545-0099

Name of partnership

Carlton Asset Management, LP

Employer identification number (EIN)

69-0000003

# Part I Entities Owning 50% or More of the Partnership (Form 1065, Schedule B, Question 3a)

Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, tax-exempt organization, or any foreign government that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital
ABC Investments	69-3000002	Partnership	United States	89%

## Part II Individuals or Estates Owning 50% or More of the Partnership (Form 1065, Schedule B, Question 3b)

Complete columns (i) through (iv) below for any individual or estate that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

# SCHEDULE C (Form 1065)

Name of partnership

# **Additional Information for Schedule M-3 Filers**

OMB No. 1545-0099

(Rev. December 2011) Department of the Treasury Internal Revenue Service

Carltons Asset Management, LP

▶ Attach to Form 1065. See separate instructions.

Employer identification number 69-0000003

		Yes	No
1	At any time during the tax year, were there any transfers between the partnership and its partners subject to the disclosure requirements of Regulations section 1.707-8?		٧
2	Do the amounts reported on Schedule M-3, Part II, lines 7 or 8, column (d), reflect allocations to this partnership from another partnership of income, gain, loss, deduction, or credit that are disproportionate to this partnership's		
	share of capital in such partnership or its ratio for sharing other items of such partnership?		٧
3	At any time during the tax year, did the partnership sell, exchange, or transfer any interest in an intangible asset to		
	a related person as defined in sections 267(b) and 707(b)(1)?		~
4	At any time during the tax year, did the partnership acquire any interest in an intangible asset from a related		
	person as defined in sections 267(b) and 707(b)(1)?		~
5	At any time during the tax year, did the partnership make any change in accounting principle for financial		
	accounting purposes? See instructions for a definition of change in accounting principle		~
6	At any time during the tax year, did the partnership make any change in a method of accounting for U.S. income		
	tax purposes?		>

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

Cat. No. 49945S

Schedule C (Form 1065) (Rev. 12-2011)

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

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

Department of the Treasury Internal Revenue Service

► Attach to Form 1065 or Form 1065-B. ▶ Information about Schedule M-3 (Form 1065) and its instructions is at www.irs.gov/form1065.

OMB No. 1545-0099

Name o	f partnership				Employ	er identif	ication number		
Carlto	n Asset Management, LP					69-00	00003		
This S	Schedule M-3 is being filed beca	ause (check all that apply):							
Α	☐ The amount of the partnersh	ip's total assets at the end of tl	he tax y	ear is equal to \$10 millio	n or more.				
В	The amount of the partnership's adjusted total assets for the tax year is equal to \$10 million or more. If box B is checked, enter the amount of adjusted total assets for the tax year 414,477,983 .								
С	The amount of total receipts for the tax year is equal to \$35 million or more. If box C is checked, enter the total return the tax year 410,686,302 .								
D	An entity that is a reportable percent or more in the partner			n interest of 50					
	Name of Reportable B						tage Owned or		
	Name of Reportable 1	inity i ditilo	'	Jenning Ivamber		emed (	-		
E	☐ Voluntary Filer.								
Part		and Net Income (Loss) Re	conci	liation					
1a	Did the partnership file SEC For				nis tax veai	?			
	Yes. Skip lines 1b and 1c an		•	•	-				
	No. Go to line 1b. See instru			•					
b	Did the partnership prepare a ce	·		· · ·					
_	✓ Yes. Skip line 1c and complete			· ·	-				
	□ <b>No.</b> Go to line 1c.	этэээ <u>-</u> ээд							
С	Did the partnership prepare a no	on-tax-hasis income statement	for tha	t period?					
•	☐ <b>Yes.</b> Complete lines 2 through								
	□ <b>No.</b> Skip lines 2 through 3b a				records or	n line 4:	a		
2	Enter the income statement peri					2012			
<u>-</u> За	Has the partnership's income st	· · · —					_		
Ju	☐ <b>Yes.</b> (If "Yes," attach a state								
	✓ No.		.0	natou.)					
b	Has the partnership's income star	tement been restated for any of	the five	income statement period	s preceding	the pe	riod on line 2?		
-	☐ <b>Yes.</b> (If "Yes," attach a state				o p. 000a	,e pe			
	☑ No.			,					
4a	Worldwide consolidated net inco	ome (loss) from income stateme	ent sou	rce identified in Part I, lir	ne 1	4a	406,974,260		
b	Indicate accounting standard us	• ,		•			· · · · · · · · · · · · · · · · · · ·		
	1 🗹 GAAP 2 🗌	IFRS <b>3</b> □	704(b	o)					
	<b>4</b> ☐ Tax-basis <b>5</b> ☐	Other: (Specify) ►	,	,					
5a	Net income from nonincludible f	oreign entities (attach statemer	nt) .			5a (			
b	Net loss from nonincludible fore	=		er as a positive amount)	[	5b			
6a	Net income from nonincludible U	-				6a (	,		
b	Net loss from nonincludible U.S.	· · · · · · · · · · · · · · · · · · ·				6b			
7a	Net income (loss) of other foreig			-	-	7a			
b	Net income (loss) of other U.S. of	=			-	7b			
8	Adjustment to eliminations of								
	(attach statement)					8			
9	Adjustment to reconcile income	statement period to tax year (a	ıttach s	tatement)	[	9			
10	Other adjustments to reconcile t			•	-	10			
11	Net income (loss) per income	•		•	-	11	406,974,260		
=	<b>Note.</b> Part I, line 11, must equa			•	- L		, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
12	Enter the total amount (not just the				d or remove	d on the	e following lines:		
	( : ,:::	Total Assets		Total Liabiliti			9		
а	Included on Part I, line 4		275,256		3,589,6	05			
b	Removed on Part I, line 5								
C	Removed on Part I, line 6								
	Included on Part I, line 7	6,2	275,256		3,589,6	05			

Name of partnership Employer identification number

Carlton Asset Management, LP

69-000003

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

Income (Loss) Items  (a) (b) Temporary Difference Difference (Attach statements for lines 1 through 9)  I Income (loss) from equity method foreign corporations  Gross foreign dividends not previously taxed	
Income (loss) from equity method foreign corporations Gross foreign dividends not previously taxed Subpart F, QEF, and similar income inclusions Income (loss) from equity method U.S. corporations U.S. dividends Income (loss) from U.S. partnerships Income (loss) from foreign partnerships Income (loss) from other pass-through entities Interest income (attach Form 8916-A) Total accrual to cash adjustment Hedging transactions Cost of goods sold (attach Form 8916-A) Sale versus lease (for sellers and/or lessors) Section 481(a) adjustments	10,229,525
Gross foreign dividends not previously taxed	10,229,525
3 Subpart F, QEF, and similar income inclusions 4 Gross foreign distributions previously taxed 5 Income (loss) from equity method U.S. corporations 6 U.S. dividends 7 Income (loss) from U.S. partnerships 8 Income (loss) from foreign partnerships 9 Income (loss) from other pass-through entities 10 Items relating to reportable transactions (attach statement) 11 Interest income (attach Form 8916-A) 12 Total accrual to cash adjustment 13 Hedging transactions 14 Mark-to-market income (loss) 15 Cost of goods sold (attach Form 8916-A) 16 Sale versus lease (for sellers and/or lessors) 17 Section 481(a) adjustments	10,229,525
4 Gross foreign distributions previously taxed 5 Income (loss) from equity method U.S. corporations 6 U.S. dividends	10,229,525
5 Income (loss) from equity method U.S. corporations   6 U.S. dividends   7 Income (loss) from U.S. partnerships   8 Income (loss) from foreign partnerships   9 Income (loss) from other pass-through entities   10 Items relating to reportable transactions (attach statement)   11 Interest income (attach Form 8916-A)   12 Total accrual to cash adjustment   13 Hedging transactions   14 Mark-to-market income (loss)   15 Cost of goods sold (attach Form 8916-A)   16 Sale versus lease (for sellers and/or lessors)   17 Section 481(a) adjustments	10,229,525
6 U.S. dividends 7 Income (loss) from U.S. partnerships	10,229,525
7 Income (loss) from U.S. partnerships	10,229,525
8 Income (loss) from foreign partnerships	10,229,525
9 Income (loss) from other pass-through entities 10 Items relating to reportable transactions (attach statement) 11 Interest income (attach Form 8916-A) 12 Total accrual to cash adjustment	( )
9 Income (loss) from other pass-through entities 10 Items relating to reportable transactions (attach statement) 11 Interest income (attach Form 8916-A) 12 Total accrual to cash adjustment	
10       Items relating to reportable transactions (attach statement)         11       Interest income (attach Form 8916-A)         12       Total accrual to cash adjustment         13       Hedging transactions         14       Mark-to-market income (loss)         15       Cost of goods sold (attach Form 8916-A)         16       Sale versus lease (for sellers and/or lessors)         17       Section 481(a) adjustments	
11 Interest income (attach Form 8916-A)   12 Total accrual to cash adjustment   13 Hedging transactions   14 Mark-to-market income (loss)   15 Cost of goods sold (attach Form 8916-A)   16 Sale versus lease (for sellers and/or lessors)   17 Section 481(a) adjustments	
Total accrual to cash adjustment	( )
13 Hedging transactions	( )
14 Mark-to-market income (loss)	
15 Cost of goods sold (attach Form 8916-A) ( )  16 Sale versus lease (for sellers and/or lessors)  17 Section 481(a) adjustments	( )
16 Sale versus lease (for sellers and/or lessors)	
17 Section 481(a) adjustments	
19 Income recognition from long-term contracts	
20 Original issue discount and other imputed interest .	
21a 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	
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses	
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses .	
e Abandonment losses	
f Worthless stock losses (attach statement)	
g Other gain/loss on disposition of assets other than inventory	
22 Other income (loss) items with differences (attach statement)	
Total income (loss) items. Combine lines 1 through 22	10,229,525
24 Total expense/deduction items. (from Part III, line 31) (see instructions)	0,789) (563,011)
<b>25</b> Other items with no differences	396,746,957
<b>26 Reconciliation totals.</b> Combine lines 23 through 25 406,974,260 (56	0,789) 406,413,471

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

Name of partnership Employer identification number

Carlton Asset Management, LP

69-0000003

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

	heturn—Expense/Deduction items				
	Expense/Deduction Items	(a) Expense per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	<b>(d)</b> Deduction per Tax Return
1	State and local current income tax expense				
2	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				
6	Meals and entertainment	2,222		(1,111)	1,111
7	Fines and penalties	2,222		(1,111)	.,,,,,
8	Judgments, damages, awards, and similar costs				
9	Guaranteed payments			561,900	562,900
10	Pension and profit-sharing			301,700	302,700
11	Other post-retirement benefits				
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				
23a	Depletion—Oil & Gas				
b	Depletion—Other than Oil & Gas				
24	Intangible drilling & development costs				
25	Depreciation				
26	Bad debt expense				
27	Interest expense (attach Form 8916-A)				
28	Purchase versus lease (for purchasers and/				
	or lessees)				
29	Research and development costs				
30	Other expense/deduction items with differences (attach statement)				
31	Total expense/deduction items. Combine lines 1				
	through 30. Enter here and on Part II, line 24,				
	reporting positive amounts as negative and negative				
	amounts as positive	2,222		560,789	563,011
		,			1-3 (Form 1065) 2012

# SCHEDULE O (Form 8865)

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

Department of the Treasury Internal Revenue Service

Carlton Asset Management, LP

Name of transferor

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

OMB No. 1545-1668

2012

Filer's identifying number

69-0000003

Name of foreign partnership			EIN (if any)		Reference ID number (see instructions)				
Mai Tai Investments	<b>5</b>			69-000009	9	Mai69000003			
Part I Transf	ers Reportable	Under Section	on 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									
Stock, notes receivable and payable, and other securities									
Inventory									
Tangible property used in trade or business	08/08/2012	4	12,345,000	16,000,000			25		
Intangible property									
Other property									
Supplemental Info	rmation Requir			uctions):					
<b>(a)</b> Type of property	(b) Date of original transfer	(c) Date of disposition	(d) Manner of disposition	<b>(e)</b> Gain recognized by partnership	(f) Depreciation recapture recognized by partnership	Gain allocated to partner	(h) Depreciation recapture allocated to partner		
section	n 904(f)(5)(F)?		<u> </u>	gain recognition u		▶ □	Yes 🗹 No		
				<b>65.</b> Cat			ule O (Form 8865) 2012		

Version A, Cycle 2

					es; Color=Black; Checkmark=Cros <b>L5111</b> OMB No. 1545-009
Schedule K-1 Form 1065)	2012	Pa	Final K-1 Amended  Art III Partner's Share of Deductions, Cred	f Cur	rent Year Income,
Department of the Treasury Internal Revenue Service	For calendar year 2012, or tax year beginning $01/01$ , 2012	1 2	Ordinary business income (loss) 4,064,909  Net rental real estate income (loss)	15	Credits
Partner's Share of Inc	ending <u>12/31</u> , 20 <u>12</u> <b>ome, Deductions,</b>		, ,		
Credits, etc.	► See back of form and separate instructions.	3	Other net rental income (loss)	16	Foreign transactions
Part I Information A	bout the Partnership	4	Guaranteed payments		A Japan
A Partnership's employer identif	cation number 9-000003	5	Interest income		В 102,295
<b>B</b> Partnership's name, address,	city, state, and ZIP code		365		D 102,293
Carlton Asset Management, 1672 S Hoover Blvd	LP	6a	Ordinary dividends		D 102,295
San Francisco, CA 94101		6b	Qualified dividends		L 6,325
<b>c</b> IRS Center where partnership Ogden	filed return	7	Royalties		
D Check if this is a publicly	rraded partnership (PTP)	8	Net short-term capital gain (loss)		
Part II Information A  E Partner's identifying number	bout the Partner	9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) item
9	90-00-0001	9b	Collectibles (28%) gain (loss)		
${f F}$ Partner's name, address, city, $\Gamma axpayer~B1$	state, and ZIP code	9с	Unrecaptured section 1250 gain		
888 NW Peach Street San Francisco, CA 94101		10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
G General partner or LLC member-manager	X Limited partner or other LLC member	11	Other income (loss)		
H X Domestic partner	Foreign partner				C 11
I1 What type of entity is this part	ner? (see instructions) <u>Individual</u>				
·	an (IRA/SEP/Keogh/etc.), check here	12	Section 179 deduction	19	Distributions
J Partner's share of profit, loss,  Beginning	and capital (see instructions):  Ending	13	Other deductions		A 4,082,027
Profit	1 %			20	Other information
Loss Capital	1 %     1 %       1 %     1 %				
K Partner's share of liabilities at	year end:				A 365
Nonrecourse	5,400	14	Self-employment earnings (loss)		
Recourse					
L Partner's capital account anal	20.444	*Se	ee attached statement for add	dition	al information.
Beginning capital account .  Capital contributed during the					
Current year increase (decreas	4,069,743				
Withdrawals & distributions	4,082,743)	lu y			
Ending capital account	26,141	Use O			
Tax basis GA Other (explain)	AP Section 704(b) book	For IRS Use Only			

If "Yes," attach statement (see instructions)

Yes

Did the partner contribute property with a built-in gain or loss? X No

Version A, Cycle 2 Fillable Fields: Font=10pt Times; Color=Black; Checkmark=Cross

					Final K-1	Amended	K-1	OMB No. 1545-0099
-	nedule K-1		2012	Pa		ner's Share of	Cur	rent Year Income,
Fo	rm 1065)				Ded	uctions, Credi	ts, a	nd Other Items
	rtment of the Treasury nal Revenue Service	For calend	lar year 2012, or tax	1	Ordinary busine	ess income (loss)	15	Credits
nten	iai neveriue Service	year begin		Ļ	N	361,776,890		
			g 12/31, 20 12	2	ivet rental real 6	estate income (loss)		
	rtner's Share of I	•	·	3	Other net renta	al income (loss)	16	Foreign transactions
Cre	edits, etc.	► See back of form	n and separate instructions.					
G	Part I Information	About the Part	nership	4	Guaranteed pa	yments		A Japan
Α	Partnership's employer ide	ntification number						A Japan
		69-000003		5	Interest income	32,507		B 9,104,282
В	Partnership's name, addres		code	6a	Ordinary divide			
	lton Asset Managemer '8 S Hoover Blvd	nt, LP		"	Ordinary divide	, , , , , , , , , , , , , , , , , , ,		D 9,104,282
	Francisco, CA 94101			6b	Qualified divide	ends		1. 562.024
Jun	Transisco, Ciryiror	-						L 562,934
С	IRS Center where partners	hip filed return		7	Royalties			
	den				N			
D	Check if this is a public	cly traded partnership	(PTP)	8	Net short-term	capital gain (loss)		
B	art II Information	About the Part	ner	9a	Net long-term	capital gain (loss)	17	Alternative minimum tax (AMT) items
E E	Partner's identifying number			1	l l l l l l l l l l l l l l l l l l l	g ()		
_	· a. a.e. o .aoygao.	69-3000002		9b	Collectibles (28	3%) gain (loss)		
F	Partner's name, address, o	city, state, and ZIP cod	e					
ΑB	C Investments			9с	Unrecaptured s	section 1250 gain		
-	Oaks Drive			10	Net section 123	31 gain (loss)	18	Tax-exempt income and
Los	Angeles, CA 90052			'	Net Section 12	or gair (ioss)	"	nondeductible expenses
G	General partner or LLC	C X Limite	ed partner or other LLC	11	Other income (	(loss)	1	
	member-manager	memb	•					C 989
Н	X Domestic partner	☐ Forei	gn partner					C 909
			. D . 1.					
l1	What type of entity is this p	•	·				19	Distributions
12	If this partner is a retiremer (see instructions)	it plan (IRA/SEP/Keogr		12	Section 179 de	eduction		Biotributions
J	Partner's share of profit, los	ss, and capital (see ins	tructions):			38,567		1 262 200 426
	Beginning		Ending	13	Other deductio	ons		A 363,300,436
	Profit	89 %	89 %				20	Other information
	Loss	89 %	89 %					
	Capital	89 %	89 %					
K	Partner's share of liabilities	at year and						A 32,507
Λ.	Nonrecourse	•	480,600	14	Self-employme	ent earnings (loss)		
	Qualified nonrecourse finar		,					
	Recourse						ĺ	
L	Partner's capital account a	•	2 402 554	*Se	ee attached s	tatement for add	lition	al information.
	Beginning capital account		3,483,574					
	Current year increase (deer		362,207,091					
	Current year increase (decr Withdrawals & distributions		362,207,091 363,300,436)	<u>&gt;</u>				
	Ending capital account .		2,390,229	ő				
	ag sapital account .	· · · · ·	2,370,227	For IRS Use Only				
	Tax basis	GAAP X Sec	ction 704(b) book	S				
	Other (explain)			<u>_</u>				
				[ 윤				
М	Did the partner contribute		gain or loss?					
	Yes X If "Ves" attach statem	No						

Version A, Cycle 2 Fillable Fields: Font=10pt Times; Color=Black; Checkmark=Cross

				☐ Final K-1 ☐ Amended	K-1	OIVIB No. 1545-009
	nedule K-1 rm 1065)	2012	Pa	Partner's Share of Deductions, Credit	Cur	
Оера	ortment of the Treasury	For calendar year 2012, or tax	1	Ordinary business income (loss)	15	Credits
nterr	nal Revenue Service	year beginning $01/01$ , 2012		40,649,089		
_		ending $12/31$ , 20 $12$	2	Net rental real estate income (loss)		
	rtner's Share of Inco edits, etc. ▶	DME, Deductions, See back of form and separate instructions.	3	Other net rental income (loss)	16	Foreign transactions
L	Part I Information Ab	out the Partnership	4	Guaranteed payments		A Japan
Α	Partnership's employer identific	cation number		561,900		A Japan
		9-000003	5	Interest income		В 1,022,953
В	Partnership's name, address, c	ity, state, and ZIP code	6a	3,653 Ordinary dividends		, ,
	lton Asset Management, I '8 S Hoover Blvd	LP .	"	Ordinary dividends		D 1,022,953
	Francisco, CA 94101		6b	Qualified dividends		I (2.051
Jun	Truncisco, err 71101					L 63,251
С	IRS Center where partnership fi	iled return	7	Royalties		
	den		_	Not about town conital main (loca)		
D	☐ Check if this is a publicly tr	aded partnership (PTP)	8	Net short-term capital gain (loss)		
E	art II Information Ab	out the Partner	9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
E	Partner's identifying number					
	69	9-3000001	9b	Collectibles (28%) gain (loss)		
F	Partner's name, address, city, s	state, and ZIP code	9c	Unrecaptured section 1250 gain		
	Z Management		90	Offiecaptured Section 1230 gain		
	2 W Truman Ave rramento, CA 95813		10	Net section 1231 gain (loss)	18	Tax-exempt income and
	rumento, errysors					nondeductible expenses
G	General partner or LLC     member-manager	Limited partner or other LLC member	11	Other income (loss)		
						C 111
Н	X Domestic partner	☐ Foreign partner				
l1	What type of entity is this partner	er? (see instructions) Partnership				
12	•	an (IRA/SEP/Keogh/etc.), check here			19	Distributions
	(see instructions)		12	Section 179 deduction		
J	Partner's share of profit, loss, an Beginning	nd capital (see instructions):  Ending	13	4,333 Other deductions		A 40,820,274
	Profit	10 %	'`	Other deductions	20	Other information
	Loss	10 % 10 %				
	Capital	10 % 10 %				
						A 3,653
K	Partner's share of liabilities at ye		14	Colf amount and anyone (lane)		-,
	Nonrecourse		'*	Self-employment earnings (loss) A 41,210,989		
	Recourse	·				
				C 41,210,989		
L	Partner's capital account analys		*Se	e attached statement for add	itiona	al information.
	Beginning capital account .					
	Capital contributed during the y  Current year increase (decrease					
	Withdrawals & distributions	(a) \$ 40,697,426 (b) 40,820,274	<u> </u>			
	Ending capital account	\$ 268,565	5			
			For IRS Use Only			
	☐ Tax basis ☐ GAA	AP X Section 704(b) book	\S			
	Other (explain)		=			
			<sub>E</sub>			
М	Did the partner contribute prop	erty with a built-in gain or loss?				
	Yes No If "Yes," attach statement	(see instructions)				
	,	\ · - · - · - · - · - · - · - · · - ·				

### **TEST SCENARIO 4**

### FORMS REQUIRED:

1065, 4562, 4797, 8308, 1125-A, 8949, (F1065) Schedule D, (F1065) Sch K-1 (3), (F1065) Schedule B-1, (F1065) Schedule M-3, (F1065) Schedule C, 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

Other AMT Items Statement

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

**HEADER INFO:** 

Tax Period: Calendar Year 2011

Preparer Firm Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, OR 97201

Multiple Software Packages Used: Yes or No

Originator: EFIN: Self-select

Type: ERO

Practitioner PIN: None PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document

Return Type: 1065

Filer: EIN: 69-0000004

Name: Eastland 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

Date Signed: 04/11/2013

Preparer: Name: John Smith

PTIN: P00000004 Phone: 555-631-1212

Email Address: Anymail@email.com

**Date Prepared: 04/11/2013** 

## Self Employed: No

## **Details for attachments to Form**

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

Miscellaneous	36,522
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## **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 1125-A, Line 4)

Rent	50,000
Utilities	24,212

### **Inventoriable Costs Paid Schedule** (Form 1125-A, Line 5)

Professional Fees	19,360
Utilities	1,321,610
Miscellaneous	225,142
Depreciation	1,552,633

## Section 754 Election (Form 1065, Page 3, Schedule B, Line 12a)

Name of Partnership	Eastland 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 4, Schedule K, Line 13a)

Type of Contribution	50% Cash Contribution
Amount	3,000

## Other AMT Items Statement (Form 1065, Page 4, Schedule K, Line 17f)

Other AMT Items	(22,101)
-----------------	----------

# Schedule L Other Current Assets Statement (Form 1065, Page5, Schedule L, Line 6b and 6d)

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

# Schedule L Other Assets Statement (Form 1065, Page 5, 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 5, Schedule L, Line 17)

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

Form 1065 Department of the Treasury Internal Revenue Service				ndar year 2012, or tax year	turn of Partnersh beginning 01/01 ,2 65 and its separate instruction	- 2012, end	ling 1	2/31 , 20 1		OMB N	No. 1545-0099	
A Principal business activity Name of partnership							D Employer	identification num	ber			
Quarries Eastland Quarries						69	-000004					
<b>B</b> Prin	cipal produ	uct or service	Print	Number, street, and room	or suite no. If a P.O. box, see the	instruction	ons.			E Date bu	siness started	_
Crus	hed Sto	ne	or	2313 Jackson Ave	,					03	/29/2002	
C Bus	siness cod	de number	type.	City or town, state, and Z	IP code					F Total ass	sets (see the	_
	2122	10		Portland, OR 97208						instructio		
	2123	10		7						\$ 28,234,548		_
G H I J	Check a	r of Sched	method: ules K-1. /	(1) Cash (2	Final return (3)   Paration - also check (1) or (2)  Accrual (3)   On who was a partner at any on who who who who		specify)	►tax year ►	3		Amended return	n
Caut	ion. Inc	lude <b>only</b>	trade or b	ousiness income and ex	penses on lines 1a through	22 belo	w. See	the instructions	s for m	ore infor	mation.	
	1a	Gross red	eipts or	sales		1a	15	5,200,800				_
	b	Returns a	•		<u> </u>	1b		115,470				
	С	Balance.	Subtract	t line 1b from line 1a.					1c	1	5,085,330	
	2			d (attach Form 1125-/	4)			410	2		7,000,032	_
	3					-/			3		8.065,298	_
4	4	Gross profit. Subtract line 2 from line 1c							4			_
Income	5	-				-			5			_
၀	6		et farm profit (loss) (attach Schedule F (Form 1040))								37,400	_
<u>-</u>	7			s) (attach statement)					6 7		36,522	—
	8		•	, ,					8		8,151,220	_
 (S)	9						9		550,000	—		
(see the instructions for limitations)	10	Guaranteed payments to partners						10		330,000	—	
mita	11		Repairs and maintenance								3,120,512	—
for li	12	Bad debt		torialist					11 12		11,411	—
Suc	13	Rent							13		486,634	—
uctic	14	Taxes an				1			14		262,140	—
nstr	15	Interest .	a licerise						15		38,106	—
thei	16a		tion (if ro		562)	16a		1,552,633	13		30,100	—
see			•		A and elsewhere on return	16b		1,552,633	16c			
_	17	•		t deduct oil and gas		100		1,332,033	17		4E2 121	—
ű			-	etc			•		18		653,121	—
∺	18		•								53,721	—
Deductions	19			programs					19		287,416 1,314,204	—
ě	20 21			`	own in the far right colum	 ın for lin	 100 9 th	 Prough 20	20			—
<u> </u>	22					11 101 111	163 5 11	ilougii 20.	21 22		6,777,265	—
	22				tract line 21 from line 8 examined this return, including a		vina sob	dules and statem			1,381,955	—
Sig	n	knowled	lge and bel		mplete. Declaration of preparer (c				liability	company n		
Her	e.					\	04/	11/2013	pre	eparer shown l structions)?		
		Sig	gnature of o	general partner or limited liab	oility company member manager	_ ,	Date					
Paid	4	Print/Ty	pe prepare	r's name	Preparer's signature			Date	Check	⟨ ☐ if	PTIN	_
	parer	John S	mith					04/11/2013		employed	P0000004	Į.
	Only	Firm's n	ame 🕨	Electric Tax Filers Inc			-		Firm's	EIN►	69-0000098	_
<u></u>	: Offiny	Firm's a	ddress ►	1065 Efile Drive, Anyto	own, NV 89501				Phone	no. 5	55-631-5555	

Form 1065 (2012) Page **2** 

Sch	edule B	Other Information		
1		of entity is filing this return? Check the applicable box:	Yes	No
а		ic general partnership b Domestic limited partnership		
С		ic limited liability company  d   Domestic limited liability partnership		
е		partnership f □ Other ►		
2	an entity tre	e during the tax year, was any partner in the partnership a disregarded entity, a partnership (including eated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner),		
		ee or similar person?		~
3		of the tax year:		
а		eign or domestic corporation, partnership (including any entity treated as a partnership), trust, or granization, or any foreign government own, directly or indirectly, an interest of 50% or more in the		
	profit, loss,	or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach 8-1, Information on Partners Owning 50% or More of the Partnership		>
b		lividual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of		
		ship? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information		
		S Owning 50% or More of the Partnership	~	
4		of the tax year, did the partnership:		
а		ly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of led to vote of any foreign or domestic corporation? For rules of constructive ownership, see		
		s. If "Yes," complete (i) through (iv) below		
	III OU GOLIOTIC		<u> </u>	•
		(ii) Name of Corporation (iii) Employer Identification (iii) Country of Number (if any) Incorporation (iv) Perco	entage oting Sto	ock
		<del>// I COUIM F WIDOOC</del>	3	
		UNIV		
b	Own directl	y an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss,		
		n any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial		
	interest of a	a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below		~
		(i) Name of Entity Identification (iii) Type of (iv) Country of Percentage		ed in
		Number (if any) Entity Organization Profit, Los	ss, or Ca	apital
		- IIIIV/90 9049		
		JUIV KJ. KU K		
			Yes	No
5	Did the par	tnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under		
	section 623	31(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for		
	more detail			~
6	•	artnership satisfy all four of the following conditions?		
а		rship's total receipts for the tax year were less than \$250,000.		
b		rship's total assets at the end of the tax year were less than \$1 million.		
С	extensions)	K-1 are filed with the return and furnished to the partners on or before the due date (including for the partnership return.		
d		rship is not filing and is not required to file Schedule M-3		~
	or Item L or	e partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; in Schedule K-1.		
7		nership a publicly traded partnership as defined in section 469(k)(2)?		
8	modified so	tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms as to reduce the principal amount of the debt?		~
9		artnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide on any reportable transaction?		>
10	a financial a See the ins	during calendar year 2012, did the partnership have an interest in or a signature or other authority over account in a foreign country (such as a bank account, securities account, or other financial account)? structions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and		
	Financial A	ccounts. If "Yes." enter the name of the foreign_country. ▶		1

Form 1065 (2012) Page **3** 

Sche	edule B Other Information <i>(continued)</i>						
		Yes	No				
11	At any time 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, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions						
	·		<b>/</b>				
12a							
	See instructions for details regarding a section 754 election.						
b	Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		>				
С	Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions.		V				
13	Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly-owned by the partnership throughout the tax year)						
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		<b>&gt;</b>				
15	If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶						
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		V				
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶						
	Did you make any payments in 2012 that would require you to file Form(s) 1099? See instructions		<b>'</b>				
	If "Yes," did you or will you file required Form(s) 1099?		~				
19	Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶						
20	Enter the number of partners that are foreign governments under section 892. ▶						
Design	ation of Tax Matters Partner (see instructions)						
Enter b	elow the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:						
Name design							
entity,	MP is an name Phone number of TMP						
Addres							
TMP							

Form **1065** (2012)

Form 1065	(2012)			Page 4
Sched	ule K	Partners' Distributive Share Items		Total amount
	1	Ordinary business income (loss) (page 1, line 22)	1	1,381,955
	2	Net rental real estate income (loss) (attach Form 8825)	2	
	3a	Other gross rental income (loss)		
	b	Expenses from other rental activities (attach statement)  3b		
	С	Other net rental income (loss). Subtract line 3b from line 3a	3с	
ŝ	4	Guaranteed payments	4	
Ö	5	Interest income	5	14,225
Income (Loss)	6	Dividends: a Ordinary dividends	6a	
ц		<b>b</b> Qualified dividends 6b		
ŏ	7	Royalties	7	
<u>=</u>	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	2,300
	9a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a	(2,500)
	b	Collectibles (28%) gain (loss) 9b		, , ,
	С	Unrecaptured section 1250 gain (attach statement) 9c		
	10	Net section 1231 gain (loss) (attach Form 4797)	10	(56,500)
	11	Other income (loss) (see instructions) Type ▶	11	, , ,
<u> </u>	12	Section 179 deduction (attach Form 4562)	12	
Deductions	13a	Contributions	13a	3,000
댤	b	Investment interest expense	13b	5,555
ᅙ	C	Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
۵	d	Other deductions (see instructions) Type ▶	13d	303
Self- Employ- ment	14a	Net earnings (loss) from self-employment	14a	739,523
균	b	Gross farming or fishing income	14b	767,620
in in	C	Gross nonfarm income	14c	739,523
<u> </u>	15a	Low-income housing credit (section 42(j)(5))	15a	707/020
	b	Low-income housing credit (other)	15b	
Credits	C	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
Ģ	d	Other rental real estate credits (see instructions)  Type	15d	
Ō	e	Other rental credits (see instructions)  Type	15e	
	f	Other credits (see instructions)  Type	15f	
	16a	Name of country or IIS possession	101	
	b	Gross income from all sources	16b	
US	C	Gross income sourced at partner level	16c	
sactions		Foreign gross income sourced at partnership level	100	
aci	Ч	Passive category ► e General category ► f Other ►	16f	
_	_ ~	Deductions allocated and apportioned at partner level	101	
<u>.</u> 6	q	Interest expense   h Other	16h	
_	9	Deductions allocated and apportioned at partnership level to foreign source income	1011	
Foreign Trar	i	Passive category ► j General category ► k Other ►	16k	
ore	li	Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐ · · · · · · ·	161	
Ľ	m	Reduction in taxes available for credit (attach statement)	16m	
	n	Other foreign tax information (attach statement)	10111	
×	17a	Post-1986 depreciation adjustment	17a	(199,426)
Tag	b	Adjusted gain or loss	17b	(15,622)
e B 🖺	C	Depletion (other than oil and gas)	17c	619,783
nat nu ) It	d	Oil, gas, and geothermal properties—gross income	17d	017/100
Alternative Minimum Tax (AMT) Items	e	Oil, gas, and geothermal properties—gross income	17e	
₹ĒĒ	f	Other AMT items (attach statement)	17f	(22,101)
	18a	Tax-exempt interest income	18a	(22,101)
Other Information	b	Other tax-exempt income	18b	
ati	C	Nondeductible expenses	18c	
Ē	19a	Distributions of cash and marketable securities	19a	1,900,000
ıξο	b	Distributions of other property	19b	1,700,000
<u> </u>		Investment income	20a	14,225
þe	20a b		20a	14,220
ŏ	C	Investment expenses	200	

Form 1065 (2012) Page **5** 

Analy	Analysis of Net Income (Loss)										
1		. Combine Schedule							f		
	Schedule K, lines	12 through 13d, and	1161						1		1,336,480
2	Analysis by	(i) Corporate	(ii) Indiv	/idual	(iii) Indivi	dual	(iv) Partnersh	uin (v	) Exem	npt	(vi)
	partner type:	(i) Corporate	(activ	/e)	(passiv	e)	(IV) Faithersh	or	ganizat	ion	Nominee/Other
а	General partners			735,064							
b	Limited partners			601,416							
Sche	edule L Bala	ınce Sheets per E	ooks		Beginning	of tax	year		End	d of ta	x year
		Assets			(a)		(b)		(c)		(d)
1	Cash						375,120				1,530,820
<b>2</b> a	Trade notes and a	accounts receivable			1,140,16	5			1,353	,242	
b		or bad debts					1,140,165				1,353,242
3							1,372,320				1,207,920
4	U.S. government	=								_	
5	Tax-exempt secui									_	
6		ets (attach statemen	-			_	150,000			-	125,000
7a	•	or persons related to				_					
b	Mortgage and rea									-	
8		s (attach statement)			0.007.044				0.500	7.44	
9a	_	er depreciable asset	s	-	9,327,81	_	7 004 407		9,529	,741	0.007.444
b	Less accumulated			HO	1,426,314		7,901,497		7 040	2.7	8,006,441
10a	Depletable assets		5) LI	-	7,426,187	_	7 000 000		7,312	_	( 02/ 000
b	Less accumulated	•			426,187		7,000,000 747,000		3/5	,638	6,936,909
11 12a	Land (net of any a Intangible assets				7.024.214		747,000		7 024	214	
ıza b	Less accumulated	•			7,926,216		7,926,216		7,926	,210	7,926,216
13	Other assets (atta						387,000				411,000
14	Total assets	·				-	26,999,318			-	28,234,548
		es and Capital					20,777,010				20,234,340
15							1,000,000				1,200,000
16		oonds payable in less th	nan 1 year								
17		ilities (attach statem				н.	1,171,164				1,287,385
18		oans									
19a	Loans from partners	s (or persons related to	partners)								
b	Mortgages, notes, b	oonds payable in 1 yea	r or more				3,000,000				2,500,000
20	Other liabilities (at	ttach statement) .					7117				
21	Partners' capital a		I.V				21,828,154				23,247,163
22	Total liabilities and	d capital					26,999,318				28,234,548
Sche	edule M-1 Re	econciliation of In	come (L	oss) pe	r Books V	Vith I	ncome (Loss	) per R	eturn		
		ote. Schedule M-3 m		uired ins			· · · · · · · · · · · · · · · · · · ·				
1		per books					recorded on book			uded	
2		Schedule K, lines 1, 2, 3					dule K, lines 1 thro empt interest \$	-	emize).		
		and 11, not recorded (			"	un-ex	ciripi interest ¢	, 			
3	books this year (itemi	rments (other tha			7 [	)oduot	ions included o	n Schoo	lulo K	linos	
J							ugh 13d, and				
4	,	ed on books this ye					book income				
•		Schedule K, lines					iation \$				
	through 13d, and										
а	Depreciation \$				8 7	Add lin	es 6 and 7 .				
b	Travel and enterta	ainment \$					(loss) (Analys				
5	Add lines 1 through	gh 4			(		line 1). Subtract				
Sche	edule M-2 Ar	nalysis of Partner	s' Capita	Acco	unts						
1	_	ning of year		21,828,1	154 <b>6</b> [	Distribu	utions: <b>a</b> Cash				1,900,000
2	Capital contribute	ed: <b>a</b> Cash					<b>b</b> Prope	erty .			
		<b>b</b> Property .			7 (	Other o	decreases (item	nize): 			
3		per books	.	3,319,0	009						
4	Other increases (if			05.4.5			es 6 and 7 .				1,900,000
5	Add lines 1 through	gh 4	.	25,147,1	163 <b>9</b> E	salance	at end of year. Su	ptract line	ช trom li	ne 5	23,247,163

# Form **1125-A**

(December 2011)

Department of the Treasury
Internal Revenue Service

# **Cost of Goods Sold**

► Attach to Form 1120, 1120-C, 1120-F, 1120-S, 1065, and 1065-B.

OMB No. 1545-XXXX

Name			Employer identification number
Eastla	and Quarries		69-000004
1	Inventory at beginning of year	1	1,372,320
2	Purchases	2	1,512,263
3	Cost of labor	3	2,130,412
4	Additional section 263A costs (attach schedule)	4	74,212
5	Other costs (attach schedule)	5	3,118,745
6	<b>Total.</b> Add lines 1 through 5	6	8,207,952
7	Inventory at end of year	7	1,207.920
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or th appropriate line of your tax return (see instructions)	8	7,000,032
9a	Check all methods used for valuing closing inventory:  (i) ☐ Cost  (ii) ☐ Lower of cost or market  (iii) ☐ Other (Specify method used and attach explanation.) ▶		
b	Check if there was a writedown of subnormal goods		
С	Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form	970) .	•
d	If the LIFO inventory method was used for this tax year, enter amount of closing inventory computer under LIFO	d 9d	
е	If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?		🗹 Yes 🗌 No
f	Was there any change in determining quantities, cost, or valuations between opening and closing invaluation explanation	•	
For Pa	aperwork Reduction Act Notice, see separate instructions. Cat. No. 55988R		Form <b>1125-A</b> (12-201

Department of the Treasury

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

► See separate instructions.

► Attach to your tax return.

OMB No. 1545-0172 Attachment Sequence No. 179

Internal Revenue Service (99) Name(s) shown on return Business or activity to which this form relates Identifying number **Eastland Quarries** Quarries 69-000004 **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. 2 Threshold cost of section 179 property before reduction in limitation (see instructions) . . . 3 4 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing 5 (a) Description of property 6 (b) Cost (business use only) (c) Elected cost 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 9 **10** Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . . . . . . . . . . 10 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) 11 12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special depreciation allowance for qualified property (other than listed property) placed in service 14 182,157 15 **16** Other depreciation (including ACRS) . 16 Part III MACRS Depreciation (Do not include listed property.) (See instructions.) 17 17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . . . . . 1,300,700 18 If you are electing to group any assets placed in service during the tax year into one or more general 

Section B	Section B—Assets Placed in Service During 2012 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>b</b> 5-year property		55,260	5	HY	200 DB	11,052					
<b>c</b> 7-year property		322,560	7	HY	200 DB	46,094					
d 10-year property											
e 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						
Section C-	-Assets Place	ed in Service During	2012 Tax Ye	ar Using the Alt	ternative Depreciation	n System					
20a Class life					S/L						
			10		0.11						

Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System								
20a Class life				S/L				
<b>b</b> 12-year		12 yrs.		S/L				
c 40-year		40 yrs.	MM	S/L				
Part IV Summary (See instructions)								

Part IV Summary	(See instructions.)
-----------------	---------------------

21	Listed property. Enter amount from line 28	21	12,630
22	<b>Total.</b> 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 instructions .	22	1,552,633

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

Section A – Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)									
24a Do you have ev	24a Do you have evidence to support the business/investment use claimed?								
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recove period		(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special dep	reciation a	lowance for	or qualified listed	property placed in	n servic	e dı	uring		
the tax year	and used	more than	50% in a qualified	business use (see	instruc	tion	s) . <b>25</b>		
26 Property use	ed more tha	an 50% in a	qualified busines	s use:					
2012 Envoy	02/17/12	100 %	42,600	42,600	5	- 2	200 DB/HY	8,520	
2012 Honda Civ	01/01/12	100 %	20,550	20,550	5	- 2	200 DB/HY	4,110	
		%							
27 Property use	ed 50% or l	ess in a qu	alified business u	se:					
		%				9	3/L -		
		%				9	3/L-		
		%				6	6/L -		
28 Add amount	s in columr	n (h), lines 2	25 through 27. Ent	er here and on line	e 21, pa	ge 1	. 28	12,630	
29 Add amount	s in columr	n (i), line 26	. Enter here and o	n line 7, page 1 .				29	
-			Section P	Information on II	oo of Va	hia	loo		

### 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.

30	Total business/investment miles driven during the year (do not include commuting miles) .	<b>(</b> a Vehi		<b>(t</b> Vehic		(c Vehi		(c Vehic		<b>(∈</b> Vehi		( <b>f</b> Vehic	
	Total commuting miles driven during the year Total other personal (noncommuting) miles driven												
33	Total miles driven during the year. Add lines 30 through 32												
34	Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
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 **are 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	Yes	No
	your employees?	~	
38	Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners	~	
39	Do you treat all use of vehicles by employees as personal use?		>
40	Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	~	
41	Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		>
	Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.		

## Part VI Amortization

(a) Description of costs	(b) Date amortization begins	<b>(c)</b> Amortizable amount	(d) Code section	(e) Amortiza period percent	or	<b>(f)</b> Amortization for this year
42 Amortization of costs that beg	gins during your 20	12 tax year (see instruction	ns):			
Development	06/30/12	104,106	291		5	10,411
40 Association of a set at least least	b of our view 00	10 toxxxxx			40	42.512
43 Amortization of costs that beg	•				43	43,513
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report						441,924

Department of the Treasury Internal Revenue Service (99)

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.

▶ Information about Form 4797 and its separate instructions is at www.irs.gov/form4797.

