

# **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=3144b72bb4f2-46da-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.
2. 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**

<b>State</b>	<b>Abbr.</b>	<b>ZIP Code</b>
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, 344nn, 346nn, 347nn, 349nn
Georgia	GA	300nn-319nn, 39815, 39834, 399nn
Hawaii	HI	967nn, 968nn
Idaho	ID	832nn-838nn
Illinois	IL	600nn-629nn
Indiana	IN	460nn-479nn
Iowa	IA	500nn-528nn
Kansas	KS	660nn-679nn
Kentucky	KY	400nn-427nn, 45275
Louisiana	LA	700nn-714nn, 71749
Maine	ME	03801, 039nn-049nn
Maryland	MD	20331, 206nn-219nn
Massachusetts	MA	010nn-027nn, 055nn
Michigan	MI	480nn-499nn
Minnesota	MN	550nn-567nn
Mississippi	MS	386nn-397nn
Missouri	MO	630nn-658nn
Montana	MT	590nn-599nn
Nebraska	NE	680nn-693nn
Nevada	NV	889nn-898nn
New Hampshire	NH	030nn-038nn
New Jersey	NJ	070nn-089nn
New Mexico	NM	870nn-884nn
New York	NY	004nn, 005nn, 06390, 100nn-149nn
North Carolina	NC	270nn-289nn
North Dakota	ND	580nn-588nn
Ohio	OH	430nn-459nn
Oklahoma	OK	730nn-732nn, 734nn-749nn

**EXHIBIT1 -Valid ZIP Codes Continued****State Abbr. ZIP Code**

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

**STANDARD POSTAL SERVICE STATE ABBREVIATIONS AND ZIP CODES FOR U.S.POSSESSIONS****U.S. Possession Abbr. ZIP Code**

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

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

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

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

**EXHIBIT 2 FOREIGN  
COUNTRY CODES**

<b>Code</b>	<b>Foreign Country</b>	<b>Code</b>	<b>Foreign Country</b>
AF	Afghanistan	BM	Burma
AL	Albania	BY	Burundi
AG	Algeria	CB	Cambodia
AQ	American Samoa	CM	Cameroon
AN	Andorra	CA	Canada
AO	Angola	CV	Cape Verde
AV	Anguilla	CJ	Cayman Islands
AY	Antarctica	CT	Central African Republic
AC	Antigua & Barbuda	CD	Chad
AR	Argentina	CI	Chile
AM	Armenia	CH	China
AA	Aruba	KT	Christmas Island
AT	Ashmore & Cartier Islands	IP	Clipperton Island
AS	Australia	CK	Cocos (Keeling) Islands
AU	Austria	CO	Colombia
AJ	Azerbaijan	CN	Comoros
BF	Bahamas	CF	Congo, Republic of the (Brazzaville)
BA	Bahrain	CG	Congo, Democratic Rep of the (Zaire)
FQ	Baker Islands	CW	Cook Islands
BG	Bangladesh	CR	Coral Sea Islands
BB	Barbados	VP	Corsica
BS	Bassas da India	CS	Costa Rica
BO	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
BC	Botswana	DR	Dominican Republic
BV	Bouvet Island	TT	East Timor
BR	Brazil	EC	Ecuador
IO	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	IZ	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
HM	Heard Island & McDonald Islands	MC	Macau
HO	Honduras	MK	Macedonia
HK	Hong Kong	MA	Madagascar
HQ	Howland Island	MI	Malawi
HU	Hungary	MY	Malaysia

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

<b>For 1065</b>	<b>Name Control</b>	<b>Tax Period Ending Month</b>
69-0000001	SAMS	12
69-0000002	JENN	12
69-0000003	CARL	12
69-0000004	EAST	12
69-0000005	SHOE	12

<b>For 1065-B</b>	<b>Name Control</b>	<b>Tax Period Ending Month</b>
69-0000006	ABCO	12
69-0000007	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:

<b>EIN</b>	<b>Name Control</b>		<b>EIN</b>	<b>Name Control</b>
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:

<b>EIN</b>	<b>Name Control</b>
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**



IRS PAYMENT: N/A

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**Details for attachments to Form**

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

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

**Other Credits and Credit Recapture Statement (Form 1065, Page 4, Schedule K, Line 15f)**

<b>Childcare</b>	<b>35,600</b>
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**Schedule L Other Assets Statement (Form 1065, Page 5, Schedule L, Line 13b and 13d)**

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

**Schedule L Other Current Liabilities Statement (Form 1065, Page 5, Schedule L, Line 17b and 17d)**

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

Form **1065**  
 Department of the Treasury  
 Internal Revenue Service

# U.S. Return of Partnership Income

For calendar year 2012, or tax year beginning 01/01, 2012, ending 12/31, 20 12

OMB No. 1545-0099

**2012**

► Information about Form 1065 and its separate instructions is at [www.irs.gov/form1065](http://www.irs.gov/form1065).

<b>A</b> Principal business activity <b>Legal Services</b>	<b>Print or type.</b>	Name of partnership <b>Sam Starling, LLP</b>	<b>D</b> Employer identification number <b>69-0000001</b>
<b>B</b> Principal product or service <b>Legal Services</b>		Number, street, and room or suite no. If a P.O. box, see the instructions. <b>631 N McKinley Street</b>	<b>E</b> Date business started <b>10/01/1977</b>
<b>C</b> Business code number <b>541110</b>		City or town, state, and ZIP code <b>Reno, NV 89510</b>	<b>F</b> Total assets (see the instructions) <b>\$ 108,367,919</b>

- G** Check applicable boxes: (1)  Initial return (2)  Final return (3)  Name change (4)  Address change (5)  Amended return  
 (6)  Technical termination - also check (1) or (2)
- H** Check accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) ► \_\_\_\_\_
- I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ► 27
- J** Check if Schedules C and M-3 are attached

**Caution.** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>Income</b>	<b>1a</b> Gross receipts or sales	<b>1a</b>	<b>323,455,613</b>		
	<b>b</b> Returns and allowances	<b>1b</b>			
	<b>c</b> Balance. Subtract line 1b from line 1a			<b>1c</b>	<b>323,455,613</b>
	<b>2</b> Cost of goods sold (attach Form 1125-A)			<b>2</b>	
	<b>3</b> Gross profit. Subtract line 2 from line 1c			<b>3</b>	<b>323,455,613</b>
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			<b>4</b>	
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040))			<b>5</b>	
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			<b>6</b>	<b>10,000</b>
<b>7</b> Other income (loss) (attach statement)			<b>7</b>		
<b>8</b> <b>Total income (loss).</b> Combine lines 3 through 7			<b>8</b>	<b>323,465,613</b>	
<b>Deductions</b> <small>(see the instructions for limitations)</small>	<b>9</b> Salaries and wages (other than to partners) (less employment credits)			<b>9</b>	<b>110,535,025</b>
	<b>10</b> Guaranteed payments to partners			<b>10</b>	<b>22,675,031</b>
	<b>11</b> Repairs and maintenance			<b>11</b>	<b>2,042,164</b>
	<b>12</b> Bad debts			<b>12</b>	
	<b>13</b> Rent			<b>13</b>	<b>25,922,173</b>
	<b>14</b> Taxes and licenses			<b>14</b>	<b>12,226,452</b>
	<b>15</b> Interest			<b>15</b>	<b>14,622</b>
	<b>16a</b> Depreciation (if required, attach Form 4562)	<b>16a</b>	<b>7,292,891</b>		
	<b>b</b> Less depreciation reported on Form 1125-A and elsewhere on return	<b>16b</b>	<b>18,275</b>	<b>16c</b>	<b>7,274,616</b>
	<b>17</b> Depletion ( <b>Do not deduct oil and gas depletion.</b> )			<b>17</b>	
	<b>18</b> Retirement plans, etc.			<b>18</b>	<b>4,255,918</b>
	<b>19</b> Employee benefit programs			<b>19</b>	<b>7,100,361</b>
	<b>20</b> Other deductions (attach statement)			<b>20</b>	<b>50,737,848</b>
	<b>21</b> <b>Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 20.			<b>21</b>	<b>242,784,210</b>
<b>22</b> <b>Ordinary business income (loss).</b> Subtract line 21 from line 8			<b>22</b>	<b>80,681,403</b>	

**Sign Here**

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 manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager

Date  
4/01/2013

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

**Paid Preparer Use Only**

Print/Type preparer's name <b>Jesse James</b>	Preparer's signature	Date <b>4/01/2013</b>	Check <input type="checkbox"/> if self-employed	PTIN <b>P0000001</b>
Firm's name ► <b>Electronic Tax Filers Inc</b>	Firm's EIN ► <b>69-0000098</b>		Phone no. <b>555-631-1212</b>	
Firm's address ► <b>1065 Efile Drive, Anytown, NV 89501</b>				

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11390Z

Form **1065** (2012)

**Schedule B Other Information**

<b>1</b>	What type of entity is filing this return? Check the applicable box:	<b>Yes</b>	<b>No</b>
<b>a</b>	<input type="checkbox"/> Domestic general partnership		
<b>b</b>	<input type="checkbox"/> Domestic limited partnership		
<b>c</b>	<input type="checkbox"/> Domestic limited liability company		
<b>d</b>	<input checked="" type="checkbox"/> Domestic limited liability partnership		
<b>e</b>	<input type="checkbox"/> Foreign partnership		
<b>f</b>	<input type="checkbox"/> Other ▶		

<b>2</b>	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?	<input checked="" type="checkbox"/>	
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<b>3</b>	At the end of the tax year:		
<b>a</b>	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		<input checked="" type="checkbox"/>
<b>b</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		<input checked="" type="checkbox"/>

<b>4</b>	At the end of the tax year, did the partnership:		
<b>a</b>	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		<input checked="" type="checkbox"/>

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

<b>b</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		<input checked="" type="checkbox"/>
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(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

<b>5</b>	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	<input checked="" type="checkbox"/>	
----------	--	-------------------------------------	--

<b>6</b>	Does the partnership satisfy <b>all four</b> of the following conditions?		
<b>a</b>	The partnership's total receipts for the tax year were less than \$250,000.		
<b>b</b>	The partnership's total assets at the end of the tax year were less than \$1 million.		
<b>c</b>	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.		
<b>d</b>	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.		<input checked="" type="checkbox"/>

<b>7</b>	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		<input checked="" type="checkbox"/>
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<b>8</b>	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?		<input checked="" type="checkbox"/>
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<b>9</b>	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		<input checked="" type="checkbox"/>
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<b>10</b>	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. ▶		<input checked="" type="checkbox"/>
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**Schedule B Other Information (continued)**

	Yes	No
<b>11</b> 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>12a</b> 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>b</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 . . . . .		✓
<b>c</b> 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.		✓
<b>13</b> 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) . . . . . <input type="checkbox"/>		
<b>14</b> 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>15</b> 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 ▶		
<b>16</b> 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. ▶	✓	
<b>17</b> Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
<b>18a</b> 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? . . . . .		✓
<b>19</b> Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		0
<b>20</b> Enter the number of partners that are foreign governments under section 892. ▶		0

**Designation of Tax Matters Partner** (see instructions)

Enter below the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	<b>Barton Mayflower</b>	Identifying number of TMP ▶	<b>000-01-0001</b>
If the TMP is an entity, name of TMP representative ▶	<b>Barton and Jenkins Enterprise</b>	Phone number of TMP ▶	<b>555-555-1212</b>
Address of designated TMP ▶	<b>RR 510 W Anchorage, AK 99502</b>		

<b>Schedule K Partners' Distributive Share Items</b>		<b>Total amount</b>	
<b>Income (Loss)</b>	<b>1</b> Ordinary business income (loss) (page 1, line 22) . . . . .	<b>1</b>	<b>80,681,403</b>
	<b>2</b> Net rental real estate income (loss) (attach Form 8825) . . . . .	<b>2</b>	
	<b>3a</b> Other gross rental income (loss) . . . . . <b>3a</b>		
	<b>b</b> Expenses from other rental activities (attach statement) . . . . . <b>3b</b>		
	<b>c</b> Other net rental income (loss). Subtract line 3b from line 3a . . . . .	<b>3c</b>	
	<b>4</b> Guaranteed payments . . . . .	<b>4</b>	<b>22,675,031</b>
	<b>5</b> Interest income . . . . .	<b>5</b>	<b>92,650</b>
	<b>6</b> Dividends: <b>a</b> Ordinary dividends . . . . . <b>6a</b>		
	<b>b</b> Qualified dividends . . . . . <b>6b</b>		
	<b>7</b> Royalties . . . . .	<b>7</b>	
	<b>8</b> Net short-term capital gain (loss) (attach Schedule D (Form 1065)) . . . . .	<b>8</b>	
<b>9a</b> Net long-term capital gain (loss) (attach Schedule D (Form 1065)) . . . . .	<b>9a</b>		
<b>b</b> Collectibles (28%) gain (loss) . . . . . <b>9b</b>			
<b>c</b> Unrecaptured section 1250 gain (attach statement) . . . . . <b>9c</b>			
<b>10</b> Net section 1231 gain (loss) (attach Form 4797) . . . . .	<b>10</b>		
<b>11</b> Other income (loss) (see instructions) Type ▶	<b>11</b>		
<b>Deductions</b>	<b>12</b> Section 179 deduction (attach Form 4562) . . . . .	<b>12</b>	
	<b>13a</b> Contributions . . . . .	<b>13a</b>	
	<b>b</b> Investment interest expense . . . . .	<b>13b</b>	
	<b>c</b> Section 59(e)(2) expenditures: <b>(1)</b> Type ▶ <b>(2)</b> Amount ▶	<b>13c(2)</b>	
<b>d</b> Other deductions (see instructions) Type ▶	<b>13d</b>		
<b>Self-Employment</b>	<b>14a</b> Net earnings (loss) from self-employment . . . . .	<b>14a</b>	<b>55,024,842</b>
	<b>b</b> Gross farming or fishing income . . . . .	<b>14b</b>	
	<b>c</b> Gross nonfarm income . . . . .	<b>14c</b>	<b>55,024,842</b>
<b>Credits</b>	<b>15a</b> Low-income housing credit (section 42(j)(5)) . . . . .	<b>15a</b>	
	<b>b</b> Low-income housing credit (other) . . . . .	<b>15b</b>	
	<b>c</b> Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) . . . . .	<b>15c</b>	
	<b>d</b> Other rental real estate credits (see instructions) Type ▶	<b>15d</b>	
	<b>e</b> Other rental credits (see instructions) Type ▶	<b>15e</b>	
	<b>f</b> Other credits (see instructions) Type ▶	<b>15f</b>	<b>35,600</b>
<b>Foreign Transactions</b>	<b>16a</b> Name of country or U.S. possession ▶		
	<b>b</b> Gross income from all sources . . . . .	<b>16b</b>	
	<b>c</b> Gross income sourced at partner level . . . . .	<b>16c</b>	
	Foreign gross income sourced at partnership level		
	<b>d</b> Passive category ▶ <b>e</b> General category ▶ <b>f</b> Other ▶	<b>16f</b>	
	Deductions allocated and apportioned at partner level		
	<b>g</b> Interest expense ▶ <b>h</b> Other ▶	<b>16h</b>	
	Deductions allocated and apportioned at partnership level to foreign source income		
	<b>i</b> Passive category ▶ <b>j</b> General category ▶ <b>k</b> Other ▶	<b>16k</b>	
	<b>l</b> Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/> . . . . .	<b>16l</b>	
<b>m</b> Reduction in taxes available for credit (attach statement) . . . . .	<b>16m</b>		
<b>n</b> Other foreign tax information (attach statement) . . . . .			
<b>Alternative Minimum Tax (AMT) Items</b>	<b>17a</b> Post-1986 depreciation adjustment . . . . .	<b>17a</b>	<b>199,456</b>
	<b>b</b> Adjusted gain or loss . . . . .	<b>17b</b>	
	<b>c</b> Depletion (other than oil and gas) . . . . .	<b>17c</b>	
	<b>d</b> Oil, gas, and geothermal properties—gross income . . . . .	<b>17d</b>	
	<b>e</b> Oil, gas, and geothermal properties—deductions . . . . .	<b>17e</b>	
	<b>f</b> Other AMT items (attach statement) . . . . .	<b>17f</b>	
<b>Other Information</b>	<b>18a</b> Tax-exempt interest income . . . . .	<b>18a</b>	
	<b>b</b> Other tax-exempt income . . . . .	<b>18b</b>	
	<b>c</b> Nondeductible expenses . . . . .	<b>18c</b>	<b>775,128</b>
	<b>19a</b> Distributions of cash and marketable securities . . . . .	<b>19a</b>	<b>75,140,310</b>
	<b>b</b> Distributions of other property . . . . .	<b>19b</b>	
	<b>20a</b> Investment income . . . . .	<b>20a</b>	<b>92,650</b>
	<b>b</b> Investment expenses . . . . .	<b>20b</b>	
<b>c</b> Other items and amounts (attach statement) . . . . .			

**Analysis of Net Income (Loss)**

<b>1</b>	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					<b>1</b>	<b>103,652,209</b>
<b>2</b>	Analysis by partner type:						
	<b>(i) Corporate</b>	<b>(ii) Individual (active)</b>	<b>(iii) Individual (passive)</b>	<b>(iv) Partnership</b>	<b>(v) Exempt organization</b>	<b>(vi) Nominee/Other</b>	
<b>a</b>	General partners						
<b>b</b>	Limited partners						

<b>Schedule L Balance Sheets per Books</b>		Beginning of tax year		End of tax year	
<b>Assets</b>		<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
<b>1</b>	Cash		<b>15,374,582</b>		<b>41,036,739</b>
<b>2a</b>	Trade notes and accounts receivable				
<b>b</b>	Less allowance for bad debts				
<b>3</b>	Inventories				
<b>4</b>	U.S. government obligations				
<b>5</b>	Tax-exempt securities				
<b>6</b>	Other current assets (attach statement)				
<b>7a</b>	Loans to partners (or persons related to partners)				
<b>b</b>	Mortgage and real estate loans				
<b>8</b>	Other investments (attach statement)				
<b>9a</b>	Buildings and other depreciable assets	<b>64,937,028</b>		<b>79,134,516</b>	
<b>b</b>	Less accumulated depreciation	<b>32,123,456</b>	<b>32,813,572</b>	<b>26,947,318</b>	<b>52,187,198</b>
<b>10a</b>	Depletable assets				
<b>b</b>	Less accumulated depletion				
<b>11</b>	Land (net of any amortization)				
<b>12a</b>	Intangible assets (amortizable only)				
<b>b</b>	Less accumulated amortization				
<b>13</b>	Other assets (attach statement)		<b>13,178,915</b>		<b>15,143,982</b>
<b>14</b>	<b>Total assets</b>		<b>61,367,069</b>		<b>108,367,919</b>
<b>Liabilities and Capital</b>					
<b>15</b>	Accounts payable				
<b>16</b>	Mortgages, notes, bonds payable in less than 1 year				
<b>17</b>	Other current liabilities (attach statement)		<b>5,478,152</b>		<b>6,183,915</b>
<b>18</b>	All nonrecourse loans		<b>11,000,000</b>		<b>11,000,000</b>
<b>19a</b>	Loans from partners (or persons related to partners)				
<b>b</b>	Mortgages, notes, bonds payable in 1 year or more				
<b>20</b>	Other liabilities (attach statement)				
<b>21</b>	Partners' capital accounts				
<b>22</b>	<b>Total liabilities and capital</b>				

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**  
**Note.** Schedule M-3 may be required instead of Schedule M-1 (see instructions).

<b>1</b>	Net income (loss) per books		<b>6</b>	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
<b>2</b>	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		<b>a</b>	Tax-exempt interest \$	
<b>3</b>	Guaranteed payments (other than health insurance)		<b>7</b>	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
<b>4</b>	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		<b>a</b>	Depreciation \$	
<b>a</b>	Depreciation \$		<b>8</b>	Add lines 6 and 7	
<b>b</b>	Travel and entertainment \$		<b>9</b>	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	
<b>5</b>	Add lines 1 through 4				

**Schedule M-2 Analysis of Partners' Capital Accounts**

<b>1</b>	Balance at beginning of year	<b>44,888,917</b>	<b>6</b>	Distributions: <b>a</b> Cash	<b>75,140,310</b>
<b>2</b>	Capital contributed: <b>a</b> Cash		<b>b</b> Property		
	<b>b</b> Property		<b>7</b>	Other decreases (itemize):	
<b>3</b>	Net income (loss) per books	<b>121,435,397</b>	<b>8</b>	Add lines 6 and 7	<b>75,140,310</b>
<b>4</b>	Other increases (itemize):		<b>9</b>	Balance at end of year. Subtract line 8 from line 5	<b>91,184,004</b>
<b>5</b>	Add lines 1 through 4	<b>166,324,314</b>			

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

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return <b>San Starling, LLP</b>	Business or activity to which this form relates <b>Legal Services</b>	Identifying number <b>69-0000001</b>
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**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 Maximum amount (see instructions) . . . . .	<b>1</b>	
2 Total cost of section 179 property placed in service (see instructions) . . . . .	<b>2</b>	
3 Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .	<b>3</b>	
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	<b>4</b>	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions . . . . .	<b>5</b>	
<b>6</b> (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property. Enter the amount from line 29 . . . . .	<b>7</b>	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	<b>8</b>	
9 Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8 . . . . .	<b>9</b>	
10 Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . .	<b>10</b>	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	<b>11</b>	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 . . . . .	<b>12</b>	
13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 ▶	<b>13</b>	

**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 during the tax year (see instructions) . . . . .	<b>14</b>	3,258,175
15 Property subject to section 168(f)(1) election . . . . .	<b>15</b>	
16 Other depreciation (including ACRS) . . . . .	<b>16</b>	625,392

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . .	<b>17</b>	2,745,142
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here . . . . . <input type="checkbox"/>		

**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
<b>19a</b> 3-year property						285,740
<b>b</b> 5-year property						325,098
<b>c</b> 7-year property						
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs.		S/L	
<b>h</b> Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
<b>i</b> Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	35,069

**Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

<b>20a</b> Class life					S/L	
<b>b</b> 12-year			12 yrs.		S/L	
<b>c</b> 40-year			40 yrs.	MM	S/L	

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

21 Listed property. Enter amount from line 28 . . . . .	<b>21</b>	
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 . . . . .	<b>22</b>	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 . . . . .	<b>23</b>	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

**24a** Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If "Yes," is the evidence written?  Yes  No

(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) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .						<b>25</b>		
<b>26</b> Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						<b>28</b>		
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							<b>29</b>	

**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.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles) .												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven . . . . .												
<b>33</b> Total miles driven during the year. Add lines 30 through 32 . . . . .												
<b>34</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>36</b> 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).

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
<b>39</b> Do you treat all use of vehicles by employees as personal use? . . . . .		
<b>40</b> 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? . . . . .		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2012 tax year (see instructions):					
<b>43</b> Amortization of costs that began before your 2012 tax year . . . . .				<b>43</b>	
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .					<b>44</b>

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

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return <b>Sam Starling</b>	Business or activity to which this form relates <b>Rental</b>	Identifying number <b>69-0000001</b>
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**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 Maximum amount (see instructions) . . . . .	<b>1</b>	
2 Total cost of section 179 property placed in service (see instructions) . . . . .	<b>2</b>	
3 Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .	<b>3</b>	
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	<b>4</b>	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions . . . . .	<b>5</b>	
<b>6</b> (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property. Enter the amount from line 29 . . . . .	<b>7</b>	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	<b>8</b>	
9 Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8 . . . . .	<b>9</b>	
10 Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . .	<b>10</b>	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	<b>11</b>	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 . . . . .	<b>12</b>	
13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 ▶	<b>13</b>	

**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 during the tax year (see instructions) . . . . .	<b>14</b>	
15 Property subject to section 168(f)(1) election . . . . .	<b>15</b>	
16 Other depreciation (including ACRS) . . . . .	<b>16</b>	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . .	<b>17</b>	<b>18,275</b>
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here . . . . . <input type="checkbox"/>		

**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
<b>19a</b> 3-year property						
<b>b</b> 5-year property						
<b>c</b> 7-year property						
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs.		S/L	
<b>h</b> Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
<b>i</b> Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

**Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

<b>20a</b> Class life						
<b>b</b> 12-year			12 yrs.		S/L	
<b>c</b> 40-year			40 yrs.	MM	S/L	

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

21 Listed property. Enter amount from line 28 . . . . .	<b>21</b>	
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 . . . . .	<b>22</b>	<b>18,275</b>
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . . . .	<b>23</b>	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

**24a** Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If "Yes," is the evidence written?  Yes  No

(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) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .						<b>25</b>		
<b>26</b> Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						<b>28</b>		
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							<b>29</b>	

**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.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles) .												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven . . . . .												
<b>33</b> Total miles driven during the year. Add lines 30 through 32 . . . . .												
<b>34</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>36</b> 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).

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
<b>39</b> Do you treat all use of vehicles by employees as personal use? . . . . .		
<b>40</b> 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? . . . . .		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2012 tax year (see instructions):					
<b>43</b> Amortization of costs that began before your 2012 tax year . . . . .				<b>43</b>	
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .				<b>44</b>	

**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](http://www.irs.gov/form4797).

Name(s) shown on return <b>Sam Starling, LLP</b>	Identifying number <b>69-0000001</b>
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**1** 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) . . . . . **1**

**Part I 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)

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 other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
<b>3</b>	Gain, if any, from Form 4684, line 39 . . . . .						<b>3</b>
<b>4</b>	Section 1231 gain from installment sales from Form 6252, line 26 or 37 . . . . .						<b>4</b>
<b>5</b>	Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . . .						<b>5</b>
<b>6</b>	Gain, if any, from line 32, from other than casualty or theft. . . . .						<b>6</b>
<b>7</b>	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . . . . .						<b>7</b>
	<b>Partnerships (except electing large partnerships) and S corporations.</b> 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.						
	<b>Individuals, partners, S corporation shareholders, and all others.</b> 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.						
<b>8</b>	Nonrecaptured net section 1231 losses from prior years (see instructions) . . . . .						<b>8</b>
<b>9</b>	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) . . . . .						<b>9</b>

**Part II Ordinary Gains and Losses** (see instructions)

**10** Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):


<b>11</b>	Loss, if any, from line 7 . . . . .	<b>11</b>	( )
<b>12</b>	Gain, if any, from line 7 or amount from line 8, if applicable . . . . .	<b>12</b>	
<b>13</b>	Gain, if any, from line 31 . . . . .	<b>13</b>	10,000
<b>14</b>	Net gain or (loss) from Form 4684, lines 31 and 38a . . . . .	<b>14</b>	
<b>15</b>	Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . . .	<b>15</b>	
<b>16</b>	Ordinary gain or (loss) from like-kind exchanges from Form 8824. . . . .	<b>16</b>	
<b>17</b>	Combine lines 10 through 16 . . . . .	<b>17</b>	10,000
<b>18</b>	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:		
	<b>a</b> 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 . . . . .	<b>18a</b>	
	<b>b</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 . . . . .	<b>18b</b>	



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

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)		
<b>A Furniture and Fixtures</b>		10/01/2011	01/19/2012		
<b>B</b>					
<b>C</b>					
<b>D</b>					
These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B	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		
23	Adjusted basis. Subtract line 22 from line 21. . . . .	23			
24	Total gain. Subtract line 23 from line 20 . . . . .	24	10,000		
<b>25 If section 1245 property:</b>					
a	Depreciation allowed or allowable from line 22 . . . . .	25a	10,000		
b	Enter the <b>smaller</b> of line 24 or 25a . . . . .	25b	10,000		
<b>26 If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a	Additional depreciation after 1975 (see instructions) . . . . .	26a			
b	Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions) . . . . .	26b			
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e . . . . .	26c			
d	Additional depreciation after 1969 and before 1976. . . . .	26d			
e	Enter the <b>smaller</b> of line 26c or 26d . . . . .	26e			
f	Section 291 amount (corporations only) . . . . .	26f			
g	Add lines 26b, 26e, and 26f. . . . .	26g			
<b>27 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).					
a	Soil, water, and land clearing expenses . . . . .	27a			
b	Line 27a multiplied by applicable percentage (see instructions) . . . . .	27b			
c	Enter the <b>smaller</b> of line 24 or 27b . . . . .	27c			
<b>28 If section 1254 property:</b>					
a	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			
<b>29 If section 1255 property:</b>					
a	Applicable percentage of payments excluded from income under section 126 (see instructions) . . . . .	29a			
b	Enter the <b>smaller</b> of line 24 or 29a (see instructions) . . . . .	29b			

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24 . . . . .	30	10,000
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 . . . . .	31	10,000
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 . . . . .	32	

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(see instructions)

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

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

OMB No. 1545-1186

▶ See instructions on back.

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

Name <b>Sam Starling, LLP</b>	Employer identification number <b>69-0000001</b>
----------------------------------	---

<b>1</b>	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, state, ZIP code	Type—Enter code 1-8; see page 2 for list	Fair Rental Days	Personal Use Days
<b>A</b>	125 Modernized Street Newtown, NV 89510	Rental	365	
<b>B</b>				
<b>C</b>				
<b>D</b>				

		Properties			
		A	B	C	D
<b>Rental Real Estate Income</b>					
<b>2</b>	Gross rents . . . . .	2	1,234,900		
<b>Rental Real Estate Expenses</b>					
<b>3</b>	Advertising . . . . .	3			
<b>4</b>	Auto and travel . . . . .	4			
<b>5</b>	Cleaning and maintenance . . . . .	5			
<b>6</b>	Commissions . . . . .	6			
<b>7</b>	Insurance . . . . .	7			
<b>8</b>	Legal and other professional fees . . . . .	8			
<b>9</b>	Interest . . . . .	9			
<b>10</b>	Repairs . . . . .	10			
<b>11</b>	Taxes . . . . .	11			
<b>12</b>	Utilities . . . . .	12			
<b>13</b>	Wages and salaries . . . . .	13			
<b>14</b>	Depreciation (see instructions)	14	18,275		
<b>15</b>	Other (list) ▶ <u>Ground Lease, Fees</u>	15	1,013,500		
<b>16</b>	Total expenses for each property. Add lines 3 through 15 . . . . .	16	1,031,775		
<b>17</b>	Income or (Loss) from each property. Subtract line 16 from line 2	17	203,125		
<b>18a</b>	Total gross rents. Add gross rents from line 2, columns A through H . . . . .	18a	1,234,900		
<b>b</b>	Total expenses. Add total expenses from line 16, columns A through H . . . . .	18b	( 1,031,775 )		
<b>19</b>	Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities . . . . .	19			
<b>20a</b>	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>b</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		
	-----		-----		
	-----		-----		
<b>21</b>	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	21	203,125		

<b>1</b>	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.			
	Physical address of each property—street, city, state, ZIP code	Type—Enter code 1-8; see below for list	Fair Rental Days	Personal Use Days
<b>E</b>	.....	.....	.....	.....
<b>F</b>	.....	.....	.....	.....
<b>G</b>	.....	.....	.....	.....
<b>H</b>	.....	.....	.....	.....

		Properties							
		E		F		G		H	
<b>Rental Real Estate Income</b>									
<b>2</b> Gross rents . . . . .	<b>2</b>								
<b>Rental Real Estate Expenses</b>									
<b>3</b> Advertising . . . . .	<b>3</b>								
<b>4</b> Auto and travel . . . . .	<b>4</b>								
<b>5</b> Cleaning and maintenance . .	<b>5</b>								
<b>6</b> Commissions . . . . .	<b>6</b>								
<b>7</b> Insurance . . . . .	<b>7</b>								
<b>8</b> Legal and other professional fees	<b>8</b>								
<b>9</b> Interest . . . . .	<b>9</b>								
<b>10</b> Repairs . . . . .	<b>10</b>								
<b>11</b> Taxes . . . . .	<b>11</b>								
<b>12</b> Utilities . . . . .	<b>12</b>								
<b>13</b> Wages and salaries . . . . .	<b>13</b>								
<b>14</b> Depreciation (see instructions)	<b>14</b>								
<b>15</b> Other (list) ▶ .....	<b>15</b>								
.....									
.....									
<b>16</b> Total expenses for each property. Add lines 3 through 15 . . . .	<b>16</b>								
<b>17</b> Income or (Loss) from each property. Subtract line 16 from line 2	<b>17</b>								

**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)

## Credit for Employer-Provided Childcare Facilities and Services

▶ Attach to your tax return.

Name(s) shown on return <b>Sam Starling, LLP</b>		Identifying number <b>69-0000001</b>	
1	Qualified childcare facility expenditures paid or incurred . . . . .	1	
2	Enter 25% (.25) of line 1 . . . . .	2	
3	Qualified childcare resource and referral expenditures paid or incurred	3	
4	Enter 10% (.10) of line 3 . . . . .	4	
5	Credit for employer-provided childcare facilities and services from partnerships, S corporations, estates, and trusts . . . . .	5	<b>35,000</b>
6	Add lines 2, 4, and 5 . . . . .	6	<b>35,000</b>
7	Enter the <b>smaller</b> of line 6 or <b>\$150,000</b> . 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, report the credit on the applicable line of Form 3800, (e.g., line 1n of the 2006 Form 3800) . . . . .	7	<b>35,000</b>
8	Amount allocated to beneficiaries of the estate or trust (see instructions) . . . . .	8	
9	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) . . . . .	9	

### General Instructions

Section references are to the Internal Revenue Code.

#### What's New

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

#### Purpose of Form

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

For details, see section 45F.

#### How To Figure the Credit

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

*Qualified childcare expenditures* are amounts paid or incurred:

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

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

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

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

**SCHEDULE C  
(Form 1065)**

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

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

OMB No. 1545-0099

▶ **Attach to Form 1065. See separate instructions.**

Name of partnership

**Sam Starling, LLP**

Employer identification number

**69-0000001**

		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? . . . . .		✓
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)? . . . . .		✓
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)**

Department of the Treasury  
Internal Revenue Service

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

▶ Attach to Form 1065 or Form 1065-B.

OMB No. 1545-0099

**2012**

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

Name of partnership  
**Sam Starling, LLP**

Employer identification number  
**69-0000001**

**This Schedule M-3 is being filed because (check all that apply):**

- A**  The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
- B**  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 183,508,229.
- 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 323,558,263.
- 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

**E**  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?
  - Yes.** 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.
- 2** Enter the income statement period: Beginning 01 / 01 / 2012 Ending 12 / 31 / 2012
- 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.)
  - No.**

<b>4a</b> Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	<b>4a</b>	<b>121,435,397</b>
<b>b</b> Indicate accounting standard used for line 4a (see instructions):		
<b>1</b> <input checked="" type="checkbox"/> GAAP <b>2</b> <input type="checkbox"/> IFRS <b>3</b> <input type="checkbox"/> 704(b)		
<b>4</b> <input type="checkbox"/> Tax-basis <b>5</b> <input type="checkbox"/> Other: (Specify) ▶ _____		
<b>5a</b> Net income from nonincludible foreign entities (attach statement) . . . . .	<b>5a</b>	( )
<b>b</b> Net loss from nonincludible foreign entities (attach statement and enter as a positive amount) . . . . .	<b>5b</b>	
<b>6a</b> Net income from nonincludible U.S. entities (attach statement) . . . . .	<b>6a</b>	( )
<b>b</b> Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount) . . . . .	<b>6b</b>	
<b>7a</b> Net income (loss) of other foreign disregarded entities (attach statement) . . . . .	<b>7a</b>	
<b>b</b> Net income (loss) of other U.S. disregarded entities (attach statement) . . . . .	<b>7b</b>	
<b>8</b> Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement) . . . . .	<b>8</b>	
<b>9</b> Adjustment to reconcile income statement period to tax year (attach statement) . . . . .	<b>9</b>	
<b>10</b> Other adjustments to reconcile to amount on line 11 (attach statement) . . . . .	<b>10</b>	
<b>11</b> <b>Net income (loss) per income statement of the partnership.</b> Combine lines 4a through 10 . . . . .	<b>11</b>	<b>121,435,397</b>

**Note.** Part I, line 11, must equal the amount on Part II, line 26, column (a).

**12** 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:

	Total Assets	Total Liabilities
<b>a</b> Included on Part I, line 4	<b>108,367,919</b>	<b>17,183,000</b>
<b>b</b> Removed on Part I, line 5		
<b>c</b> Removed on Part I, line 6		
<b>d</b> Included on Part I, line 7		

Name of partnership

Employer identification number

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	(a) Income (Loss) per Income Statement	(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 . . . . .				
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 . . . . .	10,000			
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 . . . . .				10,000
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)				
23 <b>Total income (loss) items.</b> Combine lines 1 through 22 . . . . .	10,000			10,000
24 <b>Total expense/deduction items.</b> (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 <b>Reconciliation totals.</b> Combine lines 23 through 25	121,435,397	4,116,715	(21,899,903)	103,652,209

**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

**Sam Starling, LLP**

**69-0000001**

**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
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 . . . . .				
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 . . . . .				
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 <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 . . . . .	12,959,862	(4,116,715)	21,899,903	30,743,050



Final K-1

Amended K-1

Schedule K-1 (Form 1065)

2012

Department of the Treasury Internal Revenue Service

For calendar year 2012, or tax year beginning 01/01, 2012 ending 12/31, 2012

Partner's Share of Income, Deductions, Credits, etc.

See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number 69-0000001
B Partnership's name, address, city, state, and ZIP code Sam Starling, LLP 631 N McKinley Drive Reno, NV 89510
C IRS Center where partnership filed return Ogden
D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number 000-00-0022
F Partner's name, address, city, state, and ZIP code Sam Starling P.O. Box 99 & Birch Branch St Johns, NFLD Canada, AIC5N5
G General partner or LLC member-manager Limited partner or other LLC member
H Domestic partner Foreign partner
I1 What type of entity is this partner? Individual
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
J Partner's share of profit, loss, and capital (see instructions): Beginning Ending Profit 10% 10% Loss 10% 10% Capital 10% 10%
K Partner's share of liabilities at year end: Nonrecourse \$ 1,100,000
Qualified nonrecourse financing \$
Recourse \$

L Partner's capital account analysis: Beginning capital account \$ 4,488,892 Capital contributed during the year \$ Current year increase (decrease) \$ 12,143,540 Withdrawals & distributions \$ (7,514,031) Ending capital account \$ 9,118,401

Tax basis GAAP Section 704(b) book Other (explain)
M Did the partner contribute property with a built-in gain or loss? Yes No If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Table with 4 columns: Line number, Description, Amount, and Code. Rows include: 1 Ordinary business income (loss) 8,068,141 15 Credits; 2 Net rental real estate income (loss) 20,312 P 3,560; 3 Other net rental income (loss) 16 Foreign transactions; 4 Guaranteed payments; 5 Interest income 9,265; 6a Ordinary dividends; 6b Qualified dividends; 7 Royalties; 8 Net short-term capital gain (loss); 9a Net long-term capital gain (loss) 17 Alternative minimum tax (AMT) items; 9b Collectibles (28%) gain (loss) A 19,946; 9c Unrecaptured section 1250 gain; 10 Net section 1231 gain (loss) 18 Tax-exempt income and nondeductible expenses; 11 Other income (loss) C 77,513; 12 Section 179 deduction; 13 Other deductions A 7,514,031; 14 Self-employment earnings (loss); 19 Distributions; 20 Other information A 9,265

\*See attached statement for additional information.

For IRS Use Only

Final K-1

Amended K-1

Schedule K-1 (Form 1065)

2012

Department of the Treasury Internal Revenue Service

For calendar year 2012, or tax year beginning 01/01, 2012 ending 12/31, 2012

Partner's Share of Income, Deductions, Credits, etc.

See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number 69-0000001
B Partnership's name, address, city, state, and ZIP code Sam Starling, LLP 631 N McKinley Drive Reno, NV 89510
C IRS Center where partnership filed return Ogden
D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number 69-1000001
F Partner's name, address, city, state, and ZIP code Barton and Jenkins Enterprise RR 510 W Anchorage, AK 99502
G General partner or LLC member-manager
H Domestic partner
I1 What type of entity is this partner? Partnership
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
J Partner's share of profit, loss, and capital (see instructions):
Beginning Ending
Profit 40% 40%
Loss 40% 40%
Capital 40% 40%
K Partner's share of liabilities at year end:
Nonrecourse \$ 4,400,000
Qualified nonrecourse financing \$
Recourse \$

L Partner's capital account analysis:
Beginning capital account \$ 17,955,568
Capital contributed during the year \$
Current year increase (decrease) \$ 48,574,160
Withdrawals & distributions \$ (30,056,124)
Ending capital account \$ 36,473,604

Other (explain)
M Did the partner contribute property with a built-in gain or loss? Yes No

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Table with 4 columns: Line number, Description, Amount, and Code. Rows include: 1 Ordinary business income (loss) 32,272,562 15 Credits; 2 Net rental real estate income (loss) 81,8250 F 14,240; 3 Other net rental income (loss) 16 Foreign transactions; 4 Guaranteed payments 22,675,031; 5 Interest income 37,060; 6a Ordinary dividends; 6b Qualified dividends; 7 Royalties; 8 Net short-term capital gain (loss); 9a Net long-term capital gain (loss) 17 Alternative minimum tax (AMT) items; 9b Collectibles (28%) gain (loss) A 79,782; 9c Unrecaptured section 1250 gain; 10 Net section 1231 gain (loss) 18 Tax-exempt income and nondeductible expenses; 11 Other income (loss) C 310,052; 12 Section 179 deduction; 13 Other deductions A 30,056,124; 14 Self-employment earnings (loss) A 55,024,842 C 55,024,842; 19 Distributions; 20 Other information A 37,060

\*See attached statement for additional information.

For IRS Use Only

Final K-1

Amended K-1

Schedule K-1 (Form 1065)

2012

Department of the Treasury Internal Revenue Service

For calendar year 2012, or tax year beginning 01/01, 2012 ending 12/31, 2012

Partner's Share of Income, Deductions, Credits, etc.

See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number 69-0000001
B Partnership's name, address, city, state, and ZIP code Sam Starling, LLP 631 N McKinley Drive Reno, NV 89510
C IRS Center where partnership filed return Ogden
D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number 990-00-0001
F Partner's name, address, city, state, and ZIP code Taxpayer 1 P.O. Box 0001 Reno, NV 89510
G General partner or LLC member-manager Limited partner or other LLC member
H Domestic partner Foreign partner
I1 What type of entity is this partner? Individual
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
J Partner's share of profit, loss, and capital (see instructions): Beginning Ending
Profit 2 % 2 %
Loss 2 % 2 %
Capital 2 % 2 %
K Partner's share of liabilities at year end: Nonrecourse \$ 55,000
Qualified nonrecourse financing \$
Recourse \$

L Partner's capital account analysis: Beginning capital account \$ 224,445
Capital contributed during the year \$
Current year increase (decrease) \$ 607,177
Withdrawals & distributions \$ (375,702)
Ending capital account \$ 455,920

Tax basis GAAP Section 704(b) book
Other (explain)
M Did the partner contribute property with a built-in gain or loss? Yes No

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Table with 4 columns: Line number, Description, Amount, and Code. Rows include Ordinary business income (loss) 15 Credits, Net rental real estate income (loss) P 712, Other net rental income (loss) 16 Foreign transactions, Guaranteed payments, Interest income 1,853, Ordinary dividends, Qualified dividends, Royalties, Net short-term capital gain (loss), Net long-term capital gain (loss) 17 Alternative minimum tax (AMT) items, Collectibles (28%) gain (loss) A 3,989, Unrecaptured section 1250 gain, Net section 1231 gain (loss) 18 Tax-exempt income and nondeductible expenses, Other income (loss) C 15,503, Section 179 deduction, Other deductions A 1,502,806, Self-employment earnings (loss), and Other information A 1,853.

\*See attached statement for additional information.

For IRS Use Only

## 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: 555-555-5555**  
**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**

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**Details for attachments to Form**

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

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

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

<b>Amortization</b>	<b>500</b>
<b>Professional Fees</b>	<b>225,000</b>
<b>Insurance</b>	<b>84,722</b>

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

<b>Other Cost</b>	<b>131,245</b>
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**Note: Guaranteed payments are for medical insurance**

Form **1065**  
 Department of the Treasury  
 Internal Revenue Service

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

For calendar year 2012, or tax year beginning 01/01, 2012, ending 12/31, 20 12

OMB No. 1545-0099

**2012**

► Information about Form 1065 and its separate instructions is at [www.irs.gov/form1065](http://www.irs.gov/form1065).

<b>A</b> Principal business activity <b>Boat Sales</b>	<b>Print or type.</b>	Name of partnership <b>Jennings Boat, LLC</b>	<b>D</b> Employer identification number <b>69-0000002</b>
<b>B</b> Principal product or service <b>Sales &amp; Services</b>		Number, street, and room or suite no. If a P.O. box, see the instructions. <b>RT 1 Box 843</b>	<b>E</b> Date business started <b>01/01/2011</b>
<b>C</b> Business code number <b>441222</b>		City or town, state, and ZIP code <b>Bar Harbor, ME 04609</b>	<b>F</b> Total assets (see the instructions) <b>\$ 2,749,483</b>

- G** Check applicable boxes: (1)  Initial return (2)  Final return (3)  Name change (4)  Address change (5)  Amended return  
 (6)  Technical termination - also check (1) or (2)
- H** Check accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) ► \_\_\_\_\_
- I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ► 2
- J** Check if Schedules C and M-3 are attached

**Caution.** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>Income</b>	<b>1a</b> Gross receipts or sales	<b>1a</b>	<b>4,212,980</b>		
	<b>b</b> Returns and allowances	<b>1b</b>	<b>350,000</b>		
	<b>c</b> Balance. Subtract line 1b from line 1a			<b>1c</b>	<b>3,862,980</b>
	<b>2</b> Cost of goods sold (attach Form 1125-A)			<b>2</b>	<b>3,508,023</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c			<b>3</b>	<b>354,957</b>
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			<b>4</b>	
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040))			<b>5</b>	
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			<b>6</b>	<b>9,000</b>
<b>7</b> Other income (loss) (attach statement)			<b>7</b>		
<b>8</b> <b>Total income (loss).</b> Combine lines 3 through 7			<b>8</b>	<b>363,957</b>	
<b>Deductions</b> <small>(see the instructions for limitations)</small>	<b>9</b> Salaries and wages (other than to partners) (less employment credits)			<b>9</b>	<b>150,000</b>
	<b>10</b> Guaranteed payments to partners			<b>10</b>	<b>110,000</b>
	<b>11</b> Repairs and maintenance			<b>11</b>	<b>5,562</b>
	<b>12</b> Bad debts			<b>12</b>	
	<b>13</b> Rent			<b>13</b>	<b>265,740</b>
	<b>14</b> Taxes and licenses			<b>14</b>	<b>33,450</b>
	<b>15</b> Interest			<b>15</b>	<b>95,362</b>
	<b>16a</b> Depreciation (if required, attach Form 4562)	<b>16a</b>	<b>100,976</b>		
	<b>b</b> Less depreciation reported on Form 1125-A and elsewhere on return	<b>16b</b>		<b>16c</b>	<b>100,976</b>
	<b>17</b> Depletion ( <b>Do not deduct oil and gas depletion.</b> )			<b>17</b>	
	<b>18</b> Retirement plans, etc.			<b>18</b>	
	<b>19</b> Employee benefit programs			<b>19</b>	<b>1,250</b>
	<b>20</b> Other deductions (attach statement)			<b>20</b>	<b>310,222</b>
	<b>21</b> <b>Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 20.			<b>21</b>	<b>1,072,562</b>
<b>22</b> <b>Ordinary business income (loss).</b> Subtract line 21 from line 8			<b>22</b>	<b>(708,605)</b>	

**Sign Here**

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 manager) is based on all information of which preparer has any knowledge.