OMB No. 1545-0184

Attachment Sequence No. 27

Identifying number

East	tland Quarries							69-000	0000	4
1	Enter the gross proceeds substitute statement) that						1099-S (or	1		
Pa	Sales or Exchan Than Casualty o							rsions	Fro	om Other
2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)		Gross price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or basis, pl improvemen expense of	us ts and	Sub	Gain or (loss) tract (f) from the m of (d) and (e)
Stor	ne Crusher	01/01/2010	06/30/2012		162,372	37,128	2	60,000	4	(60,500)
3	Gain, if any, from Form 4684							3		
4	Section 1231 gain from insta							4		
5	Section 1231 gain or (loss) f							5		4.000
6	Gain, if any, from line 32, from							6		(56,500)
7	Combine lines 2 through 6.	-						7		(56,500)
	Partnerships (except elecinstructions for Form 1065,									
	Individuals, partners, S co line 7 on line 11 below and losses, or they were recap Schedule D filed with your r	l skip lines 8 and 9 tured in an earlier	9. If line 7 is a gai year, enter the g	n and you gain from	did not h	ave any prior year s	ection 1231			
8	Nonrecaptured net section	1231 losses from p	rior years (see inst	tructions)				8		
9	Subtract line 8 from line 7. I	f zero or less, ente	r -0 If line 9 is ze	ro, enter th	ne gain fro	m line 7 on line 12 b	elow. If line			
	9 is more than zero, enter	the amount from I	ine 8 on line 12 b	elow and	enter the	gain from line 9 as	a long-term			
	capital gain on the Schedule							9		
Par										
10	Ordinary gains and losses n	ot included on lines	s 11 through 16 (ir	nclude prop	perty held	1 year or less):				
									,	,
11	Loss, if any, from line 7.							11		,
12	Gain, if any, from line 7 or a							12		07.400
13	•							13		37,400
14	Net gain or (loss) from Form							14		
15	Ordinary gain from installme		•					15		
16	Ordinary gain or (loss) from		s from Form 8824					16		27.400
17	Combine lines 10 through 1							17		37,400
18	For all except individual retu	•			ropriate lin	e of your return and	skip lines a			
	and b below. For individual	, ,								
а	If the loss on line 11 includes				•		•			
	of the loss from income-prod	0	•	, .	-	•		10-		
h	used as an employee on Sch- Redetermine the gain or (los	,	•					18a		
	ricacterrinic trie gain or (los	55, OTT III O TT EXCIU		y, on inte	. Ja. Liilei	nore and on rount to	0-0, III € 14	18b		4707 (2010)

Pa	Gain From Disposition of Property Unc (see instructions)	ler Se	ctions 1245, 12	50, 1252, 1254,	and 1255			
19	(a) Description of section 1245, 1250, 1252, 1254, or 125	5 prope	erty:		(b) Date acqui (mo., day, yr			ate sold (mo., day, yr.)
Α	Machinery & Equipment				01/01/2011	I	06	/01/2012
B	Machinery & Equipment				01/30/2011	ı	06	/30/2012
C						$\square$		
D		_						_
	These columns relate to the properties on lines 19A through 19D	). ▶	Property A	Property B	Property		Pro	operty D
20	Gross sales price (Note: See line 1 before completing.) .	20	70,000	13,000				
21	Cost or other basis plus expense of sale	21	82,000	9,000				
22	Depreciation (or depletion) allowed or allowable	22	44,000	5,400			4	-
23	Adjusted basis. Subtract line 22 from line 21	23	38,000	3,600				
24	Total gain. Subtract line 23 from line 20	24	32,000	9,400				
25	If section 1245 property:							
	Depreciation allowed or allowable from line 22	25a	44,000	5,400				
	Enter the <b>smaller</b> of line 24 or 25a	25b	32,000	5,400				
26	If section 1250 property: If straight line depreciation was used,							
_	enter -0- on line 26g, except for a corporation subject to section 291.	26a		_				
	Additional depreciation after 1975 (see instructions) .	20a		_				
	Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions)	26b						
С	Subtract line 26a from line 24. If residential rental property	00.					l	
	or line 24 is not more than line 26a, skip lines 26d and 26e	26c 26d				-		
	Additional depreciation after 1969 and before 1976 Enter the <b>smaller</b> of line 26c or 26d	26e				-		
f		26f				-		
	Add lines 26b, 26e, and 26f.	26g				-+		
27	If section 1252 property: Skip this section if you did not	Log						
	dispose of farmland or if this form is being completed for a						l	
	partnership (other than an electing large partnership).						l	
а	Soil, water, and land clearing expenses	27a						
	Line 27a multiplied by applicable percentage (see instructions)	27b						
c	Enter the <b>smaller</b> of line 24 or 27b	27c						
28	If section 1254 property:						İ	
а	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a						
b	Enter the <b>smaller</b> of line 24 or 28a	28b				$\dashv$		
29	If section 1255 property:					$\dashv$		
	Applicable percentage of payments excluded from						ı	
	income under section 126 (see instructions)	29a					l	
b	Enter the <b>smaller</b> of line 24 or 29a (see instructions) .	29b						
Sun	nmary of Part III Gains. Complete property colur	nns A	through D through	gh line 29b before	e going to line	30.		
							l	
30	Total gains for all properties. Add property columns A thro	-				30		41,400
31	Add property columns A through D, lines 25b, 26g, 27c, 2				<del>-</del>	31		37,400
32	Subtract line 31 from line 30. Enter the portion from casu	-			•		l	4.000
Par	other than casualty or theft on Form 4797, line 6  Recapture Amounts Under Sections 17					32 F00/		4,000
Par	Recapture Amounts Under Sections 17 (see instructions)	re and	1 280F(D)(2) Who	en Business Us	e Drops to :	<b>50</b> %	or L	ess
_					(a) Section 179	' ]		Section 30F(b)(2)
33	Section 179 expense deduction or depreciation allowable	in prior	years	33				
34	Recomputed depreciation (see instructions)	•	•					
35	Recapture amount. Subtract line 34 from line 33. See the	instruct	ions for where to rep	oort <b>35</b>				

# 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		Telephor	e number	Employer identification number
		(	)	
Number, street, and room or su	ite no. If a P.O. box, see instructions			
City or town, state, and ZIP coo	de			
Part I Transferor In interest)	nformation (Beneficial ow	ner of the partnership into	erest immediate	ely before the transfer of tha
Name				Identifying number
Number and street (including ap	ot. no.)			
City or town, state, and ZIP coo	de			
exchange is required to trea Statement by Transferor statement relating to the s	at a portion of the gain realized for: The transferor in a section is alle or exchange to his or her re	om the exchange as ordinary in 751(a) exchange is required useturn. See Instructions to Tran	ncome. For more of nder Regulations asferors for more of	The transferor in a section 751(a) letails, see Pub. 541, Partnerships. section 1.751-1(a)(3) to attach a details.
interest)				
Name				Identifying number
Number and street (including ap	ot. no.)			
City or town, state, and ZIP coo	de			
Part III Date of Sale	e or Exchange of Partner	ship Interest ► /	/	
Sign Here Only if You Are Filing This Form by Itself and Not With Form	Under penalties of perjury, I declar knowledge and belief, it is true, co	e that I have examined this return, i rrect, and complete.	ncluding accompanyi	ng attachments, and to the best of my
1065 or Form 1065-B	Signature of general partner of	r limited liability company member		Date
General Instruc	ctions 1. The protification	partnership receives written		File. Generally, file Form 8308 as

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

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) Page **2** 

**Note:** The transferor of the interest is required to notify the partnership of the exchange of the partnership interest unless, under section 6045, Form 1099-B is required to be filed.

Form 8308 must generally be prepared prior to the time it must be attached to the partnership return and sent to the IRS. This will allow the timely furnishing of Forms 8308 to the transferor and transferee.

## **Instructions to Transferors**

This form alerts transferors that they are required to treat a portion of the gain realized from a section 751(a) exchange as ordinary income. For more details, see Pub. 541.

Separate Statement Required by Transferor. The transferor is required by Regulations section 1.751-1(a)(3) to attach a statement to the transferor's income tax return for the tax year of the sale or exchange with the following information:

- 1. The date of the sale or exchange.
- **2.** The amount of any gain or loss attributable to the section 751 property.
- **3.** The amount of any gain or loss attributable to capital gain or loss on the sale of the partnership interest.

### **Instructions to Partnerships**

Section 751(a) Exchange. A section 751(a) exchange occurs when money or any property is exchanged for all or part of a partnership interest that is attributable to unrealized receivables or inventory items. Generally, any sale or exchange of a partnership interest (or any portion) at a time when the partnership has any unrealized receivables or inventory items is a section 751(a) exchange.

**Unrealized Receivables.** Unrealized receivables, to the extent not previously includible in income under the partnership's accounting method, are any rights to payment for:

- **1.** Goods delivered or to be delivered, to the extent that the payment would be treated as received for property other than a capital asset, and
  - 2. Services rendered or to be rendered.

Unrealized receivables also include the amount of gain that would be ordinary income if any of the following types of partnership property were sold on the date of the section 751(a) exchange:

- Mining property (section 617(f)(2)).
- Stock in an interest charge domestic international sales corporation (section 992(a)).
- Farm recapture property or farm land (section 1252(a)).

• Franchises, trademarks, or trade names (section 1253(a)).

- Oil, gas, or geothermal property (section 1254).
- Stock of a controlled foreign corporation (section 1248).
- Section 1245 property.
- Section 1245 recovery property.
- Section 1250 property.
- Market discount bonds (section 1278).
- Short-term governmental obligations (section 1283).
- Other short-term obligations (section 1283(c)).

**Inventory Items.** Inventory items are not just stock in trade of the partnership. They also include:

- Any properties that would be included in inventory if on hand at the end of the tax year or that are held primarily for sale to customers in the normal course of business.
- Any asset that is not a capital asset or is not treated as a capital asset.
- Any other property held by the partnership that would be considered inventory if held by the transferor partner.
- Any trade receivables of accrual method partnerships.

Tiered Partnerships. In determining whether partnership property is an unrealized receivable or an inventory item, the partnership is treated as owning its proportionate share of the property of any other partnership in which it is a partner. See section 751(f).

Penalty for Late Filing of Correct Form 8308. A penalty may be imposed for failing to file each Form 8308 when due, including extensions. The penalty may also be imposed for failing to include all required information on Form 8308 or for furnishing incorrect information. The penalty is based on when the partnership files a correct Form 8308. Generally, the penalty is:

- \$15 per Form 8308 if the partnership correctly files within 30 days of the due date.
- \$50 per Form 8308 if the partnership files more than 30 days after the due date or does not file correct Forms 8308.

If the partnership intentionally disregards the requirement to report correct information, the penalty per Form 8308 is increased to \$100.

The penalty will not apply to any failure that the partnership can show was due to reasonable cause and not willful neglect.

For more details, see sections 6721 and 6724.

Penalty for Failure To Furnish Correct Forms 8308 to Transferor and

Transferee. A penalty of \$50 may be imposed for each failure to furnish when due a copy of Form 8308 to either party to the exchange. The penalty may also be imposed for each failure to give the transferor or transferee all required information on each Form 8308 or for furnishing incorrect information. If the partnership intentionally disregards the requirement to report correct information, each \$50 penalty is increased to \$100. The penalty will not apply to any failure that the partnership can show was due to reasonable cause and not willful neglect. See sections 6722 and 6724 for more details

Partnership Address. Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the partnership has a P.O. box, show the box number instead.

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 . . . . 2 hr., 23 min.

Preparing and sending the form to the IRS . . . 2 hr., 32 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the tax form to this address. Instead, see When To File on page 1.

# 8949 Form

Department of the Treasury Internal Revenue Service

# **Sales and Other Dispositions of Capital Assets**

► Information about Form 8949 and its separate instructions is at www.irs.gov/form8949.

► File with your Schedule D to list your transactions for lines 1, 2, 3, 8, 9, and 10 of Schedule D.

OMB No. 1545-0074

Version B, Cycle 1

2012 Attachment Sequence No. 12A

Name(s) shown on return
Eastland Quarries

Social security number or taxpayer identification number 69-000004

Most brokers issue their own substitute statement instead of using Form 1099-B. They also may provide basis information (usually your cost) to you on the statement even if it is not reported to the IRS. Before you check Box A, B, or C below, determine whether you received any statement(s) and, if so, the transactions for which basis was reported to the IRS. Brokers are required to report basis to the IRS for most stock you bought in 2011 or later.

Short-Term. Transactions involving capital assets you held one year or less are short term. For long-term transactions, see page 2.

You *must* check Box A, B, *or* C below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

<ul><li>(A) Short-term transactions</li><li>(B) Short-term transactions</li><li>(C) Short-term transactions</li></ul>	reported on	Form(s) 1099	9-B showing bas				
1 (a) Description of property	(b) (c) Date solution	(c) Date sold or	(d) Proceeds	(e) Cost or other basis. See the <b>Note</b> below	If you enter an	f any, to gain or loss. amount in column (g), ode in column (f). parate instructions.	(h) Gain or (loss). Subtract column (e)
(Example: 100 sh. XYZ Co.)	(Mo., day, yr.)	disposed (Mo., day, yr.)	(sales price) (see instructions)	and see Column (e) in the separate instructions	(f) Code(s) from instructions	<b>(g)</b> Amount of adjustment	from column (d) and combine the result with column (g)
100 Shares ABC	04/09/2012	09/13/2011	5,000	2,700	p	OSe	2,300
			1				
			ZNI	У			
Г	ID	ΛE	<b>T</b> /	S			
				10			
<del></del> 0c	to	be	r 2	9 4	20	12	
2 Totals. Add the amounts in column	us (d), (e), (g), ar	nd (h) (subtract					
negative amounts). Enter each to Schedule D, line 1 (if Box A above above is checked), or line 3 (if Box 6)	tal here and in is checked), <b>li</b>	clude on your ne 2 (if Box B	5,000	2,700			2,300

**Note.** If you checked Box A above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See *Column* (g) in the separate instructions for how to figure the amount of the adjustment.

Page 2

Name(s) shown on return. (Name and SSN or taxpayer identification no. not required if shown on other side.) Eastland Quarries

Form 8949 (2012)

Social security number or taxpayer identification number 69-000004

Most brokers issue their own substitute statement instead of using Form 1099-B. They also may provide basis information (usually your cost) to you on the statement even if it is not reported to the IRS. Before you check Box A, B, or C below, determine whether you received any statement(s) and, if so, the transactions for which basis was reported to the IRS. Brokers are required to report basis to the IRS for most stock you bought in 2011 or later.

**Part II** Long-Term. Transactions involving capital assets you held more than one year are long term. For short-term transactions, see page 1.

You *must* check Box A, B, *or* C below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (A) Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS
- (B) Long-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS
- (C) Long-term transactions not reported to you on Form 1099-B

(o) Long term transactions	not reported	to you on i	энн 1000 Б				
(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the <b>Note</b> below and see <i>Column</i> (e) in the separate instructions	If you enter an enter a c	f any, to gain or loss. amount in column (g), ode in column (f). parate instructions.  (g)  Amount of adjustment	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
1 Acre Land	08/01/2006	01/10/2012	7,500	10,000			(2,500)
_F				D			
FOLI	es		19	Pul		056	25
			) lol				
			<del>////</del>	<b>y</b>			
	ND.	ΛE	T /	10	$\bigcirc$		
			1 /-	10			
	+0	<b>b</b> 6	M 0	0		40	
	LO	DE		<del>_</del> , -	<b>4U</b>		
4 Totals. Add the amounts in column negative amounts). Enter each total Schedule D, line 8 (if Box A above above is checked), or line 10 (if Box	here and includes the checked), <b>lin</b> e	de on your e 9 (if Box B	7,500	10,000			(2,500)

**Note.** If you checked Box A above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See *Column* (g) in the separate instructions for how to figure the amount of the adjustment.

# SCHEDULE B-1 (Form 1065)

(Rev. December 2011) Department of the Treasury Internal Revenue Service

# Information on Partners Owning 50% or More of the Partnership

▶ Attach to Form 1065. See instructions on back.

OMB No. 1545-0099

Name of partnership

Eastland Quarries

Employer identification number (EIN)

69-0000004

# Eastland Quarries 69-0000004 Part I Entities Owning 50% or More of the Partnership (Form 1065, Schedule B, Question 3a)

Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, tax-exempt organization, or any foreign government that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

# Part II Individuals or Estates Owning 50% or More of the Partnership (Form 1065, Schedule B, Question 3b)

Complete columns (i) through (iv) below for any individual or estate that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Maximum Percentage Owned in Profit, Loss, or Capital
Johnathan Teak	000-30-0003	US	55

## SCHEDULE C (Form 1065) (Rev. December 2011)

**Additional Information for Schedule M-3 Filers** 

► Attach to Form 1065. See separate instructions.

OMB No. 1545-0099

Department of the Treasury Internal Revenue Service Name of partnership Eastland Quarries

Employer identification number 69-0000004

		Yes	No
1	At any time during the tax year, were there any transfers between the partnership and its partners subject to the disclosure requirements of Regulations section 1.707-8?		V
2	Do the amounts reported on Schedule M-3, Part II, lines 7 or 8, column (d), reflect allocations to this partnership from another partnership of income, gain, loss, deduction, or credit that are disproportionate to this partnership's		
	share of capital in such partnership or its ratio for sharing other items of such partnership?		٧
3	At any time during the tax year, did the partnership sell, exchange, or transfer any interest in an intangible asset to		
	a related person as defined in sections 267(b) and 707(b)(1)?		~
	At any time during the tay year did the neutrovahin acquire any interest in an intensible asset from a valeted		
4	At any time during the tax year, did the partnership acquire any interest in an intangible asset from a related		
	person as defined in sections 267(b) and 707(b)(1)?		
_	At any time during the tay year did the partnership make any change in accounting principle for financial		
5	At any time during the tax year, did the partnership make any change in accounting principle for financial accounting purposes? See instructions for a definition of change in accounting principle		
	accounting purposes: See instructions for a definition of change in accounting principle		-
6	At any time during the tax year, did the partnership make any change in a method of accounting for U.S. income		
O	tax purposes?		
	ταν ραιρύσσο:		~

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

Cat. No. 49945S

Schedule C (Form 1065) (Rev. 12-2011)

# **SCHEDULE D** (Form 1065)

Name of partnership

**Eastland Quarries** 

# **Capital Gains and Losses**

OMB No. 1545-0099

Employer identification number

69-0000004

2012

Department of the Treasury Internal Revenue Service

► Attach to Form 1065 or Form 8865.

▶ Use Form 8949 to list your transactions for lines 1, 2, 3, 8, 9, and 10.

▶ Information about Schedule D (Form 1065) and its separate instructions is at www.irs.gov/form1065.

Part	Short-Term Capital Gains	and Losses – Assets	s Held One Year or I	_ess	
line 1,	ete Form 8949 before completing 2, or 3. This form may be easier to ete if you round off cents to whole dollars.	(d) Proceeds (sales price) from Form(s) 8949, Part I, line 2, column (d)	(e) Cost or other basis from Form(s) 8949, Part I, line 2, column (e)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
1	Short-term totals from all Forms 8949 with <b>box A</b> checked in <b>Part I</b>	5,000	2,700		2,300
2	Short-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part I</b>				
3	Short-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part I</b>				
4	Short-term capital gain from instal	llment sales from Form	6252, line 26 or 37	4	
5 6	Short-term capital gain or (loss) from Partnership's share of net short-to-capital gains (losses), from other partnership is share of net short-to-capital gains (losses), from other partnership is share of net short-to-capital gains (losses), from other partnership is share of net short-to-capital gains (losses), from other partnership is share of net short-to-capital gains (losses).	erm capital gain (loss),	including specially alloc		ses
	Net short-term capital gain or (I on Form 1065, Schedule K, line 8 Long-Term Capital Gains	or 11; or Form 8865, So	chedule K, line 8 or 11.	7	2,300
Compline 8,	ete Form 8949 before completing 9, or 10. This form may be easier to ete if you round off cents to whole dollars.	(d) Proceeds (sales price) from Form(s) 8949, Part II, line 4, column (d)	(e) Cost or other basis from Form(s) 8949, Part II, line 4, column (e)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 4, column (g)	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
8	Long-term totals from all Forms 8949 with <b>box A</b> checked in <b>Part II</b>	7,500	10,000		(2,500)
9	Long-term totals from all Forms 8949 with box B checked in Part II		- 00	004	
10	Long-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part II</b>	oper	22.	2072	
11	Long-term capital gain from instal	Iment sales from Form 6	6252, line 26 or 37	11	
12	Long-term capital gain or (loss) fro	om like-kind exchanges	from Form 8824	12	
13	Partnership's share of net long-te capital gains (losses), from other p				
14	Capital gain distributions (see inst	ructions)		14	
15	Net long-term capital gain or (lo on Form 1065, Schedule K, line 9a				(2,500)

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

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

► Attach to Form 1065 or Form 1065-B.

**Employer identification number** 

Department of the Treasury Internal Revenue Service

Name of partnership

▶ Information about Schedule M-3 (Form 1065) and its instructions is at www.irs.gov/form1065.

OMB No. 1545-0099

Eastla	nd Quarries				69-00	0003
This S	schedule M-3 is being filed beca	ause (check all that apply):				
Α	✓ The amount of the partnersh	ip's total assets at the end of t	he tax year is equal to \$10 mill	on or more.		
В	☑ The amount of the partnersh enter the amount of adjusted.		ne tax year is equal to \$10 millio 30,134,548 .	on or more. I	f box B	is checked,
С	☐ The amount of total receipts the tax year	for the tax year is equal to \$3	5 million or more. If box C is cl	necked, ente	r the to	otal receipts for
D	☐ An entity that is a reportabl		to the partnership owns or is on any day during the tax year			interest of 50
	Name of Reportable E		Identifying Number	Maximum F		age Owned or Owned
	_					
E	☐ Voluntary Filer.					
Part		and Net Income (Loss) Re				
1a	Did the partnership file SEC Form			•	?	
	Yes. Skip lines 1b and 1c an					
	No. Go to line 1b. See instru	· · · · · · · · · · · · · · · · · · ·				
b	Did the partnership prepare a ce			d?		
	✓ Yes. Skip line 1c and comple	ete lines 2 through 11 with resp	pect to that income statement.			
	No. Go to line 1c.					
С	Did the partnership prepare a no					
	Yes. Complete lines 2 through					
_	No. Skip lines 2 through 3b a					ì.
2	Enter the income statement peri				2012	_
3a	Has the partnership's income st		· · · · · · · · · · · · · · · · · · ·	e 2?		
	Yes. (If "Yes," attach a state	ment and the amount of each i	tem restated.)			
	No.		Al	-l	41	
b	Has the partnership's income state			as preceaing	tne pe	riod on line 2?
	<ul><li>Yes. (If "Yes," attach a state</li><li>✓ No.</li></ul>	ment and the amount of each i	tem restated.)			
-12	Worldwide consolidated net inco	omo (loss) from incomo statom	ant source identified in Part I. I	ino 1	4a	3,319,009
4a b	Indicate accounting standard us				<del>4</del> a	3,317,007
D	1 GAAP 2	IFRS 3	704(b)			
	4	Other: (Specify) ►	704(5)			
50	Net income from nonincludible f	· · · · · · · · · · · · · · · · · · ·	nt)		5a (	)
5a b	Net loss from nonincludible fore		-	-	5a ( 5b	
63	Net income from nonincludible U	=		_	6a (	<u> </u>
b	Net loss from nonincludible U.S.			<del>-</del>	6b	
7a	Net income (loss) of other foreig	•	•		ов 7а	
b	Net income (loss) of other U.S. of	,	•	_	7b	
8	Adjustment to eliminations of		-			
Ū	(attach statement)				8	
9	Adjustment to reconcile income			_	9	
10	Other adjustments to reconcile t	· · · · · · · · · · · · · · · · · · ·		<del>-</del>	10	
11	Net income (loss) per income	•	•	<del>-</del>	11	3,319,009
	<b>Note.</b> Part I, line 11, must equa					
12	Enter the total amount (not just the			ed or remove	d on the	following lines:
		Total Assets	Total Liabili			<b>G</b>
а	Included on Part I, line 4		234,548	4,987,38	35	
b	Removed on Part I, line 5					
С	Removed on Part I, line 6					
d	Included on Part I, line 7					

Name of partnership Employer identification number **Eastland Quarries** 

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

<b>25</b> Other items with no differences		11010111			т	
Income (loss) from equity method foreign corporations Gross foreign dividends not previously taxed Gross foreign distributions previously taxed Income (loss) from equity method U.S. corporations U.S. dividends Income (loss) from equity method U.S. corporations U.S. dividends Income (loss) from U.S. partnerships Income (loss) from U.S. partnerships Income (loss) from other pass-through entities Income recognition from long-term contracts Original issue discount and other imputed interest Original issue discount and other imputed interest Original issue discount and other imputed interest Original issue discount and other imputed interest Original issue discount and other imputed interest Original issue finom Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses Original cosses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses Original mounts from pass-through entities, abandonment losses, and worthless stock losses Original issue discount and other imputed interest Original issue discount and other imputed interest Original issue discount and other imputed interest Original issue form Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses Original issue discount and other imputed interest Original issue discount and other imputed interest Original issue discount and other imputed interest Original issue discount and other imputed interest Original issue discount and other imputed interest Original issue discount and other imputed interest Original issue discount and other imputed interest Original issue discount and other imputed i			Income (Loss) per	Temporary	Permanent	Income (Loss) per
2 Gross foreign dividends not previously taxed 3 Subpart F, QEF, and similar income inclusions 4 Gross foreign distributions previously taxed 5 Income (loss) from equity method U.S. corporations 6 U.S. dividends 7 Income (loss) from U.S. partnerships 8 Income (loss) from U.S. partnerships 9 Income (loss) from foreign partnerships 10 Items relating to reportable transactions (attach statement) 11 Interest income (attach Form 8916-A) 12 Total accrual to cash adjustment 13 Hedging transactions 14 Mark-to-market income (loss) 15 Cost of goods sold (attach Form 8916-A) 16 Sale versus lease (for sellers and/or lessors) 17 Section 481(a) adjustments 18 Unearned/deferred revenue 19 Income recognition from long-term contracts 20 Original issue discount and other imputed interest 21a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities 2 Gross capital Iosses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses 4 Abandonment losses, and worthless stock losses 5 Worthless stock losses (attach statement) 19 Other gain/loss or poposition of assets other than inventory and pass-through entities, abandonment losses, and worthless stock losses 5 Worthless stock losses (attach statement) 10 Other gain/loss or glosposition of assets other than inventory 10 Other gain/loss or seposition of assets other than inventory 11 Other gain/loss or seposition of assets other than inventory 12 Other income (loss) items. Combine lines 1 through 13 Other gain/loss or seposition of assets other than inventory 14 Other gain/loss or disposition of assets other than inventory 15 Other items with no differences (attach statement) 16 Other gain/loss or disposition of assets other than inventory 16 Other gain/loss or disposition of assets other than inventory 17 Other income (loss) items. Combine lines 1 through 18 Other gain/loss or disposition of assets other than inventory 18 Other gain/loss or		- ·				
3 Subpart F, QEF, and similar income inclusions 4 Gross foreign distributions previously taxed 5 Income (loss) from equity method U.S. corporations 6 U.S. dividends 6 Income (loss) from U.S. partnerships 7 Income (loss) from U.S. partnerships 8 Income (loss) from U.S. partnerships 9 Income (loss) from ther pass-through entities 11 Interest income (attach Form 8916-A) 12 Total accrual to cash adjustment 14 Mark-to-market income (loss) 15 Cost of goods sold (attach Form 8916-A) 16 Sale versus lease (for sellers and/or lessors) 17 Section 481(a) adjustments 19 Income recognition from long-term contracts 20 Original issue discount and other imputed interest 21a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities 2 Gross capital gains from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses 2 Abandonment losses, and worthless stock losses 3 Abandonment losses, and worthless stock losses 4 Abandonment losses, and worthless stock losses 5 Abandonment losses, and worthless stock losses 6 Worthless stock losses (attach statement) 7 Other jani/loss on disposition of assets other than inventory 2 Other income (loss) items with differences (attach statement) 3 Total income (loss) items with differences (attach statement) 3 Total income (loss) items. Combine lines 1 through 22 Company of the pass-through in titles, abandonment losses, and worthless stock losses 3 37,200		` ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' '				
4 Gross foreign distributions previously taxed 5 Income (loss) from equity method U.S. corporations 6 U.S. dividends 7 Income (loss) from U.S. partnerships 8 Income (loss) from Other pass-through entities 10 Items relating to reportable transactions (attach statement) 11 Interest income (attach Form 8916-A) 12 Total accrual to cash adjustment 13 Hedging transactions 14 Mark-to-market income (loss) 15 Cost of goods sold (attach Form 8916-A) 16 Sale versus lease (for sellers and/or lessors) 17 Section 481(a) adjustments 18 Unearned/deferred revenue 19 Income recognition from long-term contracts 20 Original issue discount and other imputed interest 21a 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, abandonment losses, and worthless stock losses 2 Abandonment losses, and worthless stock losses 4 Abandonment losses, and worthless stock losses 5 Abandonment losses, and worthless stock losses 6 Abandonment losses, and worthless stock losses 7 Worthless stock losses (attach statement) 7 Other jain/loss on salest other than inventory 7 Other income (loss) items. Combine lines 1 through 7 Other jain/loss on salest other than inventory 7 Other income (loss) items. Combine lines 1 through 7 Other jain/loss on salest other than inventory 8 Other jain/loss on salest other than inventory 9 Other jain/loss on salest other than inventory 9 Other jain/loss on salest other than inventory 9 Other jain/loss on salest other than inventory 9 Other jain/loss on salest other than inventory 9 Other jain/loss on salest other than inventory 9 Other jain/loss on salest other than inventory 9 Other jain/loss on salest other than inventory 9 Other jain/loss on salest other than inventory 9 Other jain/loss on salest other than inventory 9 Other jain/loss on salest other than inventory 9 Other jain/loss on salest other than inventory 9 Other jain/loss on sa	2					
Income (loss) from equity method U.S. corporations   U.S. dividends   U.	3	Subpart F, QEF, and similar income inclusions				
6 U.S. dividends 7 Income (loss) from U.S. partnerships 8 Income (loss) from ther pass-through entities 10 Items relating to reportable transactions (attach statement) 11 Interest income (attach Form 8916-A) 12 Total accrual to cash adjustment 13 Hedging transactions 14 Mark-to-market income (loss) 15 Cost of goods sold (attach Form 8916-A) 16 Sale versus lease (for sellers and/or lessors) 17 Section 481(a) adjustments 18 Unearned/deferred revenue 19 Income recognition from long-term contracts 20 Original issue discount and other imputed interest 21a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities 2 Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses 2 (2,500) 4 Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses 4 Abandonment losses, and worthless stock losses 5 (2,500) 6 Worthless stock losses (attach statement) 7 Other gain/loss on disposition of assets other than inventory 2 Other income (loss) items. Combine lines 1 through 22 3 Total income (loss) items. Combine lines 1 through 21 3 Total income (loss) items. Combine lines 1 through 22 4 Total expense/deduction items. (from Part III, line 31) (see instructions) 5 Other items with no differences 5 3,370,798 6 3,370,798 7 1,994,529 7 1,2,000 7 1,518,3370,798	4	Gross foreign distributions previously taxed				
7 Income (loss) from U.S. partnerships	5	Income (loss) from equity method U.S. corporations				
Income (loss) from foreign partnerships   Income (loss) from other pass-through entities   Income (loss) from other pass-through entities   Interest income (attach Form 8916-A)   Total accrual to cash adjustment   Interest income (attach Form 8916-A)   Interest income (loss)   Interest income	6	U.S. dividends				
Income (loss) from other pass-through entities   Items relating to reportable transactions (attach statement)   Interest income (attach Form 8916-A)	7	Income (loss) from U.S. partnerships				
Items relating to reportable transactions (attach statement)   Interest income (attach Form 8916-A)	8	Income (loss) from foreign partnerships				
Items relating to reportable transactions (attach statement)   Interest income (attach Form 8916-A)	9	Income (loss) from other pass-through entities				
11 Interest income (attach Form 8916-A)	10	· · · · · · · · · · · · · · · · · · ·				
Total accrual to cash adjustment	11	- · · · · · · · · · · · · · · · · · · ·				
Hedging transactions		· · · · · · · · · · · · · · · · · · ·				
14 Mark-to-market income (loss) 15 Cost of goods sold (attach Form 8916-A) 16 Sale versus lease (for sellers and/or lessors) 17 Section 481(a) adjustments 18 Unearned/deferred revenue 19 Income recognition from long-term contracts 20 Original issue discount and other imputed interest 21a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities 2 Gross capital gains from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses 2 d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses 2 d Abandonment losses 3 d Worthless stock losses 4 d Worthless stock losses (attach statement) 5 d Other giani/loss on disposition of assets other than inventory 2 d Other income (loss) items with differences (attach statement) 3 1) (see instructions) 2 Other items with no differences 3 3,370,798 3 3,370,798		•				
15 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 Gross capital gains 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  Abandonment losses, and worthless stock losses Worthless stock losses Abandonment losses (attach statement) Other gain/loss on disposition of assets other than inventory Other income (loss) items with differences (attach statement) Total income (loss) items. Combine lines 1 through 22 Total expense/deduction items. (from Part III, line 31) (see instructions) Other items with no differences  Other items with no differences  Other items with no differences  Other items with no differences  3,370,798  January (1,994,529)  12,000  2,2071,518  3,370,798		,	(		(	)
17 Section 481(a) adjustments		= ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' '	,			<u>,                                     </u>
18 Unearned/deferred revenue		· ·				
19 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  C Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses						
21a 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  c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses  d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses		= = = = = = = = = = = = = = = = = = = =				
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						
assets other than inventory and pass-through entities .  b Gross capital gains from Schedule D, excluding amounts from pass-through entities	21a					
b Gross capital gains from Schedule D, excluding amounts from pass-through entities			37 200			
amounts from pass-through entities	L		37,200			
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses	D					2 300
amounts from pass-through entities, abandonment losses, and worthless stock losses	_		-			2,300
losses, and worthless stock losses	С	•				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses .  e Abandonment losses						(2 500)
excluding amounts from pass-through entities, abandonment losses, and worthless stock losses  e Abandonment losses			-			(2,500)
abandonment losses, and worthless stock losses  e Abandonment losses	d					
e Abandonment losses						27 400
f Worthless stock losses (attach statement)	_	·	-			37,400
g Other gain/loss on disposition of assets other than inventory  22 Other income (loss) items with differences (attach statement)  23 Total income (loss) items. Combine lines 1 through 22	_		-			
22       Other income (loss) items. Combine lines 1 through 22		,	-			
23       Total income (loss) items. Combine lines 1 through 22	_	=				
22						
24       Total expense/deduction items. (from Part III, line 31) (see instructions)       (1,994,529)       12,000       (2,071,518)         25       Other items with no differences       3,370,798       3,370,798       3,370,798	23	` ,	07.000			07.000
31) (see instructions)			37,200			37,200
<b>25</b> Other items with no differences	24			,		,
		, ,		(1,994,529)	12,000	(2,071,518)
<b>26 Reconciliation totals.</b> Combine lines 23 through 25   3,319,009   (1,994,529)   12,000   1,336,480						3,370,798
	26	<b>Reconciliation totals.</b> Combine lines 23 through 25	3,319,009	(1,994,529)	12,000	1,336,480

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

69-0000004

Employer identification number Name of partnership

**Eastland Quarries** 69-000004 Part III

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

	heturn—Expense/Deduction Items				
	Expense/Deduction Items	(a) Expense per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	State and local current income tax expense				
2	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				
6	Meals and entertainment	24,000		(12,000)	12,000
7	Fines and penalties	21,000		(12/000)	12,000
8	Judgments, damages, awards, and similar costs				
9	Guaranteed payments				
10	Pension and profit-sharing				
11	Other post-retirement benefits				
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				
23a	Depletion—Oil & Gas				
b	Depletion—Other than Oil & Gas			506,885	506,885
24	Intangible drilling & development costs			333/333	
25	Depreciation	64,989	1,487,644		1,552,633
26	Bad debt expense		1,101,011		1,002,000
27	Interest expense (attach Form 8916-A)				
28	Purchase versus lease (for purchasers and/				
	or lessees)				
29	Research and development costs				
30	Other expense/deduction items with differences (attach statement)				
04	(attach statement)				
31	<b>Total expense/deduction items.</b> Combine lines 1 through 30. Enter here and on Part II, line 24,				
	reporting positive amounts as negative and negative				
	amounts as positive	00.000	1 004 520	(12.000)	2.074.540
		88,989	1,994,529	(12,000)	2,071,518
				Cahadula N	/L-3 (Form 1065) 2012

Page 3

Version A, Cycle 2 Fillable Fields: Font=10pt Times; Color=Black; Checkmark=Cross

					」Final K-1        Amended	K-1	ONB NO. 1545-009
	edule K-1 20 <b>12</b> m 1065)			Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
Depar	tment of the Treasury	For calend	dar year 2012, or tax	1	Ordinary business income (loss)	15	Credits
ntern	al Revenue Service	year begin	uning $01/01$ , 2012		310,940		
_			g 12/31, 20 12	2	Net rental real estate income (loss)		
	tner's Share of In dits, etc.	•	CTIONS, n and separate instructions.	3	Other net rental income (loss)	16	Foreign transactions
P	art I Information	About the Part	nership	4	Guaranteed payments		
Α	Partnership's employer iden			1			
•	Tarthoromp o omproyor raor	69-0000004		5	Interest income		
В	Partnership's name, addres		code	1	3,200		
	•	-,,,,		6a	Ordinary dividends		
	land Quarries 3 Jackson Ave						
	land, OR 97208			6b	Qualified dividends		
<b>C</b>	IRS Center where partnersh	ip filed return		7	Royalties		
Ogd D	Check if this is a public	ly traded partnership	(PTP)	8	Net short-term capital gain (loss)		
	·				517		
P	art II Information	About the Part	tner	9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
E	Partner's identifying number	r			(562)		A (44,871)
F	Partner's name, address, cir	000-00-0002	Δ	9b	Collectibles (28%) gain (loss)		B (3,515) C 139,451
Jose	ph Spruce	.y, state, and En cour		9с	Unrecaptured section 1250 gain		F (4,972)
5421 North 2100 South Portland, OR 97208			10	Net section 1231 gain (loss) (12,712)	18	Tax-exempt income and nondeductible expenses	
G	General partner or LLC member-manager	X Limite memb	ed partner or other LLC	11	Other income (loss)		
н	X Domestic partner	Foreiç	gn partner				
	What two of outity is this as	outnou? (oo o in otu rotior	\ Individual				
11	What type of entity is this partner? (see instructions) Individual  If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here					19	Distributions
12		t pian (IRA/SEP/Keogr	· —	12	Section 179 deduction		Distributions
J	Partner's share of profit, los		,	L			A 855,000
	Beginning	1	Ending	13	Other deductions		
	Profit	%	45 %			20	Other information
	Loss	%	45 %		A 675		
	Capital	%	45 %				
<b>V</b>	Darks and a basis of Balandia.	-4					A 3,200
K	Partner's share of liabilities a			14	Self-employment earnings (loss)		
	Nonrecourse			''	con employment carmings (1866)		
	Qualified nonrecourse finance Recourse						
	necourse	Ψ					
L	Partner's capital account ar			*Se	ee attached statement for add	litiona	al information.
-	Beginning capital account						
	Capital contributed during the	·					
	Current year increase (decre		746,777				
	Withdrawals & distributions		855,000)	<u> </u>			
	Ending capital account .	\$	10,461,224	se O			
	☐ Tay h == !=	CAAD V	ation 704/b) tt-	Ιž			
	Tax basis Other (explain)	GAAP 🗶 Sec	ction 704(b) book	For IRS Use Only			
				[ 윤			
M	Did the partner contribute p  Yes  X		gain or loss?				

If "Yes," attach statement (see instructions)

Version A, Cycle 2 Fillable Fields: Font=10pt Times; Color=Black; Checkmark=Cross

				Final K	-1 🔲 Ameno	led K-1	OMB No. 1545-0099
	edule K-1	<b>2012</b>	Pa	art III	Partner's Share	of Cur	rent Year Income,
For	rm 1065)				<b>Deductions, Cre</b>	dits, a	nd Other Items
	rtment of the Treasury nal Revenue Service	For calendar year 2012, or tax year beginning $01/01$ , 2012	1	Ordinary	business income (loss)	15	Credits
_		ending $12/31$ , 20 $12$	2	Net rent	al real estate income (los	s)	
	tner's Share of I edits, etc.	ncome, Deductions,  ► See back of form and separate instructions.	3	Other n	et rental income (loss)	16	Foreign transactions
1	Part I Information	About the Partnership	4	Guarant	eed payments	$\dashv$	
Α	Partnership's employer ide		1				
^	r artiferatilp a employer fac	69-000004	5	Interest	income		
В	Partnership's name, addre	ess, city, state, and ZIP code	1				
	•	,,,	6a	Ordinar	/ dividends		
	tland Quarries 3 Jackson Ave						
	tland, OR 97208		6b	Qualifie	d dividends		
			<b>-</b>	D#:-		_	
C	IRS Center where partners	hip filed return	7	Royaltie	S		
Ogd			-	Not obo	wt towns conital main (local)		
D	Check if this is a publi	cly traded partnership (PTP)	8	Net sno	rt-term capital gain (loss)		
ĪΡ	art II Information	About the Partner	9a	Net lond	g-term capital gain (loss)	17	Alternative minimum tax (AMT) items
E	Partner's identifying numb		1		,		
-	r artifer 3 identifying flamb	000-30-0003	9b	Collecti	oles (28%) gain (loss)		
F	Partner's name, address, o		1				
	athan Teack	,,	9с	Unreca	otured section 1250 gain		
	Adams Ave						
-	and, OR 97208		10	Net sec	tion 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
G	X General partner or LLC	C Limited partner or other LLC	11	Other in	come (loss)	_	
ŭ	member-manager	member					
Н	X Domestic partner	Foreign partner					
l1	What type of entity is this r	partner? (see instructions) Individual					
12	• • • • • • • • • • • • • • • • • • • •	nt plan (IRA/SEP/Keogh/etc.), check here				19	Distributions
			12	Section	179 deduction		
J	Partner's share of profit, lo	ss, and capital (see instructions):					
	Beginning	g Ending	13	Other d	eductions		
	Profit	55 %				20	Other information
	Loss	55 %					
	Capital	55 % 552 %					
K	Partner's share of liabilities	-	44	0-16		_	
	Nonrecourse		14	Seir-em	ployment earnings (loss)		
	Qualified nonrecourse final	- <u> </u>				_	
	Recourse	\$					
L	Partner's capital account a	analysis:	*Se	ee attac	hed statement for a	ddition	al information.
	Beginning capital account	\$12,005,484					
	Capital contributed during						
	Current year increase (deci	rease) . \$ 1,825,455					
	Withdrawals & distributions	. (	Ę				
	Ending capital account .	4	0				
	_	<u></u>	For IRS Use Only				
	Tax basis	GAAP X Section 704(b) book	S <sub>2</sub>				
	Other (explain)		=				
			E				
М	-	property with a built-in gain or loss?					
		No					
	If "Yes," attach statem	nent (see instructions)	1				

					Final K-	1	Amended	K-1	OMB	No. 1545-0099
	nedule K-1		2012		art III	Partner's	Share of	Cur	rent Year Inc	
Fo	rm 1065)					Deductio	ns, Credi	ts, a	nd Other Iten	ns
	ortment of the Treasury	For calenda	r year 2012, or tax	1	Ordinary	business inco	, ,	15	Credits	
iiteii	iai Nevenue Gervice	year beginni ending	· <del>· · · · · · · · · · · · · · · · · · </del>	2	Net renta	al real estate i	310,940			
Dai	rtner's Share of Ir			-	TTOC TOTAL	ai roui ootato i	noomo (loco)			
	edits, etc.	•	and separate instructions.	3	Other ne	et rental incon	ne (loss)	16	Foreign transaction	ns
	Part I Information	About the Partr	nership	4	Guarante	eed payments	3			
Α	Partnership's employer ider			<u> </u>						
В	Dortnorobin's name address	69-000004	odo	5	Interest i	income	3,201			
	Partnership's name, addres	s, city, state, and zir co	ode	6a	Ordinary	dividends	5,201			
	3 Jackson Ave									
	tland, OR 97208			6b	Qualified	d dividends				
С	IRS Center where partnersh	nip filed return		7	Royalties	S				
	den			8	Not obor	rt tarm canita	Lacin (loca)			
D	Check if this is a public	ly traded partnership (P	TP)	ľ	ivet shor	t-term capita	i gaiii (ioss)			
P	art II Information	About the Partr	ner	9a	Net long	-term capital	gain (loss)	17	Alternative minimun	n tax (AMT) items
E	Partner's identifying numbe	r					(563)			A (44,871)
F	Partner's name, address, ci	000-30-0001 ty, state, and ZIP code		9b	Collectib	oles (28%) gai	in (loss)		B (3,515)	C 139,451
	er Teak			9с	Unrecap	tured section	1250 gain			F (4,973)
	Washington Ave tland, OR 97208			10	Net sect	ion 1231 gain	(12,713)	18	Tax-exempt incom	
G	General partner or LLC		partner or other LLC	11	Other inc	come (loss)				
н	member-manager  X Domestic partner	membe	partner							
	What type of entity is this pe	artnar? (aaa inatrustians	\ Individual							
l1 l2	What type of entity is this partner is a retirement		· ———					19	Distributions	
-	(see instructions)			12	Section	179 deduction	n			
J	Partner's share of profit, los	s, and capital (see instr	uctions):							
	Beginning	1	Ending	13	Other de	eductions			Oth ! f	
	Profit	45 %	<u>%</u>					20	Other information	
	Loss Capital	45 %	<u>%</u> %				A 675			
	•									A 3,201
K	Partner's share of liabilities	=		14	Calf amor	alay was a mit a a we	sings (loss)			71 3,201
	Nonrecourse  Qualified nonrecourse finance			14	Seit-emp	oloyment earr	nings (ioss)			
	Recourse		_							
		· · · · • <u> </u>								
L	Partner's capital account ar	•		*Se	e attach	ned statem	ent for ado	litiona	al information.	
	Beginning capital account									
	Current year ingresses (deeps	he year \$	746,777							
	Current year increase (decre Withdrawals & distributions	ease) . \$	746,777 10,569,447)	_ ≥						
	Ending capital account .		10,309,447)	ő						
		Ψ		Jse						
	Tax basis	GAAP X Secti	on 704(b) book	ls L						
	Other (explain)		• •	For IRS Use Only						
				[ 윤						
М	Did the partner contribute p  Yes		ain or loss?							
	If "Yes," attach statement									

### **TEST SCENARIO 5**

# FORMS REQUIRED:

1065, 1125-A, 4562 (3), 4797, 6252 (2), 8825, (F1040) SCH F, (F1065) Schedule K-1 (4), (F1065) Schedule M-3, (F1065) Schedule C, Form 8454-PE

#### **ATTACHMENTS:**

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement
Other Income (Loss) Statement
Itemized Other Deductions 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 2012

Preparer Firm: Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, NV 89501

Multiple Software Packages Used: Yes or No

Originator: EFIN: Self-select

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

Signature Option: Binary Attachment 8453 Signature Document

Return Type: 1065

Filer: EIN: 69-0000005

Name: Shoebill Unlimited 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: <u>Anymail@email.com</u>

Date Signed: 04/15/2013

Preparer: Name: John Doe

PTIN: P0000005 Phone: 555-631-1212

 ${\bf Email\ Address:\ \underline{Anymail@email.com}}$ 

**Date Prepared: 04/15/2013** 

Self Employed: No

IRS PAYMENT: N/A

## **Details for attachments**

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

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

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

Type	Amount
Cancellation of Debt Income	\$478,206

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

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

Schedule L Other Current Assets Statement (Form 1065, Page 5, 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 5, 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				