► \_\_\_\_\_  
 Signature of general partner or limited liability company member manager

04/15/2013  
 Date

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

**Paid Preparer Use Only**

Print/Type preparer's name <b>Paul Jennings</b>	Preparer's signature	Date 04/15/2012	Check <input type="checkbox"/> if self-employed	PTIN <b>P0000002</b>
Firm's name ► <b>Electric Tax Filers Inc</b>	Firm's EIN ► <b>69-0000098</b>		Phone no.	
Firm's address ► <b>1065 Efile Drive, Anytown, NV 89501</b>				

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11390Z

Form **1065** (2012)

**Schedule B Other Information**

<b>1</b> What type of entity is filing this return? Check the applicable box:	<b>Yes</b>	<b>No</b>		
<b>a</b> <input type="checkbox"/> Domestic general partnership				
<b>b</b> <input type="checkbox"/> Domestic limited partnership				
<b>c</b> <input checked="" type="checkbox"/> Domestic limited liability company				
<b>d</b> <input type="checkbox"/> Domestic limited liability partnership				
<b>e</b> <input type="checkbox"/> Foreign partnership				
<b>f</b> <input type="checkbox"/> Other ▶				
<b>2</b> 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>3</b> At the end of the tax year:				
<b>a</b> 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>b</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	✓			
<b>4</b> At the end of the tax year, did the partnership:				
<b>a</b> 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		✓		
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock	
<b>b</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			✓	
(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
<b>5</b> 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		✓		
<b>6</b> Does the partnership satisfy <b>all four</b> of the following conditions?				
<b>a</b> The partnership's total receipts for the tax year were less than \$250,000.				
<b>b</b> The partnership's total assets at the end of the tax year were less than \$1 million.				
<b>c</b> 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.				
<b>d</b> 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.				
<b>7</b> Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✓		
<b>8</b> 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?		✓		
<b>9</b> Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✓		
<b>10</b> 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. ▶		✓		

**Schedule B Other Information (continued)**

	Yes	No
<b>11</b> 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>12a</b> 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>b</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 . . . . .		✓
<b>c</b> 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.		✓
<b>13</b> 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) . . . . . <input type="checkbox"/>		
<b>14</b> 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>15</b> 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 ▶		
<b>16</b> 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. ▶		✓
<b>17</b> Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
<b>18a</b> 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? . . . . .		✓
<b>19</b> Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		0
<b>20</b> Enter the number of partners that are foreign governments under section 892. ▶		0

**Designation of Tax Matters Partner** (see instructions)

Enter below the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	Identifying number of TMP ▶
If the TMP is an entity, name of TMP representative ▶	Phone number of TMP ▶
Address of designated TMP ▶	



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

**Analysis of Net Income (Loss)**

<b>1</b>	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					<b>1</b>	<b>(598,355)</b>
<b>2</b>	Analysis by partner type:						
	<b>(i) Corporate</b>	<b>(ii) Individual (active)</b>	<b>(iii) Individual (passive)</b>	<b>(iv) Partnership</b>	<b>(v) Exempt organization</b>	<b>(vi) Nominee/Other</b>	
<b>a</b>	General partners	<b>(244,178)</b>					
<b>b</b>	Limited partners	<b>(354,177)</b>					

<b>Schedule L Balance Sheets per Books</b>		Beginning of tax year		End of tax year	
<b>Assets</b>		<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
<b>1</b>	Cash				<b>75,500</b>
<b>2a</b>	Trade notes and accounts receivable			<b>42,555</b>	
<b>b</b>	Less allowance for bad debts				<b>42,555</b>
<b>3</b>	Inventories				<b>2,225,675</b>
<b>4</b>	U.S. government obligations				
<b>5</b>	Tax-exempt securities				
<b>6</b>	Other current assets (attach statement)				
<b>7a</b>	Loans to partners (or persons related to partners)				
<b>b</b>	Mortgage and real estate loans				
<b>8</b>	Other investments (attach statement)				
<b>9a</b>	Buildings and other depreciable assets			<b>501,229</b>	
<b>b</b>	Less accumulated depreciation			<b>100,976</b>	<b>400,253</b>
<b>10a</b>	Depletable assets				
<b>b</b>	Less accumulated depletion				
<b>11</b>	Land (net of any amortization)				
<b>12a</b>	Intangible assets (amortizable only)			<b>6,000</b>	
<b>b</b>	Less accumulated amortization			<b>500</b>	<b>5,500</b>
<b>13</b>	Other assets (attach statement)				
<b>14</b>	<b>Total assets</b>				<b>2,749,483</b>
<b>Liabilities and Capital</b>					
<b>15</b>	Accounts payable				<b>498,442</b>
<b>16</b>	Mortgages, notes, bonds payable in less than 1 year				
<b>17</b>	Other current liabilities (attach statement)				<b>345,622</b>
<b>18</b>	All nonrecourse loans				
<b>19a</b>	Loans from partners (or persons related to partners)				
<b>b</b>	Mortgages, notes, bonds payable in 1 year or more				
<b>20</b>	Other liabilities (attach statement)				<b>2,375,869</b>
<b>21</b>	Partners' capital accounts				<b>(468,450)</b>
<b>22</b>	<b>Total liabilities and capital</b>				<b>2,749,483</b>

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**  
**Note.** Schedule M-3 may be required instead of Schedule M-1 (see instructions).

<b>1</b>	Net income (loss) per books	<b>518,450</b>	<b>6</b>	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
<b>2</b>	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		<b>a</b>	Tax-exempt interest \$	
<b>3</b>	Guaranteed payments (other than health insurance)		<b>7</b>	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
<b>4</b>	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		<b>a</b>	Depreciation \$	<b>80,505</b>
<b>a</b>	Depreciation \$		<b>8</b>	Add lines 6 and 7	<b>80,505</b>
<b>b</b>	Travel and entertainment \$	<b>600</b>	<b>9</b>	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	<b>(598,355)</b>
<b>5</b>	Add lines 1 through 4	<b>(517,850)</b>			

**Schedule M-2 Analysis of Partners' Capital Accounts**

<b>1</b>	Balance at beginning of year		<b>6</b>	Distributions: <b>a</b> Cash	
<b>2</b>	Capital contributed: <b>a</b> Cash	<b>50,000</b>		<b>b</b> Property	
	<b>b</b> Property		<b>7</b>	Other decreases (itemize):	
<b>3</b>	Net income (loss) per books	<b>(518,450)</b>	<b>8</b>	Add lines 6 and 7	
<b>4</b>	Other increases (itemize):		<b>9</b>	Balance at end of year. Subtract line 8 from line 5	<b>(468,450)</b>
<b>5</b>	Add lines 1 through 4	<b>(468,450)</b>			

**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.**

Name **Jennings Boat, LLC** Employer identification number **69-0000002**

<b>1</b>	Inventory at beginning of year . . . . .	<b>1</b>	
<b>2</b>	Purchases . . . . .	<b>2</b>	<b>5,602,453</b>
<b>3</b>	Cost of labor . . . . .	<b>3</b>	
<b>4</b>	Additional section 263A costs (attach schedule) . . . . .	<b>4</b>	
<b>5</b>	Other costs (attach schedule) . . . . .	<b>5</b>	<b>131,245</b>
<b>6</b>	<b>Total.</b> Add lines 1 through 5 . . . . .	<b>6</b>	<b>5,733,698</b>
<b>7</b>	Inventory at end of year . . . . .	<b>7</b>	<b>2,225,675</b>
<b>8</b>	<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) . . . . .	<b>8</b>	<b>3,508,023</b>

- 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 . . . . . ▶
- c** 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** \_\_\_\_\_
- e** 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 inventory? If "Yes," attach explanation . . . . .  Yes  No

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

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return

Jennings Boats, LLC

Business or activity to which this form relates

Boat Sales

Identifying number

69-0000002

**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.

<b>1</b>	Maximum amount (see instructions)	<b>1</b>	
<b>2</b>	Total cost of section 179 property placed in service (see instructions)	<b>2</b>	
<b>3</b>	Threshold cost of section 179 property before reduction in limitation (see instructions)	<b>3</b>	
<b>4</b>	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	<b>4</b>	
<b>5</b>	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	<b>5</b>	
<b>6</b>	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
<b>7</b>	Listed property. Enter the amount from line 29	<b>7</b>	
<b>8</b>	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	<b>8</b>	
<b>9</b>	Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8	<b>9</b>	
<b>10</b>	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	<b>10</b>	
<b>11</b>	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	<b>11</b>	
<b>12</b>	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	<b>12</b>	
<b>13</b>	Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 ▶	<b>13</b>	

**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.)

<b>14</b>	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	<b>14</b>	73,490
<b>15</b>	Property subject to section 168(f)(1) election	<b>15</b>	
<b>16</b>	Other depreciation (including ACRS)	<b>16</b>	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

<b>17</b>	MACRS deductions for assets placed in service in tax years beginning before 2012	<b>17</b>	
<b>18</b>	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**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
<b>19a</b> 3-year property		22,444	3	HY	200 DB	7,481
<b>b</b> 5-year property		1,500	5	HY	200 DB	300
<b>c</b> 7-year property		26,555	7	HY	200 DB	3,792
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs.		S/L	
<b>h</b> Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
<b>i</b> Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	10,913

**Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

<b>20a</b> Class life					S/L	
<b>b</b> 12-year			12 yrs.		S/L	
<b>c</b> 40-year			40 yrs.	MM	S/L	

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

<b>21</b>	Listed property. Enter amount from line 28	<b>21</b>	5,000
<b>22</b>	<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	<b>22</b>	100,976
<b>23</b>	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	<b>23</b>	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

**24a** Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If "Yes," is the evidence written?  Yes  No

(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) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .						<b>25</b>		
<b>26</b> Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						<b>28</b>		
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							<b>29</b>	

**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.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles) .												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven . . . . .												
<b>33</b> Total miles driven during the year. Add lines 30 through 32 . . . . .												
<b>34</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>36</b> 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).

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
<b>39</b> Do you treat all use of vehicles by employees as personal use? . . . . .		
<b>40</b> 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? . . . . .		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2012 tax year (see instructions):					
<b>Start Up</b>	01/01/2012	6,000	195	5	500
<b>43</b> Amortization of costs that began before your 2012 tax year . . . . .					<b>43</b>
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .					<b>44</b> 500



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

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)		
A					
B					
C					
D					
These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B	Property C	Property D
20	Gross sales price (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			
<b>25 If section 1245 property:</b>					
a	Depreciation allowed or allowable from line 22 . . . . .	25a			
b	Enter the <b>smaller</b> of line 24 or 25a . . . . .	25b			
<b>26 If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a	Additional depreciation after 1975 (see instructions) . . . . .	26a			
b	Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions) . . . . .	26b			
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e . . . . .	26c			
d	Additional depreciation after 1969 and before 1976. . . . .	26d			
e	Enter the <b>smaller</b> of line 26c or 26d . . . . .	26e			
f	Section 291 amount (corporations only) . . . . .	26f			
g	Add lines 26b, 26e, and 26f. . . . .	26g			
<b>27 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).					
a	Soil, water, and land clearing expenses . . . . .	27a			
b	Line 27a multiplied by applicable percentage (see instructions) . . . . .	27b			
c	Enter the <b>smaller</b> of line 24 or 27b . . . . .	27c			
<b>28 If section 1254 property:</b>					
a	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			
<b>29 If section 1255 property:</b>					
a	Applicable percentage of payments excluded from income under section 126 (see instructions) . . . . .	29a			
b	Enter the <b>smaller</b> of line 24 or 29a (see instructions) . . . . .	29b			

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24 . . . . .	30	
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 . . . . .	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 . . . . .	32	

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(see instructions)

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

**Like-Kind Exchanges**  
 (and section 1043 conflict-of-interest sales)

▶ Attach to your tax return.

Name(s) shown on tax return  
**Jennings Boats, LLC**

Identifying number  
**69-0000002**

**Part I Information on the Like-Kind Exchange**

**Note:** If the property described on line 1 or line 2 is real or personal property located outside the United States, indicate the country.

- 1** Description of like-kind property given up:  
 -----
- 2** Description of like-kind property received:  
 -----
- |  |          |                   |
|--|----------|-------------------|
| <b>3</b> Date like-kind property given up was originally acquired (month, day, year) . . . . .   | <b>3</b> | <b>01/21/2012</b> |
| <b>4</b> Date you actually transferred your property to other party (month, day, year) . . . . .   | <b>4</b> | <b>07/22/2012</b> |
| <b>5</b> 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 . . . . . | <b>5</b> | <b>07/22/2012</b> |
| <b>6</b> Date you actually received the like-kind property from other party (month, day, year). See instructions   | <b>6</b> | <b>07/22/2012</b> |
- 7** Was the exchange of the property given up or received made with a related party, either directly or indirectly (such as through an intermediary)? See instructions. If "Yes," complete Part II. If "No," go to Part III . . . .  Yes  No

**Part II Related Party Exchange Information**

<b>8</b> Name of related party	Relationship to you	Related 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 part of the exchange), did the related party sell or dispose of any part of the like-kind property received from you (or an intermediary) in the exchange or transfer property into the exchange, directly or indirectly (such as through an intermediary), that became your replacement property? . . . . .  Yes  No
- 10** During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of any part of the like-kind property you received? . . . . .  Yes  No

*If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If both lines 9 and 10 are "No" and this is **not** the year of the exchange, stop here. If either line 9 or line 10 is "Yes," complete Part III and report on this year's tax return the deferred gain or (loss) from line 24 **unless** one of the exceptions on line 11 applies.*

- 11** If one of the exceptions below applies to the disposition, check the applicable box:
- a**  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 exchange.
- c**  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).



Name(s) shown on tax return. Do not enter name and social security number if shown on other side.

Your social security number

Jennings Boats, LLC

69-000002

**Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received**

**Caution:** If you transferred **and** received (a) more than one group of like-kind properties or (b) cash or other (not 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 . . . . .	12			
13	Adjusted basis of other property given up . . . . .	13			
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			
<b>Caution:</b> If the property given up was used previously or partly as a home, see <b>Property used as home</b> 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	<b>Realized gain or (loss).</b> 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	<b>Recognized gain.</b> 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	<b>Basis of like-kind property received.</b> Subtract line 15 from the sum of lines 18 and 23 . . . . .	25			25,000

**Part IV Deferral of Gain From Section 1043 Conflict-of-Interest Sales**

**Note:** This part is to be used **only** by officers or employees of the executive branch of the Federal Government or judicial officers of the Federal Government (including certain spouses, minor or dependent children, and trustees as described in section 1043) for reporting nonrecognition of gain under section 1043 on the sale of property to comply with the conflict-of-interest requirements. This part can be used **only** if the cost of the replacement property is more than the basis of the divested property.

26	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.) . . . . .				
27	Description of divested property ▶ _____				
28	Description of replacement property ▶ _____				
29	Date divested property was sold (month, day, year) . . . . .	29			MM/DD/YYYY
30	Sales price of divested property (see instructions). . . . .	30			
31	Basis of divested property . . . . .	31			
32	<b>Realized gain.</b> Subtract line 31 from line 30 . . . . .	32			
33	Cost of replacement property purchased within 60 days after date of sale . . . . .	33			
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	<b>Basis of replacement property.</b> Subtract line 37 from line 33 . . . . .	38			

# Report of Employer-Owned Life Insurance Contracts

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

Name(s) shown on return <b>Jennings Boats, LLC</b>		Identifying number <b>69-000002</b>
Name of policyholder, if different from above		Identifying number, if different from above
Type of business <b>111100</b>		
<b>1</b>	Enter the number of employees the policyholder had at the end of the tax year . . . . .	<b>1</b> <b>3</b>
<b>2</b>	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 <i>Section 1035 exchanges</i> on page 2 for an exception . . . . .	<b>2</b> <b>1</b>
<b>3</b>	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 . . . . .	<b>3</b> <b>50,000</b>
<b>4a</b>	Does the policyholder have a valid consent (see instructions) for each employee included on line 2? . . . . . <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>b</b>	If "No," enter the number of employees included on line 2 for whom the policyholder does not have a valid consent . . . . .	<b>4b</b>

## 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 employer-owned 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 you 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 employer-owned 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.

Final K-1

Amended K-1

Schedule K-1 (Form 1065)

2012

Department of the Treasury Internal Revenue Service

For calendar year 2012, or tax year beginning 01/01, 2012 ending 12/31, 2012

Partner's Share of Income, Deductions, Credits, etc.

See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number 69-0000002
B Partnership's name, address, city, state, and ZIP code Jennings Boats, LLC Rt. Box 843 Bar Harbor, ME 04609
C IRS Center where partnership filed return Ogden
D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number 000-10-0001
F Partner's name, address, city, state, and ZIP code Daniel Jennings P.O. Box 1589 Bar Harbor, ME 04609
G General partner or LLC member-manager
H Domestic partner
I1 What type of entity is this partner? Individual
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
J Partner's share of profit, loss, and capital (see instructions):
Beginning Ending
Profit % 50 %
Loss % 50 %
Capital % 50 %
K Partner's share of liabilities at year end:
Nonrecourse \$
Qualified nonrecourse financing \$
Recourse \$ 2,375,869
L Partner's capital account analysis:
Beginning capital account \$
Capital contributed during the year \$ 25,000
Current year increase (decrease) \$ (259,225)
Withdrawals & distributions \$ ( )
Ending capital account \$ (234,225)
M Did the partner contribute property with a built-in gain or loss? No

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Table with 4 columns: Line number, Description, Amount, and Code. Rows include: 1 Ordinary business income (loss) (354,303) Credits; 2 Net rental real estate income (loss); 3 Other net rental income (loss) 16 Foreign transactions; 4 Guaranteed payments 110,000; 5 Interest income 125; 6a Ordinary dividends; 6b Qualified dividends; 7 Royalties; 8 Net short-term capital gain (loss); 9a Net long-term capital gain (loss) 17 Alternative minimum tax (AMT) items; 9b Collectibles (28%) gain (loss); 9c Unrecaptured section 1250 gain; 10 Net section 1231 gain (loss) 18 Tax-exempt income and nondeductible expenses; 11 Other income (loss) C 300; 12 Section 179 deduction; 13 Other deductions; 14 Self-employment earnings (loss) A (248,803) C (248,803); 19 Distributions; 20 Other information A 125

\*See attached statement for additional information.

For IRS Use Only

Final K-1  Amended K-1

**Schedule K-1  
 (Form 1065)**

**2012**

Department of the Treasury  
 Internal Revenue Service

For calendar year 2012, or tax  
 year beginning 01/01, 2012  
 ending 12/31, 20 12

**Partner's Share of Income, Deductions,  
 Credits, etc.**

▶ See back of form and separate instructions.

**Part I Information About the Partnership**

**A** Partnership's employer identification number  
 69-0000002

**B** Partnership's name, address, city, state, and ZIP code  
 Jennings Boats, LLC  
 Rt. Box 843  
 Bar Harbor, ME 04609

**C** IRS Center where partnership filed return  
 Ogden

**D**  Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

**E** Partner's identifying number  
 000-10-0002

**F** Partner's name, address, city, state, and ZIP code  
 James Stephens  
 4640 Madison Lane  
 Boston, MA 02109

**G**  General partner or LLC member-manager  Limited partner or other LLC member

**H**  Domestic partner  Foreign partner

**I1** What type of entity is this partner? (see instructions) \_\_\_\_\_

**I2** If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

**J** Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	%	50 %
Loss	%	50 %
Capital	%	50 %

**K** Partner's share of liabilities at year end:

Nonrecourse . . . . . \$ \_\_\_\_\_

Qualified nonrecourse financing . . . . . \$ \_\_\_\_\_

Recourse . . . . . \$ \_\_\_\_\_

**L** Partner's capital account analysis:

Beginning capital account . . . . . \$ \_\_\_\_\_

Capital contributed during the year . . . . . \$ 25,000

Current year increase (decrease) . . . . . \$ (259,225)

Withdrawals & distributions . . . . . \$ ( \_\_\_\_\_ )

Ending capital account . . . . . \$ (234,225)

Tax basis  GAAP  Section 704(b) book

Other (explain) \_\_\_\_\_

**M** Did the partner contribute property with a built-in gain or loss?  
 Yes  No  
 If "Yes," attach statement (see instructions)

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

<b>1</b>	Ordinary business income (loss) (354,303)	<b>15</b>	Credits
<b>2</b>	Net rental real estate income (loss)		
<b>3</b>	Other net rental income (loss)	<b>16</b>	Foreign transactions
<b>4</b>	Guaranteed payments		
<b>5</b>	Interest income 125		
<b>6a</b>	Ordinary dividends		
<b>6b</b>	Qualified dividends		
<b>7</b>	Royalties		
<b>8</b>	Net short-term capital gain (loss)		
<b>9a</b>	Net long-term capital gain (loss)	<b>17</b>	Alternative minimum tax (AMT) items
<b>9b</b>	Collectibles (28%) gain (loss)		
<b>9c</b>	Unrecaptured section 1250 gain		
<b>10</b>	Net section 1231 gain (loss)	<b>18</b>	Tax-exempt income and nondeductible expenses
<b>11</b>	Other income (loss)		C 300
<b>12</b>	Section 179 deduction	<b>19</b>	Distributions
<b>13</b>	Other deductions	<b>20</b>	Other information
<b>14</b>	Self-employment earnings (loss)		A 125

\*See attached statement for additional information.

For IRS Use Only



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

**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, 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 Percentage	Income per Income Statement	Amount
Mai Tai Investments	69-0000099	25%	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")

Form **1065**  
Department of the Treasury  
Internal Revenue Service

# U.S. Return of Partnership Income

For calendar year 2012, or tax year beginning 01/01, 2012, ending 12/31, 20 12

OMB No. 1545-0099

**2012**

► Information about Form 1065 and its separate instructions is at [www.irs.gov/form1065](http://www.irs.gov/form1065).