Form Depar	10	65 the Treasury se Service		endar year 2012, or tax	Return of Partners year beginning 01/01 n 1065 and its separate instru	, 2012, ending	12/31 , 20 1		OMB No. 1545-0	0099
		iness activity		Name of partnership	·				D Employer identification	on number
Food Manufacture Shoebill Unlimited							69-00005			
<b>B</b> Prin	cipal prod	uct or service	Print	Number, street, and	room or suite no. If a P.O. box, see	the instructions.			E Date business sta	urted
Dairy	y Produ	cts	or	5551 Elliot Road	,				10/01/1968	3
C Bus	siness co	de number	type.	City or town, state, a	nd ZIP code				F Total assets (see th	——— 1е
311500 Salt Lake City, UT 84101								instructions)		
311300								\$ 71,419,05	i4	
G H	Check	J	method:	(1)	(2) Final return (3) Final return (3) Final return (2) Final return (3) Fi	Other (spec	ify) ►	ange	(5) Amended	d return
!				•	person who was a partner at ar	,			4	
_ <u>J</u>	Check	if Schedule	s C and N	M-3 are attached .	<del></del>				<u> </u>	. 🗸
Caut	ion. Inc				d expenses on lines 1a throug	gh 22 below. S	See the instruction:	s for n	nore information.	
	b	Returns a	•			1b				
	С	Balance.	Subtrac	t line 1b from line 1	1a			1c	47,291,08	8
	2			old (attach Form 11		D	-4-0	2	21,882,07	1
	3			tract line 2 from lin	3	25,409,01	7			
a)	4			(loss) from other pa	4	23,71	2			
Ĕ	5	-		oss) (attach Schedu	5	636,57	0			
Income	6			om Form 4797, Par	6		+			
므	7			ss) (attach stateme	7	478,20	)6			
	8	Other income (loss) (attach statement)  Total income (loss). Combine lines 3 through 7							26,547,50	
	9								804,72	
(see the instructions for limitations)	10			nents to partners .	9 10	33.1/.2				
mita	11			ntenance				11	17,23	9
for li	12	Bad debt		itoriarioo	X E			12	2,571,33	
Suc	13	Rent		1 J FK J				13	900,02	+-
ucti	14	Taxes an		60				14	44,44	
instr	15	Interest .	a nochise					15	912,64	
the	16a		· · tion (if re	equired, attach For	m 4562)	16a	6,226,647		712,04	+
ees)	b	•	•		25-A and elsewhere on return		6,064,407	16c	162,24	10
S	17	•		t deduct oil and g			2,00.,10,	17	102/24	-
o	18			, etc				18		+
Ę	19		•					19		+
p	20			(attach statement				20	8,961,48	0
Deductions	21				ts shown in the far right colu	umn for lines !	9 through 20 .	21	14,374,12	
_	22				Subtract line 21 from line 8			22	12,173,38	
					have examined this return, including					
Sign Here		knowled	dge and bel		nd complete. Declaration of prepare		eral partner or limited	liability M pr	company member m lay the IRS discuss this retureparer shown below (see	• ,
	-					• -	04/15/2013	in	structions)? Yes	No
					d liability company member manag	er <b>F</b> D	Date		1	
Paid	t	Print/Ty	pe prepare	r's name	Preparer's signature		Date	Chec	k 🗌 if PTIN	
	parer	John D	<b>o</b> e				04/15/2013	self-	employed P0000	00005
	Only	Firm's n	ame 🕨	Electric Tax Filers				Firm's	s EIN ► 69-0000	
	~··· <b>y</b>	Eirm'o o	ddroop -	1065 Ffile Drive I	Anytown NV 80501			Dhone	555-631-5	5555

Form 1065 (2012) Page **2** 

Sch	edule B Other Information	-							
1	What type of entity is filing this return? Check the applicable box:	Yes	No						
а	<ul><li>□ Domestic general partnership</li><li>b  □ Domestic limited partnership</li></ul>								
С									
е									
2	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?	,							
3	At the end of the tax year:								
а	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or								
u	tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the								
	profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		,						
b	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of								
	the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information								
	on Partners Owning 50% or More of the Partnership		~						
4	At the end of the tax year, did the partnership:								
а	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see								
	instructions. If "Yes," complete (i) through (iv) below		~						
		centage	-						
	(ii) Name of Corporation (iii) Employer Identification (iiii) Country of (iv) Perconversion (vi) Number (if any) Incorporation (viii) Country of (iv) Perconversion (viii) Country of (viii) Cou								
	<del>I OI I OOUIIIM I MIDOOO</del>								
	Our directly as interest of 000/ an area of the state of 500/ and are in the confit less.								
b	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial								
	interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below		~						
	(ii) Employer (iii) Type of (iv) Country of (v) N	/laximun							
	(i) Name of Entity Identification Number (if any) Entity Organization Profit, Lo								
	<u> </u>								
		Vac	Na						
5	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under	Yes	No						
	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		~						
6	Does the partnership satisfy all four of the following conditions?								
а	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 \$1 million.								
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.								
d	The partnership is not filing and is not required to file Schedule M-3		~						
	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 L on Schedule K-1.								
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?	<del>                                     </del>	~						
8	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?	~							
9	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		,						
10	At any time during calendar year 2012, 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, Report of Foreign Bank and								
	Financial Accounts. If "Yes." enter the name of the foreign country. ▶		1						

Form 1065 (2012) Page 3

Sch	edule B Other Information (continued)								
		Yes	No						
11	At any time 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, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		V						
12a	Is the partnership making, or had it previously made (and not revoked), a section 754 election?								
124	See instructions for details regarding a section 754 election.		<i>'</i>						
b	Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes,"								
-	attach a statement showing the computation and allocation of the basis adjustment. See instructions		~						
С	c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions.								
13	Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly-owned by the partnership throughout the tax year)								
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		_						
15									
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's								
	Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		~						
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶								
18a	Did you make any payments in 2012 that would require you to file Form(s) 1099? See instructions		~						
b	If "Yes," did you or will you file required Form(s) 1099?		~						
19	Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶								
20	Enter the number of partners that are foreign governments under section 892. ▶								
Design	ation of Tax Matters Partner (see instructions)								
Enter b	elow the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:								
Name of designated TMP Modern Modfile Non-05-0005									
entity, of TMI	representative Modernfilers Company of TMP 555-455-1212								
desigr	Address of designated 2525 N Loop File								
TMP	Melrose, AK 99502	100=							
	Form 1	1065	(2012)						

Form **1065** (2012)

Form 1065	(2012)			Page 4
Sched	ule 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
	3a	Other gross rental income (loss)		
	b	Expenses from other rental activities (attach statement)  3b		
	С	Other net rental income (loss). Subtract line 3b from line 3a	3с	
<b>(</b> S	4	Guaranteed payments	4	
ÖS	5	Interest income	5	1,771,604
Income (Loss)	6	Dividends: a Ordinary dividends	6a	
ne		b Qualified dividends 6b		
Ö	7	Royalties	7	2,550,000
<u>2</u>	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
	9a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a	
	b	Collectibles (28%) gain (loss)	- Ju	
	C	Unrecaptured section 1250 gain (attach statement) 9c		
	10	Net section 1231 gain (loss) (attach Form 4797)	10	237,975
	11	Other income (loss) (see instructions) Type ▶	11	2077770
- v	12	Section 179 deduction (attach Form 4562)	12	
Deductions	13a		13a	
cţi	b	Investment interest expense	13b	
ğ				
ě	C	Section 59(e)(2) expenditures: (1) Type ► (2) Amount ►	13c(2)	300
	d	Other deductions (see instructions) Type ►	13d 14a	2 200 724
Self- Employ- ment	14a	Net earnings (loss) from self-employment	$\overline{}$	3,300,721
	b	Gross farming or fishing income	14b	700,205
νшЕ	C	Gross nonfarm income	14c	3,300,721
	15a	Low-income housing credit (section 42(j)(5))	15a	
ts	b	Low-income housing credit (other)	15b	
<u>i</u>	C	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
Credits	d	Other rental real estate credits (see instructions)	15d	
	е	Other rental credits (see instructions)	15e	
	f	Other credits (see instructions) Type ►	15f	
	16a	Name of country or U.S. possession ▶		
S	b	Gross income from all sources	16b	
on	С	Gross income sourced at partner level	16c	
sactions		Foreign gross income sourced at partnership level		
sa	d	Passive category ► f Other ►	16f	
än		Deductions allocated and apportioned at partner level		
Ĕ	g	Interest expense ► h Other	16h	
gu		Deductions allocated and apportioned at partnership level to foreign source income		
Foreign Trar	i	Passive category ► j General category ► k Other ►	16k	
<u>P</u>	ı	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)		
Alternative Minimum Tax (AMT) Items	17a	Post-1986 depreciation adjustment	17a	800,000
e Ë ë	b	Adjusted gain or loss	17b	
ati Ite	С	Depletion (other than oil and gas)	17c	
E E C	d	Oil, gas, and geothermal properties—gross income	17d	
Z ii te	е	Oil, gas, and geothermal properties—deductions	17e	
₹Z₹	f	Other AMT items (attach statement)	17f	
	18a	Tax-exempt interest income	18a	
ţį	b	Other tax-exempt income	18b	
na.	С	Nondeductible expenses	18c	
)rr	19a	Distributions of cash and marketable securities	19a	
nfc	b	Distributions of other property	19b	
Other Information	20a	Investment income	20a	1,771,604
the	b	Investment expenses	20b	, ,,,,,,
Ö	C	Other items and amounts (attach statement)		

	065 (2012)										Page 5
Analy	sis of Net Incon										
1		. Combine Schedule 12 through 13d, and		through <sup>1</sup>		the res	ult, subtract the	sum of	1		17,762,463
2	Analysis by	TE timough rou, and	(ii) Indiv		(iii) Indiv	idual		60	Exen		
2	partner type:	(i) Corporate	(activ	I	(passiv		(iv) Partnershi	n 1	⊏xe⊓ anizat		(vi) Nominee/Other
а	General partners		· · · · · · · · · · · · · · · · · · ·		4,4	40,615					
b	Limited partners		8,8	381,232			4,440,6	16			
		nce Sheets per B			Beginnin	g of tax			En	d of ta	x year
		Assets			(a)		(b)	(c			(d)
1			1				700,440		_		25,330
2a	Trade notes and a	accounts receivable .			4,999,22	2		1	6,488	.999	·
b		or bad debts			809,11		4,190,111		1,288		15,200,777
3	Inventories				221,11		27,126,200		-,		18,204,529
4	U.S. government										
5	Tax-exempt secui	=					-				
6	•	ets (attach statemen					22,700				5,100,278
7a		(or persons related to									3/100/210
b	Mortgage and rea		partitions)				-				
8		s (attach statement)	· · ·				-				
9a		er depreciable asset			22,500,03	0		2	4,785	827	
b	Less accumulated				2,200,03	_	20,300,000		2,435		22,350,610
10a	Depletable assets				7,200,00		20,000,000		7		22/000/010
b	Less accumulated		<b>3</b> 41	<u> </u>	ч						
11	Land (net of any a	•		1			8,774,228				10,537,530
12a	Intangible assets	·					371117223				10/001/000
u	Less accumulated										
13	Other assets (atta										
14	Total assets	•					61,113,679				71,419,054
• •		es and Capital					0.11.101077				71,117,001
15							3,100,377				3,987,244
16		onds payable in less th									20,317,292
17		ilities (attach stateme					7,530,250				12,200,450
18		oans									
19a	Loans from partners	s (or persons related to	partners)								
b	Mortgages, notes, k	oonds payable in 1 yea	r or more				32,908,075				
20	Other liabilities (at	ttach statement)					71 17				
21	Partners' capital a	accounts	I.W				17,574,977				34,914,068
22	Total liabilities and	d capital					61,113,679				71,419,054
Scho	edule M-1 Re	econciliation of In	come (Lo	oss) per	Books \	With In	ncome (Loss)	per Ret	turn		_
		ote. Schedule M-3 m	<u> </u>	ired inste	ead of Sc	hedule	M-1 (see instru	ctions).			
1	Net income (loss)	per books					recorded on books	•		uded	
2	Income included on S	Schedule K, lines 1, 2, 3	с,				dule K, lines 1 thro		nize):		
		and 11, not recorded of			a	ı ax-ex	empt interest \$				
	books this year (itemi	ize):									
3		ments (other that					ions included o				
_	•						ugh 13d, and book income t				
4		ed on books this yea									
	through 13d, and	Schedule K, lines	1		а	Deprec	iation \$				
_	=	roi (iternize).									
a	Depreciation \$	ainment \$					es 6 and 7 .				
b	naverand enterta	анниенц Ф 					(loss) (Analys (line 1). Subtract				
5 Sob	Add lines 1 through	gh 4........ nalysis of Partners	e' Canital	Δοσοιιι		ட்ப் வர், 1	iii e i j. Gubii act			J .	
School 1		ning of year		17,574,97		Dietrib	utions: <b>a</b> Cash				
2	_	ed: <b>a</b> Cash		500,00	_	ווווטוע		rty			
4	Capital Continuate	<b>b</b> Property		300,00		Other o	decreases (item	ize). irà · ·	•		
3	Not income (less)	per books		16,839,09							-
4	Other increases (it	temize):		10,037,09			es 6 and 7 .				
5	Add lines 1 through	gh 4		34,914,06			at end of year. Sub				34,914,068
		<u> </u>									A CONTRACTOR OF THE PARTY OF TH

# Form 1125-A

(December 2011)

Department of the Treasury
Internal Revenue Service

Cost of Goods Sold

► Attach to Form 1120, 1120-C, 1120-F, 1120-S, 1065, and 1065-B.

OMB No. 1545-XXXX

Name		Emplo	yer identificat	tion numbe	er
Shoek	pill Unlimited		69-00000	05	
1	Inventory at beginning of year	1	27,12	26,200	
2	Purchases	2	12,96	50,400	
3	Cost of labor	3			
4	Additional section 263A costs (attach schedule)	4			
5	Other costs (attach schedule)	5			
6	<b>Total.</b> Add lines 1 through 5	6	40,08	36,600	
7	Inventory at end of year	7	18,20	04,529	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	21,88	32,071	
9a	Check all methods used for valuing closing inventory:  (i) ☐ Cost  (ii) ☐ Lower of cost or market  (iii) ☐ Other (Specify method used and attach explanation.) ▶				
b	Check if there was a writedown of subnormal goods			<b>▶</b> □	
С	Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)			<b>▶</b> □	
d	If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO	9d			
е	If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?		✓ Yes	☐ No	
f	Was there any change in determining quantities, cost, or valuations between opening and closing inventor attach explanation	•		✓ No	)
For Pa	perwork Reduction Act Notice, see separate instructions. Cat. No. 55988R		Form <b>112</b> 5	<b>5-A</b> (12-20	011)

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

► See separate instructions. ► Attach to your tax return. OMB No. 1545-0172

Attachment Sequence No. **179** 

Identifying number

Department of the Treasury Internal Revenue Service (99) Name(s) shown on return

Business or activity to which this form relates

Shoek	oill Unlimited		Dairy I	Products MGF				69-0000005
Part			rtain Property Und			mploto Dort I		
			ed property, comple			•		I
	Maximum amount (s		•				1	
			placed in service (se		•		2	
						ons)	3	
						r -0 If married filing	4	
	separately, see instr	-				=	_	
		scription of proper		(b) Cost (busi		(c) Elected cost	5	
6	(4) 500	onpaon or propor		(5) 5551 (545)	nooc doc only)	(6) 2.00000 0000		
	_isted property. Ente	er the amount	from line 29		7			
			property. Add amoun			17	8	
				,	•		9	
							10	
	-		smaller of business in				11	
				•	,	ne 11	12	
	•		to 2013. Add lines 9			13		
			w for listed property.					
						lude listed property.)	(See i	nstructions.)
14 3	Special depreciation	n allowance 1	for qualified property	/ (other than	listed prope	rty) placed in service		,
(	during the tax year (	see instructio	ns)				14	
15 F	Property subject to s	section 168(f)(	1) election				15	
	Other depreciation (i						16	
Part	III MACRS Dep	reciation (D	o not include listed	d property.)	(See instruct	ions.)	•	
				Section A				
						2	17	338,370
	-		assets placed in serv	ice during the	e tax year into	one or more general		
	asset accounts, che							
		—Assets Place (b) Month and year		g 2012 Tax Y	ear Using the	e General Depreciation	Syst	em
(a) Cl	assification of property	placed in service	(business/investment use only—see instructions)	(d) Recovery period	(e) Convention	n (f) Method	(g) D	epreciation deduction
19a	3-year property							
b	5-year property							
c	7-year property							
	10-year property							
	15-year property							
	20-year property			05		0.11	-	
	25-year property			25 yrs.		S/L		
	Residential rental			27.5 yrs.	MM	S/L	1	
	property			27.5 yrs.	MM	5/L	-	
	Nonresidential real			39 yrs.	MM	5/L		
	property	Assets Disco	d in Comics During	0010 Tau Va	MM	S/L		
20-		ASSETS PIACE	u in Service During	ZUIZ IAX YE	ar Using the	Alternative Depreciation	on Sys	siem
	Class life 12-year			12.000		5/L 5/L	-	
				12 yrs.	MM	5/L 5/L	-	
	40-year Summary (S	See instruction	ne )	40 yrs.	IVIIVI	J/L		
	Listed property. Ente		<u> </u>				21	
					20 in column	(g), and line 21. Enter		
			of your return. Partne				22	338,370
		-	ed in service during t	=	-	1		330,370
						and the second s		

Form	4562 (2012)														Page 🚄
	rt V Listed	Property (In				tain ot	her ve	ehicles,	certa	in cor	nputer	s, and	prope	erty us	ed for
		nment, recrea			,	-4			1 -	-l 4!					h- 04-
		or any vehicle t umns (a) throug	•		_			_		_	i lease	expens	e, comp	olete <b>on</b>	i <b>ly</b> 24a,
	Section A-	-Depreciation a	and Other Int	formati	on (Ca	ution:	See the	e instruc	ctions f	or limits	for pas	ssenger	autom	obiles.)	
248	a Do you have evid	lence to support the		stment us	e claime		Yes	No	<b>24b</b> If	"Yes," i	s the ev	idence v	vritten?	☐ Yes	☐ No
		(b) Date placed in service (c) Busine investme percen	ess/ (ent use Cost or o	d) ther basis		(e) for depreness/investuse only)	stment	(f) Recovery period		(g) ethod/ evention		(h) oreciation eduction	Ele	(i) ected sect cost	
25		ciation allowan	ce for qualifie			erty pla	ced in			25					
26		more than 50%					-000) 0.			25					
	1 1000119 0.000		%	<u> </u>		·-									
			%												
			%												
27	Property used	150% or less in		usiness	use:				10 "						
			%						S/L -				_		
			%						5/L -				-		
28	Add amounts	in column (h), li	, -	ıh 27 F	nter he	re and	on line	21 nac		28			-		
29		in column (i), lin											29		
		(),						e of Ve				-			
		n for vehicles use													ehicles
to yo	our employees, fi	rst answer the qu	uestions in Sec	ction C t	o see if	you me	et an e	xception	to com	pleting	this sec	tion for	those ve	hicles.	
30	Total business/investment miles driven during the year (do not include commuting miles) .			(a) Vehicle 1		<b>(b)</b> Vehicle 2			(c) Vehicle 3		(d) hicle 4		<b>e)</b> icle 5	<b>(f)</b> Vehicle 6	
31	Total commutin	g miles driven du	ring the year												
	Protal other personal (noncommuting) miles driven														
33	Total miles dr lines 30 through	riven during the gh 32	e year. Add												
34		icle available f	•	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
	_	-duty hours? .													
35		le used primaril er or related per													
36	Is another vehic	le available for pe													
		Section C—Q tions to determi ers or related pe	ne if you mee	t an exc	ception									who <b>ar</b>	e not
37	Do you mainta your employee	ain a written po es?	licy statemen	-		-		use of \	ehicles	s, includ	ding co	mmutin 	g, by 	Yes	No
38	•	ain a written po See the instructi	•			•			,			٠, .	, ,		
	Do you provid	Ill use of vehicle de more than fivicles, and retain	e vehicles to	your e	mploye	es, obt	tain info	 ormatio	n from	your e					
41		the requirement													
••	-	answer to 37, 3	_	-					-						
Pa	rt VI Amorti		, , ,		.,		1		·						
	(a) Description	of costs	(b) Date amortization	ation	Amoi	<b>(c)</b> tizable ar	mount	С	(d) ode secti	ion	(e) Amortiza period percent	ation I or	Amortiza	<b>(f)</b> tion for th	is year
42	Amortization of	of costs that beg	gins during yo	our 2012	2 tax ye	ar (see	instruc	ctions):							
			-												
43	Amortization of	of costs that be	l nan hefore vo	ur 2012	tay vo	ar						43			

44 Total. Add amounts in column (f). See the instructions for where to report .

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

OMB No. 1545-0172 Attachment

Department of the Treasury ► See separate instructions. ► Attach to your tax return. Sequence No. 179 Internal Revenue Service (99) Name(s) shown on return Business or activity to which this form relates Identifying number **Shoebill Unlimited** Dairy Products MFG 69-000005 **Election To Expense Certain Property Under Section 179** Part I Note: If you have any listed property, complete Part V before you complete Part I. 2 Threshold cost of section 179 property before reduction in limitation (see instructions) . . . 3 4 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing 5 (a) Description of property 6 (b) Cost (business use only) (c) Elected cost 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 9 10 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) 11 12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Pa	rt II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)	See in	structions.)				
14	Special depreciation allowance for qualified property (other than listed property) placed in service						
	during the tax year (see instructions)	14					
15	Property subject to section 168(f)(1) election	15					
16	Other depreciation (including ACRS)	16					
Part III MACRS Depreciation (Do not include listed property.) (See instructions.)							

#### 17 17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . . . . . 5,075,260 18 If you are electing to group any assets placed in service during the tax year into one or more general

Section B	-Assets Plac	ed in Service During	2012 Tax Y	ear Using the G	eneral 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>b</b> 5-year property		2,642,388	5	HY	200 DB	528,478				
c 7-year property										
d 10-year property										
e 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					
Section C – Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System										

			<u> </u>						
20a Class life					S/L				
<b>b</b> 12-year		2,935,176	12 yrs.		S/L		122,299		
<b>c</b> 40-year			40 yrs.	MM	S/L				
Part IV Summary (See instructions.)									
21 Listed property En	tor amount from	m line 20	•	•	•	04			

Га	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 instructions .	22	5,726,037
23	For assets shown above and placed in service during the current year, enter the		
	portion of the basis attributable to section 263A costs		

Cat. No. 12906N

Form	4562 (2012)														Page 🚄
	rt V Listed	Property (In				tain ot	her ve	ehicles,	certa	in cor	nputer	s, and	prope	erty us	ed for
		nment, recrea			,	-4			1 -	-l 4!					h- 04-
		or any vehicle t umns (a) throug	•		_			_		_	i lease	expens	e, comp	olete <b>on</b>	i <b>ly</b> 24a,
	Section A-	-Depreciation a	and Other Int	formati	on (Ca	ution:	See the	e instruc	ctions f	or limits	for pas	ssenger	autom	obiles.)	
248	a Do you have evid	lence to support the		stment us	e claime		Yes	No	<b>24b</b> If	"Yes," i	s the ev	idence v	vritten?	☐ Yes	☐ No
		(b) Date placed in service (c) Busine investme percen	ess/ (ent use Cost or o	d) ther basis		(e) for depreness/investuse only)	stment	(f) Recovery period		(g) ethod/ evention		(h) oreciation eduction	Ele	(i) ected sect cost	
25		ciation allowan	ce for qualifie			erty pla	ced in			25					
26		more than 50%					-000) 0.			25					
	1 1000119 0.000		%	<u> </u>		·-									
			%												
			%												
_27	Property used	150% or less in		usiness	use:				10 "						
			%						S/L -				_		
			%						5/L -				-		
28	Add amounts	in column (h), li	, -	ıh 27 F	nter he	re and	on line	21 nac		28			-		
29		in column (i), lin											29		
		(),						e of Ve				-			
		n for vehicles use													ehicles
to yo	our employees, fi	rst answer the qu	uestions in Sec	ction C t	o see if	you me	et an e	xception	to com	pleting	this sec	tion for	those ve	hicles.	
30	Total business/investment miles driven during the year (do not include commuting miles) .			(a) Vehicle 1		<b>(b)</b> Vehicle 2			(c) Vehicle 3		(d) hicle 4		<b>e)</b> icle 5	<b>(f)</b> Vehicle 6	
31	Total commutin	g miles driven du	ring the year												
	Protal other personal (noncommuting) miles driven														
33	Total miles dr lines 30 through	riven during the gh 32	e year. Add												
34		icle available f	•	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
	_	-duty hours? .													
35		le used primaril er or related per													
36	Is another vehic	le available for pe													
		Section C—Q tions to determi ers or related pe	ne if you mee	t an exc	ception									who <b>ar</b>	e not
37	Do you mainta your employee	ain a written po es?	licy statemen	-		-		use of \	ehicles	s, includ	ding co	mmutin 	g, by 	Yes	No
38	•	ain a written po See the instructi	•			•			,			٠, .	, ,		
	Do you provid	Ill use of vehicle de more than fivicles, and retain	e vehicles to	your e	mploye	es, obt	tain info	 ormatio	n from	your e					
41		the requirement													
••	-	answer to 37, 3	_	-					-						
Pa	rt VI Amorti		, , ,		.,		1		·						
	(a) Description	of costs	(b) Date amortization	ation	Amoi	<b>(c)</b> tizable ar	mount	С	(d) ode secti	ion	(e) Amortiza period percent	ation I or	Amortiza	<b>(f)</b> tion for th	is year
42	Amortization of	of costs that beg	gins during yo	our 2012	2 tax ye	ar (see	instruc	ctions):							
			-												
43	Amortization of	of costs that be	l nan hefore vo	ur 2012	tay vo	ar						43			

44 Total. Add amounts in column (f). See the instructions for where to report .

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

► See separate instructions.

OMB No. 1545-0172

Department of the Treasury Internal Revenue Service (99) Name(s) shown on return

► Attach to your tax return. Business or activity to which this form relates

Attachment Sequence No. **179** 

Identifying number

Shoebil	I Unlimited		Dairy I	Products MFG				69-0000005
Part I			ertain Property Und ed property, comple			moloto Part I		
4 14	<u>-</u>							Т
	aximum amount (s		,				1	
			y placed in service (se				2	
		-				ons)	3	<del>                                     </del>
							4	
						er -0 If married filing	l _	
	parately, see instr						5	
6	(a) Des	scription of prope	епу	(b) Cost (busi	ness use only)	(c) Elected cost		-
								-
7 l i	sted property. Ente	er the amoun	t from line 29		7			1
			property. Add amount			17	8	1
			naller of line 5 or line 8		* *		9	
							10	
	-		e smaller of business inc				11	
				•		ne 11	12	-
	•		n to 2013. Add lines 9			13	12	
			ow for listed property.			10		
						clude listed property.)	(S00 i	instructions )
						erty) placed in service	555	Tisti dottoris.)
-	uring the tax year (						14	22,361
			(1) election				15	
	ther depreciation (	` '	` '				16	
			<b>Do not</b> include listed	d property.)	(See instruct	tions.)	1	.1
		(-		Section A	(0000			
<b>17</b> M	ACRS deductions	for assets pla	aced in service in tax v		na before 201	2	17	131,190
						o one or more general		151,110
	set accounts, che			=				
						e General Depreciation	Syst	iem
(a) Clas	sification of property	(b) Month and year placed in	(business/investment use	(d) Recovery period	(e) Conventio	n (f) Method	(g) [	Depreciation deduction
19a	3-year property	service	only—see instructions) 6,120	3	NY	S/L		1,020
	5-year property		29,304	5	HY	200 DB		5,861
	7-year property		10,885	7	HY	200 DB		1,555
	0-year property		10,000	,		200 55		1,000
	5-year property							
	O-year property							
	5-year property			25 yrs.		S/L		
	esidential rental			27.5 yrs.	MM	5/L	+	
	roperty			27.5 yrs.	MM	5/L	+	
	onresidential real	2012-4	9,856	39 yrs.	MM	5/L	+	253
	roperty	2012-4	7,030	00 yr 5.	MM	5/L	+	255
		Accete Place	ad in Service During	2012 Tay Va		Alternative Depreciation	on Sv	
20a C	lass life	Assets I lac	ed in Service During	ZOIZ TAX TO	ar Osing the	S/L		3(6)11
	2-year			12 yrs.		5/L		
	D-year			40 yrs.	MM	5/L	+	
	V Summary (S	See instructi	ons )	10 yr 5.	141141	) OIL	1	
	sted property. Enter		<u> </u>				21	
				lines 19 and	20 in column	(g), and line 21. Enter		<del>                                     </del>
			of your return. Partne				22	162,240
		-	ced in service during t	=	-			132,240
		•	section 263A costs			23		

Form	4562 (2012)														Page 🚄
	rt V Listed	Property (In				tain ot	her ve	ehicles,	certa	in cor	nputer	s, and	prope	erty us	ed for
		nment, recrea			,	-4			1 -	-l 4!					h- 04-
		or any vehicle t umns (a) throug	•		_			_		_	i lease	expens	e, comp	olete <b>on</b>	i <b>ly</b> 24a,
	Section A-	-Depreciation a	and Other Int	formati	on (Ca	ution:	See the	e instruc	ctions f	or limits	for pas	ssenger	autom	obiles.)	
248	a Do you have evid	lence to support the		stment us	e claime		Yes	No	<b>24b</b> If	"Yes," i	s the ev	idence v	vritten?	☐ Yes	☐ No
		(b) Date placed in service (c) Busine investme percen	ess/ (ent use Cost or o	d) ther basis		(e) for depreness/investuse only)	stment	(f) Recovery period		(g) ethod/ evention		(h) oreciation eduction	Ele	(i) ected sect cost	
25		ciation allowan	ce for qualifie			erty pla	ced in			25					
26		more than 50%					-000) 0.			25					
	1 1000119 0.000		%	<u> </u>		·-									
			%												
			%												
_27	Property used	50% or less in		usiness	use:				10 "						
			%						S/L -				_		
			%						5/L -				-		
28	Add amounts	in column (h), li	, -	ıh 27 F	nter he	re and	on line	21 nac		28			-		
29		in column (i), lin											29		
		(),						e of Ve				-			
		n for vehicles use													ehicles
to yo	our employees, fi	rst answer the qu	uestions in Sec	ction C t	o see if	you me	et an e	xception	to com	pleting	this sec	tion for	those ve	hicles.	
30	Total business/investment miles driven during the year (do not include commuting miles) .			(a) Vehicle 1		<b>(b)</b> Vehicle 2			(c) Vehicle 3		(d) hicle 4		<b>e)</b> icle 5	<b>(f)</b> Vehicle 6	
31	Total commutin	g miles driven du	ring the year												
	Protal other personal (noncommuting) miles driven														
33	Total miles dr lines 30 through	riven during the gh 32	e year. Add												
34		icle available f	•	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
	_	-duty hours? .													
35		le used primaril er or related per													
36	Is another vehic	le available for pe													
		Section C—Q tions to determi ers or related pe	ne if you mee	t an exc	ception									who <b>ar</b>	e not
37	Do you mainta your employee	ain a written po es?	licy statemen	-		-		use of \	ehicles	s, includ	ding co	mmutin 	g, by 	Yes	No
38	•	ain a written po See the instructi	•			•			,			٠, .	, ,		
	Do you provid	Ill use of vehicle de more than fivicles, and retain	e vehicles to	your e	mploye	es, obt	tain info	 ormatio	n from	your e					
41		the requirement													
••	-	answer to 37, 3	_	-					-						
Pa	rt VI Amorti		, , ,		.,		1		·						
	(a) Description	of costs	(b) Date amortization	ation	Amoi	<b>(c)</b> tizable ar	mount	С	(d) ode secti	ion	(e) Amortiza period percent	ation I or	Amortiza	<b>(f)</b> tion for th	is year
42	Amortization of	of costs that beg	gins during yo	our 2012	2 tax ye	ar (see	instruc	ctions):							
			-												
43	Amortization of	of costs that be	l nan hefore vo	ur 2012	tay vo	ar						43			

44 Total. Add amounts in column (f). See the instructions for where to report .

Department of the Treasury Internal Revenue Service (99)

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.

▶ Information about Form 4797 and its separate instructions is at www.irs.gov/form4797.

OMB No. 1545-0184

Attachment Sequence No. 27

Identifying number

Sho	69-000	0005									
1	Enter the gross proceeds substitute statement) that						1				
Pa	Sales or Exchan Than Casualty of						sions	From Other			
2	(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 o basis, plu improvements expense of s	s and	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)			
	701				<del>/                                    </del>						
3	Gain, if any, from Form 468	4, line 39					3				
4	Section 1231 gain from inst	allment sales from	Form 6252, line 26	6 or 37			4	237,975			
5	Section 1231 gain or (loss) 1	rom like-kind exch	anges from Form	8824			5				
6	Gain, if any, from line 32, from	om other than casu	alty or theft				6				
7	Combine lines 2 through 6.	Enter the gain or (le	oss) here and on the	he appropriate line a	as follows:		7	237,975			
	Partnerships (except electinstructions for Form 1065,										
	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	Nonrecaptured net section	1231 losses from p	orior years (see ins	tructions)			8				
9	Subtract line 8 from line 7. I 9 is more than zero, enter	•									
	capital gain on the Schedule				•	•	9				
Pai							· · · · · ·				
10	Ordinary gains and losses n	ot included on line	s 11 through 16 (ir	nclude property held	1 year or less):						
								,			
11	Loss, if any, from line 7.						11 (				
12	Gain, if any, from line 7 or a						12	150 000			
13	Gain, if any, from line 31  Net gain or (loss) from Form						13 14	150,000			
14 15	Ordinary gain from installment						15				
16	Ordinary gain or (loss) from		•				16				
17	Combine lines 10 through 1						17	150,000			
18	For all except individual retu	urns, enter the amo			ne of your return and	skip lines a					
	and b below. For individual	•									
а	If the loss on line 11 includes										
	of the loss from income-pro	0 ,	•	,.	•		40				
h	used as an employee on Sch Redetermine the gain or (los		,.				18a				
<u> </u>	ricaeterrine the gain of (los	oo, on mie 17 exclu	ung une 1055, ii ali	iy, on mie roa. Enler	note and off Forth	U-TU, III IC 14	18b				

Pai	Gain From Disposition of Property Und (see instructions)	ler Se	ections 1245, 12	50, 1252, 12	254,	and 1255		
19	(a) Description of section 1245, 1250, 1252, 1254, or 125	5 prope	erty:			(b) Date acquered (mo., day, y		(c) Date sold (mo., day, yr.)
Α	See Form 6252					04/30/201	11	06/30/2012
B								
C				$-\Box$				
D								
	These columns relate to the properties on lines 19A through 19D	). <b>►</b>	Property A	Property	В	Property	C	Property D
20	Gross sales price (Note: See line 1 before completing.) .	20	3,150,000					
21	Cost or other basis plus expense of sale	21	600,000					
22	Depreciation (or depletion) allowed or allowable	22	150,000		4			40
23	Adjusted basis. Subtract line 22 from line 21	23	450,000					
04	Total gain Cultivast line 22 from line 20		2 700 000					
24	Total gain. Subtract line 23 from line 20	24	2,700,000					
25	If section 1245 property:	050	150,000				ſ	
	Depreciation allowed or allowable from line 22 Enter the <b>smaller</b> of line 24 or 25a	25a 25b	150,000					
26	If section 1250 property: If straight line depreciation was used.	200	130,000		-			_
20	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							
С	24 or line 26a (see instructions)	26b						
	or line 24 is not more than line 26a, skip lines 26d and 26e	26c						
d	Additional depreciation after 1969 and before 1976	26d						
е	Enter the <b>smaller</b> of line 26c or 26d	26e						
f	(	26f						
	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						
	Line 27a multiplied by applicable percentage (see instructions)	27b						
	Enter the <b>smaller</b> of line 24 or 27b	27c						
28	If section 1254 property:							
а	Intangible drilling and development costs, expenditures							
	for development of mines and other natural deposits,							
	mining exploration costs, and depletion (see	000						
h	instructions)	28a 28b						
29	If section 1255 property:	200						
	Applicable percentage of payments excluded from							
a	income under section 126 (see instructions)	29a						
b	Enter the <b>smaller</b> of line 24 or 29a (see instructions) .	29b						
	nmary of Part III Gains. Complete property colur	nns A	through D throug	h line 29b b	efore	going to lir	ne 30.	
30	Total gains for all properties. Add property columns A thro	-					30	2,700,000
31	Add property columns A through D, lines 25b, 26g, 27c, 2						31	150,000
32	Subtract line 31 from line 30. Enter the portion from casu	•		•				
Dov							32	
Par	Recapture Amounts Under Sections 17 (see instructions)	y and	a 280F(b)(2) Whe	en Busines:	s Us	e טrops to	50%	or Less
						(a) Section 179	on	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable	in prior	r vears	Γ	33			
34	Recomputed depreciation (see instructions)	iii piioi	, yours		34			

Recapture amount. Subtract line 34 from line 33. See the instructions for where to report

35

# Form **6252**

**Installment Sale Income** 

OMB No. 1545-0228 Attachment Sequence No. **79** 

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

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

► Instructions and more are at www.IRS.gov/form6252. Identifying number

Shoeb	ill Unlimited	(	59-0000005					
1	Description of property ► Equipment From Bottling Machine							
2a	Date acquired (mm/dd/yyyy) ► 04/30/2011 b Date sold (mm/dd/yyyy) ►		06/30/2012					
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 "I							
	complete Part III for the year of sale and the 2 years after the year of sale		☐ Yes ☐	No				
Part	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	3,150,000					
6	Mortgages, debts, and other liabilities the buyer assumed or took the							
	property subject to (see instructions) 6							
7	Subtract line 6 from line 5							
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) 12 150,000							
13	Add lines 10, 11, and 12	13	600,000					
14	Subtract line 13 from line 5. If zero or less, <b>do not</b> complete the rest of this form (see instructions)	14	2,550,000					
15	If the property described on line 1 above was your main home, enter the amount of your excluded	t l						
	gain (see instructions). Otherwise, enter -0	15						
16	Gross profit. Subtract line 15 from line 14	16	2,550,000					
17	Subtract line 13 from line 6. If zero or less, enter -0	17						
18	Contract price. Add line 7 and line 17	18	3,150,000					
Part			a payment or h	nave				
	certain debts you must treat as a payment on installment obligations.							
19	Gross profit percentage (expressed as a decimal amount). Divide line 16 by line 18. For years after	r						
	the year of sale, see instructions	19	.80	0952				
20	20 If this is the year of sale, enter the amount from line 17. Otherwise, enter -0							
21	Payments received during year (see instructions). Do not include interest, whether stated or unstated	21						
22	Add lines 20 and 21	22						
23	Payments received in prior years (see instructions). <b>Do not</b> include							
	interest, whether stated or unstated							
24	Installment sale income. Multiply line 22 by line 19							
25	Enter the part of line 24 that is ordinary income under the recapture rules (see instructions)							
26	Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions)							
Part	· · · · · · · · · · · · · · · · · · ·	paymen	t this tax year.					
27	Name, address, and taxpayer identifying number of related party							
28	Did the related party resell or dispose of the property ("second disposition") during this tax year?							
29	If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is		k the box that app	olies.				
а	The second disposition was more than 2 years after the first disposition (other than disposition).							
_	marketable securities). If this box is checked, enter the date of disposition (mm/dd/yyyy)							
b	The first disposition was a sale or exchange of stock to the issuing corporation.							
C	The second disposition was an involuntary conversion and the threat of conversion occurred a	fter the fir	st disposition.					
d	The second disposition occurred after the death of the original seller or buyer.	-1	6:416					
е	It can be established to the satisfaction of the IRS that tax avoidance was not a princip	ai purpo	se for either of	tne				
00	dispositions. If this box is checked, attach an explanation (see instructions).	احما	1					
30	Selling price of property sold by related party (see instructions)							
31	Enter contract price from line 18 for year of first sale							
32	Enter the <b>smaller</b> of line 30 or line 31							
33	Total payments received by the end of your 2012 tax year (see instructions)							
34	Subtract line 33 from line 32. If zero or less, enter -0							
35	Multiply line 34 by the gross profit percentage on line 19 for year of first sale							
36 37	Enter the part of line 35 that is ordinary income under the recapture rules (see instructions) Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions)							
.5/	SUBJECT THE SOUTHING SO FRIEDRIC REPORTED ON SCHOOLIE LEAT FORM 4/9/ 1994 INSTRUCTIONS	-5/	1					

# Form **6252**

Department of the Treasury

**Installment Sale Income** 

► Attach to your tax return.

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

► Instructions and more are at www.IRS.gov/form6252.

OMB No. 1545-0228

2012

Attachment

Internal Revenue Service Name(s) shown on return Identifying number **Shoebill Unlimited** 69-000005 Description of property ► **Pasteurizer** b Date sold (mm/dd/yyyy) ▶ Date acquired (mm/dd/yyyy) ▶ 2a 01/01/1984 06/30/2004 Was the property sold to a related party (see instructions) after May 14, 1980? If "No," skip line 4. 3 ☐ Yes 🗹 No Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," 4 complete Part III for the year of sale and the 2 years after the year of sale . . . . . . . . . . . . . . . . . ☐ Yes ☐ No Gross Profit and Contract Price. Complete this part for the year of sale only. Part I Selling price including mortgages and other debts. Do not include interest, whether stated or unstated Mortgages, debts, and other liabilities the buyer assumed or took the 6 property subject to (see instructions) . . . . . . . . . 6 Subtract line 6 from line 5 . . . . . . . . . . . . 7 7 8 Cost or other basis of property sold . . . . . . . . 8 9 Depreciation allowed or allowable . . . . . 9 10 Adjusted basis. Subtract line 9 from line 8 . . . 10 11 Commissions and other expenses of sale . . . . . . . . . 11 12 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 If the property described on line 1 above was your main home, enter the amount of your excluded 15 15 16 16 17 17 Contract price. Add line 7 and line 17 18 18 Part II **Installment Sale Income.** Complete this part for the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations. Gross profit percentage (expressed as a decimal amount). Divide line 16 by line 18. For years after 19 19 .42018 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 22 22 566,365 Payments received in prior years (see instructions). Do not include 23 interest, whether stated or unstated . . . . . . . . . . . . . . . . 23 1,000,001 237.975 24 24 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). 237.975 Related Party Installment Sale Income. Do not complete if you received the final payment this tax year. Part Name, address, and taxpayer identifying number of related party 27 28 Did the related party resell or dispose of the property ("second disposition") during this tax year? . . . . . 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. 29 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 (mm/dd/yyyy) . . . . . . . ☐ The first disposition was a sale or exchange of stock to the issuing corporation. b The second disposition was an involuntary conversion and the threat of conversion occurred after the first disposition. C The second disposition occurred after the death of the original seller or buyer. Ы ☐ It can be established to the satisfaction of the IRS that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation (see instructions). 30 Selling price of property sold by related party (see instructions) . . . . . . . . . . . . 30 31 31 32 32 33 Total payments received by the end of your 2012 tax year (see instructions) . . . . 33 34 34 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

Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions).

37

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.

(Rev. December 2010) Department of the Treasury OMB No. 1545-1186

Internal Revenue Service **Employer identification number** 

Shoe	bill Unlimited							69-000005	
1	Show the type and address of earental value and days with perso							er of days rentec	at fair
	Physical address of each proper state, ZIP code	ty-stre	et, city,	Type—Enter co see page 2 fo		Fair Rental [	Days	Personal Use I	Days
Α	1201 New File Ave			Commercia	ıl	365			
^	Modern, UT 84101								
В									
С									
D									
	L			ļ	Prop	erties			
	Rental Real Estate Income		Α	В		С			
2	Gross rents	2	7,381,514					D	
	Rental Real Estate Expenses								
3	Advertising	3	4,230						
4	Auto and travel	4	7,135						
5	Cleaning and maintenance	5							
6	Commissions	6	21,300						
7	Insurance	7	155,940						
8	Legal and other professional fees	8	38,342						
9	Interest	9	406,581						
10	Repairs	10	3,220						
11	Taxes	11	5,704						
12	Utilities	12	7,311				-		
	Wages and salaries	13	126,211		+ +		-		
	Depreciation (see instructions)	14	5,726,037				+ +		
15	Other (list) ►	1  -			+ +		+ +		
		15 –							
		1							
16	Total expenses for each property. Add lines 3 through 15	16	6,502,011						
17	Income or (Loss) from each property. Subtract line 16 from line 2	17	879,503						
18a	Total gross rents. Add gross rents		ne 2, columns A	through H			18a	7,381,514	
	Total expenses. Add total expens			_			18b (	6,502,011	)
19	Net gain (loss) from Form 4797, I estate activities	Part II, I 	ine 17, from the	disposition of pro	perty fro	om rental real	19	150,000	
20a	Net income (loss) from rental real this partnership or S corporation is						20a		
b	this partnership or S corporation is a partner or beneficiary (from Schedule K-1)								
	(1) Name		<b>(2)</b> Em	ployer identificatio	on numb	er 			
21	Net rental estate income (loss). C	ombine	lines 18a throug	h 20a. Enter the re			21	1,029,503	
	<ul> <li>Form 1065 or 1120S: Schedule</li> <li>Form 1065-B: Part I. line 4</li> </ul>	rx, iii ie	2, 01						

Form 8825 (12-2010) Page **2** 

Show the type and address of each property. For each rental real estate property listed, report the number rental value and days with personal use. See instructions.									per of days rented	at fair	
	Physical address of each proper state, ZIP code	ty—st	reet, city,	Type—Enter code 1-8; see below for list			Fair Rental Days		Personal Use Days		
Ε											
F											
G											
Н											
	Rental Real Estate Income		E		F		G		Н		
2	Gross rents	2									
	Rental Real Estate Expenses										
_	Advertising	3									
4	Auto and travel	4									
5 6	Cleaning and maintenance	5 6		-						_	
7	Insurance	7								-	
_	Legal and other professional fees	8								$\vdash$	
	Interest	9									
	Repairs	10									
	Taxes	11									
	Utilities	12									
13	Wages and salaries	13									
	Depreciation (see instructions)	14									
15	Other (list) ►										
		15									
		-									
16	Total avenues for each property									<del>                                     </del>	
10	Total expenses for each property.  Add lines 3 through 15	16									
17	Income or (Loss) from each	10								-	
• •	property. Subtract line 16 from line 2	17									

# Allowable Codes for Type of Property

- 1-Single Family Residence
- 2-Multi-Family Residence
- 3-Vacation or Short-Term Rental
- 4-Commercial
- 5-Land
- 6-Royalties
- 7-Self-Rental
- 8-Other (describe)

### SCHEDULE C (Form 1065) (Rev. December 2011)

**Additional Information for Schedule M-3 Filers** 

► Attach to Form 1065. See separate instructions.

OMB No. 1545-0099

Department of the Treasury Internal Revenue Service Name of partnership Shoebil Unlimited

Employer identification number 69-000005

		Yes	No		
1	At any time during the tax year, were there any transfers between the partnership and its partners subject to the disclosure requirements of Regulations section 1.707-8?		V		
2	Do the amounts reported on Schedule M-3, Part II, lines 7 or 8, column (d), reflect allocations to this partnership from another partnership of income, gain, loss, deduction, or credit that are disproportionate to this partnership's				
	share of capital in such partnership or its ratio for sharing other items of such partnership?				
3	At any time during the tax year, did the partnership sell, exchange, or transfer any interest in an intangible asset to				
	a related person as defined in sections 267(b) and 707(b)(1)?		~		
	At any time during the tay year did the neutrovahin acquire any interest in an intensible asset from a valeted				
4	At any time during the tax year, did the partnership acquire any interest in an intangible asset from a related				
	person as defined in sections 267(b) and 707(b)(1)?				
_	At any time during the tay year did the partnership make any change in accounting principle for financial				
5	At any time during the tax year, did the partnership make any change in accounting principle for financial accounting purposes? See instructions for a definition of change in accounting principle				
	accounting purposes: See instructions for a definition of change in accounting principle		-		
6	At any time during the tax year, did the partnership make any change in a method of accounting for U.S. income				
O	tax purposes?				
	ταν ραιρύσσο:		~		

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

Cat. No. 49945S

Schedule C (Form 1065) (Rev. 12-2011)

## SCHEDULE F (Form 1040)

Department of the Treasury Internal Revenue Service (99)

# **Profit or Loss From Farming**

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

Information about Schedule F and its separate instructions is at www.irs.gov/form1040.

OMB No. 1545-0074

2012
Attachment
Sequence No. 14

Name of proprietor Social security number (SSN) **Browns Cowns** A Principal crop or activity B Enter code from Part IV **C** Accounting method: D Employer ID number (EIN), (see instr) 6 | 9 | 0 | 0 | 0 | 0 | **Dairy Cattle** ► 1 1 2 1 2 0 0 2 ✓ Yes ∐ No E Did you "materially participate" in the operation of this business during 2012? If "No," see instructions for limit on passive losses **✓** No F Did you make any payments in 2012 that would require you to file Form(s) 1099 (see instructions) Yes □No **G** If "Yes," did you or will you file required Forms 1099? . . . . . Farm Income - Cash Method. Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 9.) Part I 135,960 Sales of livestock and other resale items (see instructions) . . . . . . 65,230 Cost or other basis of livestock or other items reported on line 1a. b 1h 70,730 Subtract line 1b from line 1a . . . . . . С 1c 2.630.180 2 Sales of livestock, produce, grains, and other products you raised 2 За Cooperative distributions (Form(s) 1099-PATR) . 11,450 3b Taxable amount 11,450 67.810 67,810 Agricultural program payments (see instructions) . 4b Taxable amount 4b 4a Commodity Credit Corporation (CCC) loans reported under election . 6,650 5a . . . . . 5a 5c Taxable amount b 6 Crop insurance proceeds and federal crop disaster payments (see instructions) 6a а Amount received in 2012 6b Taxable amount 6b If election to defer to 2013 is attached, check here ▶ 6d Amount deferred from 2011 6d C Custom hire (machine work) income . . . 12.580 7 1,420 8 Other income (see instructions) . . . . . . . . 8 9 Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the 2,800,820 accrual method, enter the amount from Part III, line 50 (see instructions) . . . . . . . . . . . . 9 Part II Farm Expenses - Cash and Accrual Method. Do not include personal or living expenses (see instructions). 23 Pension and profit-sharing plans 23 10 and truck expenses (see instructions). Also attach Form 4562 10 24 Rent or lease (see instructions): 49,640 96,600 Vehicles, machinery, equipment 24a 11 Chemicals . . . . . . . . 11 а 67,810 135,040 12 Conservation expenses (see instructions) 12 b Other (land, animals, etc.) 24b 13 Custom hire (machine work) . 13 80,550 25 Repairs and maintenance 25 58,750 26 Seeds and plants . . . 26 11,680 Depreciation and section 179 14 338,370 74,330 expense (see instructions) 14 27 Storage and warehousing 32,010 28 28 15 Employee benefit Supplies 55,040 other than on line 23 15 29 Taxes . 29 Utilities . . . . 16 508,140 30 30 85,080 16 Feed Fertilizers and lime 17 17<sup>1</sup> 65,440 31 Veterinary, breeding, and medicine 37,130 18 32 18 Freight and trucking . Other expenses (specify): 62,160 19 Gasoline, fuel, and oil . 19 33,620 20 Insurance (other than health) 20 32b 21 Interest: 32c C 31,750 Mortgage (paid to banks, etc.) 21a 32d Other . . . . . . . 21b 77,380 b 32e 22 32f 263,680 22 Labor hired (less employment credits) Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions . . . . . 2,164,250 33 33 34 636,670 If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36. 35 Check the box that describes your investment in this activity and see instructions for where to report your loss. 36 **b** Some investment is not at risk. All investment is at risk.

Page 2

Schedule F (Form 1040) 2012

	· · · · ·			
Part	Farm Income – Accrual Method (see instructions).			
37	Sales of livestock, produce, grains, and other products (see instructions)	37		
38a	Cooperative distributions (Form(s) 1099-PATR) . 28a 38b Taxable amount	38b		
39a	Agricultural program payments	39b		
40 a	Commodity Credit Corporation (CCC) loans:  CCC loans reported under election	40a		
b	CCC loans forfeited	40c		
41	Crop insurance proceeds	41		
42	Custom hire (machine work) income	42		
43	Other income (see instructions)	43		
44	Add amounts in the right column for lines 37 through 43 (lines 37, 38b, 39b, 40a, 40c, 41, 42, and 43)	44		
45	Inventory of livestock, produce, grains, and other products at beginning of the year. Do not include sales reported on Form 4797		ses	
46	Cost of livestock, produce, grains, and other products purchased during the year			
47	Add lines 45 and 46			
48	Inventory of livestock, produce, grains, and other products at end of year . 48			
49	Cost of livestock, produce, grains, and other products sold. Subtract line 48 from line 47*	49		
50	Gross income. Subtract line 49 from line 44. Enter the result here and on Part I, line 9	50		
T V/OII	lica the linit-livectock-price method or the term-price method of valuing inventory and the amount on line 18 ic is	araar ti	aan tha amailint an lii	nΔ

\*If you use the unit-livestock-price method or the farm-price method of valuing inventory and the amount on line 48 is larger than the amount on line 47, subtract line 47 from line 48. Enter the result on line 49. Add lines 44 and 49. Enter the total on line 50 and on Part I, line 9.

## Part IV Principal Agricultural Activity Codes



Do not file Schedule F (Form 1040) to report the following.

- Income from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural, or management for a fee or on a contract basis. Instead file Schedule C (Form 1040) or Schedule C-EZ (Form 1040).
- Income from breeding, raising, or caring for dogs, cats, or other pet animals. Instead file Schedule C (Form 1040) or Schedule C-EZ (Form 1040).
- Sales of livestock held for draft, breeding, sport, or dairy purposes. Instead file Form 4797.

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 line B.

#### **Crop Production**

111100 Oilseed and grain farming111210 Vegetable and melon farming

111200	با ≱ئىرىن⊏	20 d +40		forming
111300	Fruita	anu tre	e nui	farming

111400 Greenhouse, nursery, and floriculture production

111900 Other crop farming

### **Animal Production**

112111 Beef cattle ranching and farming

112112 Cattle feedlots

112120 Dairy cattle and milk production

112210 Hog and pig farming

112300 Poultry and egg production

112400 Sheep and goat farming

112510 Aquaculture

112900 Other animal production

### Forestry and Logging

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

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

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

► Attach to Form 1065 or Form 1065-B.

OMB No. 1545-0099

Department of the Treasury Internal Revenue Service

Name of partnership

▶ Information about Schedule M-3 (Form 1065) and its instructions is at www.irs.gov/form1065.

**Employer identification number** 

Shoek	oill Unlimited					69-000	00005	
This S	Schedule M-3 is being filed beca	ause (check all that apply):			•			
Α	✓ The amount of the partnersh	ip's total assets at the end of the	he tax y	ear is equal to \$10 mill	ion or more.			
В			-	•		f box B	is checked.	
	enter the amount of adjusted		-	419,054			,	
С	✓ The amount of total receipts	for the tax year is equal to \$35		n or more. If box C is cl	necked, ente	r the to	otal receipts for	
	the tax year 60,582,694							
D	☐ An entity that is a reportable	e entity partner with respect t	o the p	partnership owns or is	deemed to	own ar	interest of 50	
	percent or more in the partne	ership's capital, profit, or loss, o	on any	day during the tax year	of the partne	ership.		
	Name of Reportable B	Entity Partner	lo	dentifying Number	Maximum F	ercent	age Owned or	
					Dee	emed C	Owned	
E	☐ Voluntary Filer.			I' . I'				
Part		and Net Income (Loss) Re						
1a	Did the partnership file SEC Form			•	•	?		
	Yes. Skip lines 1b and 1c an	· · · · · · · · · · · · · · · · · · ·		· ·				
	✓ No. Go to line 1b. See instru	•		· · ·				
b	Did the partnership prepare a ce			·	a?			
	<ul><li>✓ Yes. Skip line 1c and comple</li><li>☐ No. Go to line 1c.</li></ul>	ete iines z trirough 11 with resp	bect to	that income statement.				
•	Did the partnership prepare a no	on tay basis income statement	for the	t pariod?				
С								
		<ul> <li>Yes. Complete lines 2 through 11 with respect to that income statement.</li> <li>No. Skip lines 2 through 3b and enter the partnership's net income (loss) per its books and records on line 4a.</li> </ul>						
2	Enter the income statement peri					2012	1.	
2 3a		· · · —				2012	_	
Ja		ncome statement been restated for the income statement period on line 2? The a statement and the amount of each item restated.)						
	✓ No.	ient and the amount of each item restated.)						
b	Has the partnership's income star	tement been restated for any of	the five	income statement perio	ds preceding	the pe	riod on line 2?	
_	Yes. (If "Yes," attach a state			· ·	9			
	☑ No.			,				
4a	Worldwide consolidated net inco	ome (loss) from income stateme	ent sou	rce identified in Part I, I	ine 1	4a	16,839,091	
b	Indicate accounting standard us	ed for line 4a (see instructions)	:					
	1 🗹 GAAP 2 🗌	IFRS 3 □	704(b	o)				
	4 ☐ Tax-basis 5 ☐	Other: (Specify) ►						
5a	Net income from nonincludible f	oreign entities (attach statemer	าt) .			5a (	)	
b	Net loss from nonincludible fore	=			_	5b		
6a	Net income from nonincludible U					6a (	)	
b	Net loss from nonincludible U.S.				_	6b		
7a	Net income (loss) of other foreig	=			_	7a		
b	Net income (loss) of other U.S. of					7b		
8	Adjustment to eliminations of							
•	(attach statement)				_	8		
9	Adjustment to reconcile income			•		9		
10	Other adjustments to reconcile t	•		•	_	10	14 020 004	
11	Net income (loss) per income : Note. Part I, line 11, must equa					11	16,839,091	
12	Enter the total amount (not just the			. ,	ad or remove	d on the	following lines:	
12	Lines the total amount (not just the	Total Assets	and nak	Total Liabili			Fioliowing lines.	
а	Included on Part I, line 4		419,054	TOTAL LIADIII	36,504,98	32		
b	Removed on Part I, line 5	71,7	, , , , , ,		33,004,70	-		
C	Removed on Part I, line 6							
	Included on Part Lline 7					-		

Name of partnership

Shoebill Unlimited

69-000005

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

				T	
	Income (Loss) Items  (Attach statements for lines 1 through 9)	(a) Income (Loss) per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
	(Attach statements for lines 1 through 9)				
1	Income (loss) from equity method foreign corporations				
2	Gross foreign dividends not previously taxed				
3	Subpart F, QEF, and similar income inclusions				
4	Gross foreign distributions previously taxed				
5	Income (loss) from equity method U.S. corporations				
6	U.S. dividends				
7	Income (loss) from U.S. partnerships	23,712			23,712
8	Income (loss) from foreign partnerships				
9	Income (loss) from other pass-through entities				
10	Items relating to reportable transactions (attach statement)				
11	Interest income (attach Form 8916-A)				
12	Total accrual to cash adjustment				
13	Hedging transactions				
14	Mark-to-market income (loss)				
15	Cost of goods sold (attach Form 8916-A)	( )		(	)
16	Sale versus lease (for sellers and/or lessors)				
17	Section 481(a) adjustments				
18	Unearned/deferred revenue				
19	Income recognition from long-term contracts				
20	Original issue discount and other imputed interest .				
21a	Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of				
	assets other than inventory and pass-through entities .	150,000			
<b>L</b>	Gross capital gains from Schedule D, excluding	130,000			
b	amounts from pass-through entities				
С	Gross capital losses from Schedule D, excluding				
	amounts from pass-through entities, abandonment				
	losses, and worthless stock losses				150,0000
d	Net gain/loss reported on Form 4797, line 17,				
-	excluding amounts from pass-through entities,				
	abandonment losses, and worthless stock losses .				
е	Abandonment losses				
	Worthless stock losses (attach statement)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach statement)				
23	Total income (loss) items. Combine lines 1 through				
20	22	173,172			173,172
24	Total expense/deduction items. (from Part III, line	175,172			.,,,,,
<b>4</b> +	31) (see instructions)	(1,846,744)		923,372	(923,372)
25	Other items with no differences	18,512,123		723,372	18,512,123
26	Reconciliation totals. Combine lines 23 through 25	16,839,091		923,372	17,762,463
20	1.000.10.mation totals. Combine lines 20 tillough 20	10,007,071		720,072	17,702,703

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

Page 3 **Employer identification number** Name of partnership

**Shoebill Unlimited** 69-000005 Part III

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

	Expense/Deduction Items	(a) Expense per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	State and local current income tax expense				
2	State and local deferred income tax expense				
3	Foreign current income tax expense (other than				
3	foreign withholding taxes)				
4	Foreign deferred income tax expense				
5	Equity-based compensation				
6	Meals and entertainment	1,846,744		(923,372)	923,372
7	Fines and penalties	1,010,711		(720/072)	720,072
8	Judgments, damages, awards, and similar costs				
9	Guaranteed payments				
10	Pension and profit-sharing				
11	Other post-retirement benefits				
12	Deferred compensation				
13	Charitable contribution of cash and tangible property				
14	Charitable contribution of intangible property				
15	Organizational expenses as per Regulations				
13	section 1.709-2(a)				
16	Syndication expenses as per Regulations section 1.709-2(b)				
17	Current year acquisition/reorganization investment banking fees				
18	Current year acquisition/reorganization legal and accounting fees				
19	Amortization/impairment of goodwill				
20	Amortization of acquisition, reorganization, and start-up costs				
21	Other amortization or impairment write-offs				
22	Section 198 environmental remediation costs				
23a	Depletion—Oil & Gas				
20a b	Depletion—Other than Oil & Gas				
24	Intangible drilling & development costs				
2 <del>5</del>	Depreciation				
26	Bad debt expense				
27	Interest expense (attach Form 8916-A)				
28	Purchase versus lease (for purchasers and/				
	or lessees)				
29	Research and development costs				
30	Other expense/deduction items with differences				
_	(attach statement)				
31	Total expense/deduction items. Combine lines 1				
	through 30. Enter here and on Part II, line 24,				
	reporting positive amounts as negative and negative amounts as positive	404.74		(000.073)	202.27
	апочна аз рознис	1,846,744		(923,372)	923,072 M-3 (Form 1065) 2012

				[	Fin	al K-1 Amende	d K-1	OMB No. 1545-0099
Sch	nedule K-1		2012		art I	Partner's Share of	of Cur	rent Year Income,
(Fo	rm 1065)					Deductions, Cred	lits, a	nd Other Items
	rtment of the Treasury	For calend	lar year 2012, or tax	1	Ord	linary business income (loss)	15	Credits
nterr	nal Revenue Service	year begir		12		3,043,34	5	
D		endin		2 2	Net	rental real estate income (loss) 257,376		
	rtner's Share of I edits, etc.		CTIONS, n and separate instructi	ons. 3	Oth	er net rental income (loss)	16	Foreign transactions
	Part I Information	About the Part	tnership	4	Gua	aranteed payments		
Α	Partnership's employer ide		-					
		69-0000005		5	Inte	erest income		
В	Partnership's name, addre	ss, city, state, and ZIP	code			442,90	1	
Sho	ebill Unlimited			6a	Orc	linary dividends		
	1 Elliot Road			- Ch	0	slifted dividends	-	
Sal	t Lake City, UT 8410	1		6b	Qua	alified dividends		
С	IRS Center where partners	shin filed return		7	Roy	/alties		
Ogo	· · · · · · · · · · · · · · · · · · ·	mp mod rotam				637,50	)	
D	Check if this is a publi	cly traded partnership	(PTP)	8	Net	short-term capital gain (loss)		
E	art II Information	About the Part	tner	9a	Net	long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
E	Partner's identifying numb			<u> </u>		(2220)	_	
		69-4000004		9b	Col	lectibles (28%) gain (loss)		A 200,000
F	Partner's name, address, o	city, state, and ZIP cod	e	9c	Unr	recaptured section 1250 gain	+	
	lbird Trees			"	0	ocaptaroa cocaerrizos gam		
	2 West Truman Ave ramento, CA 95813			10	Net	section 1231 gain (loss) 59,49	18	Tax-exempt income and nondeductible expenses
G	General partner or LL0	C X Limite	ed partner or other LLC	11	Oth	er income (loss)		
	member-manager	meml	per					
н	X Domestic partner	Foreig	gn partner					
l1	What type of entity is this p		·				19	Distributions
12	If this partner is a retirement (see instructions)	nt plan (IRA/SEP/Keogl	n/etc.), check here .......	12	Sec	ction 179 deduction	۱۳	Distributions
J	Partner's share of profit, lo	see and canital (see ins	tructions):			and the deadenen		
ŭ	Beginning		Ending	13	Oth	er deductions	1	
	Profit	25 %	25	%			20	Other information
	Loss	25 %	25	%				
	Capital	25 %	25	%_				
								A 442,901
K	Partner's share of liabilities	•		14	Sal	f-employment earnings (loss)	-	
	Nonrecourse				361	r-employment earnings (loss)		
	Recourse							
				_				
L	Partner's capital account a	analysis:		*S	ee at	tached statement for ac	ditiona	al information.
	Beginning capital account	\$	4,393,74	<u> 14</u>				
	Capital contributed during	the year \$	125,00					
	Current year increase (deci		4,209,7					
	Withdrawals & distributions		0.500.5	_   출				
	Ending capital account.	\$	8,728,5	-   ĕ				
	☐ Tay bas'- ▼	GAAP Sec	ntion 704/h) h !:	1				
		GAAP 🗆 Sec	ction 704(b) book	8				
	Other (explain)			717   177   178   178   179				
М	Did the partner contribute	property with a built-in	gain or loss?	"				
	•	No	<u> </u>					
		nent (see instructions)						

					Final K-		Amended		OMB No. 1545-	0099
	nedule K-1		2012		art III	Partner's			rent Year Income,	
Fo	rm 1065)					Deduction	ns, Credi	ts, a	nd Other Items	
	ortment of the Treasury nal Revenue Service	For calendar	year 2012, or tax	1	Ordinary	business inco	, ,	15	Credits	
iteri	iai nevenue dei vice	year beginni ending	$\frac{01/01}{12/31}$ , 2012	2	Net renta	al real estate i	3,043,345 ncome (loss)			
Pai	rtner's Share of Ir									
	edits, etc.	•	and separate instructions.	3	Other ne	et rental incon	ne (loss)	16	Foreign transactions	
	Part I Information	About the Partn	ership	4	Guarant	eed payments	3			
Α	Partnership's employer ider	ntification number 69-000005		5	Interest	income				
В	Partnership's name, addres		nde	ľ	interest	IIICOIIIC	442,901			
	oebill Unlimited	,,,,		6a	Ordinary	y dividends				
555	1 Elliot Road				0 ""					
Salt	t Lake City, UT 8410	1		6b	Qualified	d dividends				
С	IRS Center where partnersh	nip filed return		7	Royaltie	S	<b>525 5</b> 00			
Ogo					Not obou	rt tarm agnita	637,500			
D	☐ Check if this is a public	cly traded partnership (P	ГР)	8	ivet shor	rt-term capita	gain (ioss)			
P	art II Information	About the Partn	er	9a	Net long	g-term capital	gain (loss)	17	Alternative minimum tax (AMT)	tems
E	Partner's identifying number			AL-	0-1141	-1 (000()	·- (()			
F	Partner's name, address, c	000-40-0002		9b	Collectit	oles (28%) gai	n (loss)		A 200,0	000
	hua Plum	,,,		9с	Unrecap	otured section	1250 gain			
289	4 N 6352 South									
Ren	no, NV 89510			10	Net sect	tion 1231 gain	(loss) 59,495	18	Tax-exempt income and nondeductible expenses	
G	General partner or LLC		partner or other LLC	11	Other in	come (loss)				
н	member-manager  X Domestic partner	member								
	Domestic partner	☐ Foreign	partilei							
l1	What type of entity is this pa	artner? (see instructions)	Individual							
12	If this partner is a retiremen (see instructions)	t plan (IRA/SEP/Keogh/e	tc.), check here	40	0+:	470		19	Distributions	
	· ·	on and conital (acc instru	otions):	12	Section	179 deduction	1			
J	Partner's share of profit, los <b>Beginning</b>		Ending	13	Other de	eductions		†		
	Profit	25 %	25 %					20	Other information	
	Loss	25 %	25 %							
	Capital	25 %	25 %							
K	Partner's share of liabilities	at vear end:							A 442,9	901
	Nonrecourse	•		14	Self-em	ployment earr	nings (loss)			
	Qualified nonrecourse finan	cing . \$								
	Recourse	\$								
L	Partner's capital account a	nalysis:		*Se	e attacl	hed statem	ent for add	litiona	al information.	
	Beginning capital account	\$	4,393,744							
	Capital contributed during t	he year \$	125,000							
	Current year increase (decre	· —	4,209,773	_						
	Withdrawals & distributions		8,728,517	l É						
	Ending capital account.	\$	0,720,317	se (						
	Tax basis	GAAP Section	on 704(b) book	For IRS Use Only						
	Other (explain)		2 ((%) 555	Ę						
	V F " /			- P						
М	Did the partner contribute p		ain or loss?							
	Yes  If "Yes," attach statement									
	100, anaon sialem	(000 mondonono)								

					Final K-1	Amended	K-1	OMB No. 1545-0099
	nedule K-1		2012			er's Share of	Cur	rent Year Income,
Fo	rm 1065)				Deduc	tions, Credi	ts, a	nd Other Items
	ortment of the Treasury nal Revenue Service	For calenda year beginn	or year 2012, or tax $01/01$ , 2012	1	Ordinary business	income (loss) 3,043,345	15	Credits
		ending	,	2	Net rental real est	ate income (loss)		
	rtner's Share of li edits, etc.	•	tions, and separate instructions.	3	Other net rental in		16	Foreign transactions
	<u>,                                      </u>	About the Partr	orchin	4	Guaranteed paym	nents	-	
			iersnip	~	addrainteed payin	ionio		
Α	Partnership's employer ide	69-000005		5	Interest income			
В	Partnership's name, addres		ode	i		442,901		
	oebill Unlimited	,,,,		6a	Ordinary dividend	s	1	
	51 Elliot Road							
	t Lake City, UT 84101			6b	Qualified dividend	ls		
C	IRS Center where partnersh	nip filed return		7	Royalties	627.500		
.,	den				Not about town on	637,500	-	
D	☐ Check if this is a public	cly traded partnership (P	PTP)	8	Net short-term ca	pitai gain (ioss)		
E	Part II Information  Partner's identifying number	About the Partr	ner	9a	Net long-term cap	oital gain (loss)	17	Alternative minimum tax (AMT) items
		000-40-0001		9b	Collectibles (28%	) gain (loss)		A 200,000
F Dav	Partner's name, address, c vid Boxwood	ity, state, and ZIP code		9с	Unrecaptured sec	etion 1250 gain		
	Nixon Circle							
Boi	se, ID 83708			10	Net section 1231	gain (loss) 59,495	18	Tax-exempt income and nondeductible expenses
G	General partner or LLC member-manager	Limited member	I partner or other LLC	11	Other income (los	s)		
н	X Domestic partner	Foreigr	n partner					
l1	What type of entity is this p	artner? (see instructions	a) Individual				1	
12	If this partner is a retiremen		· ———				19	Distributions
	(see instructions)	· · · · · · ·		12	Section 179 dedu	ction	1	
J	Partner's share of profit, los	ss, and capital (see instr	uctions):					
	Beginning		Ending	13	Other deductions			
	Profit	25 %	25 %				20	Other information
	Loss	25 %	25 %					
	Capital	25 %	25 %					
K	Partner's share of liabilities	at year end:						A 442,901
	Nonrecourse	•		14	Self-employment	earnings (loss)		
	Qualified nonrecourse finan	icing . \$				A3,300,721		
	Recourse				В 700,205	C 3,300,721		
L	Partner's capital account a	nalysis:		*Se	e attached stat	tement for add	litiona	al information.
	Beginning capital account	\$	4,393,744					
	Capital contributed during t		125,000					
	Current year increase (decr	· —	4,209,773	١.				
	Withdrawals & distributions	\$ (	)	<u>r</u>				
	Ending capital account .	\$	8,728,517	0				
				S				
		GAAP Secti	ion 704(b) book	SS				
	Other (explain)			For IRS Use Only				
NA.	Did the pertner contribute	proporty with a built !	rain or loss?	"				
М	Did the partner contribute p  Yes		jaiii Of IOSS?					
	If "Yes," attach statem							

Version A, Cycle 2 Fillable Fields: Font=10pt Times; Color=Black; Checkmark=Cross

						Final K-1	1 Amended	d K-1	OMB No. 1545-0099
	nedule K-1		201	19		art III	Partner's Share o	f Cur	rent Year Income,
(For	rm 1065)						Deductions, Cred	its, a	nd Other Items
	rtment of the Treasury nal Revenue Service	For calenda	ar year 2012, or ta		1	Ordinary I	business income (loss)	15	Credits
III.	di Neveriue dei vice	year beginn			2	Not rental	3,043,345	<u>'</u>	
Par	rtner's Share of I			, 20 12			I real estate income (loss)	-	
	edits, etc.	► See back of form		nstructions.	3	Other net	t rental income (loss)	16	Foreign transactions
F	Part I Information	n About the Partr	nership		4	Guarante	eed payments	1	
Α	Partnership's employer ide				<u> </u>	ļ.,			
		69-0000005			5	Interest in	ncome 442,901		
B	Partnership's name, addre	ss, city, state, and ZIP o	ode	I	6a	Ordinary	dividends	-	
	ebill Unlimted 1 Elliot Road			I	-	J. 2	dividodo		
	t Lake City, UT 8410	Λ1		I	6b	Qualified	dividends	†	
	Lake City, OI OII.				l				
<b>c</b> Ogd	IRS Center where partners	ship filed return			7	Royalties	637,500	)	
D	Check if this is a publi	icly traded partnership (F	PTP)		8	Net short	t-term capital gain (loss)	1	
					<u> </u>	<u> </u>		<u> </u>	
		n About the Parti	ner		9a	Net long-	-term capital gain (loss)	17	Alternative minimum tax (AMT) items
E	Partner's identifying numb	oer 000-40-0003		ı	9b	Collectibl	les (28%) gain (loss)	-	
F	Partner's name, address, o				- "	Ooliootia.	es (2070) gan (1000)		A 200,000
	ny Cypress	Jily, State, and Zir 0000		I	9с	Unrecapt	tured section 1250 gain	†	
	0 South 19 West			I					
	Francisco, CA 9410	)4			10	Net section	on 1231 gain (loss) 59,495	18	Tax-exempt income and nondeductible expenses
G	General partner or LLC		d partner or other	LLC	11	Other inc	come (loss)	1	
	member-manager	membe		I					
Н	X Domestic partner	☐ Foreigr	n partner	ı					
14	What type of entity is this	northar? (sae instruction	a) Undividua	1				-	
1  2	What type of entity is this p  If this partner is a retiremen		·					19	Distributions
14	(see instructions)			· . 🗆 '	12	Section 1	179 deduction	1	
J	Partner's share of profit, lo	oss, and capital (see inst	ructions):	ı					
	Beginning		Ending	1	13	Other dec	ductions	1	
	Profit	25 %		25 %				20	Other information
	Loss	25 %		25 %					
	Capital	25 %		25 %	-			-	
.,	= · · ·			ı					A 442,901
K	Partner's share of liabilities  Nonrecourse	•		ı	14	Self-emp	oloyment earnings (loss)	-	
	Qualified nonrecourse final				'		10y1		
	Recourse								
		·			l				
L	Partner's capital account a	analysis:			*Se	e attach	ed statement for add	ditiona	al information.
	Beginning capital account	\$		,393,744					
	Capital contributed during			125,000					
	Current year increase (deci			,209,773					
	Withdrawals & distributions		0.4	)	Ę				
	Ending capital account .	\$	8,	,728,517	For IRS Use Only				
		🗆 🗅 🛕		I	l n				
		GAAP Sect	tion 704(b) book	!	RS				
	Other (explain)				Ö				
м	Did the partner contribute	property with a built-in (	gain or loss?	ļ	"				
IVI	•	No	jain or ioss:						
		ment (see instructions)		'					

#### **TEST SCENARIO 6**

FORMS REQUIRED: 1065-B, 1125-A, 4797, Schedule K-1 (F1065-B) (100), Form 8453-B,

Dependencies

**ATTACHMENTS:** 

Itemized Other Deductions Schedule Inventoriable Costs Paid Schedule Other Current Assets Statement

Income Expenses Recorded On Books Not On Schedule K Statement

Itemized Deductions Not Charged Against Books Statement

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

**HEADER INFO:** 

Tax Period: Calendar Year 2012

Preparer Firm: Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, TX 79001

Multiple Software Packages Used: Yes or No

Originator: EFIN: Self-select

Type: Self-select Practitioner PIN: 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: 555-555-555** 

Email Address: Anymail@email.com

Date Signed: 04/01/2013

Preparer: Name: Jane Doe

PTIN: P00000006 Phone: 555-631-1212

Email Address: Anymail@email.com

**Date Prepared: 04/10/2013** 

Self Employed: No

### N/A

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

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

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

## Attachment 2, Form 1125-A, Page 1, Line 5 (Inventoriable Costs Paid Schedule)

Type	Amount
Other Costs	\$576,000

# Attachment 3, Form 1065-B, Page 5, Schedule L, Line 6 (Schedule L Other Current Assets Statement)

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

# Attachment 4, Form 1065-B, Page 5, Schedule M-1, Line 4 (Income Expenses Recorded On Books Not On Schedule K Statement)

Professional Fee S57,140
--------------------------

# Attachment 5, Form 1065-B, Page 5, Schedule M-1, Line 7 (Itemized Deductions Not Charged Against Books Statement)

Survey Cost	\$74,212

Form <b>1065-B</b>				U.S. Return of Income for			OMB No. 1545-1626		
				<b>Electing Large Partnerships</b>					
Department of the Treasury				mation about Form 1065-B and its separate instructions is at www.irs	.	<b>2012</b>			
		venue Service al business activity	For calen	dar year 2012, or tax year beginning , 2012, and ending  Name of partnership	, 20	. D Fmr	oloyer identification number		
Min		a business activity		ABC Oil and Gas LP			69-000006		
		al product or service	TYPE	Number, street, and room or suite no. If a P.O. box, see instructions.	E Date	e business started			
Oil	& Ga	as	or	28 Oil Rig Rd		11/08/1999			
		ss code no.	PRINT	City or town, state, and ZIP code		<b>F</b> Tota	al assets (see instructions)		
(se	e ins	tructions)		Anytown, TX 79001			5,617,088		
		211110		, and the second		\$			
G	Ch	eck applicable box	(1 (1	) 🗌 Final return (2) 🗌 Name change (3) 🗌 Address	s change (	( <b>4)</b> 🗌 An	nended return		
Н	Ch	eck accounting me	ethod: (1	) Cash (2) Accrual (3) Other (s	pecify) ►				
I				ch one for each person who was a partner at any time during the	tax year 🟲 💴		100		
J	Ch	eck if Schedule M-	-3 (Form 10	165) is attached	•	Ш			
D	art I	Tavable In	come o	r Loss From Passive Loss Limitation Activities					
Г	16			2,512,000 b Less returns and allowances	<b>c</b> Bal I	► 1c	2,512,000		
	2			ach Form 1125-A)		. 2	576,000		
	3	•	•	ine 2 from line 1c		. 3	1,936,000		
	4	•		come (loss) (attach Form 8825)		. 4			
ne	5	Net income (le	oss) from	other rental activities (attach statement)		. 5			
Income	6			from other partnerships, estates, and trusts (attach staten	nent)	. 6			
	7	Net farm prof	it (loss) (a	ttach Schedule F (Form 1040))		. 7			
	8			m capital gain over net long-term capital loss (Schedule D	, line 19) .	. 8			
	9	• ,	•	m 4797, Part II, line 17 (attach Form 4797)		. 9			
	10		. , .	e instructions) (attach statement)		. 10			
	11			ombine lines 3 through 10		. 11	1,936,000		
	12			ner than to partners) (less employment credits)		. 12			
	13	Guaranteed p	-			. 13			
	14 15	Repairs and r	namtenan			. 15			
	16	Rent				. 16			
	17	Taxes and lice	enses			. 17			
ns	18	Interest .				. 18			
Deductions	198		and section	on 179 expense deduction (see instructions)					
				rted on Form 1125-A and elsewhere on return 19b		19c			
	20					. 20	148,180		
	21	Retirement pl	ans, etc.			. 21			
	22	Employee ber	nefit prog	rams		. 22			
	23		•	ch statement)		. 23	226,740		
	24	Total deduct	ions. Add	the amounts shown in the far right column for lines 12 th	rough 23 .	. 24	599,085		
	٥.	Tavabla inco	(laaa)	from positive loss limitation activities. Cultivast line 24	from line 11	0.5	1 22/ 015		
	25 26			from passive loss limitation activities. Subtract line 24 Check if from: a ☐ Form 4255 b ☐ Form 8611 .	nom ine 11	. 25 . 26	1,336,915		
Tax and Payments	27	Other paymer	,			. 27			
ax a	28			e excess of line 26 over line 27		. 28			
Pa	29			e excess of line 27 over line 26		. 29			
	Ť	Under penalties of perj	ury, I declare	that I have examined this return, including accompanying schedules and statements		my knowled			
Siç		and complete. Declara	tion of prepare	er (other than general partner or limited liability company member manager) is based	on all information of	or wnich prep ■	· · · · · ·		
He	re	<b>)</b>		<b>\</b>			May the IRS discuss this return with the preparer shown below		
				r or limited liability company member manager Date			(see instructions)? Yes No		
Pai	id	Print/Type pre	eparer´s nam	e Preparer's signature Dat	te		if PTIN		
Pre	ера		FI				elf-employed P00000006 rm's EIN ► 69-000098		
Us	e O			ronic Tax Filers INC e-file Dr. Anytown, TX 79001		Firm's EIN	(555) 631-5555		
Firm's add			S P 1003	C-IIIC DI. MILYTOWII, IA 1700 I		Phone no.	(333) 031-3333		

Page 2

Form 1065-B (2012)

<b>art</b>	Taxable Income or Loss From Other Activities								
1	Interest	550							
2a	Total ordinary dividends								
b	Qualified dividends								
С	Nonqualified dividends (subtract line 2b from 2a)								
3	Gross royalties								
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 22) 4								
5	Other income (loss) (see instructions) (attach statement)								
6	<b>Total income (loss).</b> Add lines 1, 2c, 3, 4, and 5	550							
7	Interest expense on investment debts (attach Form 4952)								
8	State and local income taxes (see instructions)								
9	Charitable contributions (see instructions for limitations and required attachment)								
l0a	· ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' '								
b	Deductible amount. Multiply line 10a by 30%								
11	Other deductions (attach statement)								
2	<b>Total deductions.</b> Add lines 7, 8, 9, 10b, and 11								
3									
Schedule B Other Information (see instructions)  1 What type of entity is filing this return? Check the applicable box:									
1	What type of entity is filing this return? Check the applicable box:								
а									
С									
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 sections 301.7701-2 and								
	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 8804, 8805, and								
_	8813. (See instructions.)								
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, Form 8918, Material Advisor Disclosure Statement, to provide								
	information on any reportable transaction?								
7	At any time during calendar year 2012, did the partnership have an interest in or a signature or other authority								
	over a financial account in a foreign country (such as a bank account, securities account, or other financial								
	account)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name								
_	of the foreign country.								
8	During the tax year, did the partnership receive a distribution from, or was it the grantor to, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520		~						
9	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached								
	to this return. ▶ 0								
	- 40	<u> </u>							

Form 10	065-B (2012)					Pa	ige 3
Sch	edule D Capital Gains and Los	ses (Use Form 8949	to list your transacti	ons for lines 1, 2	2, 3,	8, 9, and 10.)	
	Part I—Short-Term (						
This fo	ete Form 8949 before completing line 1, 2, or rm may be easier to complete if you round of to whole dollars.	price) from Form(a)	(e) Cost or other basis from Form(s) 8949, Part I, line 2, column (e)	(g) Adjustments to gain or loss from Form(s) 8949, Part line 2, column (g)		(h) Gain or (loss). Subtract column (e from column (d) an combine the result with column (g)	nd
1	Short-term totals from all Forms 8949 with box A checked in Part I						
2	Short-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part I</b>	)					
3	Short-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part I</b>	)					
4	Short-term capital gain from installmen	t sales from Form 6252	, line 26 or 37		4		
5	Short-term capital gain or (loss) from lil	ke-kind exchanges from	n Form 8824		5		
6	Reserved for future use				6		
7	Net short-term capital gain or (loss).	Combine lines 1 through	gh 5 in column (h) .		7		
	Part II—Long-Term Ca	pital Gains and Los	ses-Assets Held I	More Than One	Yea	ar	
10. This fo	ete Form 8949 before completing line 8, 9, or orm may be easier to complete if you round of to whole dollars.	price) from Form(s)	(e) Cost or other basis from Form(s) 8949, Part II, line 4, column (e)	(g) Adjustments to gain or loss from Form(s) 8949, Part line 4, column (g)		(h) Gain or (loss). Subtract column (e from column (d) an combine the result with column (g)	ιά
8	Long-term totals from all Forms 8949 with box A checked in Part II	PO	1	es			
9	Long-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part II</b>						
10	Long-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part II</b>		IV				
11	Enter gain from Form 4797, Part I				11	2,	,500
12	Long-term capital gain from installmen	t sales from Form 6252	, line 26 or 37		12		
13	Long-term capital gain or (loss) from like				13		
14	Net long-term capital gain or (loss).				14	2,	,500
		Part III—Summary	of Parts I and II				
15	Combine lines 7 and 14 and enter the	• , ,			15	2,500	
16	Enter excess of net short-term capital	•	g-term capital loss (lin	ie 14)	16		
17	Net capital gain or (loss). Subtract lin		$\mathbf{A} \cdot \mathbf{A} \cdot \mathbf{A}$	3.0.4	17	2,500	
		tal Gain (Loss) From			S		
18					18		
19	Excess of net short-term capital gain	n over net long-term o	capital loss. Enter the	smaller of the			
	amount on line 16 or line 18. Enter here				19		
20	Redetermine the amount on line 17 by limitation activities				20		
21	Net capital gain or (loss) from pass	sive loss limitation ac	tivities. If lines 17 an	d 20 are both			
	positive or both negative, enter the sn and on Schedule K, line 4a <b>Note.</b> When figuring whether line 17 or				21		
	<u> </u>	line 20 is <b>smaller,</b> treat Net Capital Gain (Lo					
00		<u> </u>					
22	Excess of net short-term capital ga	•	-		22		
23	line 16. Enter here and on page 2, Part Net capital gain or (loss) from other Schedule K, line 4b		e 21 from line 17. Ente	er here and on	23	2,500	
						2,000	

orm 10	065-B (2012)							Pa	age <b>4</b>
Sch	edule K Partne			Deductions, et	C.				
		(a) Di	stributive share i	tems			(b)	Total amount	
1a	Taxable income (los	s) from passive lo	ss limitation activit	ties (Part I, line 25)			1a	1,336,915	
b	Amount on line 1a a	llocated to genera	ıl partners as:						
	(1) Taxable income	(loss) from trade of	or business activiti	es	<b>1b(1)</b> 668,	458			
	(2) Taxable income	(loss) from rental r	real estate activitie	es	1b(2)				
	(3) Taxable income	(loss) from other r	ental activities .		1b(3)				
С	Total amount on line	e 1a allocated to g	eneral partners. C	ombine lines 1b(1)	through 1b(3)		1c		
d	Taxable income (los	s) from passive lo	ss limitation activ	ities allocated to I	imited partners. S	Subtract			
	line 1c from line 1a	report on Schedu	les K-1, box 1)				1d	668,457	
2	Taxable income (los	s) from other activ	rities (Part II, line 1	3)			2	550	
3	Qualified dividends	from other activitie	es (Part II, line 2b)				3		
4a	Net capital gain (los	s) from passive los	ss limitation activit	ies (Schedule D, li	ne 21)		4a		
b	Net capital gain (los	s) from other activ	ities (Schedule D,	line 23)			4b	2,500	
5	Net passive alternat						5		
6	Net other alternative	e minimum tax adj	ustment				6		
7	Guaranteed paymer						7		
8	Income from discha						8		
9	Tax-exempt interest						9		
10	General credits (see	instructions) .					10		
11	Low-income housin	g credit (see instru	uctions)				11	00	
12	Rehabilitation credit				4 -		12		
13a	Net earnings (loss) f				. 9		13a	668,458	
b	Gross nonfarm inco	me					13b	668,458	
14a	Name of foreign cou	untry or U.S. posse	ession >						
b	Gross income from						14b		
С	Gross income source	-		t)			14c		
d	Foreign gross incom	•	•						
	(1) Passive category						14d(1)		
	(2) General category			T · · A · 4	<b>3</b> · <b>3</b>		14d(2)		
	(3) Other (attach sta						14d(3)		
е	Deductions allocate								
	(1) Interest expense						14e(1)		
	(2) Other						14e(2)		
T	Deductions allocate			vel to foreign sour	ce income:	74	4 45(4)		
	(1) Passive category						14f(1)		
	(2) General category	y			· • • • • • • • • • • • • • • • • • • •		14f(2)		
	(3) Other (attach sta						14f(3)		
g	Total foreign taxes (						14g		
_ h	Reduction in taxes a		•	•			14h		
15 \nalv	Other items and am vsis of Net Income	•	be reported separ	ately to partners (a	attach statement)				
1 1	Net income (loss). In		nes 1c through 4b	7 and 8 From the	e result subtract l	ine 14a	1	1,339	965
2	Analysis by		(ii) Individual	(iii) Individual			kempt		
-	partner type:	(i) Corporate	(active)	(passive)	(iv) Partnership		ization	(vi) Nominee/O	ther
а	General partners		669,982						
	Limited partners		221,102	669,983					

Form 1065-B (2012) Page **5** 

Sch	edule L Balance Sheets per Book	S				
				ning of tax year	ļ	tax year
	Assets		(a)	(b)	(c)	(d)
1	Cash			565,0101		1,090,037
2a	Trade notes and accounts receivable					
b	Less allowance for bad debts					
3	Inventories					
4	U.S. government obligations					
5	Tax-exempt securities					
6	Other current assets (attach statement) .			1,860,720		1,910,111
7a	Loans to partners (or persons related to pa	rtners).				
b	Mortgage and real estate loans	•				
8	Other investments (attach statement)					
9a	Buildings and other depreciable assets .					
b	Less accumulated depreciation					
10a	Depletable assets		3,140,2	60	3,140,260	
b	Less accumulated depletion		375,1			2,616,940
11	Land (net of any amortization)			10,000		,, ,,,,,,,
12a	Intangible assets (amortizable only)			7,77		
b	Less accumulated amortization					
13	Other assets (attach statement)			D		
14	Total assets			5,200,850	1	5,617,088
• •	Liabilities and Capital			0/200/000		3/3 . 1 / 5 6 5
15	Accounts payable			470.588		205,366
16	Mortgages, notes, bonds payable in less than			170/000	-	200,000
17	Other current liabilities (attach statement)			_	-	
18	All nonrecourse loans			2,254,137	-	1,205,380
19a	Loans from partners (or persons related to			2,234,137	-	1,203,300
b	Mortgages, notes, bonds payable in 1 year or				-	
20	Other liabilities (attach statement)	more .			+	
20 21	Partners' capital accounts			2,476,125	+	4,206,342
22	Total liabilities and capital			5,200,850	4	5,617,088
	Decembilistics of Income	(Loss) per Po	oko Wi			3,017,000
Sche	Note. Schedule M-3 may be r					
1	Net income (loss) per books	1,357,037		ncome recorded on		.+
2	Income included on Schedule K, lines 1c			ncluded on Schedule		
2	through 4b, and 8, not recorded on books			lb, and 8 (itemize):	it, illies it tilloug	"
	this year (itemize):			Tax-exempt interest \$		
	tino your (itorni20).			and one inprime out t		
3	Guaranteed payments		-			
	• •				Calandula I/ linaa 1	
4	Expenses recorded on books this year not included on Schedule K, lines 1c			Deductions included on hrough 4b, and 14g,		
	through 4b, and 14g (itemize):		1	book income this year (		51
а	Depreciation \$		a	Depreciation \$	iterriize).	
b	Travel and entertainment \$		"			
			-			
	Professional fees		-			7/ 212
	. 10.003001011003		8 7	Add lines 6 and 7		74,212
		57,140	1	ncome (loss). (Analy		
5	Add lines 1 through 4	1,414,177		ncome (loss). (Analy Loss), line 1.) Subtract		1,339,965
_	edule M-2 Analysis of Partners' Cap			Lossy, iii ie 1.) Subitaci		1,337,703
1	Balance at beginning of year	2,476,125	6 [	Distributions: <b>a</b> Ca	sh	
2	Capital contributed: <b>a</b> Cash	373,180	+		operty	
2		3/3,180	1	<b>U</b> Pro	perty	
2	<b>b</b> Property	1 257 027	7 (	Other decreases (itemi	70)·	
3	Net income (loss) per books Other increases (itemize):	1,357,037	· ' '	Juiei uecieases (ileilli	۷۵).	
4	Other increases (itemize):		-			
			1	Add lines 6 and 7		0
_	Add the editors of the entry of	4.007.010		Balance at end of year.		
5	Add lines 1 through 4	4,206,342	I	ine 5		4,206,342

## Form 1125-A

(December 2012)

Department of the Treasury Internal Revenue Service

## **Cost of Goods Sold**

► Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.