<b>A</b> Principal business activity <b>Management</b>	<b>Print or type.</b>	Name of partnership <b>Carlton Assets Management, LP</b>	<b>D</b> Employer identification number <b>69-0000003</b>
<b>B</b> Principal product or service <b>Financial Investment</b>		Number, street, and room or suite no. If a P.O. box, see the instructions. <b>1678 South Hoover Blvd</b>	<b>E</b> Date business started <b>10/23/1998</b>
<b>C</b> Business code number <b>523900</b>		City or town, state, and ZIP code <b>San Francisco, CA 94101</b>	<b>F</b> Total assets (see the instructions) \$ <b>6,275,256</b>

- G** Check applicable boxes: (1)  Initial return (2)  Final return (3)  Name change (4)  Address change (5)  Amended return  
(6)  Technical termination - also check (1) or (2)
- H** Check accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) ► \_\_\_\_\_
- I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ► 3
- J** Check if Schedules C and M-3 are attached

**Caution.** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>Income</b>	<b>1a</b> Gross receipts or sales	<b>1a</b>		
	<b>b</b> Returns and allowances	<b>1b</b>		
	<b>c</b> Balance. Subtract line 1b from line 1a			<b>1c</b>
	<b>2</b> Cost of goods sold (attach Form 1125-A)			<b>2</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c			<b>3</b>
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			<b>4</b> 10,229,525
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040))			<b>5</b>
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			<b>6</b>
<b>7</b> Other income (loss) (attach statement)			<b>7</b> 400,420,252	
<b>8</b> <b>Total income (loss).</b> Combine lines 3 through 7			<b>8</b> 410,649,777	
<b>Deductions</b> <small>(see the instructions for limitations)</small>	<b>9</b> Salaries and wages (other than to partners) (less employment credits)			<b>9</b> 1,179,658
	<b>10</b> Guaranteed payments to partners			<b>10</b> 561,900
	<b>11</b> Repairs and maintenance			<b>11</b> 8,610
	<b>12</b> Bad debts			<b>12</b>
	<b>13</b> Rent			<b>13</b> 729,654
	<b>14</b> Taxes and licenses			<b>14</b> 871,972
	<b>15</b> Interest			<b>15</b>
	<b>16a</b> Depreciation (if required, attach Form 4562)	<b>16a</b>	62,765	
	<b>b</b> Less depreciation reported on Form 1125-A and elsewhere on return	<b>16b</b>		<b>16c</b> 62,765
	<b>17</b> Depletion ( <b>Do not deduct oil and gas depletion.</b> )			<b>17</b>
	<b>18</b> Retirement plans, etc.			<b>18</b> 345,678
	<b>19</b> Employee benefit programs			<b>19</b>
	<b>20</b> Other deductions (attach statement)			<b>20</b> 398,652
	<b>21</b> <b>Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 20.			<b>21</b> 4,158,889
<b>22</b> <b>Ordinary business income (loss).</b> Subtract line 21 from line 8			<b>22</b> 406,490,888	

**Sign Here**

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 manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager: \_\_\_\_\_ Date: 03/15/2013

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

**Paid Preparer Use Only**

Print/Type preparer's name <b>John Smith</b>	Preparer's signature	Date <b>03/14/2013</b>	Check <input type="checkbox"/> if self-employed	PTIN <b>P00000003</b>
Firm's name ► <b>Electric Tax Filers Inc</b>	Firm's EIN ► <b>69-0000098</b>		Phone no. <b>555-631-1212</b>	
Firm's address ► <b>1065 Efile Drive, Anytown, NV 89501</b>				

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11390Z

Form **1065** (2012)

**Schedule B Other Information**

<b>1</b>	What type of entity is filing this return? Check the applicable box:	<b>Yes</b>	<b>No</b>
<b>a</b>	<input type="checkbox"/> Domestic general partnership		
<b>b</b>	<input checked="" type="checkbox"/> Domestic limited partnership		
<b>c</b>	<input type="checkbox"/> Domestic limited liability company		
<b>d</b>	<input type="checkbox"/> Domestic limited liability partnership		
<b>e</b>	<input type="checkbox"/> Foreign partnership		
<b>f</b>	<input type="checkbox"/> Other ▶		
<b>2</b>	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>3</b>	At the end of the tax year:		
<b>a</b>	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>b</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		✓
<b>4</b>	At the end of the tax year, did the partnership:		
<b>a</b>	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		✓

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

<b>b</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	✓	
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(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
Mai Tai Investment	69-0000099	Partnership	Japan	25%

<b>5</b>	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		✓
<b>6</b>	Does the partnership satisfy <b>all four</b> of the following conditions?		
<b>a</b>	The partnership's total receipts for the tax year were less than \$250,000.		
<b>b</b>	The partnership's total assets at the end of the tax year were less than \$1 million.		
<b>c</b>	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.		
<b>d</b>	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.		✓
<b>7</b>	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✓
<b>8</b>	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?		✓
<b>9</b>	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✓
<b>10</b>	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. ▶		✓



**Schedule B Other Information (continued)**

	Yes	No
<b>11</b> 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>12a</b> 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>b</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 . . . . .		✓
<b>c</b> 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.		✓
<b>13</b> 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) . . . . . <input type="checkbox"/>		
<b>14</b> 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>15</b> 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 ▶		
<b>16</b> 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. ▶		✓
<b>17</b> Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
<b>18a</b> 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? . . . . .		✓
<b>19</b> Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		0
<b>20</b> Enter the number of partners that are foreign governments under section 892. ▶		0

**Designation of Tax Matters Partner** (see instructions)

Enter below the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP	XYZ Management	Identifying number of TMP	69-3000001
If the TMP is an entity, name of TMP representative	Juan Mefilers	Phone number of TMP	555-555-5555
Address of designated TMP	7272 W. Truman Ave Sacramento, CA 95813		

<b>Schedule K Partners' Distributive Share Items</b>		<b>Total amount</b>	
<b>Income (Loss)</b>	<b>1</b> Ordinary business income (loss) (page 1, line 22) . . . . .	<b>1</b>	405,490,888
	<b>2</b> Net rental real estate income (loss) (attach Form 8825) . . . . .	<b>2</b>	
	<b>3a</b> Other gross rental income (loss) . . . . . <b>3a</b>		
	<b>b</b> Expenses from other rental activities (attach statement) . . . . . <b>3b</b>		
	<b>c</b> Other net rental income (loss). Subtract line 3b from line 3a . . . . .	<b>3c</b>	
	<b>4</b> Guaranteed payments . . . . .	<b>4</b>	561,900
	<b>5</b> Interest income . . . . .	<b>5</b>	36,525
	<b>6</b> Dividends: <b>a</b> Ordinary dividends . . . . .	<b>6a</b>	
	<b>b</b> Qualified dividends . . . . . <b>6b</b>		
	<b>7</b> Royalties . . . . .	<b>7</b>	
	<b>8</b> Net short-term capital gain (loss) (attach Schedule D (Form 1065)) . . . . .	<b>8</b>	
<b>9a</b> Net long-term capital gain (loss) (attach Schedule D (Form 1065)) . . . . .	<b>9a</b>		
<b>b</b> Collectibles (28%) gain (loss) . . . . . <b>9b</b>			
<b>c</b> Unrecaptured section 1250 gain (attach statement) . . . . . <b>9c</b>			
<b>10</b> Net section 1231 gain (loss) (attach Form 4797) . . . . .	<b>10</b>		
<b>11</b> Other income (loss) (see instructions) Type ▶	<b>11</b>		
<b>Deductions</b>	<b>12</b> Section 179 deduction (attach Form 4562) . . . . .	<b>12</b>	43,332
	<b>13a</b> Contributions . . . . .	<b>13a</b>	
	<b>b</b> Investment interest expense . . . . .	<b>13b</b>	
	<b>c</b> Section 59(e)(2) expenditures: <b>(1)</b> Type ▶ <b>(2)</b> Amount ▶	<b>13c(2)</b>	
<b>d</b> Other deductions (see instructions) Type ▶	<b>13d</b>		
<b>Self-Employment</b>	<b>14a</b> Net earnings (loss) from self-employment . . . . .	<b>14a</b>	41,210,989
	<b>b</b> Gross farming or fishing income . . . . .	<b>14b</b>	
	<b>c</b> Gross nonfarm income . . . . .	<b>14c</b>	41,210,989
<b>Credits</b>	<b>15a</b> Low-income housing credit (section 42(j)(5)) . . . . .	<b>15a</b>	
	<b>b</b> Low-income housing credit (other) . . . . .	<b>15b</b>	
	<b>c</b> Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) . . . . .	<b>15c</b>	
	<b>d</b> Other rental real estate credits (see instructions) Type ▶	<b>15d</b>	
	<b>e</b> Other rental credits (see instructions) Type ▶	<b>15e</b>	
	<b>f</b> Other credits (see instructions) Type ▶	<b>15f</b>	
<b>Foreign Transactions</b>	<b>16a</b> Name of country or U.S. possession ▶		
	<b>b</b> Gross income from all sources . . . . .	<b>16b</b>	
	<b>c</b> Gross income sourced at partner level . . . . .	<b>16c</b>	
	Foreign gross income sourced at partnership level		
	<b>d</b> Passive category ▶ <b>e</b> General category ▶ <b>f</b> Other ▶	<b>16f</b>	
	Deductions allocated and apportioned at partner level		
	<b>g</b> Interest expense ▶ <b>h</b> Other ▶	<b>16h</b>	632,510
	Deductions allocated and apportioned at partnership level to foreign source income		
	<b>i</b> Passive category ▶ <b>j</b> General category ▶ <b>k</b> Other ▶	<b>16k</b>	
	<b>l</b> Total foreign taxes (check one): ▶ Paid <input checked="" type="checkbox"/> Accrued <input type="checkbox"/>	<b>16l</b>	
<b>m</b> Reduction in taxes available for credit (attach statement) . . . . .	<b>16m</b>		
<b>n</b> Other foreign tax information (attach statement) . . . . .			
<b>Alternative Minimum Tax (AMT) Items</b>	<b>17a</b> Post-1986 depreciation adjustment . . . . .	<b>17a</b>	
	<b>b</b> Adjusted gain or loss . . . . .	<b>17b</b>	
	<b>c</b> Depletion (other than oil and gas) . . . . .	<b>17c</b>	
	<b>d</b> Oil, gas, and geothermal properties—gross income . . . . .	<b>17d</b>	
	<b>e</b> Oil, gas, and geothermal properties—deductions . . . . .	<b>17e</b>	
	<b>f</b> Other AMT items (attach statement) . . . . .	<b>17f</b>	
<b>Other Information</b>	<b>18a</b> Tax-exempt interest income . . . . .	<b>18a</b>	
	<b>b</b> Other tax-exempt income . . . . .	<b>18b</b>	
	<b>c</b> Nondeductible expenses . . . . .	<b>18c</b>	1,111
	<b>19a</b> Distributions of cash and marketable securities . . . . .	<b>19a</b>	408,202,737
	<b>b</b> Distributions of other property . . . . .	<b>19b</b>	
	<b>20a</b> Investment income . . . . .	<b>20a</b>	36,525
<b>b</b> Investment expenses . . . . .	<b>20b</b>		
<b>c</b> Other items and amounts (attach statement) . . . . .			

**Analysis of Net Income (Loss)**

<b>1</b>	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					<b>1</b>	<b>406,413,471</b>
<b>2</b>	Analysis by partner type:						
	<b>(i) Corporate</b>	<b>(ii) Individual (active)</b>	<b>(iii) Individual (passive)</b>	<b>(iv) Partnership</b>	<b>(v) Exempt organization</b>	<b>(vi) Nominee/Other</b>	
<b>a</b>	General partners			<b>41,147,057</b>			
<b>b</b>	Limited partners		<b>4,058,516</b>	<b>361,207,898</b>			

<b>Schedule L Balance Sheets per Books</b>		Beginning of tax year		End of tax year	
		<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
<b>Assets</b>					
<b>1</b>	Cash		<b>5,232,390</b>		<b>6,027,450</b>
<b>2a</b>	Trade notes and accounts receivable				
<b>b</b>	Less allowance for bad debts				
<b>3</b>	Inventories				
<b>4</b>	U.S. government obligations				
<b>5</b>	Tax-exempt securities				
<b>6</b>	Other current assets (attach statement)				
<b>7a</b>	Loans to partners (or persons related to partners)				
<b>b</b>	Mortgage and real estate loans				
<b>8</b>	Other investments (attach statement)				
<b>9a</b>	Buildings and other depreciable assets	<b>1,621,740</b>		<b>1,682,950</b>	
<b>b</b>	Less accumulated depreciation	<b>1,372,370</b>	<b>249,361</b>	<b>1,435,144</b>	<b>247,806</b>
<b>10a</b>	Depletable assets				
<b>b</b>	Less accumulated depletion				
<b>11</b>	Land (net of any amortization)				
<b>12a</b>	Intangible assets (amortizable only)				
<b>b</b>	Less accumulated amortization				
<b>13</b>	Other assets (attach statement)				
<b>14</b>	<b>Total assets</b>		<b>5,481,751</b>		<b>6,275,256</b>
<b>Liabilities and Capital</b>					
<b>15</b>	Accounts payable		<b>1,567,623</b>		<b>3,049,605</b>
<b>16</b>	Mortgages, notes, bonds payable in less than 1 year				
<b>17</b>	Other current liabilities (attach statement)				
<b>18</b>	All nonrecourse loans				<b>540,000</b>
<b>19a</b>	Loans from partners (or persons related to partners)				
<b>b</b>	Mortgages, notes, bonds payable in 1 year or more				
<b>20</b>	Other liabilities (attach statement)				
<b>21</b>	Partners' capital accounts		<b>3,914,128</b>		<b>2,685,651</b>
<b>22</b>	<b>Total liabilities and capital</b>		<b>5,481,751</b>		<b>6,275,256</b>

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**  
**Note.** Schedule M-3 may be required instead of Schedule M-1 (see instructions).

<b>1</b>	Net income (loss) per books		<b>6</b>	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
<b>2</b>	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		<b>a</b>	Tax-exempt interest \$	
<b>3</b>	Guaranteed payments (other than health insurance)		<b>7</b>	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
<b>4</b>	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		<b>a</b>	Depreciation \$	
<b>a</b>	Depreciation \$		<b>8</b>	Add lines 6 and 7	
<b>b</b>	Travel and entertainment \$		<b>9</b>	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	
<b>5</b>	Add lines 1 through 4				

**Schedule M-2 Analysis of Partners' Capital Accounts**

<b>1</b>	Balance at beginning of year	<b>3,914,128</b>	<b>6</b>	Distributions: <b>a</b> Cash	<b>408,202,737</b>
<b>2</b>	Capital contributed: <b>a</b> Cash		<b>b</b> Property		
	<b>b</b> Property		<b>7</b>	Other decreases (itemize):	
<b>3</b>	Net income (loss) per books	<b>406,974,260</b>	<b>8</b>	Add lines 6 and 7	<b>408,202,737</b>
<b>4</b>	Other increases (itemize):		<b>9</b>	Balance at end of year. Subtract line 8 from line 5	<b>2,685,651</b>
<b>5</b>	Add lines 1 through 4	<b>410,888,288</b>			

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

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return <b>Carlton Asset Management, LP</b>	Business or activity to which this form relates <b>Carlton Asset Management, LP</b>	Identifying number <b>69-0000003</b>
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**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 Maximum amount (see instructions) . . . . .	<b>1</b>	250,000
2 Total cost of section 179 property placed in service (see instructions) . . . . .	<b>2</b>	43,332
3 Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .	<b>3</b>	800,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	<b>4</b>	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions . . . . .	<b>5</b>	250,000
<b>6</b> (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 . . . . .	<b>7</b>	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	<b>8</b>	43,332
9 Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8 . . . . .	<b>9</b>	43,332
10 Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . .	<b>10</b>	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	<b>11</b>	250,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 . . . . .	<b>12</b>	43,332
13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 ▶	<b>13</b>	

**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 during the tax year (see instructions) . . . . .	<b>14</b>	
15 Property subject to section 168(f)(1) election . . . . .	<b>15</b>	
16 Other depreciation (including ACRS) . . . . .	<b>16</b>	43,766

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . .	<b>17</b>	18,999
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here . . . . . <input type="checkbox"/>		

**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
<b>19a</b> 3-year property						
<b>b</b> 5-year property						
<b>c</b> 7-year property						
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs.		S/L	
<b>h</b> Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
<b>i</b> Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

**Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

<b>20a</b> Class life					S/L	
<b>b</b> 12-year			12 yrs.		S/L	
<b>c</b> 40-year			40 yrs.	MM	S/L	

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

21 Listed property. Enter amount from line 28 . . . . .	<b>21</b>	
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 . . . . .	<b>22</b>	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 . . . . .	<b>23</b>	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

**24a** Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If "Yes," is the evidence written?  Yes  No

(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) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .						<b>25</b>		
<b>26</b> Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						<b>28</b>		
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							<b>29</b>	

**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.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles) .												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven . . . . .												
<b>33</b> Total miles driven during the year. Add lines 30 through 32 . . . . .												
<b>34</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>36</b> 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).

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
<b>39</b> Do you treat all use of vehicles by employees as personal use? . . . . .		
<b>40</b> 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? . . . . .		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2012 tax year (see instructions):					
<b>43</b> Amortization of costs that began before your 2012 tax year . . . . .				<b>43</b>	
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .					<b>44</b>

Form **8865**

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

OMB No. 1545-1668  
**2012**  
Attachment Sequence No. **118**

Department of the Treasury  
Internal Revenue Service

▶ **Attach to your tax return. See separate instructions.**  
Information furnished for the foreign partnership's tax year beginning 01/01, 2012 and ending 12/31, 20 12

Name of person filing this return: Carlton Asset Management, LP Filer's identifying number: 69-0000003

Filer's address (if you are not filing this form with your tax return): 178 S Hoover Blvd, San Francisco, CA 94101  
A Category of filer (see **Categories of Filers** in the instructions and check applicable box(es)): 1  2  3  4   
B Filer's tax year beginning 01/01, 20 12, and ending 12/31, 20 12

C Filer's share of liabilities: Nonrecourse \$ \_\_\_\_\_ Qualified nonrecourse financing \$ 4,800,000 Other \$ \_\_\_\_\_

D If filer is a member of a consolidated group but not the parent, enter the following information about the parent:  
Name \_\_\_\_\_ EIN \_\_\_\_\_  
Address \_\_\_\_\_

E Information about certain other partners (see instructions)					
(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Category 1	Category 2	Constructive owner

F1 Name and address of foreign partnership: Mai Tai Investment, 1-2-3 Ginsu, Chuo-Kuo, Tokyo, 190-2182  
2(a) EIN (if any): 69-0000099  
2(b) Reference ID number (see instr.): Mai690000003  
3 Country under whose laws organized: Japan

4 Date of organization: <u>09/13/1992</u>	5 Principal place of business: <u>Japan</u>	6 Principal business activity code number: <u>523110</u>	7 Principal business activity: <u>Security Dealing</u>	8a Functional currency: <u>Yen</u>	8b Exchange rate (see instr.): <u>.8739</u>
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G Provide the following information for the foreign partnership's tax year:

1 Name, address, and identifying number of agent (if any) in the United States: \_\_\_\_\_

2 Check if the foreign partnership must file:  
 Form 1042     Form 8804     Form 1065 or 1065-B  
 Service Center where Form 1065 or 1065-B is filed: E-file

3 Name and address of foreign partnership's agent in country of organization, if any: \_\_\_\_\_

4 Name and address of person(s) with custody of the books and records of the foreign partnership, and the location of such books and records, if different: \_\_\_\_\_

5 Were any special allocations made by the foreign partnership? . . . . . ▶  Yes  No

6 Enter the number of Forms 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, attached to this return (see instructions) . . . . . ▶ 0

7 How is this partnership classified under the law of the country in which it is organized? . . ▶ Partnership

8 Did the partnership own any separate units within the meaning of Regulations section 1.1503-2(c)(3), (4), or 1.1503(d)-1(b)(4)? . . . . . ▶  Yes  No

9 Does this partnership meet **both** of the following requirements?  
 • The partnership's total receipts for the tax year were less than \$250,000 and  
 • The value of the partnership's total assets at the end of the tax year was less than \$1 million. } . . . . . ▶  Yes  No  
 If "Yes," **do not** complete Schedules L, M-1, and M-2.

**Sign Here Only if You Are Filing This Form Separately and Not With Your Tax Return.** Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member: \_\_\_\_\_ Date: 3/15/2012

<b>Paid Preparer Use Only</b>	Print/Type preparer's name: <u>John Smith</u>	Preparer's signature: _____	Date: <u>3/14/2012</u>	Check <input type="checkbox"/> if self-employed	PTIN: <u>P00000003</u>
	Firm's name ▶ <u>Electronic Tax Filers</u>	Firm's EIN ▶ <u>69-0000098</u>		Phone no. <u>555-631-1212</u>	
	Firm's address ▶ <u>123 Any Street, Anytown, NY 11717</u>				

**Schedule A**

**Constructive Ownership of Partnership Interest.** Check the boxes that apply to the filer. If you check box **b**, enter the name, address, and U.S. taxpayer identifying number (if any) of the person(s) whose interest you constructively own. See instructions.

**a**  Owns a direct interest **b**  Owns a constructive interest

Name	Address	Identifying number (if any)	Check if foreign person	Check if direct partner
Carlton Asset Management, LP	1678 S Hoover Blvd San Francisco, CA 94101	69-0000003		<input checked="" type="checkbox"/>

**Schedule A-1 Certain Partners of Foreign Partnership** (see instructions)

Name	Address	Identifying number (if any)	Check if foreign person

Does the partnership have any other foreign person as a direct partner?  Yes  No

**Schedule A-2**

**Affiliation Schedule.** List all partnerships (foreign or domestic) in which the foreign partnership owns a direct interest or indirectly owns a 10% interest.