Information about Form 1125-A and its instructions is at www.irs.gov/form1125a.

OMB No. 1545-2225

anne		Employer identification number
ABC (	Dil and GAS LP	69-000006
1	Inventory at beginning of year	
2	Purchases	
3	Cost of labor	
4	Additional section 263A costs (attach schedule)	
5	Other costs (attach schedule)	576,000
6	<b>Total.</b> Add lines 1 through 5	576,000
7	Inventory at end of year	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	576,000
9a	Check all methods used for valuing closing inventory:  (i) ☐ Cost  (ii) ☐ Lower of cost or market  (iii) ☐ Other (Specify method used and attach explanation.) ▶	
b	Check if there was a writedown of subnormal goods	
С	Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)	▶ □
d	If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO	1
е	If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instruction	s)? $\square$ Yes $\square$ No
f	Was there any change in determining quantities, cost, or valuations between opening and closing inventory attach explanation	

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

## **General Instructions**

## **Purpose of Form**

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

## **Who Must File**

Filers of Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

#### **Inventories**

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. If you are a qualifying taxpayer or a qualifying small business taxpayer (defined below), you can adopt or change your accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental.

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method). For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see Form 3115, Application for Change in Accounting Method, and its instructions.

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs.

**Qualifying taxpayer.** A qualifying taxpayer is a taxpayer that, (a) for each prior tax year ending after December 16, 1998, has average annual gross receipts of \$1 million or less for the 3 prior tax years and (b) its business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2001-10, 2001-2 I.R.B. 272.

**Qualifying small business taxpayer.** A qualifying small business taxpayer is a taxpayer that, (a) for each prior tax year

ending on or after December 31, 2000, has average annual gross receipts of \$10 million or less for the 3 prior tax years, (b) whose principal business activity is not an ineligible activity, and (c) whose business is not a tax shelter (as defined in section 448 (d)(3)). See Rev. Proc. 2002-28, 2002-18 I.R.B. 815.

**Uniform capitalization rules.** The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property by a corporation for use in its trade or business or in an activity engaged in for profit.

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

Department of the Treasury Internal Revenue Service (99)

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.

▶ Information about Form 4797 and its separate instructions is at www.irs.gov/form4797.

OMB No. 1545-0184

Attachment Sequence No. 27

Identifying number

ABC	Oil and GAS LP						69-000	00006
1	Enter the gross proceeds substitute statement) that						1	
Pa	rt I Sales or Exchan	ges of Propert	v Used in a T	rade or Busines	s and Involunta	arv Conver	sions	From Other
	Than Casualty of							
2	(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 o basis, plu improvements expense of s	s and	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
Lan	d	07/01/2000	06/30/2009	12,500		1	0,000	2,500
3	Gain, if any, from Form 468	/ line 30				ļ	3	
4	Section 1231 gain from inst	•					4	
	ŭ		•				-	
5	Section 1231 gain or (loss) to		•				5	
6	Gain, if any, from line 32, from		•				6	0.500
7	Combine lines 2 through 6.	• •	,				7	2,500
	Partnerships (except electinstructions for Form 1065,							
	Individuals, partners, S co line 7 on line 11 below and losses, or they were recap Schedule D filed with your r	rporation shareho I skip lines 8 and 9 stured in an earlier	Iders, and all oth If line 7 is a gai year, enter the g	ners. If line 7 is zero on and you did not hat gain from line 7 as a	or a loss, enter the a	amount from section 1231		
8	Nonrecaptured net section	1231 losses from pi	rior years (see inst	tructions)			8	
9	Subtract line 8 from line 7. I 9 is more than zero, enter capital gain on the Schedule	the amount from li	ne 8 on line 12 b	elow and enter the	gain from line 9 as	a long-term	9	
Pai	t II Ordinary Gains							
10	Ordinary gains and losses n			,	1 year or less):			
11	Loss, if any, from line 7.						44 (	′
11	• • •						11	,
12	Gain, if any, from line 7 or a	•					12	
13	•						13	
14	Net gain or (loss) from Form	· ·					14	
15	Ordinary gain from installment		•				15	
16	Ordinary gain or (loss) from						16	
17	Combine lines 10 through 1						17	
18	For all except individual retrand b below. For individual				e of your return and	d skip lines a		
а	If the loss on line 11 includes	s a loss from Form 4	684, line 35, colun	nn (b)(ii), enter that par	rt of the loss here. E	nter the part		
	of the loss from income-pro-					•		
	used as an employee on Sch						18a	
b	Redetermine the gain or (los	ss) on line 17 exclud	ding the loss, if an	y, on line 18a. Enter l	here and on Form 1	040, line 14	18b	
								- 4707

Pa	Gain From Disposition of Property Und (see instructions)	ler Se	ctions 1245, 12	250, 1252, 1	254,	and 1255		
19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:  (b) Date acquired (mo., day, yr.)  (c) Date sold (mo., day, yr.)							
A								
B							$\perp$	
C								
D								
	These columns relate to the properties on lines 19A through 19D	).▶	Property A	Property	В	Property C	P	Property D
20	Gross sales price (Note: See line 1 before completing.) .	20						
21	Cost or other basis plus expense of sale	21						
22	Depreciation (or depletion) allowed or allowable	22						
23	Adjusted basis. Subtract line 22 from line 21	23						
24	Total gain. Subtract line 23 from line 20	24						
25	If section 1245 property:							
а	Depreciation allowed or allowable from line 22	25a						
b	Enter the <b>smaller</b> of line 24 or 25a	25b						
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.							
	Additional depreciation after 1975 (see instructions) .	26a						
	Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions)	26b						
С	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c						
d	Additional depreciation after 1969 and before 1976.	26d						
е	Enter the <b>smaller</b> of line 26c or 26d	26e						
f	<b>a</b>	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						
С	Enter the <b>smaller</b> of line 24 or 27b	27c						
28	If section 1254 property:							
а	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see	00-						
h	instructions)	28a					-	
		28b					+-	
29	If section 1255 property:	1						
а	Applicable percentage of payments excluded from income under section 126 (see instructions)	200						
h	Enter the <b>smaller</b> of line 24 or 29a (see instructions)	29a 29b					_	
	mary of Part III Gains. Complete property colur		through D throug	h line 29h h	efore	L aging to line 3	30	
Ouri	milary of r are in Games. Complete property columns	1111371	unough B unoug	gir iii ie 200 E	CIOIC	going to into t	<del>,</del>	
30 31	Total gains for all properties. Add property columns A throadd property columns A through D, lines 25b, 26g, 27c, 2	-						
32	Subtract line 31 from line 30. Enter the portion from casu						+	
-	•	•		•		.	2	
Par	Recapture Amounts Under Sections 17 (see instructions)							Less
						(a) Section 179		(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable	in prior	vears.		33		+	
34	Recomputed depreciation (see instructions)	•	-		34		$\top$	

Recapture amount. Subtract line 34 from line 33. See the instructions for where to report

☐ CORRECTED		LYII	RADED PARTNERSHIP		_
PARTNERSHIP'S name, street address	ss, city, state, and ZIP code.		Taxable income (loss) from passive activities	OMB No. 1545-1626	Doutnou's Chous
ABC Oil and GAS LP			paccive activities		Partner's Share
28 Oil Rig RD			13,370	2012	of Income (Loss)
Anytown, TX 79001			2 Taxable income (loss) from other activities		From an Electing Large Partnership
			6	Schedule K-1 (Form 1065-B)	Large Farmership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying numbe	er	3 Qualified dividends		Copy A
69-000006	000-50-0001				For
PARTNER'S name			4a Net capital gain (loss) from passive activities	4b Net capital gain (lo	
Jonathan Walker			passive activities	Irom other activitie	
					25 File with Form 1065-B.
Street address (including apt. no.)			5 Net passive AMT adjustment	6 Net other AMT adju	ustment
1657 E Forks Rd					For Paperwork
			7 General credits	8 Low-income housing	
					Notice and instructions for
City, state, and ZIP code			9 Other	•	completing this
Bay Shore, NY 11706			J1 13,370		form, see the 2012 Instructions
			J2 13,370		for Form 1065-B,
Partner's share of liabilities:					U.S. Return of
a Nonrecourse	\$12,	554			Income for Electing Large Partnerships.
<b>b</b> Qualified nonrecourse financing	\$				Large Fartherships.
<b>c</b> Other	\$				
Schedule K-1 (Form 1065-	- <b>B)</b> Cat. No. 25437H		IRS.gov/form1065b	Department of	the Treasury - Internal Revenue Service

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☐ CORRECTED	□ PUBLICLY T	RADED PARTNERSHIF	•	
PARTNERSHIP'S name, street address ABC Oil and GAS LP 28 Oil Rig RD Anytown, TX 79001	ss, city, state, and ZIP code.	Taxable income (loss) from passive activities     13,370     Taxable income (loss) from other activities     6	20 <b>12</b> Schedule K-1	Partner's Share of Income (Loss) From an Electing Large Partnership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3 Qualified dividends		Сору А
69-0000006	000-50-0002			For Internal Revenue
PARTNER'S name		4a Net capital gain (loss) from passive activities	4b Net capital gain (lo	ss) Service Center
Julius Caesar Walker		pacerro dell'illo		25 File with Form 1065-B.
Street address (including apt. no.)		5 Net passive AMT adjustment	6 Net other AMT adju	stment
1675 E Forks Rd		7 General credits	8 Low-income housing	Notice and
City, state, and ZIP code		9 Other	•	instructions for completing this
Bay Shore, NY 11706				form, see the 2012 Instructions for Form 1065-B,
Partner's share of liabilities:				U.S. Return of
	\$12,054			Income for Electing Large Partnerships.
I	\$			go : a. a. a. o. o. mpo.
Schedule K-1 (Form 1065		IRS.gov/form1065b	Dopartment of	the Treasury Internal Poyonus Service
201124412 17 1 (1 01111 1000	Cal. No. 25437 H	100.gov/1011110000	Department of	the Treasury - Internal Revenue Service

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## **TEST SCENARIO 7**

**FORMS REQUIRED:** 1065-B, 1125-A, 4562 (2), 8825, Schedule K-1(F1065-B) (100), Form 8453-B, Schedule M-3 (F1065), Schedule C (F1065), Dependencies

## **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 2012

Preparer Firm: Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, WV 25001

Multiple Software Packages Used: Yes or No

Originator: EFIN: Self-select

Type: ERO

Practitioner PIN: 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: 555-555-5555

Email Address: Anymail@email.com

Date Signed: 04/06/2013

Preparer: Name: Jane Jones

PTIN: P00000007 Phone: 555-631-1212

Email Address: Anymail@email.com

**Date Prepared: 04/12/2013** 

Self Employed: No

## **Details for attachments to Form**

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

Туре	Amount
Professional Fees	\$528,000
Permits	\$125,000
Insurance	\$325,000
Others	\$544,700

## Attachment 2, Schedule K-1 (Form 1065-B), (Miscellaneous Items Statement)

Code NumberType	Code Name	Amount
A1	General Partners	\$3,477,193
B1	N/A	\$242,500

Attachment 3, Schedule K-1 (Form 1065-B) (Qualified Nonrecourse Financing Statement)

Explanation of Oualified Nonrecourse Financing
--

	1	065-B	1	l	J.S. Return of	Income	for		0	MB No. 1545-1626	;
Form	1	003-D		EI	ecting Large	<b>Partners</b>	hips				
Depa	ırtmen	nt of the Treasury	► Infor		rm 1065-B and its separat			gov/form1065b		2012	
		venue Service	For calen	dar year 2012, or	tax year beginning	, 2012, ar	nd ending	, 20			
		al business activity		Name of partner	•				D Empl	loyer identification r	number
		Manufacturing			Manufacturing					69-0000007	
	•	al product or service	TYPE or		and room or suite no. If a F	P.O. box, see inst	tructions.		E Date	business started	
	nent		PRINT	100 Concrete						01/19/1998	
		ss code no. tructions)		City or town, sta	ate, and ZIP code				<b>F</b> Total	assets (see instruc	tions)
		327300		Anytown, TX	55001				\$	17,56	5,232
G	Ch	eck applicable box	es: (1	├── )	ırn (2) 🗌 Name cha	nge <b>(3)</b> [	Address	change	(4) Am	ended return	
Н		eck accounting me	-	)	(2) Accrual	(3)	Other (sp	ŭ	, Ш		
ı		· ·	•	ch one for each	person who was a parti	` ' -	_ ``			100	
J		eck if Schedule M-					_	. ′. ▶ ¨	V		
Pa	art I	Taxable In	come o	r Loss From	Passive Loss Lim	itation Act	ivities				
	18			41,175,200	<b>b</b> Less returns and all	owances		<b>c</b> Bal		41,175,200	
	2	Cost of goods	sold (att	ach Form 112	5-A)				. 2	26,654,578	
	3	Gross profit. S							. 3	14,220,622	
4	4			, , ,	ittach Form 8825) .				. 4	485,000	
ш	5				ctivities (attach stater				. 5	00	
Income	6				rtnerships, estates, a			ent)	. 6		<u> </u>
<u>-</u>	7	•	. , .		- (				. 7	00	<u> </u>
	8				over net long-term o		chedule D,	line 19) .	. 8		<u> </u>
	9	• , ,			II, line 17 (attach Fori				. 9		
	10				(attach statement)	1 7 7.			. 10		<u> </u>
	11	Total income							. 11	14,705,622	
	12				rtners) (less employm	ient credits) .			. 12	1,937,201	
	13	Guaranteed pa	-	-					. 13		<u> </u>
	14	Repairs and m	naintenan	ce	A		<b>3</b> ···		. 14	1,036,752	
	15	Bad debts .		) <del>                                     </del>					. 15		
	16	Rent		/·   · <b>l</b> · <b>l</b> · <b>/</b>					. 16		
<u>0</u>	17	Taxes and lice	enses .						. 17	1,414,186	<u> </u>
ductions	18	Interest							. 18		
<u>cti</u>	198				se deduction (see ins		19a	447,655	455		
					1125-A and elsewhere	e on return	19b	26,438	19c	421,217	<u> </u>
De	20	Depletion .				•	· 9 · 4		. 20		<u> </u>
	21	Retirement pla	,						. 21	148,180	<u> </u>
	22	Employee ben							. 22	786,000	-
	23	Other deduction							. 23	1,522,700	<u> </u>
	24	i otal deducti	ons. Add	the amounts	shown in the far right	column for I	ines 12 thr	ougn 23 .	. 24	7,266,236	<del>                                     </del>
	25	Tayable incor	ne (loss)	from nassive	e loss limitation acti	vities Subtra	act line 24 t	rom line 11	. 25	7,439,386	
		Tax (see instru		<u> </u>			n 8611 .		. 26	1,437,300	_
Tax and Payments	27	Other paymen	,		a ☐ Form 2439		n 4136 .		. 27		_
ă M M	28				ne 26 over line 27.	<b>2</b>			. 28		_
Pa	29				e 27 over line 26 .				. 29		
					this return, including accomp	anying schedules a	and statements,	and to the best of		e and belief, it is true,	correct,
Sig	gn				Il partner or limited liability com						
He	- 1	<b>L</b>				<b>L</b>				May the IRS discuss this with the preparer shown	
		Signature of ger	neral partne	r or limited liability	company member manag	er Date				(see instructions)?	
_		Print/Type pre			Preparer's signature		Date	)		., PTIN	
Pa									Check L		)07
	epa	F: 1	▶ Elect	tronic Tax Filer	's INC				Firm's EIN		
US	e O	Firm's name Firm's address	40/5	e-file Dr. Anyto					Phone no.	(555) 631-55	
		1 0 addi 000		<b>J</b> -						, , , , , , , , , , , ,	

Page 2

Form 1065-B (2012)

Part	Taxable Income or Loss From Other Activities			
1	Interest	1	37,4	12
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 22)	4		
5	Other income (loss) (see instructions) (attach statement)	5		
6	<b>Total income (loss).</b> Add lines 1, 2c, 3, 4, and 5	6	37,4	12
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 statement)	11		
12	<b>Total deductions.</b> Add lines 7, 8, 9, 10b, and 11	12		
13	Taxable income (loss) from other activities. Subtract line 12 from line 6	13	374	12
Sch	edule B Other Information (see instructions)			
1	What type of entity is filing this return? Check the applicable box:		Ye	s No
а	☐ Domestic general partnership <b>b</b> ☐ Domestic limited partnership			
С	✓ Domestic limited liability company d ☐ Domestic limited liability partnership			
е	☐ Foreign partnership <b>f</b> ☐ Other ►			
2	Are any partners in this partnership also partnerships?			· ·
3	During the partnership's tax year, did the partnership own any interest in another partnership or			
	entity that was disregarded as an entity separate from its owner under Regulations sections 30			
	301.7701-3? If "Yes," see instructions for required attachment			~
4	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 88			
_	8813. (See instructions.)			· ·
5	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?			<b>/</b>
6	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement	ent, to p	provide	
	information on any reportable transaction?			· ·
7	At any time during calendar year 2012, did the partnership have an interest in or a signature or other		ty	
	over a financial account in a foreign country (such as a bank account, securities account, or other fin			
	account)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," en	iter the	name	
•	of the foreign country.		<del>}</del>	· ·
8	During the tax year, did the partnership receive a distribution from, or was it the grantor to, or t			
•				
9	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partners	inips, at	tached	
	to this return. ▶ 0			

Form 1065-B (2012) Page **3** 

0.1		/II. F 00.40.1	P - 1 1	C I'		0.0	
Scne	edule D Capital Gains and Losse						
	Part I—Short-Term Ca	pital Gains and Lo	sses – Assets Held	One Year or	Less		
This for	ete Form 8949 before completing line 1, 2, or 3. rm may be easier to complete if you round off o whole dollars.	(d) Proceeds (sales price) from Form(s) 8949, Part I, line 2, column (d)	(e) Cost or other basis from Form(s) 8949, Part I, line 2, column (e)	(g) Adjustments t gain or loss from Form(s) 8949, Pa line 2, column (g)	rt I,	(h) Gain or (loss) Subtract column from column (d) a combine the resu with column (g)	(e) and
1	Short-term totals from all Forms 8949 with <b>box A</b> checked in <b>Part I</b>						
2	Short-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part I</b>						
3	Short-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part I</b>						
4	Short-term capital gain from installment s	sales from Form 6252,	, line 26 or 37		4		
5	Short-term capital gain or (loss) from like-	-kind exchanges from	Form 8824		5		
6	Reserved for future use				6		
7	Net short-term capital gain or (loss). C	ombine lines 1 throug	h 5 in column (h)		7		
	Part II—Long-Term Capi			More Than On	e Yea	ar	
10.	ete Form 8949 before completing line 8, 9, or	(d) Proceeds (sales price) from Form(s) 8949, Part II, line 4,	(e) Cost or other basis from Form(s) 8949, Part II. line 4.		0.0	(h) Gain or (loss) Subtract column from column (d) a	(e)
	rm may be easier to complete if you round off o whole dollars.	column (d)	column (e)	line 4, column (g)		combine the resu with column (g)	
8	Long-term totals from all Forms 8949 with <b>box A</b> checked in <b>Part II</b>	UIII	rui	PU	7	<b>E</b> 5	
9	Long-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part II</b>						
10	Long-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part II</b>	()n	IV				
11	Enter gain from Form 4797, Part I				11		
12	Long-term capital gain from installment s	ales from Form 6252,	line 26 or 37		12		
13	Long-term capital gain or (loss) from like-	kind exchanges from	Form 8824		13		
14	Net long-term capital gain or (loss). Co				14		
		Part III - Summary					
15	Combine lines 7 and 14 and enter the net				15		
16	Enter excess of net short-term capital ga	• ,		 e 14)	16		
17	Net capital gain or (loss). Subtract line	` '	· · · · · ·		17		
.,	Part IV—Net Capital			tation Activitie			
18	Redetermine the amount on line 16 by ta	king into account only	gains and losses from	m passive loss	18		
19	Excess of net short-term capital gain of						
	amount on line 16 or line 18. Enter here a	and on page 1, Part I, I	line 8		19		
20	Redetermine the amount on line 17 by ta limitation activities				20		
21	Net capital gain or (loss) from passiv	e loss limitation act	t <b>ivities.</b> If lines 17 an	d 20 are both			
	positive or both negative, enter the <b>sma</b> and on Schedule K, line 4a				21		
	Note. When figuring whether line 17 or lin						
	Part V – Ne	et Capital Gain (Lo	ss) From Other Act	tivíties		,	
22	Excess of net short-term capital gain	over net long-term	capital loss. Subtrac	t line 19 from			
	line 16. Enter here and on page 2, Part II,				22		
23	Net capital gain or (loss) from other ac	ctivities. Subtract line	21 from line 17. Ente	er here and on	23		

orm 10	65-B (2012)							Pa	ge <b>4</b>
Sch	edule K Partne			Deductions, et	C.			•	
		(a) Di	stributive share i	tems			(b)	Total amount	
1a	Taxable income (los	s) from passive lo	ss limitation activi	ties (Part I, line 25)			1a	7,439,386	
b	Amount on line 1a a	llocated to genera	ıl partners as:						
	(1) Taxable income	, ,			<b>1b(1)</b> 3,477,	193			
	(2) Taxable income	(loss) from rental i	real estate activitie	es	1b(2) 242,	500			
	(3) Taxable income	(loss) from other r	ental activities .		1b(3)				
С	Total amount on line	e 1a allocated to g	eneral partners. C	ombine lines 1b(1)	through 1b(3)		1c	3,719,693	
d	Taxable income (los	ss) from passive lo	ss limitation activ	ities allocated to I	imited partners. S	Subtract			
	line 1c from line 1a						1d	3,719,693	
2	Taxable income (los	•	•	•			2	37,412	
3	Qualified dividends						3		
4a	Net capital gain (los						4a		
b	Net capital gain (los						4b		
5	Net passive alternat						5		
6	Net other alternative		ustment				6		
7	Guaranteed paymer						7		
8	Income from discha						8		
9	Tax-exempt interest						9		
10	General credits (see	instructions) .					10		
11	Low-income housin	g credit (see instru	uctions)			10	11	00	
12	Rehabilitation credit				4		12		
13a	Net earnings (loss) f				. 977. [7		13a	3,719,693	
b	Gross nonfarm inco	me			<del>.</del>		13b	3,719,693	
14a	Name of foreign cou	untry or U.S. posse	ession >						
b	Gross income from						14b		
С	Gross income source	-		t)			14c		
d	Foreign gross incom								
	(1) Passive category						14d(1)		
	(2) General category			T · · A · 4			14d(2)		
	(3) Other (attach sta						14d(3)		
е	Deductions allocate						44 (4)		
	(1) Interest expense						14e(1)		
	(2) Other						14e(2)		
T	Deductions allocate			vei to foreign sour	ce income:	74	4 45(4)		
	(1) Passive category						14f(1)		
	(2) General category	y			· • • • • • • • • • • • • • • • • • • •		14f(2)		
	(3) Other (attach sta						14f(3)		
g	Total foreign taxes (						14g		
h 15	Reduction in taxes a		•	•			14h		
15 Vnalv	Other items and am rsis of Net Income	•	be reported separ	ately to partners (a	attach statement)				
1 1	Net income (loss). In		nes 1c through 4h	. 7. and 8. From the	e result, subtract l	ine 14a	1	7,476,	798
2	Analysis by		(ii) Individual	(iii) Individual			kempt		
_	partner type:	(i) Corporate	(active)	(passive)	(iv) Partnership		ization	(vi) Nominee/Ot	ner
а	General partners		3,738,399						
	Limited partners		-,,	3,738,399					

Form 1065-B (2012) Page **5** 

Sch	edule L Balance Sheets per Book	S				
			Beginni	ng of tax year	End of	tax year
	Assets		(a)	(b)	(c)	(d)
1	Cash			1,565,000		4,791,818
2a	Trade notes and accounts receivable		3,525,69		3,100,000	1,111,010
b	Less allowance for bad debts		200,00		200,000	2,900,000
3	Inventories		200,00	3,211,146	200,000	2,816,414
4	U.S. government obligations			0,211,110	-	2/010/111
5	Tax-exempt securities				-	
6	Other current assets (attach statement) .				-	
_	Loans to partners (or persons related to pa				-	
7a				_	-	
b	5 5			_	-	
8	Other investments (attach statement)		7 500 00	0	7.057.000	
9a	Buildings and other depreciable assets .		7,500,00		7,957,000	( 057 000
b	Less accumulated depreciation		1,500,00	0 6,000,000	1,9000,000	6,057,000
10a	Depletable assets					
b	Less accumulated depletion			4 000 000		4 000 000
11	Land (net of any amortization)			1,000,000		1,000,000
12a	Intangible assets (amortizable only)					
b	Less accumulated amortization					
13	Other assets (attach statement)					00
14	Total assets			15,101,843		17,565,232
	Liabilities and Capital					
15	Accounts payable			944,231		157,620
16	Mortgages, notes, bonds payable in less than					
17	Other current liabilities (attach statement)					
18	All nonrecourse loans			12,000,000		6,000,000
19a	Loans from partners (or persons related to					
b	Mortgages, notes, bonds payable in 1 year or	more .				
20	Other liabilities (attach statement)					
21	Partners' capital accounts			2,157,612		11,407,612
22	Total liabilities and capital		1 1100	15,101,843		17,565,232
Sche	Reconciliation of Income					
	Note. Schedule M-3 may be r	equirea instead (				
1	Net income (loss) per books			come recorded on t		
2	Income included on Schedule K, lines 1c			cluded on Schedule	K, lines 1c throug	n
	through 4b, and 8, not recorded on books			o, and 8 (itemize): ax-exempt interest \$		
	this year (itemize):		a	ix-exempt interest φ		
3	Guaranteed payments					
	• •					
4	Expenses recorded on books this year not included on Schedule K, lines 1c			eductions included on		
	through 4b, and 14g (itemize):			rough 4b, and 14g, ook income this year (i		St
а	Depreciation \$			· •		
a b	Travel and entertainment \$		ab			
D						
			8 A	dd lines 6 and 7		
				come (loss). (Analys		
5	Add lines 1 through 4			oss), line 1.) Subtract		
	edule M-2 Analysis of Partners' Cap	ital Accounts	\_			
1	Balance at beginning of year	2,157,612	<b>6</b> D	stributions: <b>a</b> Cas	sh	
2	Capital contributed: <b>a</b> Cash	2,000,000			perty	
	<b>b</b> Property					
3	Net income (loss) per books	7,250,000	7 0	ther decreases (itemiz	ze):	
4	Other increases (itemize):					
	· · · · · · · · · · · · · · · · · · ·		8 A	dd lines 6 and 7		0
			<b>9</b> B	alance at end of year.	Subtract line 8 from	m
5	Add lines 1 through 4	11,407,612		ne 5		

## Form 1125-A

(December 2012)

Department of the Treasury Internal Revenue Service

## **Cost of Goods Sold**

► Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.

Information about Form 1125-A and its instructions is at www.irs.gov/form1125a.

OMB No. 1545-2225

ame			Employer identification num	ber
ABC (	Cement Manufacturing		69-000007	
1	Inventory at beginning of year	1	3,211,146	
2	Purchases	2	22,247630	
3	Cost of labor	3	4,312,216	
4	Additional section 263A costs (attach schedule)	4		
5	Other costs (attach schedule)	5		
6	<b>Total.</b> Add lines 1 through 5	6	29,770,992	
7	Inventory at end of year	7	2,816,414	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	26,954,578	
9a	Check all methods used for valuing closing inventory:  (i) ✓ Cost  (ii) ☐ Lower of cost or market  (iii) ☐ Other (Specify method used and attach explanation.) ▶			
b	Check if there was a writedown of subnormal goods		▶ ∐	
С	Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970	) .	▶ □	
d	If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO	9d		
е	If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instruct	ions)?	🗹 Yes 🗌 N	0
f	Was there any change in determining quantities, cost, or valuations between opening and closing invent attach explanation	•		0

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

## **General Instructions**

## **Purpose of Form**

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

## **Who Must File**

Filers of Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

#### **Inventories**

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. If you are a qualifying taxpayer or a qualifying small business taxpayer (defined below), you can adopt or change your accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental.

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method). For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see Form 3115, Application for Change in Accounting Method, and its instructions.

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs.

**Qualifying taxpayer.** A qualifying taxpayer is a taxpayer that, (a) for each prior tax year ending after December 16, 1998, has average annual gross receipts of \$1 million or less for the 3 prior tax years and (b) its business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2001-10, 2001-2 I.R.B. 272.

**Qualifying small business taxpayer.** A qualifying small business taxpayer is a taxpayer that, (a) for each prior tax year

ending on or after December 31, 2000, has average annual gross receipts of \$10 million or less for the 3 prior tax years, (b) whose principal business activity is not an ineligible activity, and (c) whose business is not a tax shelter (as defined in section 448 (d)(3)). See Rev. Proc. 2002-28, 2002-18 I.R.B. 815.

**Uniform capitalization rules.** The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property by a corporation for use in its trade or business or in an activity engaged in for profit.

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

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

► See separate instructions.

► Attach to your tax return.

OMB No. 1545-0172 Attachment

Department of the Treasury Internal Revenue Service (99) Name(s) shown on return

Business or activity to which this form relates

Sequence No. 179

Identifying number

**ABC Cement Manufacturing Cement Manufacturing** 69-0000007 **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. 1 250,000 2 3 Threshold cost of section 179 property before reduction in limitation (see instructions) . 800,000 4 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing 5 (a) Description of property (b) Cost (business use only) (c) Elected cost 6 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 9 Tentative deduction. Enter the **smaller** of line 5 or line 8 . . . . . . . . . 9 **10** Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . . . . . . . 10 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) 11 12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special depreciation allowance for qualified property (other than listed property) placed in service 14 **15** Property subject to section 168(f)(1) election . . . . . . . . . . . . . . . 15 **16** Other depreciation (including ACRS) 16 Part III MACRS Depreciation (Do not include listed property.) (See instructions.) 17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . . . . . 17 26,438 18 If you are electing to group any assets placed in service during the tax year into one or more general Section B-Assets Placed in Service During 2012 Tax Year Using the General Depreciation System (b) Month and year (c) Basis for depreciation (d) Recovery (f) Method (a) Classification of property placed in (business/investment use (e) Convention (g) Depreciation deduction service only-see instructions) **19a** 3-year property **b** 5-year property c 7-year property d 10-year property e 15-year property **f** 20-year property g 25-year property 25 yrs. S/L h Residential rental 27.5 yrs. MM 9/1 property 27.5 yrs. MM S/L i Nonresidential real 39 yrs. ММ S/L property MM S/L Section C-Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System 20a Class life S/L **b** 12-year 12 yrs. **c** 40-year 40 yrs. 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 instructions 22 26,438 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

	4562 (2012)  rt V Listed Property	(Include autor	mobiles	cerl	tain ot	her v	ehicles	cert	ain co	mouter	s and	d prope		Page <b>2</b> ed for
ı u	entertainment, re				iaiii ot	1101 V	Ciliolos	, 0011	uiii oo	mpator	o, and	и ргорс	orty us	ca ioi
	<b>Note:</b> For any vehical 24b, columns (a) this									g lease (	expens	se, comp	olete <b>on</b>	<b>ly</b> 24a,
	Section A—Depreciat									s for pas	ssenge	r autom	obiles.)	
248	Do you have evidence to supp					Yes				is the evi				☐ No
	e of property (list   Date placed   inv	vestment use Cost or o	d) ther basis		(e) for depreness/inves	stment	<b>(f)</b> Recover period	-	(g) Method/ onvention		(h) preciation eduction	n Ele	(i) ected sect cost	
25	Special depreciation allo					ced in			-					
26	the tax year and used me Property used more than					e (see	Instruct	ions)	. 25					
		%												
		%												
		%												
_27	Property used 50% or les	ss in a qualified bu	usiness	use:				S/L						
		% %						5/L						
		%						S/L						
28	Add amounts in column (	(h), lines 25 throug	ıh 27. Er	nter he	re and	on line	21, pag		. 28					
29	Add amounts in column (	(i), line 26. Enter h	ere and	on line	7, pag	e1.				·		29		
	nplete this section for vehicle our employees, first answer t	s used by a sole pr	oprietor, ction C to	partne see if	r, or oth you me	er "mo et an e	xception	5% ow to cor	ner," or	this sect	tion for	those ve	hicles.	
	Total business/investment n the year ( <b>do not</b> include cor	nmuting miles) .	Vehic			o) cle 2		icle 3	Ve	(d) hicle 4		(e) nicle 5	Vehi	cle 6
	Total commuting miles drive Total other personal miles driven													
33	Total miles driven during lines 30 through 32	g the year. Add												
34	Was the vehicle available use during off-duty hours	•	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehicle used print than 5% owner or related													
36	Is another vehicle available													
		C—Questions for							-					
	wer these questions to det e than 5% owners or relate				to com	ipietin	g Sectio	n B to	r venici	es usea	by em	pioyees	wno <b>ar</b>	e not
	Do you maintain a writte your employees?	•		,	s all per	rsonal	use of	vehicle	es, inclu	iding coi	mmutir	ng, by	Yes	No
38														
39 40	Do you treat all use of ve Do you provide more that use of the vehicles, and r	hicles by employe an five vehicles to	es as po your er	ersona mploye	l use? es, obt									
41						 demon	 Istration	 se?	 (See ins	truction	 s)			
•	Note: If your answer to 3	_	-						-		-			
Pa	rt VI Amortization					,								
	(a) Description of costs	(b) Date amortiza begins	ation	Amor	<b>(c)</b> rtizable ar	nount	С	(d) Sode sed	otion	(e) Amortiza period percent	or	Amortiza	<b>(f)</b> tion for th	is year
42	Amortization of costs that	t begins during yo	ur 2012	tax ye	ar (see	instru	ctions):							
43	Amortization of costs tha	t began before vo	 ur 2012	tax ve	ar						43			
	Total. Add amounts in c	-		-							44			

# Form **4562**

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

OMB No. 1545-0172

2012

Attachmen No. 179

Department of the Treasury ► See separate instructions. Sequence No. 179 ► Attach to your tax return. Internal Revenue Service (99) Name(s) shown on return Business or activity to which this form relates Identifying number **ABC Cement Manufacturing Cement Manufacturing** 69-0000007 Part I Election To Expense Certain Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I. 1 250,000 2 80,500 3 Threshold cost of section 179 property before reduction in limitation (see instructions) . 800,000 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 5 125,000 (a) Description of property 6 (b) Cost (business use only) (c) Elected cost **Dump Truck** 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 9 Tentative deduction. Enter the **smaller** of line 5 or line 8 . . . . . . . . . 9 80,500 **10** Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . . . . . . 10 11 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 80,500 13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special depreciation allowance for qualified property (other than listed property) placed in service 14 15 **16** Other depreciation (including ACRS) 16 Part III MACRS Depreciation (Do not include listed property.) (See instructions.) 17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . . . . . 17 280.063 18 If you are electing to group any assets placed in service during the tax year into one or more general Section B-Assets Placed in Service During 2012 Tax Year Using the General Depreciation System (b) Month and year (c) Basis for depreciation (d) Recovery (a) Classification of property placed in (business/investment use (e) Convention (f) Method (g) Depreciation deduction period service only-see instructions) **19a** 3-year property 120,000 5 HY 200 DB 24,000 **b** 5-year property 7 256,500 HY 200 DB c 7-year property 36,654 d 10-year property e 15-year property **f** 20-year property g 25-year property 25 yrs. S/L h Residential rental 27.5 yrs. MM 9/1 property 27.5 yrs. MM S/L i Nonresidential real 39 yrs. ММ S/L property MM S/L Section C-Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System 20a Class life S/L **b** 12-year 12 yrs. **c** 40-year 40 yrs. 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

portion of the basis attributable to section 263A costs

here and on the appropriate lines of your return. Partnerships and S corporations—see instructions

23 For assets shown above and placed in service during the current year, enter the

421,217

	4562 (2012)  rt V Listed Property	(Include autor	mobiles	cerl	tain ot	her v	ehicles	cert	ain co	mouter	s and	d prope		Page <b>2</b> ed for
ı u	entertainment, re				iaiii ot	1101 V	Ciliolos	, 0011	uiii oo	mpator	o, and	и ргорс	orty us	ca ioi
	<b>Note:</b> For any vehical 24b, columns (a) this									g lease (	expens	se, comp	olete <b>on</b>	<b>ly</b> 24a,
	Section A—Depreciat									s for pas	ssenge	r autom	obiles.)	
248	Do you have evidence to supp					Yes				is the evi				☐ No
	e of property (list   Date placed   inv	vestment use Cost or o	d) ther basis		(e) for depreness/inves	stment	<b>(f)</b> Recover period	-	(g) Method/ onvention		(h) preciation eduction	n Ele	(i) ected sect cost	
25	Special depreciation allo					ced in			-					
26	the tax year and used me Property used more than					e (see	Instruct	ions)	. 25					
		%												
		%												
		%												
_27	Property used 50% or les	ss in a qualified bu	usiness	use:				S/L						
		% %						5/L						
		%						S/L						
28	Add amounts in column (	(h), lines 25 throug	ıh 27. Er	nter he	re and	on line	21, pag		. 28					
29	Add amounts in column (	(i), line 26. Enter h	ere and	on line	7, pag	e1.				·		29		
	nplete this section for vehicle our employees, first answer t	s used by a sole pr	oprietor, ction C to	partne see if	r, or oth you me	er "mo et an e	xception	5% ow to cor	ner," or	this sect	tion for	those ve	hicles.	
	Total business/investment n the year ( <b>do not</b> include cor	nmuting miles) .	Vehic			o) cle 2		icle 3	Ve	(d) hicle 4		(e) nicle 5	Vehi	cle 6
	Total commuting miles drive Total other personal miles driven													
33	Total miles driven during lines 30 through 32	g the year. Add												
34	Was the vehicle available use during off-duty hours	•	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehicle used print than 5% owner or related													
36	Is another vehicle available													
		C—Questions for							-					
	wer these questions to det e than 5% owners or relate				to com	ipietin	g Sectio	n B to	r venici	es usea	by em	pioyees	wno <b>ar</b>	e not
	Do you maintain a writte your employees?	•		,	s all per	rsonal	use of	vehicle	es, inclu	iding coi	mmutir	ng, by	Yes	No
38														
39 40	Do you treat all use of ve Do you provide more that use of the vehicles, and r	hicles by employe an five vehicles to	es as po your er	ersona mploye	l use? es, obt									
41						 demon	 Istration	 se?	 (See ins	truction	 s)			
•	Note: If your answer to 3	_	-						-		-			
Pa	rt VI Amortization					,								
	(a) Description of costs	(b) Date amortiza begins	ation	Amor	<b>(c)</b> rtizable ar	nount	С	(d) Sode sed	otion	(e) Amortiza period percent	or	Amortiza	<b>(f)</b> tion for th	is year
42	Amortization of costs that	t begins during yo	ur 2012	tax ye	ar (see	instru	ctions):							
43	Amortization of costs tha	t began before vo	 ur 2012	tax ve	ar						43			
	Total. Add amounts in c	-		-							44			

# Form **8825**

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

(Rev. December 2010)
Department of the Treasury
Internal Revenue Service

► See instructions on back.

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

OMB No. 1545-1186

**Employer identification number ABC Cement Manufacting** 69-0000007 Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions. See page 2 to list additional properties. Physical address of each property-street, city, Type-Enter code 1-8; Personal Use Days state, ZIP code see page 2 for list Warehouse Α 200 Metamorphic Rd, Anytown MN 55001 В C \_\_\_\_\_ D **Properties Rental Real Estate Income** В С D 615,000 2 Gross rents . . . . . 2 **Rental Real Estate Expenses 3** Advertising . . . . . . 3 24,000 **4** Auto and travel . . . . . 4 5 **5** Cleaning and maintenance . . 6 Commissions . . . . . 6 26,500 7 Insurance . . . . . . . 7 8 Legal and other professional fees 8 9 42.312 Interest . . . . . . . **10** Repairs . . . . . . . 10 10,750 11 Taxes 11 **12** Utilities . . . . 12 13 Wages and salaries . . . . 13 14 Depreciation (see instructions) 14 26,438 **15** Other (list) ▶ 15 **16** Total expenses for each property. Add lines 3 through 15 . . . 16 130,000 17 Income or (Loss) from each property. Subtract line 16 from line 2 17 615,000 **18a** Total gross rents. Add gross rents from line 2, columns A through H . . . . . . . . 18a **b** Total expenses. Add total expenses from line 16, columns A through H . . . . . . . . . . 18b 130.000 19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real 19 20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1) . . . . . . . 20a b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed: (1) Name (2) Employer identification number 485,000 Net rental estate income (loss). Combine lines 18a through 20a. Enter the result here and on: • Form 1065 or 1120S: Schedule K, line 2, or • Form 1065-B: Part I, line 4

Form	8825 (12-2010)							P	Page 2
1	Show the type and address of earental value and days with perso				perty I	isted, report the n	iumb	er of days rented a	at fair
	Physical address of each proper state, ZIP code	ty—stı	treet, city, Type—Enter code 1-8; see below for list		Fair Rental Days		Personal Use Days		
Ε									
F									
G									
Н									
	1				Prop	erties			
	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		12							
14	Wages and salaries	14							
	Other (list)								
10	Other (list)	1 1							
		15							
		1							
	Total expenses for each property.								
16	Add lines 3 through 15	16							
-	Income or (Loss) from each								
17	property. Subtract line 16 from line 2	17							

## Allowable Codes for Type of Property

- 1-Single Family Residence
- 2-Multi-Family Residence
- 3-Vacation or Short-Term Rental
- 4-Commercial
- 5-Land
- 6-Royalties
- 7-Self-Rental
- 8–Other (include description with the code on Form 8825 or on a separate statement)

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

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

► Attach to Form 1065 or Form 1065-B.

**Employer identification number** 

OMB No. 1545-0099

Department of the Treasury Internal Revenue Service

Name of partnership

▶ Information about Schedule M-3 (Form 1065) and its instructions is at www.irs.gov/form1065.

This S	Schedule M-3 is being filed becau	ise (check all that apply):				
Α	The amount of the partnership	o's total assets at the end of t	the tax year is equal to \$10 m	illion or more	€.	
В	The amount of the partnership enter the amount of adjusted t		ne tax year is equal to \$10 mi 17,565,232 ·	llion or more	. If box B	is checked,
С	The amount of total receipts for the tax year 41,827,612		5 million or more. If box C is	checked, en	ter the to	otal receipts for
D	An entity that is a reportable percent or more in the partner	entity partner with respect				interest of 50
	Name of Reportable Er		Identifying Number			age Owned or
	Nume of Reportable Er		identifying Number		eemed C	•
Е	☐ Voluntary Filer.		1	_		
Part		and Net Income (Loss) Re				
1a	Did the partnership file SEC Form			-	ar?	
	Yes. Skip lines 1b and 1c and					
	✓ No. Go to line 1b. See instruct					
b	Did the partnership prepare a cert		-			
	✓ Yes. Skip line 1c and complet	e lines 2 through 11 with res	pect to that income statemen	t.		
	No. Go to line 1c.					
С	Did the partnership prepare a non		•			
	Yes. Complete lines 2 through				U <b>4</b>	
_	No. Skip lines 2 through 3b ar	-				
2	Enter the income statement period Has the partnership's income statement				/ 2012	_
3a	Yes. (If "Yes," attach a statem			iii le Z !		
h	<ul><li>✓ No.</li><li>Has the partnership's income state</li></ul>	ment been restated for any of	the five income statement per	iada pragadir	ag the ne	riod on line 22
b	Yes. (If "Yes," attach a statem			ious precedii	ig the per	nou on line 2 !
	✓ No.	ient and the amount of each	item restated.)			
4a	Worldwide consolidated net incor	me (loss) from income statem	ent source identified in Part I	. line 1	4a	7,250,000
b	Indicate accounting standard use			,		,,
	1 🗹 GAAP 2 🗌	IFRS <b>3</b> □	704(b)			
	<b>4</b> ☐ Tax-basis <b>5</b> ☐	Other: (Specify) ▶	. ,			
5a	Net income from nonincludible for	reign entities (attach stateme	nt)	<del></del> .	5a (	)
b	Net loss from nonincludible foreig	n entities (attach statement a	and enter as a positive amour	nt)	5b	
6a	Net income from nonincludible U.	S. entities (attach statement)			6a (	)
b	Net loss from nonincludible U.S. e	· · · · · · · · · · · · · · · · · · ·			6b	
7a	Net income (loss) of other foreign	-			7a	
b	Net income (loss) of other U.S. dis		-		7b	
8	Adjustment to eliminations of tr					
_	(attach statement)				8	
9 10	Adjustment to reconcile income s Other adjustments to reconcile to		•		10	
11	Net income (loss) per income st	•	,		11	7,250,000
• •	<b>Note.</b> Part I, line 11, must equal t			·		1,230,000
12	Enter the total amount (not just the pa			uded or remov	ed on the	following lines:
		Total Assets	Total Liab	ilities		
а	Included on Part I, line 4	17,	565,232	6,157,	620	
b	Removed on Part I, line 5					
С	Removed on Part I, line 6					
d	Included on Part I, line 7					

Name of partnership Employer identification number **ABC Cement Manufacturing** 

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

	Income (Loss) Items  (Attach statements for lines 1 through 9)	(a) Income (Loss) per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	<b>(d)</b> Income (Loss) per Tax Return
	· · · · · · · · · · · · · · · · · · ·				
1	Income (loss) from equity method foreign corporations				
2	Gross foreign dividends not previously taxed				
3	Subpart F, QEF, and similar income inclusions				
4	Gross foreign distributions previously taxed				
5	Income (loss) from equity method U.S. corporations				
6	U.S. dividends				
7	Income (loss) from U.S. partnerships				
8	Income (loss) from foreign partnerships				
9	Income (loss) from other pass-through entities				
10	Items relating to reportable transactions (attach statement)				
11	Interest income (attach Form 8916-A)				
12	Total accrual to cash adjustment				
13	Hedging transactions				
14	Mark-to-market income (loss)				
	· ,	/			,
15	Cost of goods sold (attach Form 8916-A)	,			)
16	Sale versus lease (for sellers and/or lessors)				
17	Section 481(a) adjustments				
18	Unearned/deferred revenue				
19	Income recognition from long-term contracts				
20	Original issue discount and other imputed interest .				
21a	Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities .				
b	Gross capital gains from Schedule D, excluding amounts from pass-through entities				
С	Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d	Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses .				
е	Abandonment losses				
f	Worthless stock losses (attach statement)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach statement)				
23	Total income (loss) items. Combine lines 1 through 22				
24	Total expense/deduction items. (from Part III, line				
	31) (see instructions)	(737,801)	163,450	63,438	(511,003)
25	Other items with no differences	7,987,801			7,987,801
26	Reconciliation totals. Combine lines 23 through 25	7,250,000	163,450	63,348	7,476,798
		7,200,000	100,100	33,340	.,,,,,,,,

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

69-0000007

Part III

Name of partnership Employer identification number

ABC Cement Manufacturing 69-0000007

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

	heturn—Expense/Deduction items				
	Expense/Deduction Items	(a) Expense per Income Statement	<b>(b)</b> Temporary Difference	<b>(c)</b> Permanent Difference	(d) Deduction per Tax Return
1	State and local current income tax expense				
2	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				
6	Meals and entertainment	126,696		(63,348)	63,348
7	Fines and penalties	120,070		(00/010)	00/010
8	Judgments, damages, awards, and similar costs				
9	Guaranteed payments				
10	Pension and profit-sharing				
11	Other post-retirement benefits				
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				
23a	Depletion—Oil & Gas				
b	Depletion—Other than Oil & Gas				
24	Intangible drilling & development costs				
25	Depreciation	611,105	(163,450)		447,655
26	Bad debt expense	3.1,130	(100)		,550
27	Interest expense (attach Form 8916-A)				
28	Purchase versus lease (for purchasers and/				
	or lessees)				
29	Research and development costs				
30	Other expense/deduction items with differences (attach statement)				
31	Total expense/deduction items. Combine lines 1				
	through 30. Enter here and on Part II, line 24,				
	reporting positive amounts as negative and negative				
	amounts as positive	737,801	(163,450)	(63,348)	511,003
		- 7-7-1	,,		4-3 (Form 1065) 2012

☐ CORRECTED	☐ PUBLICLY T	RADED PARTNERSHIF		
PARTNERSHIP'S name, street address	ss, city, state, and ZIP code.	Taxable income (loss) from passive activities	OMB No. 1545-1626	<b>.</b>
ABC Cement Manufacturing 100 Concrete Ln		74,394	2012	Partner's Share of Income (Loss)
Anytown, MN 55001		2 Taxable income (loss) from other activities		From an Electing Large Partnership
		374	Schedule K-1 (Form 1065-B)	Large Farthership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3 Qualified dividends		Copy A
69-000007	000-60-0001			For Internal Revenue
PARTNER'S name		4a Net capital gain (loss) from passive activities	4b Net capital gain (lo	ss) Service Center
John MacBeth		, passar as as a same		File with Form 1065-B.
Street address (including apt. no.)		5 Net passive AMT adjustment	6 Net other AMT adju	
1168 Beech St				For Paperwork
		7 General credits	8 Low-income housing	Notice and
City, state, and ZIP code		9 Other	!	instructions for completing this
Central Islip, NY 11722		A1 74,394 B2 74,394		form, see the 2012 Instructions for Form 1065-B,
Partner's share of liabilities:				U.S. Return of
a Nonrecourse	\$			Income for Electing Large Partnerships.
b Qualified nonrecourse financing c Other				Large Fartherships.
Schedule K-1 (Form 1065-		IRS.gov/form1065b	Department of	the Treasury - Internal Revenue Service

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☐ CORRECTED		RADED PARTNERSHIP	, 	
PARTNERSHIP'S name, street address	ss, city, state, and ZIP code.	1 Taxable income (loss) from	OMB No. 1545-1626	
ABC Cement Manufacturing		passive activities		Partner's Share
100 Concrete Ln		74,394	2012	of Income (Loss)
Anytown, MN 55001		2 Taxable income (loss) from	1	From an Electing
		other activities		Large Partnership
		374	Schedule K-1 (Form 1065-B)	Large Farthership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3 Qualified dividends		Copy A
69-000007	000-60-0002			For Internal Revenue
PARTNER'S name		4a Net capital gain (loss) from	4b Net capital gain (lo	ss) Service Center
John Capulet		passive activities	from other activitie	s
·				File with Form 1065-B.
Street address (including apt. no.)		5 Net passive AMT adjustment	6 Net other AMT adju	stment
1175 Beech St				For Paperwork
		7 General credits	8 Low-income housing	
				Notice and instructions for
City, state, and ZIP code		9 Other		completing this
Control Jolin NIV 11722				form, see the
Central Islip, NY 11722				2012 Instructions for Form 1065-B,
Partner's share of liabilities:		7		U.S. Return of
a Nonrecourse	\$			Income for Electing
<b>b</b> Qualified nonrecourse financing				Large Partnerships.
<b>c</b> Other				
Schedule K-1 (Form 1065	-B) Cat. No. 25437H	IRS.gov/form1065b	Department of	the Treasury - Internal Revenue Service

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## **TEST SCENARIO 8**

**FORMS REQUIRED:** 1065-B, 1125-A, 8308, Schedule K-1(F1065-B) (100), Schedule M-3 (F1065), Schedule C (F1065),

**ATTACHMENTS:** 

**IRS PAYMENT:** 

Itemized Other Deductions Schedule	
BINARY ATTACHMENTS: None	
HEADER INFO:	
Tax Period: Calendar Year 2012	
Preparer Firm:	Electronic Tax Filers, Inc 69-0000098 1065 Efile Drive Anytown, WV 25001
Multiple Software Packages Used:	Yes or No
Originator:	EFIN: Self-select Type: ERO Practitioner PIN: 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 55001
Partner:	Name: Bubba Christmas Title: Chief Executive Officer Taxpayer PIN: 0200 Phone: 555-555-5555 Email Address: Anymail@email.com Date Signed: 03/15/2013
Preparer:	Name: John Dark PTIN: P00000008 Phone: 555-631-1212 Email Address: Anymail@email.com Date Prepared: 04/01/2013 Self Employed: No

N/A

## **Details for attachments to Form**

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

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

	1	065-B	I	U.S. Return of Income for		0	MB No. 1545-1626		
Form	1	003-D		Electing Large Partnerships					
		t of the Treasury	► Infor	mation about Form 1065-B and its separate instructions is at www.irs.gov/fo	rm1065b.		2012		
		venue Service	For calend	dar year 2012, or tax year beginning , 2012, and ending	, 20	<del></del>			
		l business activity		Name of partnership		D Empi	oyer identification number		
Min		al product or service	TYPE	Black Coal Industries LLC  Number, street, and room or suite no. If a P.O. box, see instructions.		E Data	69-000008  E Date business started		
Coa		ii product or service	or	100 Main St		L Date	08/03/1998		
		s code no.	PRINT	City or town, state, and ZIP code		F Total	assets (see instructions)		
		tructions)				I Total	,		
		212110		Anytown, TX 25001		\$	20,440,320		
G	Ch	eck applicable box	es: <b>(1</b>	) Final return (2) Name change (3) Address change	ne <b>(4</b>	)	ended return		
Н		eck accounting me		Cash (2) Accrual (3) Other (specify)	<b>•</b>	,			
ı	Nu	mber of Schedules	K-1. Attac	ch one for each person who was a partner at any time during the tax year	ar 🕨		100		
J	Ch	eck if Schedule M-	3 (Form 10	65) is attached	<b>&gt;</b>	V			
Pa	art I			Loss From Passive Loss Limitation Activities					
	18			01,256,342 b Less returns and allowances	<b>c</b> Bal ▶		101,256,342		
	2	•	•	ach Form 1125-A)		2	58,332,511		
	3	•		ne 2 from line 1c		3 4	42,923,831		
e	4 5			come (loss) (attach Form 8825)		5			
ncome	6			from other partnerships, estates, and trusts (attach statement)		6	96		
nc	7			tach Schedule F (Form 1040))	17	<del></del>			
_	8	•	. , .	m capital gain over net long-term capital loss (Schedule D, line	8				
	9			m 4797, Part II, line 17 (attach Form 4797)	9				
	10	Other income	(loss) (se	e instructions) (attach statement)	10				
	11	Total income	(loss). C	11	42,923,831				
	12	Salaries and w	vages (otl	ner than to partners) (less employment credits)		12	12,487,136		
	13	Guaranteed pa	-	•		13			
	14	Repairs and m	naintenan			14	4,842,657		
	15	Bad debts .			15				
	16	Rent				16 17	1,720,000		
SL	17 18	Taxes and lice	enses .			18	4,106,315		
ductions	198		 and saction	on 179 expense deduction (see instructions)		10			
nc	l			rted on Form 1125-A and elsewhere on return 19b		19c			
Ded	20					20	1,520,108		
	21	Retirement pla				21	7		
	22	Employee ben	,	ams		22	1,218,412		
	23	Other deduction	ons (attac	ch statement)		23	5,554,374		
	24	Total deducti	ons. Add	the amounts shown in the far right column for lines 12 through	23	24	31,449,002		
	25			from passive loss limitation activities. Subtract line 24 from	ine 11 .	25	11,474,829		
nd	26	•		Check if from: <b>a</b> Form 4255 <b>b</b> Form 8611		26			
ax a	27	Other paymen		c if from: <b>a</b> ☐ Form 2439 <b>b</b> ☐ Form 4136 e excess of line 26 over line 27		27			
Tax and Payments	28 29			e excess of line 26 over line 27		28			
	23			hat I have examined this return, including accompanying schedules and statements, and to	the best of n		e and belief, it is true, correct,		
Siç	gn			r (other than general partner or limited liability company member manager) is based on all in					
He		<b>L</b>		<b>\</b>			May the IRS discuss this return with the preparer shown below		
	-	Signature of ger	neral partne	r or limited liability company member manager Date		(	see instructions)? Yes No		
Pai	id 	Print/Type pre	parer's nam	e Preparer's signature Date		Check	PTIN		
	iu epa	rer				self-employe			
	e O		-	ronic Tax Filers INC	F	irm's EIN			
		Firm's address	s ► 1065	e-file Dr. Anytown, TX 25001	F	Phone no.	(555) 631-1212		

Page 2

Form 1065-B (2012)

Part	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	721	
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 22)	4			
5	Other income (loss) (see instructions) (attach statement)	5			
6	<b>Total income (loss).</b> Add lines 1, 2c, 3, 4, and 5	6	1,927,3	331	
7	Interest expense on investment debts (attach Form 4952)	7			
8	State and local income taxes (see instructions)	8			
9	Charitable contributions (see instructions for limitations and required attachment)	9			
10a	Total miscellaneous itemized deductions				
b	Deductible amount. Multiply line 10a by 30%	10b			
11	Other deductions (attach statement)	11			
12	<b>Total deductions.</b> Add lines 7, 8, 9, 10b, and 11	12			
13	Taxable income (loss) from other activities. Subtract line 12 from line 6	13	1,927,3	331	
Sch	edule B Other Information (see instructions)				
1	What type of entity is filing this return? Check the applicable box:		Y	es	No
а	☐ Domestic general partnership <b>b</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				
	entity that was disregarded as an entity separate from its owner under Regulations sections 30				
_	301.7701-3? If "Yes," see instructions for required attachment		-	-	
4	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 88				
5	8813. (See instructions.)				<u> </u>
5					
6	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement information on any reportable transaction?	ent, to	provide		~
_			<u> </u>		
7	At any time during calendar year 2012, did the partnership have an interest in or a signature or other over a financial account in a foreign country (such as a bank account, securities account, or other fin				
	account)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," en				
	of the foreign country	iter tire	Filallie		~
8	During the tax year, did the partnership receive a distribution from, or was it the grantor to, or t	ranefe	ror to a	$\dashv$	
J	foreign trust? If "Yes," the partnership may have to file Form 3520				~
9	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partners				
-	to this return. ▶ 0	1 7			
			106F	: D	(0040)

Form 1065-B (2012) Page **3** 

0.1		. /I I	. P. 1	C I'		0.0	
Scne	edule D Capital Gains and Losse						
	Part I—Short-Term Ca	pital Gains and Lo	sses – Assets Held	One Year or	Less		
This for	ete Form 8949 before completing line 1, 2, or 3. rm may be easier to complete if you round off o whole dollars.	(d) Proceeds (sales price) from Form(s) 8949, Part I, line 2, column (d)	(e) Cost or other basis from Form(s) 8949, Part I, line 2, column (e)	(g) Adjustments t gain or loss from Form(s) 8949, Pa line 2, column (g)	rt I,	(h) Gain or (loss) Subtract column from column (d) a combine the resu with column (g)	(e) and
1	Short-term totals from all Forms 8949 with <b>box A</b> checked in <b>Part I</b>						
2	Short-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part I</b>						
3	Short-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part I</b>						
4	Short-term capital gain from installment s	sales from Form 6252,	line 26 or 37		4		
5	Short-term capital gain or (loss) from like-	-kind exchanges from	Form 8824		5		
6	Reserved for future use				6		
7	Net short-term capital gain or (loss). C	ombine lines 1 throug	h 5 in column (h)		7		
	Part II—Long-Term Capi			More Than On	e Yea	ar	
10.	ete Form 8949 before completing line 8, 9, or	(d) Proceeds (sales price) from Form(s) 8949, Part II, line 4,	(e) Cost or other basis from Form(s) 8949, Part II. line 4.		0.0	(h) Gain or (loss) Subtract column from column (d) a	(e)
	m may be easier to complete if you round off owhole dollars.	column (d)	column (e)	line 4, column (g)		combine the resu with column (g)	
8	Long-term totals from all Forms 8949 with <b>box A</b> checked in <b>Part II</b>	LIIIG	Pul	PU	7	<b>E</b> 5	
9	Long-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part II</b>						
10	Long-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part II</b>	()n	IV				
11	Enter gain from Form 4797, Part I				11		
12	Long-term capital gain from installment s	ales from Form 6252,	line 26 or 37		12		
13	Long-term capital gain or (loss) from like-	kind exchanges from	Form 8824		13		
14	Net long-term capital gain or (loss). Co				14		
		Part III - Summary					
15	Combine lines 7 and 14 and enter the net				15		
16	Enter excess of net short-term capital ga	• ,		 e 14)	16		
17	Net capital gain or (loss). Subtract line	` '	· · · · · ·		17		
.,	Part IV—Net Capital			tation Activitie			
18	Redetermine the amount on line 16 by ta				4		
	limitation activities				18		
19	Excess of net short-term capital gain of amount on line 16 or line 18. Enter here a	~	-		19		
20	Redetermine the amount on line 17 by ta limitation activities	king into account only	gains and losses from	m passive loss	20		
04							
21	positive or both negative, enter the <b>smaller</b> of line 17 or line 20. Otherwise, enter -0 Enter here						
	and on Schedule K, line 4a						
			ss) From Other Act				
20			-				
22	Excess of net short-term capital gain line 16. Enter here and on page 2, Part II,	line 4			22		
23	Net capital gain or (loss) from other ac	ctivities. Subtract line	e 21 from line 17. Ente	er here and on	23		

Page 4

Form 1065-B (2012)

Sch	edule K Partne	ers' Shares of Ir	ncome, Credits,	, Deductions, et	C.				
		(a) Di	istributive share i	tems			(b	) Total amount	
1a	Taxable income (los	s) from passive lo	ss limitation activi	ties (Part I, line 25)			1a	11,474,829	
b	Amount on line 1a a	allocated to genera	al partners as:						
	(1) Taxable income	(loss) from trade of	or business activiti	es	1b(1)				
	(2) Taxable income	(loss) from rental	real estate activitie	es	1b(2)				
	(3) Taxable income	(loss) from other r	ental activities .		1b(3)				
С	Total amount on line	e 1a allocated to g	eneral partners. C	ombine lines 1b(1)	) through 1b(3)		1c		
d	Taxable income (los	=	· ·		= ::	ubtract			
	line 1c from line 1a						1d	11,474,829	
2	Taxable income (los	,	,	,			2	1,927,331	
3	Qualified dividends						3		
4a	Net capital gain (los	s) from passive lo	ss limitation activit	ties (Schedule D, li	ne 21)		4a		
b	Net capital gain (los	s) from other activ	rities (Schedule D,	line 23)			4b		
5	Net passive alternat	tive minimum tax a	adjustment				5		
6	Net other alternative	e minimum tax adj	ustment				6		
7	Guaranteed paymer	nts					7		
8	Income from discha	irge of indebtedne	ss				8		
9	Tax-exempt interes	t income					9		
10	General credits (see	instructions) .					10		
11	Low-income housin	g credit (see instru	uctions)				11		
12	Rehabilitation credit	t from rental real e	state activities (att	ach Form 3468)		. ) . (.)	12		
13a	Net earnings (loss) 1	from self-employm	ent				13a	90	
b	Gross nonfarm inco	me					13b		
14a	Name of foreign cou	untry or U.S. poss	ession >						
b	Gross income from	all sources					14b		
С	Gross income source						14c		
d	Foreign gross incon	ne sourced at part	nership level:						
	(1) Passive categor	у					14d(1)		
	(2) General categor	у			<b>99</b>		14d(2)		
	(3) Other (attach sta	atement)	. Л. Ц.		<b>S.</b>		14d(3)		
е	Deductions allocate								
	(1) Interest expense						14e(1)		
	(2) Other						14e(2)		
f	Deductions allocate	ed and apportioned	d at partnership le	vel to foreign sour	be income:				
				r		. 1. 7.	14f(1)		
	<ul><li>(1) Passive categor</li><li>(2) General categor</li></ul>	y					14f(2)		
	(3) Other (attach sta						14f(3)		
g	Total foreign taxes (						14g		
h	Reduction in taxes	available for credit	(attach statement	i)			14h		
15	Other items and am		•	•	attach statement)				
	sis of Net Income	(Loss)	•		,				
1	Net income (loss). Ir	column (b), add li	nes 1c through 4b	, 7, and 8. From the	e result, subtract li	ne 14g	1	13,402,160	
2	Analysis by	(i) Corporate	(ii) Individual	(iii) Individual	(iv) Partnership		xempt	npt (vi) Nominee/Other	
	partner type:	i, corporate	(active)	(passive)	(iii) i al allolollip	orgar	ization	(ii) Noninico, Other	
а	General partners								
b	Limited partners			13,402,160					

Form 1065-B (2012) Page **5** 

Sch	edule L Balance Sheets per Books					
			Beginr	ning of tax year	End of	tax year
	Assets		(a)	(b)	(c)	(d)
1	Cash			2,468,8	21	2,612,147
2a	Trade notes and accounts receivable					
b	Less allowance for bad debts					
3	Inventories			5,650,2	25	6,222,163
4	U.S. government obligations					
5	Tax-exempt securities					
6	Other current assets (attach statement)					
7a	Loans to partners (or persons related to partner	ers).				
b	Mortgage and real estate loans					
8	Other investments (attach statement)					
9a	Buildings and other depreciable assets					
b	Less accumulated depreciation					
10a	Depletable assets		4,227,1	16	7,297,740	
b	Less accumulated depletion		1,392,0		2,912,140	4,385,600
11	Land (net of any amortization)			7,220,4		7,220,410
12a	Intangible assets (amortizable only)					<u> </u>
b	Less accumulated amortization					
13	Other assets (attach statement)			D		
14	Total assets			18,174,5		20,440,320
	Liabilities and Capital					
15	Accounts payable			2,147,8	32	2,110,320
16	Mortgages, notes, bonds payable in less than 1 ye			2/11/		
17	Other current liabilities (attach statement) .					
18	All nonrecourse loans			10,376,6	58	5,263,460
19a	Loans from partners (or persons related to par			10/010/0		5/255/105
b	Mortgages, notes, bonds payable in 1 year or mo	·				
20	Other liabilities (attach statement)					
21	Partners' capital accounts			5,650,0	00	13,066,540
22	Total liabilities and capital			18,174,5	_	20,440,320
	Decembilistion of Income /I o	ss) per Bo	oks Wit			
Sche	Note. Schedule M-3 may be requ					
1	Net income (loss) per books			,	books this year no	nt
2	Income included on Schedule K, lines 1c	OK			e K, lines 1c through	
_	through 4b, and 8, not recorded on books			b, and 8 (itemize):		í
	this year (itemize):			ax-exempt interest	\$	'
3	Guaranteed payments					
4	Expenses recorded on books this year		7	Deductions included (	on Schedule K, lines 1	ic
•	not included on Schedule K, lines 1c		I		, not charged again	
	through 4b, and 14g (itemize):			ook income this yea		
а	Depreciation \$		a	Depreciation \$		
b	Travel and entertainment \$					
			8 7	Add lines 6 and 7 .		
			1		lysis of Net Incom	ne -
5	Add lines 1 through 4			Loss), line 1.) Subtra		
_	edule M-2 Analysis of Partners' Capital	Accounts		,,,		I
1	Balance at beginning of year	5,650,000	6 E	Distributions: <b>a</b> C	ash	5,000,000
2	Capital contributed: <b>a</b> Cash	,,	_		roperty	
-	<b>b</b> Property		1			
3	Net income (loss) per books	12,416,540	7	Other decreases (iter	nize):	
4	Other increases (itemize):	,,	- `			
•			8 7	Add lines 6 and 7 .		5,000,000
					ar. Subtract line 8 fro	
5	Add lines 1 through 4	18,066,540	I	-		
-		. , , •				

## Form 1125-A

**Cost of Goods Sold** 

(December 2012)
Department of the Treasury
Internal Revenue Service

► Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.

Information about Form 1125-A and its instructions is at <a href="https://www.irs.gov/form1125a">www.irs.gov/form1125a</a>.

OMB No. 1545-2225

ıame			Employer identification number
Black	Coal Industries LLC		69-000008
1	Inventory at beginning of year	1	5,650,225
2	Purchases	2	57,478,827
3	Cost of labor	3	1,425,622
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	<b>Total.</b> Add lines 1 through 5	6	64,554,674
7	Inventory at end of year	7	6,222,163
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	58,332,511
9a	Check all methods used for valuing closing inventory:  (i) ☐ Cost  (ii) ☑ Lower of cost or market  (iii) ☐ Other (Specify method used and attach explanation.) ▶		
b	Check if there was a writedown of subnormal goods		
С	Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)	) .	▶ □
d	If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO	9d	
е	If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instruction	ions)?	· 🗹 Yes 🗌 No
f	Was there any change in determining quantities, cost, or valuations between opening and closing inventor attach explanation	•	

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

## **General Instructions**

## **Purpose of Form**

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

## **Who Must File**

Filers of Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

#### **Inventories**

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. If you are a qualifying taxpayer or a qualifying small business taxpayer (defined below), you can adopt or change your accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental.

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method). For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see Form 3115, Application for Change in Accounting Method, and its instructions.

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs.

**Qualifying taxpayer.** A qualifying taxpayer is a taxpayer that, (a) for each prior tax year ending after December 16, 1998, has average annual gross receipts of \$1 million or less for the 3 prior tax years and (b) its business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2001-10, 2001-2 I.R.B. 272.

**Qualifying small business taxpayer.** A qualifying small business taxpayer is a taxpayer that, (a) for each prior tax year

ending on or after December 31, 2000, has average annual gross receipts of \$10 million or less for the 3 prior tax years, (b) whose principal business activity is not an ineligible activity, and (c) whose business is not a tax shelter (as defined in section 448 (d)(3)). See Rev. Proc. 2002-28, 2002-18 I.R.B. 815.

**Uniform capitalization rules.** The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property by a corporation for use in its trade or business or in an activity engaged in for profit.

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

(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

Employer identification number Name of partnership Telephone number 69-000000008 **Black Coal Industries** 555 ) 555-5555

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

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

Identifying number Name **Bronco Juno** 000-70-0002

Number and street (including apt. no.)

#### 300 Main St

City or town, state, and ZIP code

#### Anvtown, 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 / 2009

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

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



Signature of general partner or limited liability company member



Date

## **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) Page **2** 

**Note:** The transferor of the interest is required to notify the partnership of the exchange of the partnership interest unless, under section 6045, Form 1099-B is required to be filed.

Form 8308 must generally be prepared prior to the time it must be attached to the partnership return and sent to the IRS. This will allow the timely furnishing of Forms 8308 to the transferor and transferee.

#### **Instructions to Transferors**

This form alerts transferors that they are required to treat a portion of the gain realized from a section 751(a) exchange as ordinary income. For more details, see Pub. 541.

Separate Statement Required by Transferor. The transferor is required by Regulations section 1.751-1(a)(3) to attach a statement to the transferor's income tax return for the tax year of the sale or exchange with the following information:

- 1. The date of the sale or exchange.
- **2.** The amount of any gain or loss attributable to the section 751 property.
- **3.** The amount of any gain or loss attributable to capital gain or loss on the sale of the partnership interest.

#### **Instructions to Partnerships**

Section 751(a) Exchange. A section 751(a) exchange occurs when money or any property is exchanged for all or part of a partnership interest that is attributable to unrealized receivables or inventory items. Generally, any sale or exchange of a partnership interest (or any portion) at a time when the partnership has any unrealized receivables or inventory items is a section 751(a) exchange.

**Unrealized Receivables.** Unrealized receivables, to the extent not previously includible in income under the partnership's accounting method, are any rights to payment for:

- **1.** Goods delivered or to be delivered, to the extent that the payment would be treated as received for property other than a capital asset, and
  - 2. Services rendered or to be rendered.

Unrealized receivables also include the amount of gain that would be ordinary income if any of the following types of partnership property were sold on the date of the section 751(a) exchange:

- Mining property (section 617(f)(2)).
- Stock in an interest charge domestic international sales corporation (section 992(a)).
- Farm recapture property or farm land (section 1252(a)).

• Franchises, trademarks, or trade names (section 1253(a)).

- Oil, gas, or geothermal property (section 1254).
- Stock of a controlled foreign corporation (section 1248).
- Section 1245 property.
- Section 1245 recovery property.
- Section 1250 property.
- Market discount bonds (section 1278).
- Short-term governmental obligations (section 1283).
- Other short-term obligations (section 1283(c)).

**Inventory Items.** Inventory items are not just stock in trade of the partnership. They also include:

- Any properties that would be included in inventory if on hand at the end of the tax year or that are held primarily for sale to customers in the normal course of business.
- Any asset that is not a capital asset or is not treated as a capital asset.
- Any other property held by the partnership that would be considered inventory if held by the transferor partner.
- Any trade receivables of accrual method partnerships.

Tiered Partnerships. In determining whether partnership property is an unrealized receivable or an inventory item, the partnership is treated as owning its proportionate share of the property of any other partnership in which it is a partner. See section 751(f).

Penalty for Late Filing of Correct Form 8308. A penalty may be imposed for failing to file each Form 8308 when due, including extensions. The penalty may also be imposed for failing to include all required information on Form 8308 or for furnishing incorrect information. The penalty is based on when the partnership files a correct Form 8308. Generally, the penalty is:

- \$15 per Form 8308 if the partnership correctly files within 30 days of the due date.
- \$50 per Form 8308 if the partnership files more than 30 days after the due date or does not file correct Forms 8308.

If the partnership intentionally disregards the requirement to report correct information, the penalty per Form 8308 is increased to \$100.

The penalty will not apply to any failure that the partnership can show was due to reasonable cause and not willful neglect.

For more details, see sections 6721 and 6724.

Penalty for Failure To Furnish Correct Forms 8308 to Transferor and

Transferee. A penalty of \$50 may be imposed for each failure to furnish when due a copy of Form 8308 to either party to the exchange. The penalty may also be imposed for each failure to give the transferor or transferee all required information on each Form 8308 or for furnishing incorrect information. If the partnership intentionally disregards the requirement to report correct information, each \$50 penalty is increased to \$100. The penalty will not apply to any failure that the partnership can show was due to reasonable cause and not willful neglect. See sections 6722 and 6724 for more details

Partnership Address. Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the partnership has a P.O. box, show the box number instead.

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 . . . . 2 hr., 23 min.

Preparing and sending the form to the IRS . . . 2 hr., 32 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the tax form to this address. Instead, see When To File on page 1.

### SCHEDULE C (Form 1065)

**Additional Information for Schedule M-3 Filers** 

OMB No. 1545-0099

(Rev. December 2011) Department of the Treasury Internal Revenue Service

▶ Attach to Form 1065. See separate instructions.

Name of partnership

ABC Cement Manufacturing

69-000008

		Yes	No
1	At any time during the tax year, were there any transfers between the partnership and its partners subject to the disclosure requirements of Regulations section 1.707-8?		V
2	Do the amounts reported on Schedule M-3, Part II, lines 7 or 8, column (d), reflect allocations to this partnership from another partnership of income, gain, loss, deduction, or credit that are disproportionate to this partnership's		
	share of capital in such partnership or its ratio for sharing other items of such partnership?		٧
3	At any time during the tax year, did the partnership sell, exchange, or transfer any interest in an intangible asset to		
	a related person as defined in sections 267(b) and 707(b)(1)?		~
	At any time during the tay year did the neutrovahin acquire any interest in an intensible asset from a valeted		
4	At any time during the tax year, did the partnership acquire any interest in an intangible asset from a related		
	person as defined in sections 267(b) and 707(b)(1)?		-
5	At any time during the tax year, did the partnership make any change in accounting principle for financial		
3	accounting purposes? See instructions for a definition of change in accounting principle		~
	and the state of t		
6	At any time during the tax year, did the partnership make any change in a method of accounting for U.S. income		
-	tax purposes?		~

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

Cat. No. 49945S

Schedule C (Form 1065) (Rev. 12-2011)

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

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

► Attach to Form 1065 or Form 1065-B.

Employer identification number

OMB No. 1545-0099

Department of the Treasury Internal Revenue Service

Name of partnership

▶ Information about Schedule M-3 (Form 1065) and its instructions is at www.irs.gov/form1065.

Black	Coal Industries, LLC					69-00	80000	
This S	schedule M-3 is being filed beca	ause (check all that apply):						
Α	✓ The amount of the partnersh		he tax y	ear is equal to \$10 mill	ion or more.			
В		ip's adjusted total assets for th	-	•			3 is checked,	
		I total assets for the tax year		440,320			,	
С	☑ The amount of total receipts for the tax year is equal to \$35 million or more. If box C is checked, enter the total receipts for							
	the tax year103,183,673							
D		e entity partner with respect tership's capital, profit, or loss,					n interest of 50	
	Name of Reportable E	Entity Partner	lo	dentifying Number		Percent emed C	tage Owned or	
E	☐ Voluntary Filer.							
Part	Financial Information	and Net Income (Loss) Re	conci	liation				
1a	Did the partnership file SEC For	m 10-K for its income statemer	nt perio	d ending with or within	this tax year	?		
	☐ <b>Yes.</b> Skip lines 1b and 1c an	d complete lines 2 through 11	with res	spect to that SEC Form	10-K.			
	✓ No. Go to line 1b. See instru	ctions if multiple non-tax-basis	incom	e statements are prepa	red.			
b	Did the partnership prepare a ce	ertified audited non-tax-basis ir	come s	statement for that perio	d?			
	✓ Yes. Skip line 1c and complete.	ete lines 2 through 11 with resp	ect to	that income statement.				
	■ No. Go to line 1c.							
С	Did the partnership prepare a no	on-tax-basis income statement	for tha	t period?				
	☐ <b>Yes.</b> Complete lines 2 through	gh 11 with respect to that incor	ne stat	ement.				
	■ No. Skip lines 2 through 3b a	and enter the partnership's net	income	e (loss) per its books an	d records or	n line 4a	a.	
2	Enter the income statement peri	od: Beginning 01 / 0	1 / :	2012 Ending 12	/ 31 /	2012	_	
3a	Has the partnership's income st	atement been restated for the i	ncome	statement period on lin	e 2?			
		ment and the amount of each i	tem res	stated.)				
	✓ No.							
b	Has the partnership's income sta			· ·	ds preceding	the pe	riod on line 2?	
		ment and the amount of each i	tem res	stated.)				
	✓ No.							
4a	Worldwide consolidated net inco			irce identified in Part I, I	ine 1	4a	12,416,540	
b	Indicate accounting standard us							
	1  GAAP 2	IFRS 3	704(b	<b>)</b> )				
<b>-</b> -	4 Tax-basis 5	Other: (Specify) ►	- 4\			(	1	
5a	Net income from nonincludible f				_	5a (		
b	Net loss from nonincludible fore Net income from nonincludible U					5b		
6a b	Net loss from nonincludible U.S.					6a ( 6b		
7a	Net income (loss) of other foreig				<del>-</del>	7a		
b	Net income (loss) of other U.S. of	= :			<del>-</del>	7b		
8					_	75		
Ū	Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement)							
9								
10	Other adjustments to reconcile to amount on line 11 (attach statement)							
11	Net income (loss) per income			The state of the s		11	12,416,540	
•••	<b>Note.</b> Part I, line 11, must equa			•	L		.2/110/010	
12	Enter the total amount (not just the				ed or remove	d on the	e following lines:	
	( ) ,	Total Assets		Total Liabili			3	
а	Included on Part I, line 4		440,320		7,373,7	80		
b	Removed on Part I, line 5							
С	Removed on Part I, line 6							
d	Included on Part I line 7							

Part II

Name of partnership Employer identification number

Black Coal Industries, LLC 69-000008

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

	11010111				
	Income (Loss) Items  (Attach statements for lines 1 through 9)	(a) Income (Loss) per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
	· · · · · · · · · · · · · · · · · · ·				
1	Income (loss) from equity method foreign corporations				
2	Gross foreign dividends not previously taxed				
3	Subpart F, QEF, and similar income inclusions				
4	Gross foreign distributions previously taxed				
5	Income (loss) from equity method U.S. corporations				
6	U.S. dividends				
7	Income (loss) from U.S. partnerships				
8	Income (loss) from foreign partnerships				
9	Income (loss) from other pass-through entities				
10	Items relating to reportable transactions (attach statement)				
11	Interest income (attach Form 8916-A)				
12	Total accrual to cash adjustment				
13	Hedging transactions				
14	Mark-to-market income (loss)				
	, ,	(		(	
15	Cost of goods sold (attach Form 8916-A)	,		1	
16	Sale versus lease (for sellers and/or lessors)				
17	Section 481(a) adjustments				
18	Unearned/deferred revenue				
19	Income recognition from long-term contracts				
20	Original issue discount and other imputed interest .				
21a	Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities .				
b	Gross capital gains from Schedule D, excluding amounts from pass-through entities				
С	Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d	Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses .				
е	Abandonment losses				
f	Worthless stock losses (attach statement)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach statement)				
23	<b>Total income (loss) items.</b> Combine lines 1 through 22				
24	Total expense/deduction items. (from Part III, line				
	31) (see instructions)	(3,491,348)		985,620	(2,505,728)
25	Other items with no differences	15,907,888			15,907,888
26	Reconciliation totals. Combine lines 23 through 25	12,416,540		985,620	13,402,160
	The state of the s	. = 1		,00,020	

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

Name of partnership Employer identification number

Black Coal Industries, LLC 69-0000008

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

	heturn-Expense/Deduction items				
	Expense/Deduction Items	(a) Expense per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	State and local current income tax expense				
2	State and local deferred income tax expense				
3	Foreign current income tax expense (other than				
Ū	foreign withholding taxes)				
4	Foreign deferred income tax expense				
5	Equity-based compensation				
6	Meals and entertainment				
7	Fines and penalties				
8	Judgments, damages, awards, and similar costs				
9	Guaranteed payments				
10					
	Pension and profit-sharing				
11	Other post-retirement benefits				
12	Deferred compensation				
13	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				
23a	Depletion—Oil & Gas				
b	Depletion—Other than Oil & Gas				
24	Intangible drilling & development costs				
25	Depreciation				
26	Bad debt expense				
27	Interest expense (attach Form 8916-A)				
28	Purchase versus lease (for purchasers and/				
	or lessees)				
29	Research and development costs				
30	Other expense/deduction items with differences (attach statement)				
31	Total expense/deduction items. Combine lines 1				
	through 30. Enter here and on Part II, line 24,				
	reporting positive amounts as negative and negative amounts as positive				
					M-3 (Form 1065) 2012

☐ CORRECTED		PUBLICEY I	HAL	DED PARTNERSHIP		_
PARTNERSHIP'S name, street address	ss, city, state, and Z	IP code.		Taxable income (loss) from passive activities	OMB No. 1545-1626	Dortnor's Share
Black Coal Industries LLC				•		Partner's Share
100 Main St				114,749	2012	of Income (Loss)
Anytown, WV 25001				Taxable income (loss) from other activities		From an Electing Large Partnership
				19,274	Schedule K-1 (Form 1065-B)	Large Faranciomp
PARTNERSHIP'S Employer I.D. number	PARTNER'S ident	tifying number	3	Qualified dividends		Copy A
69-000008	000-7	0-0002				For Internal Revenue
PARTNER'S name				Net capital gain (loss) from passive activities	4b Net capital gain (lo	Service Center
Bronco Juno						File with Form 1065-B.
Street address (including apt. no.)			5	Net passive AMT adjustment	6 Net other AMT adju	stment
300 Main St						For Paperwork
			7	General credits	8 Low-income housir	Notice and
City, state, and ZIP code			9	Other	L	instructions for completing this
Anytown, WV 25001						form, see the 2012 Instructions for Form 1065-B,
Partner's share of liabilities:						U.S. Return of
a Nonrecourse	\$ _	52,635				Income for Electing Large Partnerships.
<b>b</b> Qualified nonrecourse financing	\$ _					Large Farmerships.
<b>c</b> Other						
Schedule K-1 (Form 1065-	- <b>B)</b> Cat.	No. 25437H		IRS.gov/form1065b	Department of	the Treasury - Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

☐ CORRECTED	I	OBLICLY I	RADED	PARTNERSHIP		_
PARTNERSHIP'S name, street address	ss, city, state, and ZIF	code.		ole income (loss) from	OMB No. 1545-1626	Danta ada Okana
Black Coal Industries LLC			passi	ve activities		Partner's Share
100 Main St				52,635	20 <b>12</b>	of Income (Loss)
Anytown, WV 25001				ole income (loss) from activities		From an Electing Large Partnership
				19,274	Schedule K-1 (Form 1065-B)	Large Farthership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identify	ying number	3 Qualit	ied dividends		Copy A
69-000008	000-70-	0001				For Internal Revenue
PARTNER'S name				apital gain (loss) from	4b Net capital gain (lo	Service Center
Bubba Christmas			passi	ve activities	irom other activitie	
						File with Form 1065-B.
Street address (including apt. no.)			5 Net pa	assive AMT adjustment	6 Net other AMT adju	stment
200 Main St						For Paperwork
			7 Gene	ral credits	8 Low-income housing	ng credit Reduction Act Notice and
						instructions for
City, state, and ZIP code			9 Other			completing this
Anytown, WV 25001						form, see the 2012 Instructions for Form 1065-B,
Partner's share of liabilities:			1			U.S. Return of
a Nonrecourse	\$	52,635				Income for Electing
<b>b</b> Qualified nonrecourse financing						Large Partnerships.
<b>c</b> Other						
Schedule K-1 (Form 1065-	- <b>B)</b> Cat. N	lo. 25437H		IRS.gov/form1065b	Department of	the Treasury - Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

☐ CORRECTED	□ PUBLICLY T	RADED PARTNERSHIF	•	
PARTNERSHIP'S name, street address	ss, city, state, and ZIP code.	Taxable income (loss) from passive activities	OMB No. 1545-1626	Doutney's Chare
Black Coal Industries LLC 100 Main St		114,749	2012	Partner's Share of Income (Loss)
Anytown, WV 25001		Taxable income (loss) from other activities		From an Electing Large Partnership
		19,273	Schedule K-1 (Form 1065-B)	Large Farthership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3 Qualified dividends		Copy A
69-000008	000-70-1001			For Internal Revenue
PARTNER'S name		<b>4a</b> Net capital gain (loss) from passive activities	4b Net capital gain (lo	
Taxpayer B1		,		File with Form 1065-B.
Street address (including apt. no.)		5 Net passive AMT adjustment	6 Net other AMT adju	stment
1001 Main St				For Paperwork
		7 General credits	8 Low-income housing	g credit Reduction Act Notice and instructions for
City, state, and ZIP code		9 Other	•	completing this
Anytown, WV 25001				form, see the 2012 Instructions for Form 1065-B,
Partner's share of liabilities:				U.S. Return of
a Nonrecourse	\$52,635			Income for Electing Large Partnerships.
1	\$			Large Fartherships.
Schedule K-1 (Form 1065	· · · · · · · · · · · · · · · · · · ·	IDO (6 1005)		
Schedule K-1 (LOHIII 1003	- <b>В)</b> Cat. No. 25437H	IRS.gov/form1065b	Department of	the Treasury - Internal Revenue Service

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#### **Test Scenario 9 (K-1 Aggregator)**

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

- The number of K-1's is 101
- The ordinary Business Income/Loss Statement attached to Schedule K-1 will apply to all 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 98 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 990-10-0099)
- The partner's name will increase by 1 (Taxpayer A2, Taxpayer A3, Taxpayer A4...through Taxpayer A99)
- Use the same address as Taxpayer A1
- The 98 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, Line1)

Taxpayer A1 through Taxpayer A99					
Education	200				
Legal Services	203				

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

Barton and Jenkins Enterprise				
Education	20,000			
Legal Services	32,252,560			

**FORMS REQUIRED:** 1065, 4797, 8825, 8882, Schedule K-1(F1065-B) (100), Form 8453-PE, dependencies, Schedule M-3 (F1065), Schedule C (F1065)

**ATTACHMENTS:** 

Itemized Other Deductions Schedule

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 2012

Preparer Firm: Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, NV 89501

Multiple Software Packages Used: Yes or No

Originator: EFIN: Self-select

Type: ERO

**Practitioner PIN: 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: 555 555 555

Phone: 555-555-555

Email Address: Anymail@email.com

**Date Signed: 04/01/2013** 

Preparer: Name: Jesse James

PTIN: P00000001 Phone: 555-631-1212

Email Address: Anymail@email.com

**Date Prepared: 04/01/2013** 

Self Employed: No

#### 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
Cimacare	32,000

#### 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

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

OMB No. 1545-0172 Attachment

Department of the Treasury ► See separate instructions. ► Attach to your tax return. Sequence No. 179 Internal Revenue Service (99) Name(s) shown on return Business or activity to which this form relates Identifying number San Starling, LLP Legal Services 69-0000001 **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. 1 2 Threshold cost of section 179 property before reduction in limitation (see instructions) . 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 5 (a) Description of property 6 (b) Cost (business use only) (c) Elected cost 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 9 Tentative deduction. Enter the smaller of line 5 or line 8 . . . . . . . . . . 9 **10** Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . . . . . . . . . . 10 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) 11 12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special depreciation allowance for qualified property (other than listed property) placed in service 14 3,258,175 15 **16** Other depreciation (including ACRS) 16 625,392 Part III MACRS Depreciation (Do not include listed property.) (See instructions.) **Section A** 17 17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . . . . . 2.745.142 18 If you are electing to group any assets placed in service during the tax year into one or more general Section B-Assets Placed in Service During 2012 Tax Year Using the General Depreciation System (b) Month and year (c) Basis for depreciation

(a) Classification of property	placed in service	(business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						285,740
<b>b</b> 5-year property						325,098
c 7-year property						
d 10-year property						
e 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	35,069
Section C-	-Assets Place	ed in Service During	2012 Tax Ye	ar Using the Alte	ernative Deprecia	tion System
00 01 111					C //	

20a Class life					S/L		
<b>b</b> 12-year			12 yrs.		9/L		
<b>c</b> 40-year			40 yrs.	MM	9/L		
Part IV Summary (	See instruction	ns.)					
21 Listed property. Ent	ter amount fror	n line 28				21	

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 instructions .	22	7,274,610
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		

	4562 (2012)  rt V Listed Property	(Include autor	mobiles	cerl	tain ot	her v	ehicles	cert	ain co	mouter	s and	d prope		Page <b>2</b> ed for
ı u	entertainment, re				iaiii ot	1101 V	Ciliolos	, 0011	uiii oo	mpator	o, and	и ргорс	orty us	ca ioi
	<b>Note:</b> For any vehical 24b, columns (a) this									g lease (	expens	se, comp	olete <b>on</b>	<b>ly</b> 24a,
	Section A—Depreciat									s for pas	ssenge	r autom	obiles.)	
248	Do you have evidence to supp					Yes				is the evi				☐ No
	e of property (list   Date placed   invehicles first)	vestment use Cost or o	d) ther basis		(e) for depreness/inves	stment	<b>(f)</b> Recover period	- 1	(g) Method/ onvention		(h) preciation eduction	n Ele	(i) ected sect cost	
25	Special depreciation allo					ced in			-					
26	the tax year and used me Property used more than					e (see	Instruct	ions)	. 25					
		%												
		%												
		%												
_27	Property used 50% or les	ss in a qualified bu	usiness	use:				S/L						
		% %						5/L						
		%						S/L						
28	Add amounts in column (	(h), lines 25 throug	ıh 27. Er	nter he	re and	on line	21, pag		. 28					
29	Add amounts in column (	(i), line 26. Enter h	ere and	on line	7, pag	e1.				·		29		
	nplete this section for vehicle our employees, first answer t	s used by a sole pr	oprietor, ction C to	partne see if	r, or oth you me	er "mo et an e	xception	5% ow to cor	ner," or	this sect	tion for	those ve	hicles.	
	Total business/investment net the year (do not include con	nmuting miles) .	Vehic			o) cle 2		icle 3	Ve	(d) hicle 4		(e) nicle 5	Vehi	cle 6
	Total commuting miles drive Total other personal miles driven													
33	Total miles driven during lines 30 through 32	g the year. Add												
34	Was the vehicle available use during off-duty hours	•	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehicle used print than 5% owner or related													
36	Is another vehicle available													
		C—Questions for							-					
	wer these questions to det e than 5% owners or relate				to com	ipietin	g Sectio	n B to	r venici	es usea	by em	pioyees	wno <b>ar</b>	e not
	Do you maintain a writte your employees?	•		,	s all per	rsonal	use of	vehicle	es, inclu	iding coi	mmutir	ng, by	Yes	No
38														
39 40	Do you treat all use of ve Do you provide more that use of the vehicles, and r	hicles by employe an five vehicles to	es as po your er	ersona mploye	l use? es, obt									
41						 demon	 Istration	 se?	 (See ins	truction	 s)			
•	Note: If your answer to 3	_	-						-		-			
Pa	rt VI Amortization					,								
	(a) Description of costs	(b) Date amortiza begins	ation	Amor	<b>(c)</b> rtizable ar	nount	С	(d) Sode sed	otion	(e) Amortiza period percent	or	Amortiza	<b>(f)</b> tion for th	is year
42	Amortization of costs that	t begins during yo	ur 2012	tax ye	ar (see	instru	ctions):							
43	Amortization of costs tha	t began before vo	 ur 2012	tax ve	ar						43			
	Total. Add amounts in c	-		-							44			

### Form **4562**

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

► See separate instructions.