Name	Address	EIN (if any)	Total ordinary income or loss	Check if foreign partnership

**Schedule B Income Statement—Trade or Business Income**

**Caution.** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>Income</b>	<b>1 a</b> Gross receipts or sales	<b>1 a</b>	50,000,000		
	<b>b</b> Less returns and allowances	<b>1 b</b>		<b>1 c</b>	50,000,000
	<b>2</b> Cost of goods sold			<b>2</b>	5,000,000
	<b>3</b> Gross profit. Subtract line 2 from line 1c			<b>3</b>	45,000,000
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			<b>4</b>	
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040))			<b>5</b>	
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			<b>6</b>	
	<b>7</b> Other income (loss) (attach statement)			<b>7</b>	
<b>8</b> <b>Total income (loss).</b> Combine lines 3 through 7			<b>8</b>	45,000,000	
<b>Deductions</b> (see instructions for limitations)	<b>9</b> Salaries and wages (other than to partners) (less employment credits)			<b>9</b>	2,000,000
	<b>10</b> Guaranteed payments to partners			<b>10</b>	
	<b>11</b> Repairs and maintenance			<b>11</b>	
	<b>12</b> Bad debts			<b>12</b>	
	<b>13</b> Rent			<b>13</b>	2,081,900
	<b>14</b> Taxes and licenses			<b>14</b>	
	<b>15</b> Interest			<b>15</b>	
	<b>16 a</b> Depreciation (if required, attach Form 4562)	<b>16 a</b>			
	<b>b</b> Less depreciation reported elsewhere on return	<b>16 b</b>		<b>16 c</b>	
	<b>17</b> Depletion ( <b>Do not</b> deduct oil and gas depletion.)			<b>17</b>	
	<b>18</b> Retirement plans, etc.			<b>18</b>	
	<b>19</b> Employee benefit programs			<b>19</b>	
	<b>20</b> Other deductions (attach statement)			<b>20</b>	
	<b>21</b> <b>Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 20			<b>21</b>	4,081,900
<b>22</b> <b>Ordinary business income (loss)</b> from trade or business activities. Subtract line 21 from line 8			<b>22</b>	40,918,100	

<b>Schedule K Partners' Distributive Share Items</b>		<b>Total amount</b>	
<b>Income (Loss)</b>	<b>1</b> Ordinary business income (loss) (page 2, line 22) . . . . .	<b>1</b>	40,918,100
	<b>2</b> Net rental real estate income (loss) (attach Form 8825) . . . . .	<b>2</b>	
	<b>3a</b> Other gross rental income (loss) . . . . .	<b>3a</b>	
	<b>b</b> Expenses from other rental activities (attach statement) . . . . .	<b>3b</b>	
	<b>c</b> Other net rental income (loss). Subtract line 3b from line 3a . . . . .	<b>3c</b>	
	<b>4</b> Guaranteed payments . . . . .	<b>4</b>	
	<b>5</b> Interest income . . . . .	<b>5</b>	
	<b>6</b> Dividends: <b>a</b> Ordinary dividends . . . . .	<b>6a</b>	
	<b>b</b> Qualified dividends . . . . .	<b>6b</b>	
	<b>7</b> Royalties . . . . .	<b>7</b>	
	<b>8</b> Net short-term capital gain (loss) (attach Schedule D (Form 1065)) . . . . .	<b>8</b>	
<b>9a</b> Net long-term capital gain (loss) (attach Schedule D (Form 1065)) . . . . .	<b>9a</b>		
<b>b</b> Collectibles (28%) gain (loss) . . . . .	<b>9b</b>		
<b>c</b> Unrecaptured section 1250 gain (attach statement) . . . . .	<b>9c</b>		
<b>10</b> Net section 1231 gain (loss) (attach Form 4797) . . . . .	<b>10</b>		
<b>11</b> Other income (loss) (see instructions) Type ▶ . . . . .	<b>11</b>		
<b>Deductions</b>	<b>12</b> Section 179 deduction (attach Form 4562) . . . . .	<b>12</b>	
	<b>13a</b> Contributions . . . . .	<b>13a</b>	
	<b>b</b> Investment interest expense . . . . .	<b>13b</b>	
	<b>c</b> Section 59(e)(2) expenditures: <b>(1)</b> Type ▶ . . . . . <b>(2)</b> Amount ▶ . . . . .	<b>13c(2)</b>	
<b>d</b> Other deductions (see instructions) Type ▶ . . . . .	<b>13d</b>		
<b>Self-Employment</b>	<b>14a</b> Net earnings (loss) from self-employment . . . . .	<b>14a</b>	
	<b>b</b> Gross farming or fishing income . . . . .	<b>14b</b>	
	<b>c</b> Gross nonfarm income . . . . .	<b>14c</b>	
<b>Credits</b>	<b>15a</b> Low-income housing credit (section 42(j)(5)) . . . . .	<b>15a</b>	
	<b>b</b> Low-income housing credit (other) . . . . .	<b>15b</b>	
	<b>c</b> Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) . . . . .	<b>15c</b>	
	<b>d</b> Other rental real estate credits (see instructions) Type ▶ . . . . .	<b>15d</b>	
	<b>e</b> Other rental credits (see instructions) Type ▶ . . . . .	<b>15e</b>	
	<b>f</b> Other credits (see instructions) Type ▶ . . . . .	<b>15f</b>	
<b>Foreign Transactions</b>	<b>16a</b> Name of country or U.S. possession ▶ . . . . .		
	<b>b</b> Gross income from all sources . . . . .	<b>16b</b>	40,918,100
	<b>c</b> Gross income sourced at partner level . . . . .	<b>16c</b>	
	Foreign gross income sourced at partnership level		
	<b>d</b> Passive category ▶ . . . . . <b>e</b> General category ▶ . . . . . <b>f</b> Other (attach statement) ▶ . . . . .	<b>16f</b>	
	Deductions allocated and apportioned at partner level		
	<b>g</b> Interest expense ▶ . . . . . <b>h</b> Other . . . . . ▶ . . . . .	<b>16h</b>	
	Deductions allocated and apportioned at partnership level to foreign source income		
	<b>i</b> Passive category ▶ . . . . . <b>j</b> General category ▶ . . . . . <b>k</b> Other (attach statement) ▶ . . . . .	<b>16k</b>	
	<b>l</b> Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued . . . . .	<b>16l</b>	2,530,040
<b>m</b> Reduction in taxes available for credit (attach statement) . . . . .	<b>16m</b>		
<b>n</b> Other foreign tax information (attach statement) . . . . .			
<b>Alternative Minimum Tax (AMT) Items</b>	<b>17a</b> Post-1986 depreciation adjustment . . . . .	<b>17a</b>	
	<b>b</b> Adjusted gain or loss . . . . .	<b>17b</b>	
	<b>c</b> Depletion (other than oil and gas) . . . . .	<b>17c</b>	
	<b>d</b> Oil, gas, and geothermal properties—gross income . . . . .	<b>17d</b>	
	<b>e</b> Oil, gas, and geothermal properties—deductions . . . . .	<b>17e</b>	
	<b>f</b> Other AMT items (attach statement) . . . . .	<b>17f</b>	
<b>Other Information</b>	<b>18a</b> Tax-exempt interest income . . . . .	<b>18a</b>	
	<b>b</b> Other tax-exempt income . . . . .	<b>18b</b>	
	<b>c</b> Nondeductible expenses . . . . .	<b>18c</b>	
	<b>19a</b> Distributions of cash and marketable securities . . . . .	<b>19a</b>	
	<b>b</b> Distributions of other property . . . . .	<b>19b</b>	
	<b>20a</b> Investment income . . . . .	<b>20a</b>	
	<b>b</b> Investment expenses . . . . .	<b>20b</b>	
<b>c</b> Other items and amounts (attach statement) . . . . .			



**Schedule L Balance Sheets per Books.** (Not required if Item G9, page 1, is answered "Yes.")

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
<b>1</b> Cash . . . . .		1,750		2,250
<b>2a</b> Trade notes and accounts receivable . . . . .	27,000,000		14,000,000	
<b>b</b> Less allowance for bad debts . . . . .		27,000		14,000,000
<b>3</b> Inventories . . . . .				
<b>4</b> U.S. government obligations . . . . .				
<b>5</b> Tax-exempt securities . . . . .				
<b>6</b> Other current assets (attach statement) . . . . .				
<b>7a</b> Loans to partners (or persons related to partners) . . . . .				
<b>b</b> Mortgage and real estate loans . . . . .				
<b>8</b> Other investments (attach statement) . . . . .				
<b>9a</b> Buildings and other depreciable assets . . . . .	115,000,000		187,000,000	
<b>b</b> Less accumulated depreciation . . . . .	11,000,000	104,000,000	13,081,900	183,918,100
<b>10a</b> Depletable assets . . . . .				
<b>b</b> Less accumulated depletion . . . . .				
<b>11</b> Land (net of any amortization) . . . . .				
<b>12a</b> Intangible assets (amortizable only) . . . . .				
<b>b</b> Less accumulated amortization . . . . .				
<b>13</b> Other assets (attach statement) . . . . .				
<b>14 Total</b> assets . . . . .		131,001,750		197,920,350
<b>Liabilities and Capital</b>				
<b>15</b> Accounts payable . . . . .		1,000,000		1,500,000
<b>16</b> Mortgages, notes, bonds payable in less than 1 year . . . . .				
<b>17</b> Other current liabilities (attach statement) . . . . .				
<b>18</b> All nonrecourse loans . . . . .				
<b>19a</b> Loans from partners (or persons related to partners) . . . . .				
<b>b</b> Mortgages, notes, bonds payable in 1 year or more . . . . .				
<b>20</b> Other liabilities (attach statement) . . . . .				
<b>21</b> Partners' capital accounts . . . . .		130,001,750		196,420,350
<b>22 Total</b> liabilities and capital . . . . .		131,001,750		197,920,350

**Schedule M Balance Sheets for Interest Allocation**

	(a) Beginning of tax year	(b) End of tax year
<b>1</b> Total U.S. assets . . . . .		
<b>2</b> Total foreign assets:		
<b>a</b> Passive category . . . . .		
<b>b</b> General category . . . . .		
<b>c</b> Other (attach statement) . . . . .		

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return.** (Not required if Item G9, page 1, is answered "Yes.")

<b>1</b> Net income (loss) per books	40,968,100	<b>6</b> Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):		
<b>2</b> Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11 not recorded on books this year (itemize):		<b>a</b> Tax-exempt interest \$		
<b>3</b> Guaranteed payments (other than health insurance) . . .		<b>7</b> Deductions included on Schedule K, lines 1 through 13d, and 16l not charged against book income this year (itemize):		
<b>4</b> Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		<b>a</b> Depreciation \$	50,000	
<b>a</b> Depreciation \$				50,000
<b>b</b> Travel and entertainment \$		<b>8</b> Add lines 6 and 7 . . . . .		50,000
<b>5</b> Add lines 1 through 4 . . . . .	40,968,100	<b>9</b> Income (loss). Subtract line 8 from line 5 . . . . .		40,918,100

**Schedule M-2 Analysis of Partners' Capital Accounts.** (Not required if Item G9, page 1, is answered "Yes.")

<b>1</b> Balance at beginning of year	130,001,750	<b>6</b> Distributions: <b>a</b> Cash . . . . .		
<b>2</b> Capital contributed:		<b>b</b> Property . . . . .		
<b>a</b> Cash . . . . .	9,450,500	<b>7</b> Other decreases (itemize):		
<b>b</b> Property . . . . .	16,000,000			
<b>3</b> Net income (loss) per books . . . . .	3,968,100	<b>8</b> Add lines 6 and 7 . . . . .		
<b>4</b> Other increases (itemize):		<b>9</b> Balance at end of year. Subtract line 8 from line 5 . . . . .		196,420,350
<b>5</b> Add lines 1 through 4 . . . . .	196,420,350			

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

**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**

OMB No. 1545-0099

▶ Attach to Form 1065. See instructions on back.

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
<b>ABC Investments</b>	<b>69-3000002</b>	<b>Partnership</b>	<b>United States</b>	<b>89%</b>

**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)**

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

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

OMB No. 1545-0099

▶ **Attach to Form 1065. See separate instructions.**

Name of partnership

**Carltons Asset Management, LP**

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? . . . . .		✓
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)? . . . . .		✓
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)**

Department of the Treasury  
Internal Revenue Service

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

▶ Attach to Form 1065 or Form 1065-B.

OMB No. 1545-0099

**2012**

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

Name of partnership

**Carlton Asset Management, LP**

Employer identification number

**69-000003**

**This Schedule M-3 is being filed because (check all that apply):**

- A**  The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
- B**  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.
- 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

**E**  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?
  - Yes.** 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.
- 2** Enter the income statement period: Beginning 01 / 01 / 2012 Ending 12 / 31 / 2012
- 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.)
  - No.**

<b>4a</b> Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	<b>4a</b>	<b>406,974,260</b>
<b>b</b> Indicate accounting standard used for line 4a (see instructions):		
<b>1</b> <input checked="" type="checkbox"/> GAAP <b>2</b> <input type="checkbox"/> IFRS <b>3</b> <input type="checkbox"/> 704(b)		
<b>4</b> <input type="checkbox"/> Tax-basis <b>5</b> <input type="checkbox"/> Other: (Specify) ▶ _____		
<b>5a</b> Net income from nonincludible foreign entities (attach statement) . . . . .	<b>5a</b>	( )
<b>b</b> Net loss from nonincludible foreign entities (attach statement and enter as a positive amount) . . . . .	<b>5b</b>	
<b>6a</b> Net income from nonincludible U.S. entities (attach statement) . . . . .	<b>6a</b>	( )
<b>b</b> Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount) . . . . .	<b>6b</b>	
<b>7a</b> Net income (loss) of other foreign disregarded entities (attach statement) . . . . .	<b>7a</b>	
<b>b</b> Net income (loss) of other U.S. disregarded entities (attach statement) . . . . .	<b>7b</b>	
<b>8</b> Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement) . . . . .	<b>8</b>	
<b>9</b> Adjustment to reconcile income statement period to tax year (attach statement) . . . . .	<b>9</b>	
<b>10</b> Other adjustments to reconcile to amount on line 11 (attach statement) . . . . .	<b>10</b>	
<b>11</b> <b>Net income (loss) per income statement of the partnership.</b> Combine lines 4a through 10 . . . . .	<b>11</b>	<b>406,974,260</b>

**Note.** Part I, line 11, must equal the amount on Part II, line 26, column (a).

**12** 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:

	Total Assets	Total Liabilities
<b>a</b> Included on Part I, line 4	<b>6,275,256</b>	<b>3,589,605</b>
<b>b</b> Removed on Part I, line 5		
<b>c</b> Removed on Part I, line 6		
<b>d</b> Included on Part I, line 7	<b>6,275,256</b>	<b>3,589,605</b>

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) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
(Attach statements for lines 1 through 9)				
<b>1</b> Income (loss) from equity method foreign corporations				
<b>2</b> Gross foreign dividends not previously taxed . . . . .				
<b>3</b> Subpart F, QEF, and similar income inclusions . . . . .				
<b>4</b> Gross foreign distributions previously taxed . . . . .				
<b>5</b> Income (loss) from equity method U.S. corporations				
<b>6</b> U.S. dividends . . . . .				
<b>7</b> Income (loss) from U.S. partnerships . . . . .				
<b>8</b> Income (loss) from foreign partnerships . . . . .	10,229,525			10,229,525
<b>9</b> Income (loss) from other pass-through entities . . . . .				
<b>10</b> Items relating to reportable transactions (attach statement)				
<b>11</b> Interest income (attach Form 8916-A) . . . . .				
<b>12</b> Total accrual to cash adjustment . . . . .				
<b>13</b> Hedging transactions . . . . .				
<b>14</b> Mark-to-market income (loss) . . . . .				
<b>15</b> Cost of goods sold (attach Form 8916-A) . . . . .	( )			( )
<b>16</b> Sale versus lease (for sellers and/or lessors) . . . . .				
<b>17</b> Section 481(a) adjustments . . . . .				
<b>18</b> Unearned/deferred revenue . . . . .				
<b>19</b> Income recognition from long-term contracts . . . . .				
<b>20</b> Original issue discount and other imputed interest . . . . .				
<b>21a</b> Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities . . . . .				
<b>b</b> Gross capital gains from Schedule D, excluding amounts from pass-through entities . . . . .				
<b>c</b> Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .				
<b>d</b> Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .				
<b>e</b> Abandonment losses . . . . .				
<b>f</b> Worthless stock losses (attach statement) . . . . .				
<b>g</b> Other gain/loss on disposition of assets other than inventory . . . . .				
<b>22</b> Other income (loss) items with differences (attach statement)				
<b>23 Total income (loss) items.</b> Combine lines 1 through 22 . . . . .	10,229,525			10,229,525
<b>24 Total expense/deduction items.</b> (from Part III, line 31) (see instructions) . . . . .	(2,222)		(560,789)	(563,011)
<b>25</b> Other items with no differences . . . . .	396,746,957			396,746,957
<b>26 Reconciliation totals.</b> 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
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 . . . . .				
8 Judgments, damages, awards, and similar costs . . . . .				
9 Guaranteed payments . . . . .			561,900	562,900
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 . . . . .				
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 <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 . . . . .	2,222		560,789	563,011



**SCHEDULE O  
(Form 8865)**

Department of the Treasury  
Internal Revenue Service

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

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

OMB No. 1545-1668

**2012**

Name of transferor <b>Carlton Asset Management, LP</b>		Filer's identifying number <b>69-0000003</b>
Name of foreign partnership <b>Mai Tai Investments</b>	EIN (if any) <b>69-0000099</b>	Reference ID number (see instructions) <b>Mai690000003</b>

**Part I Transfers Reportable Under Section 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	<b>08/08/2012</b>	<b>4</b>	<b>12,345,000</b>	<b>16,000,000</b>			<b>25</b>
Intangible property							
Other property							

**Supplemental Information Required To Be Reported** (see instructions):

**Part II Dispositions Reportable Under Section 6038B**

(a) Type of property	(b) Date of original transfer	(c) Date of disposition	(d) Manner of disposition	(e) Gain recognized by partnership	(f) Depreciation recapture recognized by partnership	(g) Gain allocated to partner	(h) Depreciation recapture allocated to partner

**Part III** Is any transfer reported on this schedule subject to gain recognition under section 904(f)(3) or section 904(f)(5)(F)?  Yes  No

Final K-1  Amended K-1

**Schedule K-1  
 (Form 1065)**

**2012**

Department of the Treasury  
 Internal Revenue Service

For calendar year 2012, or tax  
 year beginning 01/01, 2012  
 ending 12/31, 20 12

**Partner's Share of Income, Deductions,  
 Credits, etc.**

▶ See back of form and separate instructions.

**Part I Information About the Partnership**

**A** Partnership's employer identification number  
 69-0000003

**B** Partnership's name, address, city, state, and ZIP code  
 Carlton Asset Management, LP  
 1672 S Hoover Blvd  
 San Francisco, CA 94101

**C** IRS Center where partnership filed return  
 Ogden

**D**  Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

**E** Partner's identifying number  
 990-00-0001

**F** Partner's name, address, city, state, and ZIP code  
 Taxpayer B1  
 888 NW Peach Street  
 San Francisco, CA 94101

**G**  General partner or LLC member-manager  Limited partner or other LLC member

**H**  Domestic partner  Foreign partner

**I1** What type of entity is this partner? (see instructions) Individual

**I2** If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

**J** Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	1 %	1 %
Loss	1 %	1 %
Capital	1 %	1 %

**K** Partner's share of liabilities at year end:

Nonrecourse . . . . . \$ 5,400

Qualified nonrecourse financing . . . . . \$ \_\_\_\_\_

Recourse . . . . . \$ \_\_\_\_\_

**L** Partner's capital account analysis:

Beginning capital account . . . . . \$ 39,141

Capital contributed during the year . . . . . \$ \_\_\_\_\_

Current year increase (decrease) . . . . . \$ 4,069,743

Withdrawals & distributions . . . . . \$ (4,082,743)

Ending capital account . . . . . \$ 26,141

Tax basis  GAAP  Section 704(b) book

Other (explain)

**M** Did the partner contribute property with a built-in gain or loss?  
 Yes  No  
 If "Yes," attach statement (see instructions)

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

<b>1</b>	Ordinary business income (loss)	<b>15</b>	Credits
	4,064,909		
<b>2</b>	Net rental real estate income (loss)		
<b>3</b>	Other net rental income (loss)	<b>16</b>	Foreign transactions
<b>4</b>	Guaranteed payments		A Japan
<b>5</b>	Interest income	365	B 102,295
<b>6a</b>	Ordinary dividends		D 102,295
<b>6b</b>	Qualified dividends		L 6,325
<b>7</b>	Royalties		
<b>8</b>	Net short-term capital gain (loss)		
<b>9a</b>	Net long-term capital gain (loss)	<b>17</b>	Alternative minimum tax (AMT) items
<b>9b</b>	Collectibles (28%) gain (loss)		
<b>9c</b>	Unrecaptured section 1250 gain		
<b>10</b>	Net section 1231 gain (loss)	<b>18</b>	Tax-exempt income and nondeductible expenses
<b>11</b>	Other income (loss)		C 11
<b>12</b>	Section 179 deduction	433	<b>19</b> Distributions
<b>13</b>	Other deductions		A 4,082,027
<b>14</b>	Self-employment earnings (loss)		<b>20</b> Other information
			A 365

\*See attached statement for additional information.

For IRS Use Only

Final K-1  Amended K-1

**Schedule K-1  
 (Form 1065)**

**2012**

Department of the Treasury  
 Internal Revenue Service

For calendar year 2012, or tax  
 year beginning 01/01, 2012  
 ending 12/31, 20 12

**Partner's Share of Income, Deductions,  
 Credits, etc.**

▶ See back of form and separate instructions.

**Part I Information About the Partnership**

**A** Partnership's employer identification number  
 69-000003

**B** Partnership's name, address, city, state, and ZIP code  
 Carlton Asset Management, LP  
 1678 S Hoover Blvd  
 San Francisco, CA 94101

**C** IRS Center where partnership filed return  
 Ogden

**D**  Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

**E** Partner's identifying number  
 69-3000002

**F** Partner's name, address, city, state, and ZIP code  
 ABC Investments  
 93 Oaks Drive  
 Los Angeles, CA 90052

**G**  General partner or LLC member-manager  Limited partner or other LLC member

**H**  Domestic partner  Foreign partner

**I1** What type of entity is this partner? (see instructions) Partnership

**I2** If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

**J** Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	89 %	89 %
Loss	89 %	89 %
Capital	89 %	89 %

**K** Partner's share of liabilities at year end:

Nonrecourse . . . . . \$ 480,600

Qualified nonrecourse financing . . . . . \$ \_\_\_\_\_

Recourse . . . . . \$ \_\_\_\_\_

**L** Partner's capital account analysis:

Beginning capital account . . . . . \$ 3,483,574

Capital contributed during the year . . . . . \$ \_\_\_\_\_

Current year increase (decrease) . . . . . \$ 362,207,091

Withdrawals & distributions . . . . . \$ (363,300,436)

Ending capital account . . . . . \$ 2,390,229

Tax basis  GAAP  Section 704(b) book  
 Other (explain)

**M** Did the partner contribute property with a built-in gain or loss?  
 Yes  No  
 If "Yes," attach statement (see instructions)

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

<b>1</b>	Ordinary business income (loss) 361,776,890	<b>15</b>	Credits
<b>2</b>	Net rental real estate income (loss)		
<b>3</b>	Other net rental income (loss)	<b>16</b>	Foreign transactions
<b>4</b>	Guaranteed payments		A Japan
<b>5</b>	Interest income 32,507		B 9,104,282
<b>6a</b>	Ordinary dividends		D 9,104,282
<b>6b</b>	Qualified dividends		L 562,934
<b>7</b>	Royalties		
<b>8</b>	Net short-term capital gain (loss)		
<b>9a</b>	Net long-term capital gain (loss)	<b>17</b>	Alternative minimum tax (AMT) items
<b>9b</b>	Collectibles (28%) gain (loss)		
<b>9c</b>	Unrecaptured section 1250 gain		
<b>10</b>	Net section 1231 gain (loss)	<b>18</b>	Tax-exempt income and nondeductible expenses
<b>11</b>	Other income (loss)		C 989
<b>12</b>	Section 179 deduction 38,567	<b>19</b>	Distributions
<b>13</b>	Other deductions		A 363,300,436
<b>14</b>	Self-employment earnings (loss)	<b>20</b>	Other information
			A 32,507

\*See attached statement for additional information.

For IRS Use Only

Final K-1  Amended K-1

**Schedule K-1  
 (Form 1065)**

**2012**

Department of the Treasury  
 Internal Revenue Service

For calendar year 2012, or tax  
 year beginning 01/01, 2012  
 ending 12/31, 20 12

**Partner's Share of Income, Deductions,  
 Credits, etc.**

▶ See back of form and separate instructions.