► Attach to your tax return.

OMB No. 1545-0172

2012

Attachment
Sequence No. 179

Department of the Treasury Internal Revenue Service (99) Name(s) shown on return

Business or activity to which this form relates

Identifying number

Sam Starling Rental 69-0000001 Part I Election To Expense Certain Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I. 1 2 3 Threshold cost of section 179 property before reduction in limitation (see instructions) . 4 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing 5 (a) Description of property (b) Cost (business use only) (c) Elected cost 6 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 9 Tentative deduction. Enter the smaller of line 5 or line 8 . . . . . . . . . . 9 **10** Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . . . . . . 10 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) 11 12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) 14 Special depreciation allowance for qualified property (other than listed property) placed in service 14 **15** Property subject to section 168(f)(1) election . . . . . . . . . . . . . . . 15 **16** Other depreciation (including ACRS) 16 Part III MACRS Depreciation (Do not include listed property.) (See instructions.) 17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . . . . . 17 18,275 18 If you are electing to group any assets placed in service during the tax year into one or more general Section B-Assets Placed in Service During 2012 Tax Year Using the General Depreciation System (b) Month and year (c) Basis for depreciation (d) Recovery (f) Method (a) Classification of property placed in (business/investment use (e) Convention (g) Depreciation deduction service only-see instructions) **19a** 3-year property **b** 5-year property c 7-year property d 10-year property e 15-year property **f** 20-year property g 25-year property 25 yrs. S/L h Residential rental 27.5 yrs. MM 9/1 property 27.5 yrs. MM S/L i Nonresidential real 39 yrs. ММ S/L property MM S/L Section C-Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System 20a Class life S/L **b** 12-year 12 yrs. **c** 40-year 40 yrs. 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 instructions 22 18,275 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

	4562 (2012)  rt V Listed Property	(Include autor	mobiles	cerl	tain ot	her v	ehicles	cert	ain co	mouter	s and	d prope		Page <b>2</b> ed for
ı u	entertainment, re				iaiii ot	1101 V	Ciliolos	, 0011	uiii oo	mpator	o, and	и ргорс	orty us	ca ioi
	<b>Note:</b> For any vehical 24b, columns (a) this									g lease (	expens	se, comp	olete <b>on</b>	<b>ly</b> 24a,
	Section A—Depreciat									s for pas	ssenge	r autom	obiles.)	
248	Do you have evidence to supp					Yes				is the evi				☐ No
	e of property (list   Date placed   invehicles first)	vestment use Cost or o	d) ther basis		(e) for depreness/inves	stment	<b>(f)</b> Recover period	- 1	(g) Method/ onvention		(h) preciation eduction	n Ele	(i) ected sect cost	
25	Special depreciation allo					ced in			-					
26	the tax year and used me Property used more than					e (see	Instruct	ions)	. 25					
		%												
		%												
		%												
_27	Property used 50% or les	ss in a qualified bu	usiness	use:				S/L						
		% %						5/L						
		%						S/L						
28	Add amounts in column (	(h), lines 25 throug	ıh 27. Er	nter he	re and	on line	21, pag		. 28					
29	Add amounts in column (	(i), line 26. Enter h	ere and	on line	7, pag	e1.				·		29		
	nplete this section for vehicle our employees, first answer t	s used by a sole pr	oprietor, ction C to	partne see if	r, or oth you me	er "mo et an e	xception	5% ow to cor	ner," or	this sect	tion for	those ve	hicles.	
	Total business/investment net the year (do not include con	nmuting miles) .	Vehic			o) cle 2		icle 3	Ve	(d) hicle 4		(e) nicle 5	Vehi	cle 6
	Total commuting miles drive Total other personal miles driven													
33	Total miles driven during lines 30 through 32	g the year. Add												
34	Was the vehicle available use during off-duty hours	•	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehicle used print than 5% owner or related													
36	Is another vehicle available													
		C—Questions for							-					
	wer these questions to det e than 5% owners or relate				to com	ipietin	g Sectio	n B to	r venici	es usea	by em	pioyees	wno <b>ar</b>	e not
	Do you maintain a writte your employees?	•		,	s all per	rsonal	use of	vehicle	es, inclu	iding coi	mmutir	ng, by	Yes	No
38														
39 40	Do you treat all use of ve Do you provide more that use of the vehicles, and r	hicles by employe an five vehicles to	es as po your er	ersona mploye	l use? es, obt									
41						 demon	 Istration	 se?	 (See ins	truction	 s)			
•	Note: If your answer to 3	_	-						-		-			
Pa	rt VI Amortization					,								
	(a) Description of costs	(b) Date amortiza begins	ation	Amor	<b>(c)</b> rtizable ar	nount	С	(d) Sode sed	otion	(e) Amortiza period percent	or	Amortiza	<b>(f)</b> tion for th	is year
42	Amortization of costs that	t begins during yo	ur 2012	tax ye	ar (see	instru	ctions):							
43	Amortization of costs tha	t began before vo	 ur 2012	tax ve	ar						43			
	Total. Add amounts in c	-		-							44			

### Form **4797**

Department of the Treasury Internal Revenue Service (99)

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.

► Information about Form 4797 and its separate instructions is at www.irs.gov/form4797.

OMB No. 1545-0184

Attachment Sequence No. **27** 

Identifying number

Sam	Starling, LLP						69-0000	0001
1	Enter the gross proceeds substitute statement) that						1	
Pa	Sales or Exchar Than Casualty						sions	From Other
2	(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 of basis, plus improvements expense of s	s and	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	705	19 (4)			<del>/                                    </del>			
3	Gain, if any, from Form 468	4, line 39					3	
4	Section 1231 gain from inst	allment sales from	Form 6252, line 26	6 or 37			4	
5	Section 1231 gain or (loss)	from like-kind exch	anges from Form	8824			5	
6	Gain, if any, from line 32, from	om other than casu	alty or theft			[	6	
7	Combine lines 2 through 6.	Enter the gain or (le	oss) here and on th	ne appropriate line a	as follows:		7	
	Partnerships (except electinstructions for Form 1065,							
	Individuals, partners, S coline 7 on line 11 below and							
	losses, or they were recap Schedule D filed with your i				a long-term capital	gain on the		
8	Nonrecaptured net section	1231 losses from p	rior years (see inst	tructions)		[	8	
9	Subtract line 8 from line 7.	If zero or less, ente	r -0 If line 9 is ze	ro, enter the gain fro	om line 7 on line 12 b	elow. If line		
	9 is more than zero, enter	the amount from I	ine 8 on line 12 b	elow and enter the	gain from line 9 as	a long-term		
	capital gain on the Schedul						9	
Par					14			
10	Ordinary gains and losses r	not included on line	s i i through 16 (ir	iciuae property neid	i i year or less):			
11	Loss, if any, from line 7.						11 (	,
12	Gain, if any, from line 7 or a						12	
13							13	10,000
14	Net gain or (loss) from Form						14	
15	Ordinary gain from installment						15	
16	Ordinary gain or (loss) from		•				16	
17	Combine lines 10 through 1	_				1	17	10,000
18	For all except individual ret	urns, enter the amo	ount from line 17 o	on the appropriate li	ne of your return and	skip lines a		
_	and b below. For individual	•						
а	If the loss on line 11 includes		, ,	1 1 1				
	of the loss from income-pro used as an employee on Sch	0 ,	•	,.	•		18a	
b	Redetermine the gain or (lo	•					18b	
		,	J	,, : : : : : : : : : : : : : : : : : :		-,	.00	

Pai	Gain From Disposition of Property Und (see instructions)	ler Se	ections 1245, 12	50, 1252, 1	254,	and 1255		
19	(a) Description of section 1245, 1250, 1252, 1254, or 125	5 prope	erty:			(b) Date acq (mo., day,		(c) Date sold (mo., day, yr.)
Α	Furniture and Fixtures					10/01/201	11	01/19/2012
В								
C								
D		_						
	These columns relate to the properties on lines 19A through 19D	). <b>▶</b>	Property A	Property	В	Property	C	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					
22	Depreciation (or depletion) allowed or allowable	22	10,000					4
23	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:		10.000					
	Depreciation allowed or allowable from line 22	25a	10,000					
	Enter the <b>smaller</b> of line 24 or 25a	25b	10,000		_	_		
26	If section 1250 property: If straight line depreciation was used,							
•	enter -0- on line 26g, except for a corporation subject to section 291.  Additional depreciation after 1975 (see instructions)	26a						
	Applicable percentage multiplied by the <b>smaller</b> of line	200						
	24 or line 26a (see instructions)	26b						
С	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c						
d	Additional depreciation after 1969 and before 1976.	26d						
е	Enter the <b>smaller</b> of line 26c or 26d	26e						
f	Section 291 amount (corporations only)	26f						
g	Add lines 26b, 26e, and 26f	26g						
27	<b>If section 1252 property:</b> 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						
	Line 27a multiplied by applicable percentage (see instructions)	27b						
с	Enter the <b>smaller</b> of line 24 or 27b	27c						
28	If section 1254 property:							
	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a						
	Enter the smaller of line 24 or 28a	28b						
29	If section 1255 property:							
а	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a						
h	Enter the <b>smaller</b> of line 24 or 29a (see instructions) .	29a						
	nmary of Part III Gains. Complete property colur		through D throug	h line 29b b	efore	aoina to lir	 ne 30.	
						9 - 11 - 11 - 11		
30	Total gains for all properties. Add property columns A thro	ough D.	line 24				30	10,000
31	Add property columns A through D, lines 25b, 26g, 27c, 2	-					31	10,000
32	Subtract line 31 from line 30. Enter the portion from casu							
	other than casualty or theft on Form 4797, line 6						32	
Par	Recapture Amounts Under Sections 17 (see instructions)						50%	or Less
	,					(a) Section 179	n	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable	in prio	years	[	33			
34	Recomputed depreciation (see instructions)	-		Ţ	34			

Recapture amount. Subtract line 34 from line 33. See the instructions for where to report

35

35

Form **8825** 

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

(Rev. December 2010) Department of the Treasury Internal Revenue Service

**Employer identification number** Sam Starling, LLP 69-0000001 Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions. See page 2 to list additional properties. Physical address of each property—street, city, Type-Enter code 1-8; Fair Rental Days Personal Use Days state, ZIP code see page 2 for list 125 Modernized Street Rental Α Newtown, NV 89510 В C D **Properties Rental Real Estate Income** В С D Α 1,234,900 2 Gross rents . . . . . 2 **Rental Real Estate Expenses** 3 Advertising . . . . . . 3 Auto and travel . . . . . 4 Cleaning and maintenance . . 5 Commissions . . . . . 6 Insurance . . . . . . 7 7 8 Legal and other professional fees 8 Interest . . . . . . . 9 9 Repairs . . . . . . . . 10 10 11 Taxes 11 Utilities . . . . 12 12 13 Wages and salaries . . . . 13 Depreciation (see instructions) 14 18,275 14 Other (list) ► Ground Lease, Fees 1,013,500 15 Total expenses for each property. Add lines 3 through 15 . . . 16 1.031.775 17 Income or (Loss) from each 203,125 property. Subtract line 16 from line 2 17 1,234,900 **18a** Total gross rents. Add gross rents from line 2, columns A through H . 18a **b** Total expenses. Add total expenses from line 16, columns A through H . . . . . . . . 18b 1,031,775 19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real 19 20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1) . . . . . . 20a b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed: (1) Name (2) Employer identification number 203,125 21 Net rental estate income (loss). Combine lines 18a through 20a. Enter the result here and on: • Form 1065 or 1120S: Schedule K, line 2, or • Form 1065-B: Part I, line 4

Form 8825 (12-2010) Page **2** 

1	Show the type and address of earntal value and days with person				eal estate pro	perty l	isted, report the	e numb	per of days rented	at fair
	Physical address of each proper state, ZIP code	ty—st	reet, city,		e—Enter code ee below for li		Fair Rental D	ays	Personal Use D	ays
Ε										
F										
G										
Н										
						Prop	erties		Į.	
	Rental Real Estate Income		E		F		G		Н	
2	Gross rents	2								
	Rental Real Estate Expenses									
_	Advertising	3								
4	Auto and travel	4								
5 6	Cleaning and maintenance	5 6		-						_
7	Insurance	7								-
_	Legal and other professional fees	8								$\vdash$
	Interest	9								
	Repairs	10								
	Taxes	11								
	Utilities	12								
13	Wages and salaries	13								
	Depreciation (see instructions)	14								
15	Other (list) ►									
		15								
		-								
16	Total avenues for each property									<del>                                     </del>
10	Total expenses for each property.  Add lines 3 through 15	16								
17	Income or (Loss) from each	10								-
• •	property. Subtract line 16 from line 2	17								

#### Allowable Codes for Type of Property

- 1-Single Family Residence
- 2-Multi-Family Residence
- 3-Vacation or Short-Term Rental
- 4-Commercial
- 5-Land
- 6-Royalties
- 7-Self-Rental
- 8-Other (describe)

# 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

Identifying number

Sam Starling, LLP 69-000001 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. 35,000 5 35,000 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. 35,000 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 taxpaver during the tax year.

### SCHEDULE C (Form 1065)

Name of partnership

Sam Starling, LLP

**Additional Information for Schedule M-3 Filers** 

OMB No. 1545-0099

(Rev. December 2011) Department of the Treasury Internal Revenue Service

▶ Attach to Form 1065. See separate instructions.

Employer identification number

Yes No 1 At any time during the tax year, were there any transfers between the partnership and its partners subject to the v Do the amounts reported on Schedule M-3, Part II, lines 7 or 8, column (d), reflect allocations to this partnership from another partnership of income, gain, loss, deduction, or credit that are disproportionate to this partnership's share of capital in such partnership or its ratio for sharing other items of such partnership? . . . . . . . . . . . . At any time during the tax year, did the partnership sell, exchange, or transfer any interest in an intangible asset to v At any time during the tax year, did the partnership acquire any interest in an intangible asset from a related 4 At any time during the tax year, did the partnership make any change in accounting principle for financial accounting purposes? See instructions for a definition of change in accounting principle . . . . . . . . . . . . At any time during the tax year, did the partnership make any change in a method of accounting for U.S. income v

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

Cat. No. 49945S

Schedule C (Form 1065) (Rev. 12-2011)

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

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

► Attach to Form 1065 or Form 1065-B.

**Employer identification number** 

OMB No. 1545-0099

Department of the Treasury Internal Revenue Service

Name of partnership

▶ Information about Schedule M-3 (Form 1065) and its instructions is at www.irs.gov/form1065.

Sam S	Starling, LLP				69-00	000001
This S	Schedule M-3 is being filed beca	ause (check all that apply):				
Α	✓ The amount of the partnersh	ip's total assets at the end of the	he tax year is equal to \$10 mil	lion or more	:-	
В	The amount of the partnersh enter the amount of adjusted		ne tax year is equal to \$10 mill 183,508,229	on or more.	If box E	B is checked,
С		for the tax year is equal to \$35	5 million or more. If box C is c	hecked, ent	er the t	otal receipts for
D	☐ An entity that is a reportable	e entity partner with respect t				
		ership's capital, profit, or loss,				
	Name of Reportable I	-ntity Partner	Identifying Number		Percent eemed (	tage Owned or Owned
E	☐ Voluntary Filer.					
Part	Financial Information	and Net Income (Loss) Re	econciliation			
1a	Did the partnership file SEC For	m 10-K for its income statemer	nt period ending with or within	this tax yea	ır?	
	✓ Yes. Skip lines 1b and 1c an	d complete lines 2 through 11	with respect to that SEC Form	10-K.		
		ctions if multiple non-tax-basis				
b	Did the partnership prepare a ce					
		ete lines 2 through 11 with resp	pect to that income statement			
	No. Go to line 1c.					
С	Did the partnership prepare a no		•			
	Yes. Complete lines 2 through					
•	-	and enter the partnership's net				
2	Enter the income statement peri				/ 2012	<u>.                                    </u>
3a	Has the partnership's income st			ne 2?		
	<ul><li>Yes. (If "Yes," attach a state</li><li>✓ No.</li></ul>	ment and the amount of each i	terri restated.)			
b	Has the partnership's income star	tement been restated for any of	the five income statement perio	nde pracadin	a the no	eriod on line 22
		ment and the amount of each i		as procedin	g the pe	Shod on line 2:
	✓ No.		,			
4a	Worldwide consolidated net ince	ome (loss) from income statem	ent source identified in Part I,	line 1	4a	121,435,397
b	Indicate accounting standard us			İ		
	1  ☑ GAAP 2 □	IFRS 3 □	704(b)			
	<b>4</b> ☐ Tax-basis <b>5</b> ☐	Other: (Specify) ►				
5a	Net income from nonincludible f	oreign entities (attach statemer	nt)	·	5a (	)
b	Net loss from nonincludible fore	=		)	5b	
6a	Net income from nonincludible l	J.S. entities (attach statement)			6a (	)
b	Net loss from nonincludible U.S.	•	•		6b	
7a	Net income (loss) of other foreig	= :			7a	
b	Net income (loss) of other U.S. of	_		t	7b	
8	Adjustment to eliminations of					
0	(attach statement)				8	
9 10	Adjustment to reconcile income Other adjustments to reconcile t		•		9 10	
11	Net income (loss) per income	•	•		11	121,435,397
• • • • • • • • • • • • • • • • • • • •	Note. Part I, line 11, must equa			[		121,433,377
12	Enter the total amount (not just the			led or remove	ed on the	e following lines:
		Total Assets	Total Liabil	ties		
а	Included on Part I, line 4	108,	367,919	17,183,0	000	
b	Removed on Part I, line 5					
С	Removed on Part I, line 6					
d	Included on Part I, line 7				1	

Name of partnership

Sam Starling, LLP

69-0000001

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

	Income (Loss) Items  (Attach statements for lines 1 through 9)	(a) Income (Loss) per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Income (loss) from equity method foreign corporations				
2	Gross foreign dividends not previously taxed				
3	Subpart F, QEF, and similar income inclusions				
4	Gross foreign distributions previously taxed				
5	Income (loss) from equity method U.S. corporations				
6	U.S. dividends				
7	Income (loss) from U.S. partnerships				
8	Income (loss) from foreign partnerships				
9	Income (loss) from other pass-through entities				
10	Items relating to reportable transactions (attach statement)				
11	Interest income (attach Form 8916-A)				
12	Total accrual to cash adjustment				
13	Hedging transactions				
14	Mark-to-market income (loss)				
	, ,	/		(	1
15	Cost of goods sold (attach Form 8916-A)	,		1	
16	Sale versus lease (for sellers and/or lessors)				
17	Section 481(a) adjustments				
18	Unearned/deferred revenue				
19	Income recognition from long-term contracts				
20	Original issue discount and other imputed interest .				
21a	Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities .	10,000			
b	Gross capital gains from Schedule D, excluding amounts from pass-through entities				
С	Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d	Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses .				10,000
е	Abandonment losses				
f	Worthless stock losses (attach statement)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach statement)				
23	<b>Total income (loss) items.</b> Combine lines 1 through 22	10,000			10,000
24	Total expense/deduction items. (from Part III, line				
	31) (see instructions)	(12,959,862)	4,116,715	(21,899,903)	(30,743,050)
25	Other items with no differences	134,385,259	, , , ,		134,385,259
26	Reconciliation totals. Combine lines 23 through 25	121,435,397	4,116,715	(21,899,903)	103,652,209
20	11000110111011110111101111011111111111	121,733,377	7,110,713	(21,077,703)	100,002,207

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

Part III

Name of partnership Employer identification number

Sam Starling, LLP 69-0000001

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

	Return—Expense/Deduction Items				
	Expense/Deduction Items	(a) Expense per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	State and local current income tax expense				
2	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				
6	Meals and entertainment	1,550,256		(775,128)	775,128
7	Fines and penalties			, ,	·
8	Judgments, damages, awards, and similar costs				
9	Guaranteed payments			22,675,031	22,675,031
10	Pension and profit-sharing			, ,	<u> </u>
11	Other post-retirement benefits				
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				
23a	Depletion—Oil & Gas				
b	Depletion—Other than Oil & Gas				
24	Intangible drilling & development costs				
25	Depreciation	11,409,606	(4,116,715)		7,292,891
26	Bad debt expense	7.5.7.55	( -   -   -   -		11
27	Interest expense (attach Form 8916-A)				
28	Purchase versus lease (for purchasers and/				
	or lessees)				
29	Research and development costs				
30	Other expense/deduction items with differences (attach statement)				
31	Total expense/deduction items. Combine lines 1				
	through 30. Enter here and on Part II, line 24,				
	reporting positive amounts as negative and negative				
	amounts as positive	12,959,862	(4,116,715)	21,899,903	30,743,050
				Schedule N	1-3 (Form 1065) 2012

Page 3

					Final K-1	Amended	K-1	OMB No. 1545-0099
	nedule K-1		2012		art III P	artner's Share of	Cur	rent Year Income,
Fo	rm 1065)					eductions, Credi	ts, a	nd Other Items
Оера	rtment of the Treasury	For calen	dar year 2012, or tax	1	Ordinary b	usiness income (loss)	15	Credits
nterr	nal Revenue Service	year begi	0.4.10.4			8,068,141		
<b>.</b>	utusaula Chaus af h		ng 12/31 , 20 12	2	Net rental r	eal estate income (loss) 20,312		P 3,560
	rtner's Share of I edits, etc.	•	m and separate instructions.	3	Other net r	ental income (loss)	16	Foreign transactions
	Part I Information	About the Par	tnership	4	Guarantee	d payments		
Α	Partnership's employer ide							
		69-0000001		5	Interest inc	come		
В	Partnership's name, addres	ss, city, state, and ZIF	code			9,265		
San	n Starling, LLP			6a	Ordinary d	ividends		
	N McKinley Drive							
Ren	no, NV 89510			6b	Qualified d	ividends		
				_	Davakiaa			
C	IRS Center where partners	hip filed return		7	Royalties			
Ogo			(DTD)	8	Net short-t	erm capital gain (loss)		
D	Check if this is a public	cly traded partnership	(PTP)	ľ	Net Short-	eriri capitai gairi (1033)		
E	art II Information	About the Par	tner	9a	Net long-te	erm capital gain (loss)	17	Alternative minimum tax (AMT) items
E E	Partner's identifying number					5-4-1-a. g (1-1-1)	''	, , , , , , , , , , , , , , , , , , , ,
-	r artifer 3 lacitarying flambe	000-00-0022		9b	Collectible	s (28%) gain (loss)		
F	Partner's name, address, o	ity, state, and ZIP cod	de					A 19,946
San	n Starling			9с	Unrecaptu	red section 1250 gain		
	D. Box 99 & Birch Bra	nch						
	ohns, NFLD Canada,			10	Net section	n 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
G	General partner or LLC	C X Limit	ed partner or other LLC	11	Other inco	me (loss)		
	member-manager							C 77,513
Н	Domestic partner	rore	ign partner					
l1	What type of entity is this p	artner? (see instruction	ons) Individual					
12	If this partner is a retiremen	•	′ <del></del>				19	Distributions
	(see instructions)		·	12	Section 17	9 deduction		
J	Partner's share of profit, los	ss, and capital (see in	structions):					A 7,514,031
	Beginning	1	Ending	13	Other ded	uctions		A 7,514,051
	Profit	10 %	10 %				20	Other information
	Loss	10 %	10 %					
	Capital	10 %	10 %					
	Dawn and a share at the billion	-4						A 9,265
K	Partner's share of liabilities  Nonrecourse	•	1,100,000	14	Self-emplo	yment earnings (loss)		
	Qualified nonrecourse finar		1,100,000			, · · · · · · · · · · · · · · · · · · ·		
	Recourse							
L	Partner's capital account a	nalysis:		*Se	e attache	d statement for add	litiona	al information.
	Beginning capital account	\$	4,488,892					
	Capital contributed during	· · · · · · · · · · · · · · · · · · ·						
	Current year increase (decr		12,143,540					
	Withdrawals & distributions		7,514,031)					
	Ending capital account .	\$	9,118,401	For IRS Use Only				
	☐ Tay basis ☐	CAAD X S	ection 704(b) book	Ĭ				
	☐ Tax basis ☐ Other (explain)	GAAP X Se	:Guon 704(b) book	<u> </u>				
	☐ Other (explain)			ρ̈́				
М	Did the partner contribute	property with a built-in	n gain or loss?	_				
	Yes X		•					
	If "Yes," attach statem							

					☐ Final k	K-1 Amended	l K-1	OMB No. 1545-0099
_	nedule K-1		2012		art III	Partner's Share of	f Cur	rent Year Income,
(Fo	rm 1065)					<b>Deductions, Credi</b>	its, a	nd Other Items
	artment of the Treasury	For calenda	ar year 2012, or tax	1	Ordina	ry business income (loss)	15	Credits
nter	nal Revenue Service	year beginn				32,272,562		
Pai	rtner's Share of I	ending		_ 2	Net ren	ital real estate income (loss) 81,8250		F 14,240
	edits, etc.		and separate instruction	ns. 3	Other r	net rental income (loss)	16	Foreign transactions
ı	Part I Information	About the Part	nership	4	Guarar	nteed payments		
Α	Partnership's employer ide	entification number				22,675,031		
		69-0000001		5	Interes	t income		
В	Partnership's name, addre	ss, city, state, and ZIP	code			37,060		
	n Starling, LLP			6a	Ordina	ry dividends		
	N McKinley Drive			6b	Qualifi	ed dividends		
Rer	no, NV 89510			"	Qualific	ed dividends		
C	IRS Center where partners	hip filed return		7	Royalti	es		
Ogo		ally two doct mouth analysis (	OTD)	8	Net sh	ort-term capital gain (loss)		
D	☐ Cneck if this is a publi	cly traded partnership (l	21P)		1100 011	orr torm capital gain (1000)		
	Part II Information	About the Part	ner	9a	Net lor	ng-term capital gain (loss)	17	Alternative minimum tax (AMT) items
E	Partner's identifying numb		-					
	, 0	69-1000001		9b	Collect	tibles (28%) gain (loss)		A 79,782
F	Partner's name, address, o	city, state, and ZIP code						A 19,162
Bar	ton and Jenkins Enter	prise		9c	Unreca	aptured section 1250 gain		
	510 W			10	Not on	otion 1921 gain /loss)	18	Tay ayampt income and
And	chorage, AK 99502			10	iver se	ction 1231 gain (loss)	10	Tax-exempt income and nondeductible expenses
G	X General partner or LLC	C Limited	d partner or other LLC	11	Other i	ncome (loss)	1	
	member-manager	memb						C 210 052
н	X Domestic partner	Foreig	n partner					C 310,052
l1	What type of entity is this p	•	·	_			10	B:
12	If this partner is a retirement (see instructions)	nt plan (IRA/SEP/Keogh	/etc.), check here	12	Soction	n 179 deduction	19	Distributions
	,		· · · · · · · ·		Section	1179 deduction		
J	Partner's share of profit, lo Beginning		Ending	13	Other	deductions	1	A 30,056,124
	Profit	40 %	40 9	6			20	Other information
	Loss	40 %	40 9					A 37,060
	Capital	40 %	40 9					A 57,000
K	Partner's share of liabilities	•						
	Nonrecourse		4,400,00		Self-er	nployment earnings (loss)		
	Qualified nonrecourse final					A 55,024,842		
	Recourse	\$		-		C 55,024,842		
L	Partner's capital account a	analysis:		*S	ee atta	ched statement for add	ditiona	al information.
	Beginning capital account	\$	17,955,56	8				
	Capital contributed during	the year \$		_				
	Current year increase (deci		48,574,16					
	Withdrawals & distributions							
	Ending capital account .	\$	36,473,60	4   g				
	□ <b></b> □		Since 704/b) by 1	1				
	☐ Tax basis ☐ Other (explain)	GAAP X Sec	tion 704(b) book	l RS				
	Other (explain)			For IRS Use Only				
М	Did the partner contribute	property with a built-in	nain or loss?	"				
•••	•	No	J 5000.					
	If "Yes," attach statem							

Version A, Cycle 2 Fillable Fields: Font=10pt Times: Color=Black: Checkmark=Cross

651112 OMB No. 1545-0099 Final K-1 Amended K-1 Part III Partner's Share of Current Year Income. Schedule K-1 (Form 1065) **Deductions, Credits, and Other Items** Ordinary business income (loss) Department of the Treasury 15 Credits For calendar year 2012, or tax Internal Revenue Service 01/01 1,613,628 vear beginning , 2012 Net rental real estate income (loss) ending 12/31 , 20 12P 712 Partner's Share of Income. Deductions. Other net rental income (loss) Foreign transactions Credits, etc. ▶ See back of form and separate instructions. Guaranteed payments Part I Information About the Partnership Partnership's employer identification number 69-0000001 Interest income 1.853 Partnership's name, address, city, state, and ZIP code Ordinary dividends Sam Starling, LLP 631 N McKinley Drive 6b Qualified dividends Reno, NV 89510 7 Royalties IRS Center where partnership filed return Ogden 8 Net short-term capital gain (loss) Check if this is a publicly traded partnership (PTP) Part II Information About the Partner Net long-term capital gain (loss) Alternative minimum tax (AMT) items Partner's identifying number 990-00-0001 Collectibles (28%) gain (loss) A 3,989 Partner's name, address, city, state, and ZIP code Unrecaptured section 1250 gain Taxpayer 1 P.O. Box 0001 Net section 1231 gain (loss) Tax-exempt income and Reno, NV 89510 nondeductible expenses Other income (loss) General partner or LLC X Limited partner or other LLC member-manager member C 15,503 Н X Domestic partner Foreign partner What type of entity is this partner? (see instructions) Individual 11 Distributions If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here 12 Section 179 deduction Partner's share of profit, loss, and capital (see instructions): A 1,502,806 Other deductions Beginning Other information 2 % Profit 2 % 2 % Loss 2 % 2 % Capital A 1,853 Partner's share of liabilities at year end: Self-employment earnings (loss) Nonrecourse . . . . . . . . \$ Qualified nonrecourse financing . \$ Recourse . . . . . . . . \*See attached statement for additional information. Partner's capital account analysis: Beginning capital account . . . Capital contributed during the year 607,177 Current year increase (decrease) . 375,702) For IRS Use Only Withdrawals & distributions . . . Ending capital account . . . . Section 704(b) book GAAP Tax basis Other (explain)

If "Yes," attach statement (see instructions)

Yes

Did the partner contribute property with a built-in gain or loss? X No

Cat. No. 11394R

#### **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 is 101
- The ordinary Business Income/Loss Statement is attached to all K-1's.

Test Scenario 10 shows three K-1's: XYZ Management
ABC Investments
Taxpayer B1 (990-00-0001)

Create the other 98 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 990-20-0099)
- The partner's name will increase by 1 (Taxpayer B1 Taxpayer B2 Taxpayer B3 through Taxpayer B99)
- Use the same address as Taxpayer B1
- The 98 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 B99						
Mai Tai Investments	38					
Cancellation of Debt	2					
Services Fees	1,500					

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

XYZ Management						
Mai Tai Investments	1,022,953					
Cancellation of Debt	54,000					
Services Fees	39,988,025					

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

ABC Investments						
Mai Tai Investments	1,534,429					
Cancellation of Debt	81,000					
Services Fees	59,982,038					

FORMS REQUIRED: 1065, 4562, 8865, Schedule K-1(F1065-B) (101), Schedule O (F8865), Schedule M-3 (F1065), Schedule C (F1065)

#### ATTACHMENTS:

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

Itemized Other Deductions Statement

Form 1065 (Publicly Traded Partnership) & (Three And One Half Percent) Ownership of Any Interest in Another Partnership or Foreign Entity Statement

Section 754 Election

Income (Loss) From Foreign Partnerships Schedule

**BINARY ATTACHMENTS: None** 

**HEADER INFO:** 

Tax Period: Calendar Year 2012

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

> 123 Any Street Anytown, NY 11717

Multiple Software Packages Used: Yes or No

**Originator: EFIN: Self-select** 

> Type: ERO **Practitioner PIN: EFIN: Self-select PIN: Self-select** PIN Entered by - ERO

**Signature Option: PIN Number** 

Return Type: 1065

EIN: 69-0000003 Filer:

Name: Carlton Asset Management L P

Name Control: CARL

Address: 1678 South Hoover Blvd

San Francisco, CA 94101

Partner: **Name: Tony Carlton** 

**Title: President** Taxpayer PIN: 0200-Phone: 555-555-555

Email Address: Anymail@email.com

Date Signed: 03/15/2013

Preparer: Name: John Smith

PTIN: P00000010 Phone: 555-631-1212

Email Address: Anymail@email.com

**Date Prepared: 03/14/2013** 

Self Employed: No

IRS PAYMENT: N/A

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

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

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

#### Attachment 2, Form 1065, Page 1, Line 7 (Other Income (Loss) Statement)

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

#### Attachment 3, Form 1065, Page 1, Line 20 (Itemized Other Deductions Statement)

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

### Attachment 5, Form 1065, Schedule B, Question 3 (Ownership of Any Interest in Another Partnership or Foreign Entity Statement)

Type of Entity	<b>Entity Name</b>	EIN	Country
Partnership	MaiTai Partnership	69-0000099	Japan

#### Attachment 6, Form 1065, Page 2, Schedule B, Line 11 (Section 754 Election)

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

### Attachment 7, Form 1065, Schedule M-3, Part II, Line 8 (Income (Loss) From Foreign Partnerships Schedule)

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					

 $\underline{NOTE}$ : The 3.5% tax of the Publicly Traded Partnership is \$114,372,742. Please input this tax amount on Form 1065 Line 22. (Element name: "ThreeAndOneHalfPercent")

	106	5		U.S. Return of Partnership Income	•		OMB No. 154	5-0099		
	ment of the	Treasury .		ndar year 2012, or tax year beginning , 2012, ending rmation about Form 1065 and its separate instructions is at www.i	, 20 rs.gov/form10		201	2		
	cipal busine			Name of partnership			D Employer identific	ation number		
Mana	gement			Carlton Assets Management, LP			69-00000	03		
<b>B</b> Princ	ipal product	or service Prir	nt	Number, street, and room or suite no. If a P.O. box, see the instructions.			E Date business s	tarted		
Finar	ncial Inve	st oi	r	1678 South Hoover Blvd			10/23/19	98		
C Bus	iness code	number typ	e.	City or town, state, and ZIP code			F Total assets (see	the		
	523900			San Francisco, CA 94101			instructions)			
	J23700						\$ 6,275,2	256		
H I J	Check acc Number of Check if S	plicable boxes counting metho of Schedules K Schedules C ar		V						
Cauti	on. Includ	de <b>only</b> trade	or b	ousiness income and expenses on lines 1a through 22 below. See t	the instructions	s for m	nore informatior	1.		
	<b>1a</b> G	iross receipts	or	sales						
	<b>b</b> R	eturns and al	llow	/ances						
	с В	alance. Subti	1c							
	<b>2</b> C	Cost of goods sold (attach Form 1125-A)								
	<b>3</b> G	iross profit. S	3	SAG						
Φ	4 C	rdinary incon	10,229,	525						
Income	5 N	let farm profit	(lo							
ည	6 N	let gain (loss)	gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)							
=	<b>7</b> C	ther income	(los	s) (attach statement)	7	400,420,2	252			
	8 T	otal income	8	410,649,7	777					
(Sr	<b>9</b> S	alaries and w	age	es (other than to partners) (less employment credits)		9	1,179,6	558		
(see the instructions for limitations)				nents to partners	10	561,9	900			
<u>ii</u>	<b>11</b> R	epairs and m	ain	tenance	11	8,6	610			
for		ad debts .			12					
ions	<b>13</b> R	lent		J.D.A.C. I A.J. I	13	729,6	554			
ruct	<b>14</b> T	axes and lice	nse	98		14	871,9	72		
inst	<b>15</b> Ir	nterest				15	·			
the	<b>16a</b> D	epreciation (i	f re	quired, attach Form 4562)	4					
es)				eported on Form 1125-A and elsewhere on return 16b		16c	62,7	765		
S	1	•		t deduct oil and gas depletion.)		17	·			
Ö				etc		18	345,6	578		
Deductions		mployee ben				19	·			
ğ				(attach statement)		20	398,6	552		
Ğ		otal deduction	21	4,158,8	389					
	22 O	ordinary busi	nes	ss income (loss). Subtract line 21 from line 8		22	406,490,8			
		Under penaltie	s of	perjury, I declare that I have examined this return, including accompanying sche						
Sigi	1			ief, it is true, correct, and complete. Declaration of preparer (other than general promation of which preparer has any knowledge.	partner or limited I	iability	company member	manager)		
_		is based on all	111101	mation of which preparer has any knowledge.			ay the IRS discuss this re			
Her	е			<b>\</b>			eparer shown below (see structions)? <b>Yes</b>	ື □ No		
		Signature	of g	general partner or limited liability company member manager Date						
Paic	i	Print/Type prep	oarei	r's name Preparer's signature	Date	Charl	PTIN			
		John Smith					c ∐ if employed P00	000010		
_	oarer	Firm's name	<b>•</b>	ELECTRIC TAX FILERS INC		Firm's		00098		
use	Only	Firm's address	<u>,</u>	1065 EFILE DRIVE, ANYTOWN, NV 89501		Phone				

Form 1065 (2012) Page **2** 

Sch	edule B Other Information								
1	What type of entity is filing this return? Check the applicable box:	Yes	No						
а	☐ Domestic general partnership <b>b</b> ☑ Domestic limited partnership								
С									
е	☐ Foreign partnership f ☐ Other ►								
2	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?	\ \							
3	At the end of the tax year:								
	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or								
а									
	tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership								
b	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of	<b>'</b>							
2	the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		,						
4	At the end of the tax year, did the partnership:								
а	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of								
	stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see								
	instructions. If "Yes," complete (i) through (iv) below		~						
	(ii) Name of Corporation (iii) Employer Identification Number (if any) (iii) Country of Incorporation Owned in Vo								
	- Chil								
b	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below	~							
	(ii) Employer	laximum	<u> </u> า						
	(i) Name of Entity  (ii) Name of Entity  (iii) Type of Organization  (iv) Country of Organization  Percenta Profit, Lo								
	JUIV ZJ. ZU Z								
		Yes	No						
5	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		~						
6	Does the partnership satisfy <b>all four</b> of the following conditions?								
а	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 \$1 million.								
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.								
d	The partnership is not filing and is not required to file Schedule M-3		~						
	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 L on Schedule K-1.								
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		~						
8	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		,						
9	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		,						
10	At any time during calendar year 2012, 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, Report of Foreign Bank and Financial Accounts. If "Yes," enter the name of the foreign country. ▶		~						

Form 1065 (2012) Page 3

Sch	edule B Other Information <i>(continued)</i>						
		Yes	No				
11	At any time 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, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions						
12a							
	Is the partnership making, or had it previously made (and not revoked), a section 754 election?						
b							
С	Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions.						
13	Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly-owned by the partnership throughout the tax year)						
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		·				
15	If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶						
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's						
	Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		~				
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶ 1						
18a	Did you make any payments in 2012 that would require you to file Form(s) 1099? See instructions		~				
b	If "Yes," did you or will you file required Form(s) 1099?		~				
19	o If "Yes," did you or will you file required Form(s) 1099?						
20	Enter the number of partners that are foreign governments under section 892. ▶						
Design	ation of Tax Matters Partner (see instructions)						
Name design	ated Identifying						
TMP	XYZ Management number of TMP 69-3000001						
entity, of TMI	Prepresentative Juan Mefilers of TMP 555-555-5555						
Addre desigr	ated 222 Tallian 188						
TMP	Sacramento, CA 99502	1005	<i>'</i>				
	Form	1005	(2012)				

Form **1065** (2012)

Form 1065	(2012)			Page 4
Sched	ule K	Partners' Distributive Share Items		Total amount
	1	Ordinary business income (loss) (page 1, line 22)	1	406,490,888
	2	Net rental real estate income (loss) (attach Form 8825)	2	203,125
	3a	Other gross rental income (loss)		
	b	Expenses from other rental activities (attach statement)  3b		
	С	Other net rental income (loss). Subtract line 3b from line 3a	3c	
(S	4	Guaranteed payments	4	561,900
os	5	Interest income	5	36,525
ے	6	Dividends: a Ordinary dividends	6a	
пe		<b>b</b> Qualified dividends <b>6b</b>		
Income (Loss)	7	Royalties	7	
<u>2</u>	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
	9a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a	
	b	Collectibles (28%) gain (loss) 9b		
	С	Unrecaptured section 1250 gain (attach statement) 9c		
	10	Net section 1231 gain (loss) (attach Form 4797)	10	
	11	Other income (loss) (see instructions) Type ▶	11	
<u>s</u>	12	Section 179 deduction (attach Form 4562)	12	43,332
Deductions	13a	Contributions	13a	,
<u>5</u>	b	Investment interest expense	13b	
9	C	Section 59(e)(2) expenditures: (1) Type ► (2) Amount ►	13c(2)	
ے ت	d	Other deductions (see instructions) Type ▶	13d	308
Self- Employ- ment	14a	Net earnings (loss) from self-employment	14a	41,210,989
노율ェ	b	Gross farming or fishing income	14b	
Sel	c	Gross nonfarm income	14c	41,210,989
<del></del>	15a	Low-income housing credit (section 42(j)(5))	15a	,,
	b	Low-income housing credit (other)	15b	
芸	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
Credits	d	Other rental real estate credite (see instructions) Type	15d	
Ō	e	Other rental credits (see instructions)  Type	15e	
	f	Other credits (see instructions)	15f	
-	16a	Name of country or U.S. possession ▶	10.	
	b	Gross income from all sources	16b	10,229,530
ns	c	Gross income sourced at partner level	16c	
sactions		Foreign gross income sourced at partnership level		
ac	d	Passive category ► e General category ► f Other ►	16f	
_	_	Deductions allocated and apportioned at partner level		
<u>2</u>	q	Interest expense ► h Other	16h	
_		Deductions allocated and apportioned at partnership level to foreign source income		
Foreign Trar	i	Passive category ► j General category ► k Other ►	16k	
ō	i	Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐ · · · · · · ·	161	632,510
ш	m	Reduction in taxes available for credit (attach statement)	16m	
	n	Other foreign tax information (attach statement)		
<b>×</b>	17a	Post-1986 depreciation adjustment	17a	
Alternative Minimum Tax (AMT) Items	b	Adjusted gain or loss	17b	
Ę 3 Ęį	c	Depletion (other than oil and gas)	17c	
na nu H	d	Oil, gas, and geothermal properties—gross income	17d	
Āirē	e	Oil, gas, and geothermal properties—deductions	17e	
₹≌₹	f	Other AMT items (attach statement)	17f	
	18a	Tax-exempt interest income	18a	
Other Information	b	Other tax-exempt income	18b	
lat	C	Nondeductible expenses	18c	1,111
Σ	19a	Distributions of cash and marketable securities	19a	408,202,737
nfc	b	Distributions of other property	19b	
<u>-</u>	20a	Investment income	20a	36,525
j.	b	Investment expenses	20b	30/020
Б	C	Other items and amounts (attach statement)		