**Part I Information About the Partnership**

**A** Partnership's employer identification number  
 69-0000003

**B** Partnership's name, address, city, state, and ZIP code  
 Carlton Asset Management, LP  
 1678 S Hoover Blvd  
 San Francisco, CA 94101

**C** IRS Center where partnership filed return  
 Ogden

**D**  Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

**E** Partner's identifying number  
 69-3000001

**F** Partner's name, address, city, state, and ZIP code  
 XYZ Management  
 7272 W Truman Ave  
 Sacramento, CA 95813

**G**  General partner or LLC member-manager  Limited partner or other LLC member

**H**  Domestic partner  Foreign partner

**I1** What type of entity is this partner? (see instructions) Partnership

**I2** If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

**J** Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	10 %	10 %
Loss	10 %	10 %
Capital	10 %	10 %

**K** Partner's share of liabilities at year end:

Nonrecourse	\$	54,000
Qualified nonrecourse financing	\$	
Recourse	\$	

**L** Partner's capital account analysis:

Beginning capital account	\$	391,413
Capital contributed during the year	\$	
Current year increase (decrease)	\$	40,697,426
Withdrawals & distributions	\$	(40,820,274)
Ending capital account	\$	268,565

Tax basis  GAAP  Section 704(b) book  
 Other (explain)

**M** Did the partner contribute property with a built-in gain or loss?  
 Yes  No  
 If "Yes," attach statement (see instructions)

**Part III Partner's Share of Current Year Income,  
 Deductions, Credits, and Other Items**

<b>1</b>	Ordinary business income (loss)	<b>15</b>	Credits
	40,649,089		
<b>2</b>	Net rental real estate income (loss)		
<b>3</b>	Other net rental income (loss)	<b>16</b>	Foreign transactions
<b>4</b>	Guaranteed payments		A Japan
	561,900		
<b>5</b>	Interest income		B 1,022,953
	3,653		
<b>6a</b>	Ordinary dividends		D 1,022,953
<b>6b</b>	Qualified dividends		L 63,251
<b>7</b>	Royalties		
<b>8</b>	Net short-term capital gain (loss)		
<b>9a</b>	Net long-term capital gain (loss)	<b>17</b>	Alternative minimum tax (AMT) items
<b>9b</b>	Collectibles (28%) gain (loss)		
<b>9c</b>	Unrecaptured section 1250 gain		
<b>10</b>	Net section 1231 gain (loss)	<b>18</b>	Tax-exempt income and nondeductible expenses
<b>11</b>	Other income (loss)		C 111
<b>12</b>	Section 179 deduction		<b>19</b> Distributions
	4,333		
<b>13</b>	Other deductions		A 40,820,274
<b>14</b>	Self-employment earnings (loss)		<b>20</b> Other information
	A 41,210,989		
	C 41,210,989		A 3,653

\*See attached statement for additional information.

For IRS Use Only

## 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**

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

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

**Schedule L Other Assets Statement** (Form 1065, Page 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

# U.S. Return of Partnership Income

For calendar year 2012, or tax year beginning 01/01, 2012, ending 12/31, 20 12

OMB No. 1545-0099

**2012**

► Information about Form 1065 and its separate instructions is at [www.irs.gov/form1065](http://www.irs.gov/form1065).

<b>A</b> Principal business activity <b>Quarries</b>	<b>Print or type.</b>	Name of partnership <b>Eastland Quarries</b>	<b>D</b> Employer identification number <b>69-0000004</b>
<b>B</b> Principal product or service <b>Crushed Stone</b>		Number, street, and room or suite no. If a P.O. box, see the instructions. <b>2313 Jackson Ave</b>	<b>E</b> Date business started <b>03/29/2002</b>
<b>C</b> Business code number <b>212310</b>		City or town, state, and ZIP code <b>Portland, OR 97208</b>	<b>F</b> Total assets (see the instructions) <b>\$ 28,234,548</b>

- G** Check applicable boxes: (1)  Initial return (2)  Final return (3)  Name change (4)  Address change (5)  Amended return  
(6)  Technical termination - also check (1) or (2)
- H** Check accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) \_\_\_\_\_
- I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ► 3
- J** Check if Schedules C and M-3 are attached

**Caution.** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>Income</b>	<b>1a</b> Gross receipts or sales	<b>1a</b>	<b>15,200,800</b>	
	<b>b</b> Returns and allowances	<b>1b</b>	<b>115,470</b>	
	<b>c</b> Balance. Subtract line 1b from line 1a	<b>1c</b>	<b>15,085,330</b>	
	<b>2</b> Cost of goods sold (attach Form 1125-A)	<b>2</b>	<b>7,000,032</b>	
	<b>3</b> Gross profit. Subtract line 2 from line 1c	<b>3</b>	<b>8,065,298</b>	
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)	<b>4</b>		
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040))	<b>5</b>		
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	<b>6</b>	<b>37,400</b>	
<b>7</b> Other income (loss) (attach statement)	<b>7</b>	<b>36,522</b>		
<b>8</b> <b>Total income (loss).</b> Combine lines 3 through 7	<b>8</b>	<b>8,151,220</b>		
<b>Deductions</b> <small>(see the instructions for limitations)</small>	<b>9</b> Salaries and wages (other than to partners) (less employment credits)	<b>9</b>	<b>550,000</b>	
	<b>10</b> Guaranteed payments to partners	<b>10</b>		
	<b>11</b> Repairs and maintenance	<b>11</b>	<b>3,120,512</b>	
	<b>12</b> Bad debts	<b>12</b>	<b>11,411</b>	
	<b>13</b> Rent	<b>13</b>	<b>486,634</b>	
	<b>14</b> Taxes and licenses	<b>14</b>	<b>262,140</b>	
	<b>15</b> Interest	<b>15</b>	<b>38,106</b>	
	<b>16a</b> Depreciation (if required, attach Form 4562)	<b>16a</b>	<b>1,552,633</b>	
	<b>b</b> Less depreciation reported on Form 1125-A and elsewhere on return	<b>16b</b>	<b>1,552,633</b>	
	<b>16c</b>	<b>16c</b>		
	<b>17</b> Depletion ( <b>Do not deduct oil and gas depletion.</b> )	<b>17</b>	<b>653,121</b>	
	<b>18</b> Retirement plans, etc.	<b>18</b>	<b>53,721</b>	
	<b>19</b> Employee benefit programs	<b>19</b>	<b>287,416</b>	
	<b>20</b> Other deductions (attach statement)	<b>20</b>	<b>1,314,204</b>	
<b>21</b> <b>Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 20.	<b>21</b>	<b>6,777,265</b>		
<b>22</b> <b>Ordinary business income (loss).</b> Subtract line 21 from line 8	<b>22</b>	<b>1,381,955</b>		

**Sign Here**

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 manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager

04/11/2013  
Date

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

**Paid Preparer Use Only**

Print/Type preparer's name <b>John Smith</b>	Preparer's signature	Date <b>04/11/2013</b>	Check <input type="checkbox"/> if self-employed	PTIN <b>P00000004</b>
Firm's name ► <b>Electric Tax Filers Inc</b>	Firm's EIN ► <b>69-0000098</b>		Phone no. <b>555-631-5555</b>	
Firm's address ► <b>1065 Efile Drive, Anytown, NV 89501</b>				

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11390Z

Form **1065** (2012)



**Schedule B Other Information**

<b>1</b> What type of entity is filing this return? Check the applicable box:	<b>Yes</b>	<b>No</b>		
<b>a</b> <input checked="" type="checkbox"/> Domestic general partnership				
<b>b</b> <input type="checkbox"/> Domestic limited partnership				
<b>c</b> <input type="checkbox"/> Domestic limited liability company				
<b>d</b> <input type="checkbox"/> Domestic limited liability partnership				
<b>e</b> <input type="checkbox"/> Foreign partnership				
<b>f</b> <input type="checkbox"/> Other ▶				
<b>2</b> 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>3</b> At the end of the tax year:				
<b>a</b> 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>b</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	✓			
<b>4</b> At the end of the tax year, did the partnership:				
<b>a</b> 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		✓		
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock	
<b>b</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			✓	
(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
<b>5</b> 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		✓		
<b>6</b> Does the partnership satisfy <b>all four</b> of the following conditions?				
<b>a</b> The partnership's total receipts for the tax year were less than \$250,000.				
<b>b</b> The partnership's total assets at the end of the tax year were less than \$1 million.				
<b>c</b> 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.				
<b>d</b> 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.				
<b>7</b> Is this partnership a publicly traded partnership as defined in section 469(k)(2)?				
<b>8</b> 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?		✓		
<b>9</b> Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✓		
<b>10</b> 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. ▶		✓		

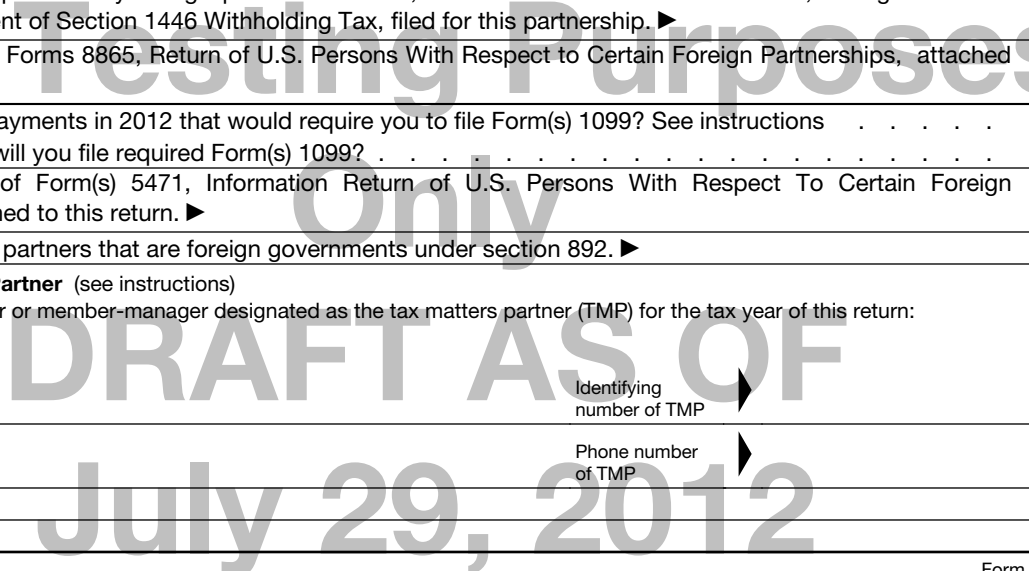
**Schedule B Other Information (continued)**

	Yes	No
<b>11</b> 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>12a</b> 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>b</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 . . . . .		✓
<b>c</b> 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.		✓
<b>13</b> 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) . . . . . <input type="checkbox"/>		
<b>14</b> 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>15</b> 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 ▶		
<b>16</b> 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. ▶		✓
<b>17</b> Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
<b>18a</b> 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? . . . . .		✓
<b>19</b> Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		
<b>20</b> Enter the number of partners that are foreign governments under section 892. ▶		

**Designation of Tax Matters Partner** (see instructions)

Enter below the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	Identifying number of TMP ▶
If the TMP is an entity, name of TMP representative ▶	Phone number of TMP ▶
Address of designated TMP ▶	



<b>Schedule K Partners' Distributive Share Items</b>		<b>Total amount</b>	
<b>Income (Loss)</b>	<b>1</b> Ordinary business income (loss) (page 1, line 22) . . . . .	<b>1</b>	1,381,955
	<b>2</b> Net rental real estate income (loss) (attach Form 8825) . . . . .	<b>2</b>	
	<b>3a</b> Other gross rental income (loss) . . . . . <b>3a</b>		
	<b>b</b> Expenses from other rental activities (attach statement) . . . . . <b>3b</b>		
	<b>c</b> Other net rental income (loss). Subtract line 3b from line 3a . . . . .	<b>3c</b>	
	<b>4</b> Guaranteed payments . . . . .	<b>4</b>	
	<b>5</b> Interest income . . . . .	<b>5</b>	14,225
	<b>6</b> Dividends: <b>a</b> Ordinary dividends . . . . .	<b>6a</b>	
	<b>b</b> Qualified dividends . . . . . <b>6b</b>		
	<b>7</b> Royalties . . . . .	<b>7</b>	
	<b>8</b> Net short-term capital gain (loss) (attach Schedule D (Form 1065)) . . . . .	<b>8</b>	2,300
<b>9a</b> Net long-term capital gain (loss) (attach Schedule D (Form 1065)) . . . . .	<b>9a</b>	(2,500)	
<b>b</b> Collectibles (28%) gain (loss) . . . . . <b>9b</b>			
<b>c</b> Unrecaptured section 1250 gain (attach statement) . . . . . <b>9c</b>			
<b>10</b> Net section 1231 gain (loss) (attach Form 4797) . . . . .	<b>10</b>	(56,500)	
<b>11</b> Other income (loss) (see instructions) Type ▶	<b>11</b>		
<b>Deductions</b>	<b>12</b> Section 179 deduction (attach Form 4562) . . . . .	<b>12</b>	
	<b>13a</b> Contributions . . . . .	<b>13a</b>	3,000
	<b>b</b> Investment interest expense . . . . .	<b>13b</b>	
	<b>c</b> Section 59(e)(2) expenditures: <b>(1)</b> Type ▶ <b>(2)</b> Amount ▶	<b>13c(2)</b>	
<b>d</b> Other deductions (see instructions) Type ▶	<b>13d</b>		
<b>Self-Employment</b>	<b>14a</b> Net earnings (loss) from self-employment . . . . .	<b>14a</b>	739,523
	<b>b</b> Gross farming or fishing income . . . . .	<b>14b</b>	
	<b>c</b> Gross nonfarm income . . . . .	<b>14c</b>	739,523
<b>Credits</b>	<b>15a</b> Low-income housing credit (section 42(j)(5)) . . . . .	<b>15a</b>	
	<b>b</b> Low-income housing credit (other) . . . . .	<b>15b</b>	
	<b>c</b> Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) . . . . .	<b>15c</b>	
	<b>d</b> Other rental real estate credits (see instructions) Type ▶	<b>15d</b>	
	<b>e</b> Other rental credits (see instructions) Type ▶	<b>15e</b>	
	<b>f</b> Other credits (see instructions) Type ▶	<b>15f</b>	
<b>Foreign Transactions</b>	<b>16a</b> Name of country or U.S. possession ▶		
	<b>b</b> Gross income from all sources . . . . .	<b>16b</b>	
	<b>c</b> Gross income sourced at partner level . . . . .	<b>16c</b>	
	Foreign gross income sourced at partnership level		
	<b>d</b> Passive category ▶ <b>e</b> General category ▶ <b>f</b> Other ▶	<b>16f</b>	
	Deductions allocated and apportioned at partner level		
	<b>g</b> Interest expense ▶ <b>h</b> Other ▶	<b>16h</b>	
	Deductions allocated and apportioned at partnership level to foreign source income		
	<b>i</b> Passive category ▶ <b>j</b> General category ▶ <b>k</b> Other ▶	<b>16k</b>	
	<b>l</b> Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/> . . . . .	<b>16l</b>	
<b>m</b> Reduction in taxes available for credit (attach statement) . . . . .	<b>16m</b>		
<b>n</b> Other foreign tax information (attach statement) . . . . .			
<b>Alternative Minimum Tax (AMT) Items</b>	<b>17a</b> Post-1986 depreciation adjustment . . . . .	<b>17a</b>	(199,426)
	<b>b</b> Adjusted gain or loss . . . . .	<b>17b</b>	(15,622)
	<b>c</b> Depletion (other than oil and gas) . . . . .	<b>17c</b>	619,783
	<b>d</b> Oil, gas, and geothermal properties—gross income . . . . .	<b>17d</b>	
	<b>e</b> Oil, gas, and geothermal properties—deductions . . . . .	<b>17e</b>	
	<b>f</b> Other AMT items (attach statement) . . . . .	<b>17f</b>	(22,101)
<b>Other Information</b>	<b>18a</b> Tax-exempt interest income . . . . .	<b>18a</b>	
	<b>b</b> Other tax-exempt income . . . . .	<b>18b</b>	
	<b>c</b> Nondeductible expenses . . . . .	<b>18c</b>	
	<b>19a</b> Distributions of cash and marketable securities . . . . .	<b>19a</b>	1,900,000
	<b>b</b> Distributions of other property . . . . .	<b>19b</b>	
	<b>20a</b> Investment income . . . . .	<b>20a</b>	14,225
<b>b</b> Investment expenses . . . . .	<b>20b</b>		
<b>c</b> Other items and amounts (attach statement) . . . . .			

**Analysis of Net Income (Loss)**

<b>1</b>	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					<b>1</b>	<b>1,336,480</b>
<b>2</b>	Analysis by partner type:						
	<b>(i) Corporate</b>	<b>(ii) Individual (active)</b>	<b>(iii) Individual (passive)</b>	<b>(iv) Partnership</b>	<b>(v) Exempt organization</b>	<b>(vi) Nominee/Other</b>	
<b>a</b>	General partners	<b>735,064</b>					
<b>b</b>	Limited partners	<b>601,416</b>					

<b>Schedule L Balance Sheets per Books</b>		Beginning of tax year		End of tax year	
		<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
<b>Assets</b>					
<b>1</b>	Cash		<b>375,120</b>		<b>1,530,820</b>
<b>2a</b>	Trade notes and accounts receivable	<b>1,140,165</b>		<b>1,353,242</b>	
<b>b</b>	Less allowance for bad debts		<b>1,140,165</b>		<b>1,353,242</b>
<b>3</b>	Inventories		<b>1,372,320</b>		<b>1,207,920</b>
<b>4</b>	U.S. government obligations				
<b>5</b>	Tax-exempt securities				
<b>6</b>	Other current assets (attach statement)		<b>150,000</b>		<b>125,000</b>
<b>7a</b>	Loans to partners (or persons related to partners)				
<b>b</b>	Mortgage and real estate loans				
<b>8</b>	Other investments (attach statement)				
<b>9a</b>	Buildings and other depreciable assets	<b>9,327,811</b>		<b>9,529,741</b>	
<b>b</b>	Less accumulated depreciation	<b>1,426,314</b>	<b>7,901,497</b>		<b>8,006,441</b>
<b>10a</b>	Depletable assets	<b>7,426,187</b>		<b>7,312,547</b>	
<b>b</b>	Less accumulated depletion	<b>426,187</b>	<b>7,000,000</b>	<b>375,638</b>	<b>6,936,909</b>
<b>11</b>	Land (net of any amortization)		<b>747,000</b>		
<b>12a</b>	Intangible assets (amortizable only)	<b>7,926,216</b>		<b>7,926,216</b>	
<b>b</b>	Less accumulated amortization		<b>7,926,216</b>		<b>7,926,216</b>
<b>13</b>	Other assets (attach statement)		<b>387,000</b>		<b>411,000</b>
<b>14</b>	<b>Total assets</b>		<b>26,999,318</b>		<b>28,234,548</b>
<b>Liabilities and Capital</b>					
<b>15</b>	Accounts payable		<b>1,000,000</b>		<b>1,200,000</b>
<b>16</b>	Mortgages, notes, bonds payable in less than 1 year				
<b>17</b>	Other current liabilities (attach statement)		<b>1,171,164</b>		<b>1,287,385</b>
<b>18</b>	All nonrecourse loans				
<b>19a</b>	Loans from partners (or persons related to partners)				
<b>b</b>	Mortgages, notes, bonds payable in 1 year or more		<b>3,000,000</b>		<b>2,500,000</b>
<b>20</b>	Other liabilities (attach statement)				
<b>21</b>	Partners' capital accounts		<b>21,828,154</b>		<b>23,247,163</b>
<b>22</b>	<b>Total liabilities and capital</b>		<b>26,999,318</b>		<b>28,234,548</b>

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**  
**Note.** Schedule M-3 may be required instead of Schedule M-1 (see instructions).

<b>1</b>	Net income (loss) per books		<b>6</b>	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
<b>2</b>	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		<b>a</b>	Tax-exempt interest \$	
<b>3</b>	Guaranteed payments (other than health insurance)		<b>7</b>	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
<b>4</b>	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		<b>a</b>	Depreciation \$	
<b>a</b>	Depreciation \$		<b>8</b>	Add lines 6 and 7	
<b>b</b>	Travel and entertainment \$		<b>9</b>	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	
<b>5</b>	Add lines 1 through 4				

**Schedule M-2 Analysis of Partners' Capital Accounts**

<b>1</b>	Balance at beginning of year	<b>21,828,154</b>	<b>6</b>	Distributions: <b>a</b> Cash	<b>1,900,000</b>
<b>2</b>	Capital contributed: <b>a</b> Cash		<b>b</b> Property		
	<b>b</b> Property		<b>7</b>	Other decreases (itemize):	
<b>3</b>	Net income (loss) per books	<b>3,319,009</b>	<b>8</b>	Add lines 6 and 7	<b>1,900,000</b>
<b>4</b>	Other increases (itemize):		<b>9</b>	Balance at end of year. Subtract line 8 from line 5	<b>23,247,163</b>
<b>5</b>	Add lines 1 through 4	<b>25,147,163</b>			

**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.**

Name <b>Eastland Quarries</b>		Employer identification number <b>69-0000004</b>	
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<b>1</b>	Inventory at beginning of year . . . . .	<b>1</b>	<b>1,372,320</b>
<b>2</b>	Purchases . . . . .	<b>2</b>	<b>1,512,263</b>
<b>3</b>	Cost of labor . . . . .	<b>3</b>	<b>2,130,412</b>
<b>4</b>	Additional section 263A costs (attach schedule) . . . . .	<b>4</b>	<b>74,212</b>
<b>5</b>	Other costs (attach schedule) . . . . .	<b>5</b>	<b>3,118,745</b>
<b>6</b>	<b>Total.</b> Add lines 1 through 5 . . . . .	<b>6</b>	<b>8,207,952</b>
<b>7</b>	Inventory at end of year . . . . .	<b>7</b>	<b>1,207,920</b>
<b>8</b>	<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) . . . . .	<b>8</b>	<b>7,000,032</b>

- 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 . . . . . ▶
- c** 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** \_\_\_\_\_
- e** 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 inventory? If "Yes," attach explanation . . . . .  Yes  No

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

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return <b>Eastland Quarries</b>	Business or activity to which this form relates <b>Quarries</b>	Identifying number <b>69-000004</b>
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**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 Maximum amount (see instructions) . . . . .	<b>1</b>	
2 Total cost of section 179 property placed in service (see instructions) . . . . .	<b>2</b>	
3 Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .	<b>3</b>	
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	<b>4</b>	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions . . . . .	<b>5</b>	
<b>6</b> (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property. Enter the amount from line 29 . . . . .	<b>7</b>	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	<b>8</b>	
9 Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8 . . . . .	<b>9</b>	
10 Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . .	<b>10</b>	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	<b>11</b>	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 . . . . .	<b>12</b>	
13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 ▶	<b>13</b>	

**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 during the tax year (see instructions) . . . . .	<b>14</b>	<b>182,157</b>
15 Property subject to section 168(f)(1) election . . . . .	<b>15</b>	
16 Other depreciation (including ACRS) . . . . .	<b>16</b>	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . .	<b>17</b>	<b>1,300,700</b>
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here . . . . . <input type="checkbox"/>		

**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
<b>19a</b> 3-year property						
<b>b</b> 5-year property		<b>55,260</b>	<b>5</b>	<b>HY</b>	<b>200 DB</b>	<b>11,052</b>
<b>c</b> 7-year property		<b>322,560</b>	<b>7</b>	<b>HY</b>	<b>200 DB</b>	<b>46,094</b>
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs.		S/L	
<b>h</b> Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
<b>i</b> Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

**Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

<b>20a</b> Class life						
<b>b</b> 12-year			12 yrs.		S/L	
<b>c</b> 40-year			40 yrs.	MM	S/L	

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

21 Listed property. Enter amount from line 28 . . . . .	<b>21</b>	<b>12,630</b>
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 . . . . .	<b>22</b>	<b>1,552,633</b>
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . . . .	<b>23</b>	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

**24a** Do you have evidence to support the business/investment use claimed?  **Yes**  **No** **24b** If "Yes," is the evidence written?  **Yes**  **No**

(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) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .						<b>25</b>		
<b>26</b> Property used more than 50% in a qualified business use:								
2012 Envoy	02/17/12	100 %	42,600	42,600	5	200 DB/HY	8,520	
2012 Honda Civ	01/01/12	100 %	20,550	20,550	5	200 DB/HY	4,110	
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						<b>28</b>	12,630	
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							<b>29</b>	

**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.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles) .												
<b>31</b> Total commuting miles driven during the year .												
<b>32</b> Total other personal (noncommuting) miles driven . . . . .												
<b>33</b> Total miles driven during the year. Add lines 30 through 32 . . . . .												
<b>34</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>36</b> 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).

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>39</b> Do you treat all use of vehicles by employees as personal use? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>40</b> 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? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2012 tax year (see instructions):					
Development	06/30/12	104,106	291	5	10,411
<b>43</b> Amortization of costs that began before your 2012 tax year . . . . .				<b>43</b>	43,513
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .				<b>44</b>	441,924

**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](http://www.irs.gov/form4797).

Name(s) shown on return <b>Eastland Quarries</b>	Identifying number <b>69-0000004</b>
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**1** 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) . . . . . **1**

**Part I 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)

<b>2</b>	<b>(a)</b> Description of property	<b>(b)</b> Date acquired (mo., day, yr.)	<b>(c)</b> Date sold (mo., day, yr.)	<b>(d)</b> Gross sales price	<b>(e)</b> Depreciation allowed or allowable since acquisition	<b>(f)</b> Cost or other basis, plus improvements and expense of sale	<b>(g)</b> Gain or (loss) Subtract (f) from the sum of (d) and (e)
	<b>Stone Crusher</b>	<b>01/01/2010</b>	<b>06/30/2012</b>	<b>162,372</b>	<b>37,128</b>	<b>260,000</b>	<b>(60,500)</b>

<b>3</b> Gain, if any, from Form 4684, line 39 . . . . .	<b>3</b>	
<b>4</b> Section 1231 gain from installment sales from Form 6252, line 26 or 37 . . . . .	<b>4</b>	
<b>5</b> Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . . .	<b>5</b>	
<b>6</b> Gain, if any, from line 32, from other than casualty or theft. . . . .	<b>6</b>	<b>4,000</b>
<b>7</b> Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . . . . .	<b>7</b>	<b>(56,500)</b>

**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.

<b>8</b> Nonrecaptured net section 1231 losses from prior years (see instructions) . . . . .	<b>8</b>	
<b>9</b> 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) . . . . .	<b>9</b>	

**Part II Ordinary Gains and Losses** (see instructions)

**10** Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):


<b>11</b> Loss, if any, from line 7 . . . . .	<b>11</b>	( )
<b>12</b> Gain, if any, from line 7 or amount from line 8, if applicable . . . . .	<b>12</b>	
<b>13</b> Gain, if any, from line 31 . . . . .	<b>13</b>	<b>37,400</b>
<b>14</b> Net gain or (loss) from Form 4684, lines 31 and 38a . . . . .	<b>14</b>	
<b>15</b> Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . . .	<b>15</b>	
<b>16</b> Ordinary gain or (loss) from like-kind exchanges from Form 8824. . . . .	<b>16</b>	
<b>17</b> Combine lines 10 through 16 . . . . .	<b>17</b>	<b>37,400</b>

**18** 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 . . . . .
- 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 . . . . .

<b>18a</b>	
<b>18b</b>	



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

19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
<b>A</b>	<b>Machinery &amp; Equipment</b>	01/01/2011	06/01/2012
<b>B</b>	<b>Machinery &amp; Equipment</b>	01/30/2011	06/30/2012
<b>C</b>			
<b>D</b>			
<b>These columns relate to the properties on lines 19A through 19D. ▶</b>		<b>Property A</b>	<b>Property B</b>
<b>20</b>	Gross sales price ( <b>Note:</b> See line 1 before completing.) . . . . .	20 70,000	13,000
<b>21</b>	Cost or other basis plus expense of sale . . . . .	21 82,000	9,000
<b>22</b>	Depreciation (or depletion) allowed or allowable. . . . .	22 44,000	5,400
<b>23</b>	Adjusted basis. Subtract line 22 from line 21. . . . .	23 38,000	3,600
<b>24</b>	Total gain. Subtract line 23 from line 20 . . . . .	24 32,000	9,400
<b>25</b>	<b>If section 1245 property:</b>		
	<b>a</b> Depreciation allowed or allowable from line 22 . . . . .	25a 44,000	5,400
	<b>b</b> Enter the <b>smaller</b> of line 24 or 25a . . . . .	25b 32,000	5,400
<b>26</b>	<b>If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.		
	<b>a</b> Additional depreciation after 1975 (see instructions) . . . . .	26a	
	<b>b</b> Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions) . . . . .	26b	
	<b>c</b> 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	
	<b>d</b> Additional depreciation after 1969 and before 1976. . . . .	26d	
	<b>e</b> Enter the <b>smaller</b> of line 26c or 26d . . . . .	26e	
	<b>f</b> Section 291 amount (corporations only) . . . . .	26f	
	<b>g</b> Add lines 26b, 26e, and 26f. . . . .	26g	
<b>27</b>	<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).		
	<b>a</b> Soil, water, and land clearing expenses . . . . .	27a	
	<b>b</b> Line 27a multiplied by applicable percentage (see instructions) . . . . .	27b	
	<b>c</b> Enter the <b>smaller</b> of line 24 or 27b . . . . .	27c	
<b>28</b>	<b>If section 1254 property:</b>		
	<b>a</b> Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions) . . . . .	28a	
	<b>b</b> Enter the <b>smaller</b> of line 24 or 28a . . . . .	28b	
<b>29</b>	<b>If section 1255 property:</b>		
	<b>a</b> Applicable percentage of payments excluded from income under section 126 (see instructions) . . . . .	29a	
	<b>b</b> Enter the <b>smaller</b> of line 24 or 29a (see instructions) . . . . .	29b	

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

<b>30</b>	Total gains for all properties. Add property columns A through D, line 24 . . . . .	30	41,400
<b>31</b>	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 . . . . .	31	37,400
<b>32</b>	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 . . . . .	32	4,000

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(see instructions)

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

# Report of a Sale or Exchange of Certain Partnership Interests

▶ Please print or type.

Name of partnership	Telephone number (      )	Employer identification number :
---------------------	------------------------------	-------------------------------------

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

City or town, state, and ZIP code

## Part I Transferor Information

(Beneficial owner of the partnership interest immediately before the transfer of that interest)

Name	Identifying number
------	--------------------

Number and street (including apt. no.)

City or town, state, and ZIP code

**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
------	--------------------

Number and street (including apt. no.)

City or town, state, and ZIP code

## Part III Date of Sale or Exchange of Partnership Interest

▶      /      /

**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.

**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.

**Learning about the law or the form** . . . 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.



Form **8949**

# Sales and Other Dispositions of Capital Assets

Department of the Treasury  
Internal Revenue Service

► Information about Form 8949 and its separate instructions is at [www.irs.gov/form8949](http://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.

**2012**  
Attachment  
Sequence No. **12A**

Name(s) shown on return

Social security number or taxpayer identification number

Eastland Quarries

69-0000004

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 I 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.

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

1	(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 (e)</i> in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). <b>See the separate instructions.</b>		(h) <b>Gain or (loss).</b> Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	
	100 Shares ABC	04/09/2012	09/13/2011	5,000	2,700			2,300
<b>2 Totals.</b> Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, <b>line 1</b> (if <b>Box A</b> above is checked), <b>line 2</b> (if <b>Box B</b> above is checked), or <b>line 3</b> (if <b>Box C</b> above is checked). ►								
				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.

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

Social security number or taxpayer identification number

Eastland Quarries

69-0000004

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

3	(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 (e)</i> in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). <b>See the separate instructions.</b>		(h) <b>Gain or (loss).</b> Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	
	1 Acre Land	08/01/2006	01/10/2012	7,500	10,000			(2,500)
<p style="font-size: 2em; opacity: 0.5;">For Testing Purposes Only DRAFT AS OF October 22, 2012</p>								
<b>4 Totals.</b> Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, <b>line 8</b> (if <b>Box A</b> above is checked), <b>line 9</b> (if <b>Box B</b> above is checked), or <b>line 10</b> (if <b>Box C</b> above is checked) ▶				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**

OMB No. 1545-0099

▶ Attach to Form 1065. See instructions on back.

Name of partnership

Eastland Quarries

Employer identification number (EIN)

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)  
Department of the Treasury  
Internal Revenue Service

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

OMB No. 1545-0099

▶ **Attach to Form 1065. See separate instructions.**

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? . . . . .		✓
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)? . . . . .		✓
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 D  
(Form 1065)**

**Capital Gains and Losses**

OMB No. 1545-0099

**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](http://www.irs.gov/form1065).**

Name of partnership

Employer identification number

Eastland Quarries

69-0000004

**Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less**

Complete Form 8949 before completing line 1, 2, or 3. This form may be easier to complete 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)
<b>1</b> Short-term totals from all Forms 8949 with <b>box A</b> checked in <b>Part I</b>	5,000	2,700		2,300
<b>2</b> Short-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part I</b>				
<b>3</b> Short-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part I</b>				
<b>4</b> Short-term capital gain from installment sales from Form 6252, line 26 or 37 . . . . .				<b>4</b>
<b>5</b> Short-term capital gain or (loss) from like-kind exchanges from Form 8824 . . . . .				<b>5</b>
<b>6</b> Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts . . . . .				<b>6</b>
<b>7 Net short-term capital gain or (loss).</b> Combine lines 1 through 6 in column (h). Enter here and on Form 1065, Schedule K, line 8 or 11; or Form 8865, Schedule K, line 8 or 11 . . . . .				<b>7</b> <span style="float: right;">2,300</span>

**Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year**

Complete Form 8949 before completing line 8, 9, or 10. This form may be easier to complete 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)
<b>8</b> Long-term totals from all Forms 8949 with <b>box A</b> checked in <b>Part II</b>	7,500	10,000		(2,500)
<b>9</b> Long-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part II</b>				
<b>10</b> Long-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part II</b>				
<b>11</b> Long-term capital gain from installment sales from Form 6252, line 26 or 37 . . . . .				<b>11</b>
<b>12</b> Long-term capital gain or (loss) from like-kind exchanges from Form 8824 . . . . .				<b>12</b>
<b>13</b> Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts . . . . .				<b>13</b>
<b>14</b> Capital gain distributions (see instructions) . . . . .				<b>14</b>
<b>15 Net long-term capital gain or (loss).</b> Combine lines 8 through 14 in column (h). Enter here and on Form 1065, Schedule K, line 9a or 11; or Form 8865, Schedule K, line 9a or 11 . . . . .				<b>15</b> <span style="float: right;">(2,500)</span>



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

Department of the Treasury  
Internal Revenue Service

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

▶ Attach to Form 1065 or Form 1065-B.

OMB No. 1545-0099

**2012**

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

Name of partnership

Eastland Quarries

Employer identification number

69-000003

**This Schedule M-3 is being filed because (check all that apply):**

- A**  The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
- B**  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 30,134,548.
- 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 \_\_\_\_\_.
- 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

**E**  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?
  - Yes.** 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.
- 2** Enter the income statement period: Beginning 01 / 01 / 2012 Ending 12 / 31 / 2012
- 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.)
  - No.**

<b>4a</b> Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	<b>4a</b>	3,319,009
<b>b</b> Indicate accounting standard used for line 4a (see instructions):		
<b>1</b> <input checked="" type="checkbox"/> GAAP <b>2</b> <input type="checkbox"/> IFRS <b>3</b> <input type="checkbox"/> 704(b)		
<b>4</b> <input type="checkbox"/> Tax-basis <b>5</b> <input type="checkbox"/> Other: (Specify) ▶ _____		
<b>5a</b> Net income from nonincludible foreign entities (attach statement) . . . . .	<b>5a</b>	( )
<b>b</b> Net loss from nonincludible foreign entities (attach statement and enter as a positive amount) . . . . .	<b>5b</b>	
<b>6a</b> Net income from nonincludible U.S. entities (attach statement) . . . . .	<b>6a</b>	( )
<b>b</b> Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount) . . . . .	<b>6b</b>	
<b>7a</b> Net income (loss) of other foreign disregarded entities (attach statement) . . . . .	<b>7a</b>	
<b>b</b> Net income (loss) of other U.S. disregarded entities (attach statement) . . . . .	<b>7b</b>	
<b>8</b> Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement) . . . . .	<b>8</b>	
<b>9</b> Adjustment to reconcile income statement period to tax year (attach statement) . . . . .	<b>9</b>	
<b>10</b> Other adjustments to reconcile to amount on line 11 (attach statement) . . . . .	<b>10</b>	
<b>11</b> <b>Net income (loss) per income statement of the partnership.</b> Combine lines 4a through 10 . . . . .	<b>11</b>	3,319,009

**Note.** Part I, line 11, must equal the amount on Part II, line 26, column (a).

**12** 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:

	Total Assets	Total Liabilities
<b>a</b> Included on Part I, line 4	28,234,548	4,987,385
<b>b</b> Removed on Part I, line 5		
<b>c</b> Removed on Part I, line 6		
<b>d</b> Included on Part I, line 7		

Name of partnership

Employer identification number

Eastland Quarries

69-0000004

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

Income (Loss) Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
(Attach statements for lines 1 through 9)				
<b>1</b> Income (loss) from equity method foreign corporations				
<b>2</b> Gross foreign dividends not previously taxed . . . . .				
<b>3</b> Subpart F, QEF, and similar income inclusions . . . . .				
<b>4</b> Gross foreign distributions previously taxed . . . . .				
<b>5</b> Income (loss) from equity method U.S. corporations				
<b>6</b> U.S. dividends . . . . .				
<b>7</b> Income (loss) from U.S. partnerships . . . . .				
<b>8</b> Income (loss) from foreign partnerships . . . . .				
<b>9</b> Income (loss) from other pass-through entities . . . . .				
<b>10</b> Items relating to reportable transactions (attach statement)				
<b>11</b> Interest income (attach Form 8916-A) . . . . .				
<b>12</b> Total accrual to cash adjustment . . . . .				
<b>13</b> Hedging transactions . . . . .				
<b>14</b> Mark-to-market income (loss) . . . . .				
<b>15</b> Cost of goods sold (attach Form 8916-A) . . . . .	( )			( )
<b>16</b> Sale versus lease (for sellers and/or lessors) . . . . .				
<b>17</b> Section 481(a) adjustments . . . . .				
<b>18</b> Unearned/deferred revenue . . . . .				
<b>19</b> Income recognition from long-term contracts . . . . .				
<b>20</b> Original issue discount and other imputed interest . . . . .				
<b>21a</b> Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities . . . . .	37,200			
<b>b</b> Gross capital gains from Schedule D, excluding amounts from pass-through entities . . . . .				2,300
<b>c</b> Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .				(2,500)
<b>d</b> Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .				37,400
<b>e</b> Abandonment losses . . . . .				
<b>f</b> Worthless stock losses (attach statement) . . . . .				
<b>g</b> Other gain/loss on disposition of assets other than inventory				
<b>22</b> Other income (loss) items with differences (attach statement)				
<b>23 Total income (loss) items.</b> Combine lines 1 through 22 . . . . .	37,200			37,200
<b>24 Total expense/deduction items.</b> (from Part III, line 31) (see instructions) . . . . .	(88,989)	(1,994,529)	12,000	(2,071,518)
<b>25</b> Other items with no differences . . . . .	3,370,798			3,370,798
<b>26 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.

Name of partnership

Employer identification number

Eastland Quarries

69-0000004

**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
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 . . . . .				
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 . . . . .				
25 Depreciation . . . . .	64,989	1,487,644		1,552,633
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 <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 . . . . .	88,989	1,994,529	(12,000)	2,071,518

Final K-1  Amended K-1

**Schedule K-1  
 (Form 1065)**

**2012**

Department of the Treasury  
 Internal Revenue Service

For calendar year 2012, or tax  
 year beginning 01/01, 2012  
 ending 12/31, 20 12

**Partner's Share of Income, Deductions,  
 Credits, etc.**

▶ See back of form and separate instructions.

**Part I Information About the Partnership**

**A** Partnership's employer identification number  
 69-0000004

**B** Partnership's name, address, city, state, and ZIP code  
 Eastland Quarries  
 2313 Jackson Ave  
 Portland, OR 97208

**C** IRS Center where partnership filed return  
 Ogden

**D**  Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

**E** Partner's identifying number  
 000-00-0002

**F** Partner's name, address, city, state, and ZIP code  
 Joseph Spruce  
 5421 North 2100 South  
 Portland, OR 97208

**G**  General partner or LLC member-manager  Limited partner or other LLC member

**H**  Domestic partner  Foreign partner

**I1** What type of entity is this partner? (see instructions) Individual

**I2** If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

**J** Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	%	45 %
Loss	%	45 %
Capital	%	45 %

**K** Partner's share of liabilities at year end:

Nonrecourse . . . . . \$ \_\_\_\_\_

Qualified nonrecourse financing . . . \$ \_\_\_\_\_

Recourse . . . . . \$ \_\_\_\_\_

**L** Partner's capital account analysis:

Beginning capital account . . . . .	\$ _____
Capital contributed during the year . . . . .	\$ _____
Current year increase (decrease) . . . . .	\$ <u>746,777</u>
Withdrawals & distributions . . . . .	\$ ( <u>855,000</u> )
Ending capital account . . . . .	\$ <u>10,461,224</u>

Tax basis  GAAP  Section 704(b) book

Other (explain)

**M** Did the partner contribute property with a built-in gain or loss?  
 Yes  No  
 If "Yes," attach statement (see instructions)

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

<b>1</b>	Ordinary business income (loss)	<b>15</b>	Credits
	310,940		
<b>2</b>	Net rental real estate income (loss)		
<b>3</b>	Other net rental income (loss)	<b>16</b>	Foreign transactions
<b>4</b>	Guaranteed payments		
<b>5</b>	Interest income		
	3,200		
<b>6a</b>	Ordinary dividends		
<b>6b</b>	Qualified dividends		
<b>7</b>	Royalties		
<b>8</b>	Net short-term capital gain (loss)		
	517		
<b>9a</b>	Net long-term capital gain (loss)	<b>17</b>	Alternative minimum tax (AMT) items
	(562)		A (44,871)
<b>9b</b>	Collectibles (28%) gain (loss)		B (3,515) C 139,451
<b>9c</b>	Unrecaptured section 1250 gain		F (4,972)
<b>10</b>	Net section 1231 gain (loss)	<b>18</b>	Tax-exempt income and nondeductible expenses
	(12,712)		
<b>11</b>	Other income (loss)		
<b>12</b>	Section 179 deduction		
<b>13</b>	Other deductions		A 855,000
	A 675		
<b>14</b>	Self-employment earnings (loss)		A 3,200
<b>19</b>	Distributions		
<b>20</b>	Other information		

\*See attached statement for additional information.

For IRS Use Only

Final K-1

Amended K-1

**Schedule K-1  
(Form 1065)**

**2012**

Department of the Treasury  
Internal Revenue Service

For calendar year 2012, or tax  
year beginning 01/01, 2012  
ending 12/31, 20 12

**Partner's Share of Income, Deductions,  
Credits, etc.**

▶ See back of form and separate instructions.

**Part I Information About the Partnership**

**A** Partnership's employer identification number  
69-0000004

**B** Partnership's name, address, city, state, and ZIP code  
Eastland Quarries  
2313 Jackson Ave  
Portland, OR 97208

**C** IRS Center where partnership filed return  
Ogden

**D**  Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

**E** Partner's identifying number  
000-30-0003

**F** Partner's name, address, city, state, and ZIP code  
Jonathan Teack  
48 Adams Ave  
Portland, OR 97208

**G**  General partner or LLC member-manager  Limited partner or other LLC member

**H**  Domestic partner  Foreign partner

**I1** What type of entity is this partner? (see instructions) Individual

**I2** If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

**J** Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	<u>55 %</u>	<u>55 %</u>
Loss	<u>55 %</u>	<u>55 %</u>
Capital	<u>55 %</u>	<u>552 %</u>

**K** Partner's share of liabilities at year end:

Nonrecourse . . . . . \$ \_\_\_\_\_

Qualified nonrecourse financing . . . . . \$ 2,500,000

Recourse . . . . . \$ \_\_\_\_\_

**L** Partner's capital account analysis:

Beginning capital account . . . . . \$ 12,005,484

Capital contributed during the year . . . . . \$ \_\_\_\_\_

Current year increase (decrease) . . . . . \$ 1,825,455

Withdrawals & distributions . . . . . \$ (1,045,000)

Ending capital account . . . . . \$ 12,785,939

Tax basis  GAAP  Section 704(b) book

Other (explain)

**M** Did the partner contribute property with a built-in gain or loss?  
 Yes  No  
If "Yes," attach statement (see instructions)

**Part III Partner's Share of Current Year Income,  
Deductions, Credits, and Other Items**

<b>1</b>	Ordinary business income (loss)	<b>15</b>	Credits
<b>2</b>	Net rental real estate income (loss)		
<b>3</b>	Other net rental income (loss)	<b>16</b>	Foreign transactions
<b>4</b>	Guaranteed payments		
<b>5</b>	Interest income		
<b>6a</b>	Ordinary dividends		
<b>6b</b>	Qualified dividends		
<b>7</b>	Royalties		
<b>8</b>	Net short-term capital gain (loss)		
<b>9a</b>	Net long-term capital gain (loss)	<b>17</b>	Alternative minimum tax (AMT) items
<b>9b</b>	Collectibles (28%) gain (loss)		
<b>9c</b>	Unrecaptured section 1250 gain		
<b>10</b>	Net section 1231 gain (loss)	<b>18</b>	Tax-exempt income and nondeductible expenses
<b>11</b>	Other income (loss)		
<b>12</b>	Section 179 deduction		
<b>13</b>	Other deductions		
<b>14</b>	Self-employment earnings (loss)		
		<b>19</b>	Distributions
		<b>20</b>	Other information

\*See attached statement for additional information.

For IRS Use Only

Final K-1  Amended K-1

**Schedule K-1  
 (Form 1065)**

**2012**

Department of the Treasury  
 Internal Revenue Service

For calendar year 2012, or tax  
 year beginning 01/01, 2012  
 ending 12/31, 20 12

**Partner's Share of Income, Deductions,  
 Credits, etc.**

▶ See back of form and separate instructions.