Form 1065 (2012) Page **5** 

Analy	sis of Net Incom	ne (Loss)									•	
1		Combine Schedule 12 through 13d, and		through 11				e sum of	1		406,413,471	
2	Analysis by partner type:	(i) Corporate		ii) Individual (i (active)		ual )	(iv) Partnersh		Exem ganizati		(vi) Nominee/C	Other
а	General partners						41,147,0	057				
b	Limited partners					8516	361,207,8	398				
Sch	edule L Bala	nce Sheets per B	ooks	E	Beginning	of tax	year		End	of ta	x year	
	A	Assets		(a)	)		(b)	(	(c)		(d)	
1	Cash						5,232.390				6,02	27,450
2a		ccounts receivable.										
b	Less allowance fo	r bad debts										
3										_		
4	U.S. government	•										
5	Tax-exempt secur									_		
6		ets (attach statemen	•							_		
7a	Mortgage and rea	or persons related to	partners)							_		
b	0 0											
8 9a		s (attach statement) . er depreciable asset:			1,621,740				1,682,	950		
b	Less accumulated	-	· ·		1,372,379		249,361		1,435,	_	_ 2/	17,806
10a	Depletable assets				1,372,377		247,301		1,433,			7,000
b	Less accumulated		<b>3</b> []	+								
11	Land (net of any a	•										
12a	Intangible assets (	•										
b	Less accumulated	• ,										
13	Other assets (atta					V						
14	Total assets	•			İ	7	5,481,751				6,27	75,256
	Liabilitie	es and Capital										
15	Accounts payable						1,567,523				3,04	19,605
16	Mortgages, notes, b	onds payable in less th	an 1 year									
17	Other current liabi	lities (attach stateme	ent) .									
18	All nonrecourse lo	ans									54	10,000
19a	Loans from partners	s (or persons related to	partners)									
b		onds payable in 1 yea	r or more				104					
20	Other liabilities (at											
21	Partners' capital a		I - Y/				3,914,128			_		35,651
22		d capital		-			61,367,069	-			6,27	5,256
Sch		econciliation of In te. Schedule M-3 m							turn			
1	Net income (loss)	per books					ecorded on book			ıded		
2	Income included on S	Schedule K, lines 1, 2, 3	с,		on	Sched	dule K, lines 1 thro	ough 11 (ite	mize):			
	books this year (itemi	and 11, not recorded o			<b>a</b> 1a	ax-exe	empt interest \$	; 				
3	Guaranteed pay	ments (other tha	n		1	throu	ions included o ugh 13d, and	16l, no	t char	ged		
4		d on books this year Schedule K, lines					book income iation \$					
	through 13d, and	•				•						
а	Depreciation \$				8 A	dd line	es 6 and 7 .					
b	Travel and enterta	inment \$					(loss) (Analys					
5		jh 4			(Lo	oss), I	ine 1). Subtract	line 8 fro	m line s	5.		
		alysis of Partners		I Account	ts							
1		ing of year		3,914,128	<b>6</b> Di	stribu	itions: a Cash				408,20	2,737
2	Capital contribute	d: <b>a</b> Cash					<b>b</b> Prope	erty .				
		<b>b</b> Property			<b>7</b> Ot	ther d	lecreases (item	iize):				
3	Net income (loss)	per books		406,974,260								
4	Other increases (it	emize):			1	dd line	es 6 and 7 .				408,20	
5	Add lines 1 through	ıh 4	1 4	410.888,388	<b>9</b> Ba	lance :	at end of year. Su	btract line !	3 from lin	e 5	2.68	35,651

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

OMB No. 1545-0172 Attachment

Department of the Treasury ► See separate instructions. Sequence No. 179 ► Attach to your tax return. Internal Revenue Service (99) Name(s) shown on return Business or activity to which this form relates Identifying number Carlton Asset Management, LP Carlton Asset Management, LP 69-0000003 **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. 1 1 250,000 2 43,332 3 Threshold cost of section 179 property before reduction in limitation (see instructions) . 800,000 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 5 250,000 6 (a) Description of property (b) Cost (business use only) (c) Elected cost Office Equipment 23,456 23,456 Furniture/Fixtures 19.876 19,876 7 Listed property. Enter the amount from line 29 . . . . . . . . . 7 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 8 43,332 Tentative deduction. Enter the **smaller** of line 5 or line 8 . . . . . . . . . . 9 43,332 **10** Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . . . . . . 10 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) 11 250,000 12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 43.332 13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special depreciation allowance for qualified property (other than listed property) placed in service 14 15 **16** Other depreciation (including ACRS) 16 43,766 Part III MACRS Depreciation (Do not include listed property.) (See instructions.) 17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . . . . . 17 18,999 18 If you are electing to group any assets placed in service during the tax year into one or more general Section B-Assets Placed in Service During 2012 Tax Year Using the General Depreciation System (b) Month and year (c) Basis for depreciation (d) Recovery (f) Method (a) Classification of property placed in (business/investment use (e) Convention (g) Depreciation deduction service only-see instructions) **19a** 3-year property **b** 5-year property c 7-year property d 10-year property e 15-year property **f** 20-year property g 25-year property 25 yrs. S/L h Residential rental 27.5 yrs. MM 9/1 property 27.5 yrs. MM S/L i Nonresidential real 39 yrs. ММ S/L property MM S/L Section C-Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System 20a Class life S/L 12 yrs. **b** 12-year **c** 40-year 40 yrs. 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 instructions 22 62,765 23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs

	4562 (2012) rt V Listed Property (I	nclude autoi	mobiles	cerl	tain ot	her v	ehicles	cert	ain co	mouters	s and	d prope		Page <b>2</b> ed for
ı u	entertainment, recrea				iaiii ot	1101 V	Ci iloico,	, 0011	uii 00	inputore	s, and	и ргорс	orty us	ca ioi
	<b>Note:</b> For any vehicle 24b, columns (a) through									g lease e	expens	se, comp	olete <b>on</b>	<b>ly</b> 24a,
	Section A—Depreciation									s for pas	senae	r autom	obiles.)	
248	a Do you have evidence to support the					Yes						written?		☐ No
	(a) (b) Date placed in service perce	ness/ (ent use Cost or o	d) ther basis		(e) for depreness/investuse only)	stment	(f) Recovery period	·	(g) lethod/ nvention		(h) reciation duction	n Ele	(i) ected sect cost	
25	Special depreciation allowar	nce for qualifie			erty pla	ced in			-					
26	the tax year and used more Property used more than 509					e (see	Instruct	ioris) .	25					
		%												
		%												
		%												
_27	Property used 50% or less in	n a qualified bu	usiness	use:				S/L						
		% %						S/L						
		%						S/L						
28	Add amounts in column (h), I	ines 25 throug	ıh 27. Er	nter he	re and	on line	21, pag		28					
29	Add amounts in column (i), li	ne 26. Enter h	ere and	on line	7, pag	e1.						29		
	nplete this section for vehicles us our employees, first answer the c	ed by a sole pr	oprietor, ction C to	partne see if	r, or oth you me	er "mo et an e	xception	to cor	ner," or nermoder, ner," or ner, ner, ner, ner, ner, ner, ner, ner	this sect	ion for	those ve	hicles.	
	Total business/investment miles the year ( <b>do not</b> include commu	ting miles) .	Vehic			b) cle 2		<b>c)</b> icle 3		(d) nicle 4		(e) nicle 5	Vehi	cle 6
	1 Total commuting miles driven during the year 2 Total other personal (noncommuting) miles driven													
33	Total miles driven during the lines 30 through 32	e year. Add												
34	Was the vehicle available for personal use during off-duty hours?			No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehicle used primar than 5% owner or related pe													
_36														
		Questions for							-					
	wer these questions to determ e than 5% owners or related p				to com	ipietin	g Sectio	n B to	r venicie	es usea	by em	pioyees	wno <b>ar</b>	e not
	Do you maintain a written po your employees?	•		,	s all per	rsonal	use of \	/ehicle	s, inclu	ding cor	nmutir	ng, by	Yes	No
38														
39 40														
41	Do you meet the requiremen	ts concerning	qualified	d autor	nobile o	demon	stration	use? (	See ins	tructions	s.) .			
	Note: If your answer to 37, 3	_	-						-		-			
Pa	rt VI Amortization													
	(a) (b) Description of costs  (b) Date amortiz begins			Amoi	<b>(c)</b> rtizable ar	mount	С	(d) ode sec	tion	(e) Amortization period or Amortiz percentage		Amortiza	(f) zation for this year	
42	Amortization of costs that be	gins during yo	ur 2012	tax ye	ar (see	instru	ctions):			_		_		
	Amortization of costs that be	-		-							43			
44	Total. Add amounts in colur	nn (t). See the	ınstruct	ions fo	or where	to rep	oort .				44			

### 8865

Department of the Treasury

Internal Revenue Service

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

► Attach to your tax return.

▶ Information about Form 8865 and its separate instructions at www.irs.gov/form8865.

Information furnished for the foreign partnership's tax year beginning , 2012 and ending

Sequence No. 118

Attachment

OMB No. 1545-1668

Filer's identifying number Name of person filing this return Carlton Asset Management, LP 69-0000003 A Category of filer (see Categories of Filers in the instructions and check applicable box(es)): Filer's address (if you are not filing this form with your tax return) 4 3 🔽 1678 S. Hoover Blvd San Francisco, CA 94101 , 20 **B** Filer's tax year beginning , and ending \_\_\_\_\_ , 20 С 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: Name Address Ε Information about certain other partners (see instructions) (4) Check applicable box(es) (1) Name (2) Address (3) Identifying number Category 2 Constructive owner Category 1 Name and address of foreign partnership 2(a) EIN (if any) 69-0000099 Mai Tai Investment 1-2-3 Ginsu, Chuo-ku 2(b) Reference ID number (see instr.) Tokyo, 190-2182 3 Country under whose laws organized Date of 5 Principal place of 6 Principal business 7 Principal business 8a Functional currency 8b Exchange rate organization business activity code number activity (see instr.) 09/13/1992 523110 **Security Dealing** .8739 Japan Yen G Provide the following information for the foreign partnership's tax year: Name, address, and identifying number of agent (if any) in the 2 Check if the foreign partnership must file: United States Form 1042 Form 8804 ☐ Form 1065 or 1065-B Service Center where Form 1065 or 1065-B is filed: E-File 4 Name and address of person(s) with custody of the books and Name and address of foreign partnership's agent in country of organization, if any records of the foreign partnership, and the location of such books and records, if different Enter the number of Forms 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, How is this partnership classified under the law of the country in which it is organized? . Did the partnership own any separate units within the meaning of Regulations section 1.1503-2(c)(3), (4), or Does this partnership meet **both** of the following requirements? • The partnership's total receipts for the tax year were less than \$250,000 and • The value of the partnership's total assets at the end of the tax year was less than \$1 million. If "Yes," do not complete Schedules L, M-1, and M-2. Sign Here Only If You 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 Are Filing information of which preparer has any knowledge. This Form Separately and Not With Your Tax Signature of general partner or limited liability company member Date Return. Print/Type preparer's name Preparer's signature Date Check ☐ if Paid P00000010 self-employed Preparer Electronic Tax Filers Inc. 69-0000098 Firm's name Firm's EIN ▶ Use Only 123 Any Street, Anytown, NY 11717 555-631-1212

Firm's address ▶

Phone no.

Sch	edule	box <b>b</b> , enter the name, ad interest you constructively	of Partnership Interest. Che dress, and U.S. taxpayer ide own. See instructions.					
		a Owns a direct interest		b	Owns a constructiv	e interes	St Check if	Check if
		Name	Address		Identifying number (	if any)	foreign person	direct
Carlt	on Ass	set Management, LP	1678 Hoover Blvd		69-000003		person	₽ Partitor
			San Francisco, CA 94101					
Sch	edule	A-1 Certain Partners of Foreign	gn Partnership (see instruction	ons)				
		Name	Address		Identifying nui	mber (if a	any)	Check if foreign person
Does	the pa	artnership have any other foreign pers	on as a direct partner?				Yes	☐ No
Sch	edule	A-2 Affiliation Schedule. List direct interest or indirectly	all partnerships (foreign or do	omes	tic) in which the fo	oreign	partnersh	nip owns a
		Name	Address		EIN (if any)		al ordinary me or loss	Check if foreign partnership
	edule							
Caut	i <b>on.</b> Ind	clude <b>only</b> trade or business income and	d expenses on lines 1a through 22	belov	v. See the instruction	s for mo	ore informa	tion.
		_		1a				
	_	Gross receipts or sales		50,000,000	_			
	b	Less returns and allowances	L	1b		1c 2	F 00	0.000
Ф	3	Cost of goods sold					0,000	
come	4	Ordinary income (loss) from other pa			10,000			
<u>nc</u>	5	Net farm profit (loss) (attach Schedu				5		
_	6		* **			6		
	7	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)						
	8	Total income (loss). Combine lines	8	45,00	00,000			
	9	Salaries and wages (other than to pa				9	2,00	00,000
(S	10	Guaranteed payments to partners .				10		
ıtion	11	Repairs and maintenance	11					
mita	12	Bad debts				12		
or E	13	Rent	13	2,08	31,900			
ns f	14		es and licenses					
rctic	15		st					
ารtท	16a	Depreciation (if required, attach Form						
ee ii	_ b	Less depreciation reported elsewher				16c		
Ś	17	Depletion ( <b>Do not</b> deduct oil and ga				17		
õÜ	18	Retirement plans, etc				18		
ŧ	19	Employee benefit programs				19		
<b>Deductions</b> (see instructions for limitations)	20	Other deductions (attach statement)				20		
De	21	Total deductions. Add the amounts	shown in the far right column fo	r line	s 9 through 20	21	4,08	31,900
	22	Ordinary business income (loss) fro	om trade or business activities. So	ubtrad	ot line 21 from line 8	22	4,91	8,100

Page **3** 

1   Ordinary business income (loss) (page 2, line 22)   2   2   3   40,918,100	Schedu	le K	Partners' Distributive Share Items		Total amount
3a   Other gross rental income (loss)   3a		1	Ordinary business income (loss) (page 2, line 22)	1	40,918,100
3a   Other gross rental income (loss)   3a		2	Net rental real estate income (loss) (attach Form 8825)	2	
B   Expenses from other rental activities (attach statement)   3b		3a			
C Other net rental income (loss). Subtract line 3b from line 3a   3c		b			
4   Guaranteed payments   5   Interest income   5   6		С		3с	
S	<b>⊙</b>	4		4	
9a   Net long-term capital gain (loss) (attach Schedule D (Form 1065))   9a	Ö	5		5	
9a   Net long-term capital gain (loss) (attach Schedule D (Form 1065))   9a		6		6a	
9a   Net long-term capital gain (loss) (attach Schedule D (Form 1065))   9a	ae				
9a   Net long-term capital gain (loss) (attach Schedule D (Form 1065))   9a	Ď	7		7	
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))   9b	<u>2</u>				
Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Collectibles (28%) gain (loss)   Description   Description   Collectibles (28%) gain (loss)   Description   De					
C Unrecaptured section 1250 gain (attach statement)   9c   10   10   11   10   10   10   10   10   10   10   10   10   10   10   10   10   10					
10					
11   Other income (loss) (see instructions)   Type				10	
12   Section 179 deduction (attach Form 4562)   13a   Contributions   13a				_	
13a	က္			12	
14a   Net earnings (loss) from self-employment   14a   14b   14c   14b   14c   14c   15a   Low-income housing credit (section 42(j/5))   15a   15b	Ö			13a	
14a   Net earnings (loss) from self-employment   14a   14b   14c   14c   14c   14c   15a   Low-income housing credit (section 42(j/5))   15a   15b	<u>5</u>	b			
14a   Net earnings (loss) from self-employment   14a   14b   14c   14b   14c   14c   15a   Low-income housing credit (section 42(j/5))   15a   15b	g	С	Section 59(e)(2) expenditures: (1) Type ► (2) Amount ►		
14a   Net earnings (loss) from self-employment   14a   14b   14c   14		d	Other deductions (see instructions) Type ▶		
15a   Low-income housing credit (section 42(j)(5))   15a   15b   15b   15b   15c   15b   15c   15c   15c   15d   15c   15d		14a		14a	
15a   Low-income housing credit (section 42(j)(5))   15a   15b   15b   15b   15c   15b   15c   15c   15c   15d   15c   15d	plo nen	b		14b	
15a   Low-income housing credit (section 42(j)(5))   15a   15b   15b   15b   15c   15b   15c   15c   15c   15d   15c   15d	SE	С		14c	
B		15a		15a	
Foreign gross income sourced at partner level  Grassive category ► General category ► Rother (attach statement) ► 16h  Deductions allocated and apportioned at partnership level to foreign source income  i Passive category ► j General category ► k Other (attach statement) ► 16k  Total foreign taxes (check one): ► Paid Accrued  Total foreign tax information (attach statement)  Total foreign tax information (attach statement)  Total government of the foreign taxes available for credit (attach statement)  Total government of the foreign taxes available for credit (attach statement)  Total government of the foreign taxes (check one): ► Paid Accrued  Total foreign taxes available for credit (attach statement)  Total foreign tax information (attach statement)  Total government of the foreign taxes (check one): ► Paid Accrued  Total government of the foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes available for credit (attach statement)  Total foreign tax information (attach statement)  Total foreign tax information (attach statement)  Total government of the foreign taxes (check one): ► Paid Accrued  Total foreign tax information (attach statement)  Total foreign tax information (attach statement)  Total foreign tax information (attach statement)  Total foreign tax information (attach statement)  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one):	တ	b		15b	
Foreign gross income sourced at partner level  Grassive category ► General category ► Rother (attach statement) ► 16h  Deductions allocated and apportioned at partnership level to foreign source income  i Passive category ► j General category ► k Other (attach statement) ► 16k  Total foreign taxes (check one): ► Paid Accrued  Total foreign tax information (attach statement)  Total foreign tax information (attach statement)  Total government of the foreign taxes available for credit (attach statement)  Total government of the foreign taxes available for credit (attach statement)  Total government of the foreign taxes (check one): ► Paid Accrued  Total foreign taxes available for credit (attach statement)  Total foreign tax information (attach statement)  Total government of the foreign taxes (check one): ► Paid Accrued  Total government of the foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes available for credit (attach statement)  Total foreign tax information (attach statement)  Total foreign tax information (attach statement)  Total government of the foreign taxes (check one): ► Paid Accrued  Total foreign tax information (attach statement)  Total foreign tax information (attach statement)  Total foreign tax information (attach statement)  Total foreign tax information (attach statement)  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one):	ij	С	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
Foreign gross income sourced at partner level  Grassive category ► General category ► Rother (attach statement) ► 16h  Deductions allocated and apportioned at partnership level to foreign source income  i Passive category ► j General category ► k Other (attach statement) ► 16k  Total foreign taxes (check one): ► Paid Accrued  Total foreign tax information (attach statement)  Total foreign tax information (attach statement)  Total government of the foreign taxes available for credit (attach statement)  Total government of the foreign taxes available for credit (attach statement)  Total government of the foreign taxes (check one): ► Paid Accrued  Total foreign taxes available for credit (attach statement)  Total foreign tax information (attach statement)  Total government of the foreign taxes (check one): ► Paid Accrued  Total government of the foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes available for credit (attach statement)  Total foreign tax information (attach statement)  Total foreign tax information (attach statement)  Total government of the foreign taxes (check one): ► Paid Accrued  Total foreign tax information (attach statement)  Total foreign tax information (attach statement)  Total foreign tax information (attach statement)  Total foreign tax information (attach statement)  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one): ► Paid Accrued  Total foreign taxes (check one):	ě	d	Other rental real estate credits (see instructions) Type ▶	15d	
F Other credits (see instructions) Type   15f   16a Name of country or U.S. possession   16b A0,918,100   16c	0	е	Other rental gradita (agg instructions)	15e	
b Gross income from all sources		f		15f	
b Gross income from all sources		16a	Name of country or U.S. possession ▶		
Deductions allocated and apportioned at partnership level to foreign source income   Passive category   Jean   Jean   Jean		b		16b	40,918,100
Deductions allocated and apportioned at partnership level to foreign source income   Passive category   Jean   Jean   Jean	ž	С	Gross income sourced at partner level	16c	
Deductions allocated and apportioned at partnership level to foreign source income   Passive category   Jean   Jean   Jean	ĕ		Foreign gross income sourced at partnership level		
Deductions allocated and apportioned at partnership level to foreign source income   Passive category   Jean   Jean   Jean	Sa	d	Passive category ► f Other (attach statement) ►	16f	
Deductions allocated and apportioned at partnership level to foreign source income   Passive category   Jean   Jean   Jean	ä		Deductions allocated and apportioned at partner level		
m Reduction in taxes available for credit (attach statement)  n Other foreign tax information (attach statement)  17a Post-1986 depreciation adjustment	Ĕ	g	Interest expense ► h Other	16h	
m Reduction in taxes available for credit (attach statement)  n Other foreign tax information (attach statement)  17a Post-1986 depreciation adjustment	g		Deductions allocated and apportioned at partnership level to foreign source income		
m Reduction in taxes available for credit (attach statement)  n Other foreign tax information (attach statement)  17a Post-1986 depreciation adjustment	<u>.ē</u>	i			
n Other foreign tax information (attach statement)  17a Post-1986 depreciation adjustment	<b>₽</b>	I		161	2,530,040
Tra Post-1986 depreciation adjustment				16m	
b Adjusted gain or loss				4-	
f Other AMT items (attach statement)	a X s				
f Other AMT items (attach statement)	tive T c				
f Other AMT items (attach statement)	rna T (	_	• • • • • • • • • • • • • • • • • • • •		
f Other AMT items (attach statement)	Z i E	-			
	⋖⋾⋸⋖	_			
- 19a Tay ayampt interact income					
18a   Tax-exempt interest income   18a   18b     18b     18c   19a   19a   19b   19b   19b   19b   19c   1	<u>o</u>				
b         Other tax-exempt income         18b           c         Nondeductible expenses         18c	lati				
c Nondeductible expenses	Ē	_			
b Distributions of other property	<b>ب</b> ور ا				
20 a Investment income	<u>-</u>				
b Investment expenses	j.				
c Other items and amounts (attach statement)	ō			_00	

Form 8865 (2012) Page **4** 

Schedule L Balance Sheets per Books. (Not required if Item G9, page 1, is answered "Yes.") Beginning of tax year End of tax year (c) (a) (b) (d) **Assets** 1,750 2,250 1 Cash . . . . . . . . . . . . . . 27,000,000 2a Trade notes and accounts receivable . . . **b** Less allowance for bad debts . . . . 27,000,000 14,000,000 3 Inventories . . . . . . . . . . . 4 U.S. government obligations . . . . . 5 Tax-exempt securities . . . . . . . 6 Other current assets (attach statement) . . Loans to partners (or persons related to partners) . . . . . . . . . . . . **b** Mortgage and real estate loans . . . . 8 Other investments (attach statement) . . . 9a Buildings and other depreciable assets . . 115,000,000 11,000,000 **b** Less accumulated depreciation . . . . 104,000,000 183,918,100 10a Depletable assets . . . . . . . . . **b** Less accumulated depletion Land (net of any amortization) . . . . 11 **12a** Intangible assets (amortizable only) . . . **b** Less accumulated amortization . . . 13 Other assets (attach statement) 14 **Total** assets . . . . . . . . . . . . 131,001,750 197,920,350 **Liabilities and Capital** 15 1,000,000 1,500,000 Accounts payable . . . . . . . . . 16 Mortgages, notes, bonds payable in less than 1 year 17 Other current liabilities (attach statement) . 18 All nonrecourse loans . . . . . . . 19a Loans from partners (or persons related to partners) **b** Mortgages, notes, bonds payable in 1 year or more 20 Other liabilities (attach statement) . . . . 21 130,001,750 196,420,350 Partners' capital accounts . . . . . . Total liabilities and capital . . . . . 131,001,750 197,920,350

Form **8865** (2012)

Form 88	365 (2012)					Page <b>5</b>
Sche	dule M	Balance Sheets for	Interest Allocation	1		
					(a) Beginning of tax year	<b>(b)</b> End of tax year
1	Total U.S. a	assets				
2	Total foreig	ın assets:				
а	Passive cat	tegory				
b		tegory				
С		ch statement)				
Sche	edule M-1	Reconciliation of Inco 1, is answered "Yes.")	ome (Loss) per Book	s With I	ncome (Loss) per Return. (Not require	d if Item G9, page
				6	Income recorded on books this	
1		e (loss) per books .	40,968,100		year not included on Schedule K,	
2		luded on Schedule K,			lines 1 through 11 (itemize):	
		3c, 5, 6a, 7, 8, 9a, 10,		а	Tax-exempt interest \$	
		recorded on books				
•	this year (ite			7	Deductions included on Schedule	
3		d payments (other insurance)			K, lines 1 through 13d, and 16l not	
		<i>'</i>			charged against book income this year (itemize):	
4		recorded on books		а	Depresiation ¢	
		not included on K, lines 1 through		a		
		6l (itemize):				
а	Depreciation					50,000,000
b		entertainment \$		8	Add lines 6 and 7	30/000/000
_				9	Income (loss). Subtract line 8	
5	Add lines 1	through 4		$\dashv$	from line 5	40,918,100
Sche			s' Capital Account	s. (Not	required if Item G9, page 1, is answ	vered "Yes.")
1	Balance at	beginning of year	130,001,750	6	Distributions: a Cash	
2	Capital con	ntributed:			<b>b</b> Property	
		<b>a</b> Cash	9,450,500	7	Other decreases (itemize):	
		<b>b</b> Property	16,000,000			
3		e (loss) per books .	3,968,100			
4	Other incre	ases (itemize):				
				8	Add lines 6 and 7	
				9	Balance at end of year. Subtract	
5	Add lines 1	through 4	196,420,350		line 8 from line 5	196,420,350
						Form <b>8865</b> (2012)

Form 8865 (2012)

#### 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).

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)
Sales of inventory				
Sales of property rights (patents, trademarks, etc.)				
Compensation received for technical, managerial, engineering, construction, or like services				
Commissions received .				
fees received				
Distributions received				
Interest received				
Other				
Add lines 1 through 8				
Purchases of inventory .				
Purchases of tangible property other than inventory				
Purchases of property rights (patents, trademarks, etc.)				
Compensation paid for technical, managerial, engineering, construction, or like services				
Commissions paid				
Rents, royalties, and license fees paid				
Distributions paid				
Interest paid				
Other				
Add lines 10 through 18 .				
Amounts borrowed (enter the maximum loan balance during the year). See instructions				
Amounts loaned (enter the maximum loan balance during the year). See instructions				F <b>9965</b> (2010)
	Sales of inventory Sales of property rights (patents, trademarks, etc.) Compensation received for technical, managerial, engineering, construction, or like services	Sales of inventory	Transactions of foreign partnership and foreign partnership and foreign partnership and foreign partnership and foreign partnership and foreign partnership and foreign partnership and foreign partnership by the U.S. person filing this return all this return are used for the controlled partnership by the U.S. person filing this return and foreign partnership by the U.S. person filing this return and foreign partnership by the U.S. person filing this return and foreign partnership by the U.S. person filing this return and foreign partnership by the U.S. person filing this return and foreign partnership by the U.S. person filing this return and foreign partnership by the U.S. person filing this return and foreign partnership by this return and foreign partnership by the U.S. person filing this return and foreign partnership by this return and foreign partnership by the U.S. person filing this return and foreign partnership by this return and foreign partnership by this return and foreign partnership by the U.S. person filing this return and foreign partnership by this return and foreign partnership by this return and foreign partnership by this return and foreign partnership by the U.S. person filing this return and foreign partnership by this return and foreign partnership by this return and foreign partnership by the U.S. person filing this return and foreign partnership by this return and foreign partnership by the U.S. person filing this return and foreign partnership by this return and foreign partnership by the U.S. person filing this return and foreign partnership by the U.S. person filing this return and foreign partnership by the U.S. person filing this return and foreign partnership by the U.S. person filing this return and foreign partnership by the U.S. person filing this return and foreign partnership by the U.S. person filing this return and foreign partnership by the U.S. person filing this return and foreign partnership by the U.S. person filing this return and foreign partnership by the U.S. perso	Transactions of foreign partnership (a) U.S. person filing this return controlling or controlled by the U.S. person filing this return (b) the U.S. person filing this return

#### SCHEDULE B-1 (Form 1065)

(Rev. December 2011) Department of the Treasury Internal Revenue Service

# Information on Partners Owning 50% or More of the Partnership

▶ Attach to Form 1065. See instructions on back.

OMB No. 1545-0099

Name of partnership

Employer identification number (EIN)

#### Entities Owning 50% or More of the Partnership (Form 1065, Schedule B, Question 3a) Part I Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, tax-exempt organization, or any foreign government that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions). (v) Maximum (ii) Employer Percentage Owned in Profit, Loss, (i) Name of Entity Identification Number (iii) Type of Entity Country of Organization (if any) or Capital Individuals or Estates Owning 50% or More of the Partnership (Form 1065, Schedule B, Question 3b) Part II Complete columns (i) through (iv) below for any individual or estate that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions). (iv) Maximum (ii) Identifying Number Percentage Owned in (i) Name of Individual or Estate (iii) Country of Citizenship (see instructions) Profit, Loss, (if any) or Capital

#### **General Instructions**

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

#### **Purpose of Form**

Use Schedule B-1 (Form 1065) to provide the information applicable to certain entities, individuals, and estates that own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership.

#### Who Must File

Schedule B-1 (Form 1065) must be filed by all partnerships that answer "Yes" to question 3a or question 3b on Schedule B of Form 1065. Attach Schedule B-1 to Form 1065.

#### **Specific Instructions**

#### Part I

Complete Part I if the partnership answered "Yes" to Form 1065, Schedule B, question 3a. List each corporation, partnership, trust, tax-exempt organization, or foreign government owning, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership at the end of the tax year. Enter the name, EIN, type of entity (corporation, partnership, trust, tax-exempt organization, or foreign government), country of organization, and the maximum percentage interests owned, directly or indirectly, in the profit, loss, or capital of the partnership. For an affiliated group filing a consolidated tax return, list the parent corporation rather than the subsidiary members. List the entity owner of a disregarded entity rather than the disregarded entity. If the owner of a disregarded entity is an individual rather than an entity, list the individual in Part II. In the case of a tax-exempt organization, enter "tax-exempt organization" in column (iii).

**Example 1.** Corporation A owns, directly, an interest of 50% in the profit, loss, or capital of Partnership B. Corporation A also owns, directly, an interest of 15% in the profit, loss, or capital of Partnership C. Partnership B owns, directly, an

interest of 70% in the profit, loss, or capital of Partnership C. Therefore, Corporation A owns, directly or indirectly, an interest of 50% in the profit, loss, or capital of Partnership C (15% directly and 35% indirectly through Partnership B). On Partnership C's Form 1065, it must answer "Yes" to question 3a of Schedule B. Partnership C must also complete Part I of Schedule B-1. In Part I, Partnership C must identify Corporation A, which includes entering "50%" in column (v) (its maximum percentage owned). It also must identify Partnership B, and enter "70%" in column (v).

#### Part II

Complete Part II if the partnership answered "Yes" to Form 1065, Schedule B, question 3b. List each individual or estate owning, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership at the end of the tax year. Enter the name, social security or employer identification number, country of citizenship (for an estate, the citizenship of the decedent), and the maximum percentage interests owned, directly or indirectly, in the profit, loss, or capital of the partnership.

**Example 2.** A owns, directly, 50% of the profit, loss, or capital of Partnership X. B, the daughter of A, does not own, directly, any interest in X and does not own, indirectly, any interest in X through any entity (corporation, partnership, trust, or estate). Because family attribution rules apply only when an individual (in this example, B) owns a direct interest in the partnership or an indirect interest through another entity, A's interest in Partnership X is not attributable to B. On Partnership X's Form 1065, it must answer "Yes" to question 3b of Schedule B. Partnership X must also complete Part II of Schedule B-1. In Part II, Partnership X must identify A, which includes entering "50%" in column (iv). Partnership X will **not** identify B in Part II.

### SCHEDULE C (Form 1065)

Name of partnership

#### **Additional Information for Schedule M-3 Filers**

OMB No. 1545-0099

(Rev. December 2011) Department of the Treasury Internal Revenue Service

Carlton Asset Management, LP

▶ Attach to Form 1065. See separate instructions.

Employer identification number 69-0000003

Yes No At any time during the tax year, were there any transfers between the partnership and its partners subject to the v Do the amounts reported on Schedule M-3, Part II, lines 7 or 8, column (d), reflect allocations to this partnership from another partnership of income, gain, loss, deduction, or credit that are disproportionate to this partnership's share of capital in such partnership or its ratio for sharing other items of such partnership? . . . . . . . . . . . . At any time during the tax year, did the partnership sell, exchange, or transfer any interest in an intangible asset to v At any time during the tax year, did the partnership acquire any interest in an intangible asset from a related 4 At any time during the tax year, did the partnership make any change in accounting principle for financial accounting purposes? See instructions for a definition of change in accounting principle . . . . . . . . . . . . At any time during the tax year, did the partnership make any change in a method of accounting for U.S. income v

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

Cat. No. 49945S

Schedule C (Form 1065) (Rev. 12-2011)

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

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

**Employer identification number** 

OMB No. 1545-0099

Department of the Treasury Internal Revenue Service

Name of partnership

▶ Attach to Form 1065 or Form 1065-B. ▶ Information about Schedule M-3 (Form 1065) and its instructions is at www.irs.gov/form1065.

69-000003 Carlton Asset Management, LP This Schedule M-3 is being filed because (check all that apply): ☐ The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more. В ☑ The amount of the partnership's adjusted total assets for the tax year is equal to \$10 million or more. If box B is checked, enter the amount of adjusted total assets for the tax year 414,477,993 . C The amount of total receipts for the tax year is equal to \$35 million or more. If box C is checked, enter the total receipts for the tax year 410,686,302 D An entity that is a reportable entity partner with respect to the partnership owns or is deemed to own an interest of 50 percent or more in the partnership's capital, profit, or loss, on any day during the tax year of the partnership. Name of Reportable Entity Partner Identifying Number Maximum Percentage Owned or Deemed Owned ☐ Voluntary Filer. Part I Financial Information and Net Income (Loss) Reconciliation 1a Did the partnership file SEC Form 10-K for its income statement period ending with or within this tax year? Yes. Skip lines 1b and 1c and complete lines 2 through 11 with respect to that SEC Form 10-K. **No.** Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared. b Did the partnership prepare a certified audited non-tax-basis income statement for that period? Ves. Skip line 1c and complete lines 2 through 11 with respect to that income statement. No. Go to line 1c. c Did the partnership prepare a non-tax-basis income statement for that period? ☐ **Yes.** Complete lines 2 through 11 with respect to that income statement. □ No. Skip lines 2 through 3b and enter the partnership's net income (loss) per its books and records on line 4a. 01 / 01 / 2012 Enter the income statement period: Beginning Ending 12 / 3a Has the partnership's income statement been restated for the income statement period on line 2? Yes. (If "Yes," attach a statement and the amount of each item restated.) ✓ No. b Has the partnership's income statement been restated for any of the five income statement periods preceding the period on line 2? ☐ **Yes.** (If "Yes," attach a statement and the amount of each item restated.) Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1 406,974,260 4a Indicate accounting standard used for line 4a (see instructions): **GAAP** 2 | IFRS 704(b) 4 Tax-basis 5 Other: (Specify) ▶ Net income from nonincludible foreign entities (attach statement) 5a Net loss from nonincludible foreign entities (attach statement and enter as a positive amount) . 5b Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount) . . . 6b 7a Net income (loss) of other U.S. disregarded entities (attach statement) . . . . . . . . . . . 7b 8 Adjustment to eliminations of transactions between includible entities and nonincludible entities 8 9 Adjustment to reconcile income statement period to tax year (attach statement) 9 10 10 Other adjustments to reconcile to amount on line 11 (attach statement) . . . . . . . . . . . . Net income (loss) per income statement of the partnership. Combine lines 4a through 10 . 11 11 406.974.260 Note. Part I, line 11, must equal the amount on Part II, line 26, column (a). Enter the total amount (not just the partnership's share) of the assets and liabilities of all entities included or removed on the following lines: 12 Total Assets **Total Liabilities** Included on Part I, line 4 6.275.256 3.589,605 Removed on Part I, line 5 Removed on Part I, line 6 6,275,256 3,589,605 Included on Part I, line 7

Name of partnership Employer identification number

Carlton Asset Management, LP

69-0000003

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

	Income (Loss) Items	(a) Income (Loss) per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
	(Attach statements for lines 1 through 9)				
1	Income (loss) from equity method foreign corporations				
2	Gross foreign dividends not previously taxed				
3	Subpart F, QEF, and similar income inclusions				
4	Gross foreign distributions previously taxed				
5	Income (loss) from equity method U.S. corporations				
6	U.S. dividends				
7	Income (loss) from U.S. partnerships				
8	Income (loss) from foreign partnerships	10,229,525			10,229,525
9	Income (loss) from other pass-through entities	10,227,323			10,227,323
10	Items relating to reportable transactions (attach statement)				
11	Interest income (attach Form 8916-A)				
12	Total accrual to cash adjustment				
13	Hedging transactions				
14	Mark-to-market income (loss)	,			
15	Cost of goods sold (attach Form 8916-A)	(			
16	Sale versus lease (for sellers and/or lessors)				
17	Section 481(a) adjustments				
18	Unearned/deferred revenue				
19	Income recognition from long-term contracts				
20	Original issue discount and other imputed interest .				
21a	Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities .				
b	Gross capital gains from Schedule D, excluding amounts from pass-through entities				
С	Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d	Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses .				
е	Abandonment losses				
f	Worthless stock losses (attach statement)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach statement)				
23	<b>Total income (loss) items.</b> Combine lines 1 through 22	10,229,525			10,229,525
24	<b>Total expense/deduction items.</b> (from Part III, line 31) (see instructions)	(2,222)		(560,789)	(563,011)
25	Other items with no differences	396,746,957			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, Analysis of Net Income (Loss), line 1.

Name of partnership Employer identification number

Carlton Asset Management, LP

69-0000003

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

	Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
	Ctate and lead assess the same to				
1	State and local current income tax expense				
2	State and local deferred income tax expense				
3	Foreign current income tax expense (other than				
4	foreign withholding taxes)				
	Equity-based compensation				
5 6	Meals and entertainment	2,222		(1,111)	1,111
7	Fines and penalties	2,222		(1,111)	1,111
	Judgments, damages, awards, and similar costs				
8 9	Guaranteed payments			561,900	561,900
9 10	Pension and profit-sharing			361,900	561,900
11	Other post-retirement benefits				
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				
23a	Depletion—Oil & Gas				
b	Depletion—Other than Oil & Gas				
24	Intangible drilling & development costs				
25	Depreciation				
26	Bad debt expense				
27	Interest expense (attach Form 8916-A)				
28	Purchase versus lease (for purchasers and/or lessees)				
29	Research and development costs				
30	Other expense/deduction items with differences (attach statement)				
31	Total expense/deduction items. Combine lines 1				
31	through 30. Enter here and on Part II, line 24,				
	reporting positive amounts as negative and negative				
	amounts as positive	2,222		560.789	563,011
		2,222			1 2 (Form 1065) 2012

#### SCHEDULE O (Form 8865)

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

Department of the Treasury Internal Revenue Service

Carlton Asset Management, LP

Name of transferor

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

OMB No. 1545-1668

2012

Filer's identifying number

69-0000003

Name of foreign partnership  Mai Tai Investments				EIN (if any)		Reference ID number (see instructions)		
	ers Reportable	Under Section	on 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								
Stock, notes receivable and payable, and other securities								
Inventory								
Tangible property used in trade or business	08/08/2012	4	12,345,000	16,000,000			25	
Intangible property								
Other property								
Supplemental Info	ormation Requi			uctions):				
<b>(a)</b> Type of property	(b) Date of original transfer	(c) Date of disposition	(d) Manner of disposition	<b>(e)</b> Gain recognized by partnership	(f) Depreciation recapture recognized by partnership	Gain allocated to partner	(h) Depreciation recapture allocated to partner	
-				gain recognition u			Yes 🗹 No	
For Panerwork Redu					No 2500011		res <u>- NO</u>	

Final K-1 Amended K-1 Part III Partner's Share of Current Year Income. Schedule K-1 (Form 1065) **Deductions, Credits, and Other Items** Department of the Treasury Ordinary business income (loss) 15 Credits For calendar year 2012, or tax Internal Revenue Service 2,032,455 year beginning \_\_\_\_\_ Net rental real estate income (loss) ending , 20 Partner's Share of Income. Deductions. Other net rental income (loss) Foreign transactions Credits, etc. ▶ See back of form and separate instructions. Guaranteed payments Part I Information About the Partnership A Japan Partnership's employer identification number 69-0000003 Interest income B 51,148 183 Partnership's name, address, city, state, and ZIP code 6a Ordinary dividends Carlton Asset Management, LP D 51,148 1678 S Hoover Blvd 6b Qualified dividends L 3,163 San Francisco, CA 94101 7 Royalties IRS Center where partnership filed return Ogden 8 Net short-term capital gain (loss) Check if this is a publicly traded partnership (PTP) Part II Information About the Partner Net long-term capital gain (loss) Alternative minimum tax (AMT) items Partner's identifying number 69-3000002 9b Collectibles (28%) gain (loss) Partner's name, address, city, state, and ZIP code Unrecaptured section 1250 gain ABC Investments 93 Oaks Drive Net section 1231 gain (loss) Tax-exempt income and Los Angeles, CA 90052 nondeductible expenses Other income (loss) General partner or LLC X Limited partner or other LLC member-manager member C 6 X Domestic partner Н Foreign partner What type of entity is this partner? (see instructions) Partnership 11 Distributions If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here 12 (see instructions) Section 179 deduction 217 Partner's share of profit, loss, and capital (see instructions): A 2,041,014 Other deductions Beginning 5 % Other information Profit 5 % 5 % Loss 5 % 5 % Capital A 183 Partner's share of liabilities at year end: Self-employment earnings (loss) Nonrecourse . . . . . . . . \$ Qualified nonrecourse financing . \$ Recourse . . . . . . . . \*See attached statement for additional information. Partner's capital account analysis: Beginning capital account . . . Capital contributed during the year 2,034,872 Current year increase (decrease) . \$ 2,041,014) For IRS Use Only Withdrawals & distributions . . . Ending capital account . . . . Section 704(b) book GAAP Tax basis Other (explain)

If "Yes," attach statement (see instructions)

Yes

Did the partner contribute property with a built-in gain or loss? X No

Final K-1 Amended K-1 Part III Partner's Share of Current Year Income. Schedule K-1 (Form 1065) **Deductions, Credits, and Other Items** Department of the Treasury Ordinary business income (loss) 15 Credits For calendar year 2012, or tax Internal Revenue Service year beginning 4,064,909 Net rental real estate income (loss) ending Partner's Share of Income. Deductions. Other net rental income (loss) Foreign transactions Credits, etc. ▶ See back of form and separate instructions. Guaranteed payments Part I Information About the Partnership A Japan Partnership's employer identification number 69-0000003 Interest income B 102,295 365 Partnership's name, address, city, state, and ZIP code 6a Ordinary dividends D 102,295 Carlton Asset Management, LP 1678 S Hoover Blvd 6b Qualified dividends L 6,235 San Francisco, CA 94101 7 Royalties IRS Center where partnership filed return Ogden 8 Net short-term capital gain (loss) Check if this is a publicly traded partnership (PTP) Part II Information About the Partner Net long-term capital gain (loss) Alternative minimum tax (AMT) items Partner's identifying number 990-00-0001 9b Collectibles (28%) gain (loss) Partner's name, address, city, state, and ZIP code Unrecaptured section 1250 gain Taxpayer B1 888 NW Peach Street Net section 1231 gain (loss) Tax-exempt income and San Francisco, CA 94101 nondeductible expenses Other income (loss) General partner or LLC X Limited partner or other LLC member-manager member C 11 Н X Domestic partner Foreign partner What type of entity is this partner? (see instructions) Individual 11 Distributions If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here 12 (see instructions) Section 179 deduction 433 Partner's share of profit, loss, and capital (see instructions): A 4,082,027 Other deductions Beginning **Ending** Other information 1 % Profit 1 % 1 % Loss 1 % 1 % Capital A 365 Partner's share of liabilities at year end: Self-employment earnings (loss) Nonrecourse . . . . . . . . \$ Qualified nonrecourse financing . \$ Recourse . . . . . . . . \*See attached statement for additional information. Partner's capital account analysis: Beginning capital account . . . 39.141 Capital contributed during the year 4.069.743 Current year increase (decrease) . \$ 4,082,027) For IRS Use Only Withdrawals & distributions . . . Ending capital account . . . . Section 704(b) book GAAP Tax basis Other (explain)

If "Yes," attach statement (see instructions)

Yes

Did the partner contribute property with a built-in gain or loss? X No

Final K-1 Amended K-1 Part III Partner's Share of Current Year Income. Schedule K-1 (Form 1065) **Deductions, Credits, and Other Items** Department of the Treasury Ordinary business income (loss) 15 Credits For calendar year 2012, or tax Internal Revenue Service year beginning \_\_\_\_\_ 2,032,455 Net rental real estate income (loss) ending , 20 Partner's Share of Income. Deductions. Other net rental income (loss) Foreign transactions Credits, etc. ▶ See back of form and separate instructions. Guaranteed payments Part I Information About the Partnership A Japan 561,900 Partnership's employer identification number 69-0000003 5 Interest income B 51,148 183 Partnership's name, address, city, state, and ZIP code Ordinary dividends Carlton Asset Management, LP D 51,148 1678 S Hoover Blvd 6b Qualified dividends L 3,163 San Francisco, CA 94101 7 Royalties IRS Center where partnership filed return Ogden 8 Net short-term capital gain (loss) Check if this is a publicly traded partnership (PTP) Part II Information About the Partner Net long-term capital gain (loss) Alternative minimum tax (AMT) items Partner's identifying number 69-3000001 9b Collectibles (28%) gain (loss) Partner's name, address, city, state, and ZIP code Unrecaptured section 1250 gain XYZ Managaement 7272 W Truman Ave Net section 1231 gain (loss) Tax-exempt income and Sacramento, CA 95813 nondeductible expenses Other income (loss) X General partner or LLC Limited partner or other LLC member-manager member C 6 Н X Domestic partner Foreign partner What type of entity is this partner? (see instructions) Partnership 11 Distributions If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here 12 (see instructions) Section 179 deduction 217 Partner's share of profit, loss, and capital (see instructions): A 2,041,014 Other deductions Beginning 5 % Other information Profit 5 % 5 % Loss 5 % 5 % Capital A 183 Partner's share of liabilities at year end: Self-employment earnings (loss) Nonrecourse . . . . . . . . \$ Qualified nonrecourse financing . \$ Recourse . . . . . . . . \*See attached statement for additional information. Partner's capital account analysis: Beginning capital account . . . Capital contributed during the year 2,034,872 Current year increase (decrease) . \$ 2,041,014) For IRS Use Only Withdrawals & distributions . . . Ending capital account . . . . Section 704(b) book GAAP Tax basis

If "Yes," attach statement (see instructions)

Did the partner contribute property with a built-in gain or loss? X No

Other (explain)

Yes