**Part I Information About the Partnership**

**A** Partnership's employer identification number  
 69-0000004

**B** Partnership's name, address, city, state, and ZIP code  
 Eastland Quarries  
 2313 Jackson Ave  
 Portland, OR 97208

**C** IRS Center where partnership filed return  
 Ogden

**D**  Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

**E** Partner's identifying number  
 000-30-0001

**F** Partner's name, address, city, state, and ZIP code  
 Peter Teak  
 34 Washington Ave  
 Portland, OR 97208

**G**  General partner or LLC member-manager  Limited partner or other LLC member

**H**  Domestic partner  Foreign partner

**I1** What type of entity is this partner? (see instructions) Individual

**I2** If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

**J** Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	45 %	%
Loss	45 %	%
Capital	45 %	%

**K** Partner's share of liabilities at year end:

Nonrecourse . . . . . \$ \_\_\_\_\_

Qualified nonrecourse financing . . . \$ \_\_\_\_\_

Recourse . . . . . \$ \_\_\_\_\_

**L** Partner's capital account analysis:

Beginning capital account . . . \$ 9,822,670

Capital contributed during the year \$ \_\_\_\_\_

Current year increase (decrease) . . . \$ 746,777

Withdrawals & distributions . . . \$ (10,569,447)

Ending capital account . . . . . \$ \_\_\_\_\_

Tax basis  GAAP  Section 704(b) book

Other (explain)

**M** Did the partner contribute property with a built-in gain or loss?  
 Yes  No  
 If "Yes," attach statement (see instructions)

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

<b>1</b>	Ordinary business income (loss)	<b>15</b>	Credits
	310,940		
<b>2</b>	Net rental real estate income (loss)		
<b>3</b>	Other net rental income (loss)	<b>16</b>	Foreign transactions
<b>4</b>	Guaranteed payments		
<b>5</b>	Interest income		
	3,201		
<b>6a</b>	Ordinary dividends		
<b>6b</b>	Qualified dividends		
<b>7</b>	Royalties		
<b>8</b>	Net short-term capital gain (loss)		
<b>9a</b>	Net long-term capital gain (loss)	<b>17</b>	Alternative minimum tax (AMT) items
	(563)		A (44,871)
<b>9b</b>	Collectibles (28%) gain (loss)		B (3,515) C 139,451
<b>9c</b>	Unrecaptured section 1250 gain		F (4,973)
<b>10</b>	Net section 1231 gain (loss)	<b>18</b>	Tax-exempt income and nondeductible expenses
	(12,713)		
<b>11</b>	Other income (loss)		
<b>12</b>	Section 179 deduction		<b>19</b> Distributions
<b>13</b>	Other deductions		
	A 675		<b>20</b> Other information
			A 3,201
<b>14</b>	Self-employment earnings (loss)		

\*See attached statement for additional information.

For IRS Use Only

## 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: 555-555-5555**  
**Email Address: [Anymail@email.com](mailto:Anymail@email.com)**  
**Date Signed: 04/15/2013**

**Preparer: Name: John Doe**  
**PTIN: P00000005**  
**Phone: 555-631-1212**  
**Email Address: [Anymail@email.com](mailto: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)**

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

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

<b>Type</b>	<b>Amount</b>
<b>Cancellation of Debt Income</b>	<b>\$478,206</b>

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

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

**Schedule L Other Current Assets Statement (Form 1065, Page 5, Schedule L, Line 6b and 6d)**

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

**Schedule L Other Current Liabilities Statement (Form 1065, Page 5, Schedule L, Line 17b and 17d)**

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



Form **1065**  
Department of the Treasury  
Internal Revenue Service

# U.S. Return of Partnership Income

For calendar year 2012, or tax year beginning 01/01, 2012, ending 12/31, 20 12

OMB No. 1545-0099

**2012**

► Information about Form 1065 and its separate instructions is at [www.irs.gov/form1065](http://www.irs.gov/form1065).

<b>A</b> Principal business activity <b>Food Manufacture</b>	<b>Print or type.</b>	Name of partnership <b>Shoebill Unlimited</b>	<b>D</b> Employer identification number <b>69-000005</b>
<b>B</b> Principal product or service <b>Dairy Products</b>		Number, street, and room or suite no. If a P.O. box, see the instructions. <b>5551 Elliot Road</b>	<b>E</b> Date business started <b>10/01/1968</b>
<b>C</b> Business code number <b>311500</b>		City or town, state, and ZIP code <b>Salt Lake City, UT 84101</b>	<b>F</b> Total assets (see the instructions) <b>\$ 71,419,054</b>

- G** Check applicable boxes: (1)  Initial return (2)  Final return (3)  Name change (4)  Address change (5)  Amended return (6)  Technical termination - also check (1) or (2)
- H** Check accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) \_\_\_\_\_
- I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ► 4
- J** Check if Schedules C and M-3 are attached

**Caution.** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>Income</b>	<b>1a</b> Gross receipts or sales . . . . .	<b>1a</b>	<b>47,291,088</b>		
	<b>b</b> Returns and allowances . . . . .	<b>1b</b>			
	<b>c</b> Balance. Subtract line 1b from line 1a . . . . .			<b>1c</b>	<b>47,291,088</b>
	<b>2</b> Cost of goods sold (attach Form 1125-A) . . . . .			<b>2</b>	<b>21,882,071</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c . . . . .			<b>3</b>	<b>25,409,017</b>
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement) . . . . .			<b>4</b>	<b>23,712</b>
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040)) . . . . .			<b>5</b>	<b>636,570</b>
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) . . . . .			<b>6</b>	
<b>7</b> Other income (loss) (attach statement) . . . . .			<b>7</b>	<b>478,206</b>	
<b>8</b> <b>Total income (loss).</b> Combine lines 3 through 7 . . . . .			<b>8</b>	<b>26,547,505</b>	
<b>Deductions</b> <small>(see the instructions for limitations)</small>	<b>9</b> Salaries and wages (other than to partners) (less employment credits) . . . . .			<b>9</b>	<b>804,722</b>
	<b>10</b> Guaranteed payments to partners . . . . .			<b>10</b>	
	<b>11</b> Repairs and maintenance . . . . .			<b>11</b>	<b>17,239</b>
	<b>12</b> Bad debts . . . . .			<b>12</b>	<b>2,571,330</b>
	<b>13</b> Rent . . . . .			<b>13</b>	<b>900,022</b>
	<b>14</b> Taxes and licenses . . . . .			<b>14</b>	<b>44,444</b>
	<b>15</b> Interest . . . . .			<b>15</b>	<b>912,647</b>
	<b>16a</b> Depreciation (if required, attach Form 4562) . . . . .	<b>16a</b>	<b>6,226,647</b>		
	<b>b</b> Less depreciation reported on Form 1125-A and elsewhere on return . . . . .	<b>16b</b>	<b>6,064,407</b>	<b>16c</b>	<b>162,240</b>
	<b>17</b> Depletion ( <b>Do not deduct oil and gas depletion.</b> ) . . . . .			<b>17</b>	
	<b>18</b> Retirement plans, etc. . . . .			<b>18</b>	
	<b>19</b> Employee benefit programs . . . . .			<b>19</b>	
	<b>20</b> Other deductions (attach statement) . . . . .			<b>20</b>	<b>8,961,480</b>
	<b>21</b> <b>Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 20 . . . . .			<b>21</b>	<b>14,374,124</b>
<b>22</b> <b>Ordinary business income (loss).</b> Subtract line 21 from line 8 . . . . .			<b>22</b>	<b>12,173,381</b>	

**Sign Here**

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 manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager: \_\_\_\_\_ Date: 04/15/2013

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

**Paid Preparer Use Only**

Print/Type preparer's name <b>John Doe</b>	Preparer's signature	Date <b>04/15/2013</b>	Check <input type="checkbox"/> if self-employed	PTIN <b>P0000005</b>
Firm's name ► <b>Electric Tax Filers Inc</b>	Firm's EIN ► <b>69-0000098</b>		Phone no. <b>555-631-5555</b>	
Firm's address ► <b>1065 Efile Drive, Anytown, NV 80501</b>				

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11390Z

Form **1065** (2012)

**Schedule B Other Information**

<b>1</b>	What type of entity is filing this return? Check the applicable box:	<b>Yes</b>	<b>No</b>
<b>a</b>	<input type="checkbox"/> Domestic general partnership		
<b>b</b>	<input checked="" type="checkbox"/> Domestic limited partnership		
<b>c</b>	<input type="checkbox"/> Domestic limited liability company		
<b>d</b>	<input type="checkbox"/> Domestic limited liability partnership		
<b>e</b>	<input type="checkbox"/> Foreign partnership		
<b>f</b>	<input type="checkbox"/> Other ▶		

<b>2</b>	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?	<input checked="" type="checkbox"/>	
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<b>3</b>	At the end of the tax year:		
<b>a</b>	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		<input checked="" type="checkbox"/>
<b>b</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		<input checked="" type="checkbox"/>

<b>4</b>	At the end of the tax year, did the partnership:		
<b>a</b>	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		<input checked="" type="checkbox"/>

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

<b>b</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		<input checked="" type="checkbox"/>
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(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

<b>5</b>	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		<input checked="" type="checkbox"/>
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<b>6</b>	Does the partnership satisfy <b>all four</b> of the following conditions?		
<b>a</b>	The partnership's total receipts for the tax year were less than \$250,000.		
<b>b</b>	The partnership's total assets at the end of the tax year were less than \$1 million.		
<b>c</b>	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.		
<b>d</b>	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.		<input checked="" type="checkbox"/>

<b>7</b>	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		<input checked="" type="checkbox"/>
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<b>8</b>	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?	<input checked="" type="checkbox"/>	
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<b>9</b>	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		<input checked="" type="checkbox"/>
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<b>10</b>	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. ▶		<input checked="" type="checkbox"/>
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**Schedule B Other Information (continued)**

	Yes	No
<b>11</b> 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>12a</b> 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>b</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 . . . . .		✓
<b>c</b> 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.		✓
<b>13</b> 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) . . . . . <input type="checkbox"/>		
<b>14</b> 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>15</b> 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 ▶		
<b>16</b> 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. ▶		✓
<b>17</b> Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
<b>18a</b> 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? . . . . .		✓
<b>19</b> Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		
<b>20</b> Enter the number of partners that are foreign governments under section 892. ▶		

**Designation of Tax Matters Partner** (see instructions)

Enter below the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP	▶ <b>Modern Modfile</b>	Identifying number of TMP	▶ <b>000-05-0005</b>
If the TMP is an entity, name of TMP representative	▶ <b>Modernfilers Company</b>	Phone number of TMP	▶ <b>555-455-1212</b>
Address of designated TMP	▶ <b>2525 N Loop File Melrose, AK 99502</b>		

<b>Schedule K Partners' Distributive Share Items</b>		<b>Total amount</b>	
<b>Income (Loss)</b>	<b>1</b> Ordinary business income (loss) (page 1, line 22) . . . . .	<b>1</b>	<b>12,173,381</b>
	<b>2</b> Net rental real estate income (loss) (attach Form 8825) . . . . .	<b>2</b>	<b>1,029,503</b>
	<b>3a</b> Other gross rental income (loss) . . . . . <b>3a</b>		
	<b>b</b> Expenses from other rental activities (attach statement) . . . . . <b>3b</b>		
	<b>c</b> Other net rental income (loss). Subtract line 3b from line 3a . . . . .	<b>3c</b>	
	<b>4</b> Guaranteed payments . . . . .	<b>4</b>	
	<b>5</b> Interest income . . . . .	<b>5</b>	<b>1,771,604</b>
	<b>6</b> Dividends: <b>a</b> Ordinary dividends . . . . .	<b>6a</b>	
	<b>b</b> Qualified dividends . . . . . <b>6b</b>		
	<b>7</b> Royalties . . . . .	<b>7</b>	<b>2,550,000</b>
	<b>8</b> Net short-term capital gain (loss) (attach Schedule D (Form 1065)) . . . . .	<b>8</b>	
<b>9a</b> Net long-term capital gain (loss) (attach Schedule D (Form 1065)) . . . . .	<b>9a</b>		
<b>b</b> Collectibles (28%) gain (loss) . . . . . <b>9b</b>			
<b>c</b> Unrecaptured section 1250 gain (attach statement) . . . . . <b>9c</b>			
<b>10</b> Net section 1231 gain (loss) (attach Form 4797) . . . . .	<b>10</b>	<b>237,975</b>	
<b>11</b> Other income (loss) (see instructions) Type ▶	<b>11</b>		
<b>Deductions</b>	<b>12</b> Section 179 deduction (attach Form 4562) . . . . .	<b>12</b>	
	<b>13a</b> Contributions . . . . .	<b>13a</b>	
	<b>b</b> Investment interest expense . . . . .	<b>13b</b>	
	<b>c</b> Section 59(e)(2) expenditures: <b>(1)</b> Type ▶ <b>(2)</b> Amount ▶	<b>13c(2)</b>	
<b>d</b> Other deductions (see instructions) Type ▶	<b>13d</b>		
<b>Self-Employment</b>	<b>14a</b> Net earnings (loss) from self-employment . . . . .	<b>14a</b>	<b>3,300,721</b>
	<b>b</b> Gross farming or fishing income . . . . .	<b>14b</b>	<b>700,205</b>
	<b>c</b> Gross nonfarm income . . . . .	<b>14c</b>	<b>3,300,721</b>
<b>Credits</b>	<b>15a</b> Low-income housing credit (section 42(j)(5)) . . . . .	<b>15a</b>	
	<b>b</b> Low-income housing credit (other) . . . . .	<b>15b</b>	
	<b>c</b> Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) . . . . .	<b>15c</b>	
	<b>d</b> Other rental real estate credits (see instructions) Type ▶	<b>15d</b>	
	<b>e</b> Other rental credits (see instructions) Type ▶	<b>15e</b>	
	<b>f</b> Other credits (see instructions) Type ▶	<b>15f</b>	
<b>Foreign Transactions</b>	<b>16a</b> Name of country or U.S. possession ▶		
	<b>b</b> Gross income from all sources . . . . .	<b>16b</b>	
	<b>c</b> Gross income sourced at partner level . . . . .	<b>16c</b>	
	Foreign gross income sourced at partnership level		
	<b>d</b> Passive category ▶ <b>e</b> General category ▶ <b>f</b> Other ▶	<b>16f</b>	
	Deductions allocated and apportioned at partner level		
	<b>g</b> Interest expense ▶ <b>h</b> Other ▶	<b>16h</b>	
	Deductions allocated and apportioned at partnership level to foreign source income		
	<b>i</b> Passive category ▶ <b>j</b> General category ▶ <b>k</b> Other ▶	<b>16k</b>	
	<b>l</b> Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/> . . . . .	<b>16l</b>	
<b>m</b> Reduction in taxes available for credit (attach statement) . . . . .	<b>16m</b>		
<b>n</b> Other foreign tax information (attach statement) . . . . .			
<b>Alternative Minimum Tax (AMT) Items</b>	<b>17a</b> Post-1986 depreciation adjustment . . . . .	<b>17a</b>	<b>800,000</b>
	<b>b</b> Adjusted gain or loss . . . . .	<b>17b</b>	
	<b>c</b> Depletion (other than oil and gas) . . . . .	<b>17c</b>	
	<b>d</b> Oil, gas, and geothermal properties—gross income . . . . .	<b>17d</b>	
	<b>e</b> Oil, gas, and geothermal properties—deductions . . . . .	<b>17e</b>	
	<b>f</b> Other AMT items (attach statement) . . . . .	<b>17f</b>	
<b>Other Information</b>	<b>18a</b> Tax-exempt interest income . . . . .	<b>18a</b>	
	<b>b</b> Other tax-exempt income . . . . .	<b>18b</b>	
	<b>c</b> Nondeductible expenses . . . . .	<b>18c</b>	
	<b>19a</b> Distributions of cash and marketable securities . . . . .	<b>19a</b>	
	<b>b</b> Distributions of other property . . . . .	<b>19b</b>	
	<b>20a</b> Investment income . . . . .	<b>20a</b>	<b>1,771,604</b>
<b>b</b> Investment expenses . . . . .	<b>20b</b>		
<b>c</b> Other items and amounts (attach statement) . . . . .			

**Analysis of Net Income (Loss)**

<b>1</b>	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					<b>1</b>	<b>17,762,463</b>
<b>2</b>	Analysis by partner type:						
	<b>(i) Corporate</b>	<b>(ii) Individual (active)</b>	<b>(iii) Individual (passive)</b>	<b>(iv) Partnership</b>	<b>(v) Exempt organization</b>	<b>(vi) Nominee/Other</b>	
<b>a</b>	General partners		<b>4,440,615</b>				
<b>b</b>	Limited partners	<b>8,881,232</b>		<b>4,440,616</b>			

<b>Schedule L Balance Sheets per Books</b>		Beginning of tax year		End of tax year	
		<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
<b>Assets</b>					
<b>1</b>	Cash		<b>700,440</b>		<b>25,330</b>
<b>2a</b>	Trade notes and accounts receivable	<b>4,999,222</b>		<b>16,488,999</b>	
<b>b</b>	Less allowance for bad debts	<b>809,111</b>	<b>4,190,111</b>	<b>1,288,222</b>	<b>15,200,777</b>
<b>3</b>	Inventories		<b>27,126,200</b>		<b>18,204,529</b>
<b>4</b>	U.S. government obligations				
<b>5</b>	Tax-exempt securities				
<b>6</b>	Other current assets (attach statement)		<b>22,700</b>		<b>5,100,278</b>
<b>7a</b>	Loans to partners (or persons related to partners)				
<b>b</b>	Mortgage and real estate loans				
<b>8</b>	Other investments (attach statement)				
<b>9a</b>	Buildings and other depreciable assets	<b>22,500,030</b>		<b>24,785,827</b>	
<b>b</b>	Less accumulated depreciation	<b>2,200,030</b>	<b>20,300,000</b>	<b>2,435,217</b>	<b>22,350,610</b>
<b>10a</b>	Depletable assets				
<b>b</b>	Less accumulated depletion				
<b>11</b>	Land (net of any amortization)		<b>8,774,228</b>		<b>10,537,530</b>
<b>12a</b>	Intangible assets (amortizable only)				
<b>b</b>	Less accumulated amortization				
<b>13</b>	Other assets (attach statement)				
<b>14</b>	<b>Total assets</b>		<b>61,113,679</b>		<b>71,419,054</b>
<b>Liabilities and Capital</b>					
<b>15</b>	Accounts payable		<b>3,100,377</b>		<b>3,987,244</b>
<b>16</b>	Mortgages, notes, bonds payable in less than 1 year				<b>20,317,292</b>
<b>17</b>	Other current liabilities (attach statement)		<b>7,530,250</b>		<b>12,200,450</b>
<b>18</b>	All nonrecourse loans				
<b>19a</b>	Loans from partners (or persons related to partners)				
<b>b</b>	Mortgages, notes, bonds payable in 1 year or more		<b>32,908,075</b>		
<b>20</b>	Other liabilities (attach statement)				
<b>21</b>	Partners' capital accounts		<b>17,574,977</b>		<b>34,914,068</b>
<b>22</b>	<b>Total liabilities and capital</b>		<b>61,113,679</b>		<b>71,419,054</b>

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**  
**Note.** Schedule M-3 may be required instead of Schedule M-1 (see instructions).

<b>1</b>	Net income (loss) per books		<b>6</b>	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
<b>2</b>	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		<b>a</b>	Tax-exempt interest \$	
<b>3</b>	Guaranteed payments (other than health insurance)		<b>7</b>	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
<b>4</b>	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		<b>a</b>	Depreciation \$	
<b>a</b>	Depreciation \$		<b>8</b>	Add lines 6 and 7	
<b>b</b>	Travel and entertainment \$		<b>9</b>	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	
<b>5</b>	Add lines 1 through 4				

**Schedule M-2 Analysis of Partners' Capital Accounts**

<b>1</b>	Balance at beginning of year	<b>17,574,977</b>	<b>6</b>	Distributions: <b>a</b> Cash	
<b>2</b>	Capital contributed: <b>a</b> Cash	<b>500,000</b>		<b>b</b> Property	
	<b>b</b> Property		<b>7</b>	Other decreases (itemize):	
<b>3</b>	Net income (loss) per books	<b>16,839,091</b>	<b>8</b>	Add lines 6 and 7	
<b>4</b>	Other increases (itemize):		<b>9</b>	Balance at end of year. Subtract line 8 from line 5	<b>34,914,068</b>
<b>5</b>	Add lines 1 through 4	<b>34,914,068</b>			

**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.**

Name <b>Shoebill Unlimited</b>	Employer identification number <b>69-0000005</b>
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<b>1</b> Inventory at beginning of year . . . . .	<b>1</b>	27,126,200	
<b>2</b> Purchases . . . . .	<b>2</b>	12,960,400	
<b>3</b> Cost of labor . . . . .	<b>3</b>		
<b>4</b> Additional section 263A costs (attach schedule) . . . . .	<b>4</b>		
<b>5</b> Other costs (attach schedule) . . . . .	<b>5</b>		
<b>6 Total.</b> Add lines 1 through 5 . . . . .	<b>6</b>	40,086,600	
<b>7</b> Inventory at end of year . . . . .	<b>7</b>	18,204,529	
<b>8 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) . . . . .	<b>8</b>	21,882,071	

- 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 . . . . . ▶
- c** 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** \_\_\_\_\_
- e** 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 inventory? If "Yes," attach explanation . . . . .  Yes  No

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

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return  
**Shoebill Unlimited**

Business or activity to which this form relates  
**Dairy Products MGF**

Identifying number  
**69-0000005**

**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.

<b>1</b>	Maximum amount (see instructions)	<b>1</b>	
<b>2</b>	Total cost of section 179 property placed in service (see instructions)	<b>2</b>	
<b>3</b>	Threshold cost of section 179 property before reduction in limitation (see instructions)	<b>3</b>	
<b>4</b>	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	<b>4</b>	
<b>5</b>	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	<b>5</b>	
<b>6</b>	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
<b>7</b>	Listed property. Enter the amount from line 29	<b>7</b>	
<b>8</b>	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	<b>8</b>	
<b>9</b>	Tentative deduction. Enter the smaller of line 5 or line 8	<b>9</b>	
<b>10</b>	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	<b>10</b>	
<b>11</b>	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	<b>11</b>	
<b>12</b>	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	<b>12</b>	
<b>13</b>	Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12	<b>13</b>	

**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.)

<b>14</b>	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	<b>14</b>	
<b>15</b>	Property subject to section 168(f)(1) election	<b>15</b>	
<b>16</b>	Other depreciation (including ACRS)	<b>16</b>	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

<b>17</b>	MACRS deductions for assets placed in service in tax years beginning before 2012	<b>17</b>	<b>338,370</b>
<b>18</b>	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**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
<b>19a</b> 3-year property						
<b>b</b> 5-year property						
<b>c</b> 7-year property						
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs.		S/L	
<b>h</b> Residential rental property			27.5 yrs.	MM	S/L	
<b>i</b> Nonresidential real property			39 yrs.	MM	S/L	

**Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

<b>20a</b> Class life					S/L	
<b>b</b> 12-year			12 yrs.		S/L	
<b>c</b> 40-year			40 yrs.	MM	S/L	

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

<b>21</b>	Listed property. Enter amount from line 28	<b>21</b>	
<b>22</b>	<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	<b>22</b>	<b>338,370</b>
<b>23</b>	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	<b>23</b>	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

**24a** Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If "Yes," is the evidence written?  Yes  No

(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) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .						<b>25</b>		
<b>26</b> Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						<b>28</b>		
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							<b>29</b>	

**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.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles) .												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven . . . . .												
<b>33</b> Total miles driven during the year. Add lines 30 through 32 . . . . .												
<b>34</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>36</b> 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).

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
<b>39</b> Do you treat all use of vehicles by employees as personal use? . . . . .		
<b>40</b> 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? . . . . .		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2012 tax year (see instructions):					
<b>43</b> Amortization of costs that began before your 2012 tax year . . . . .				<b>43</b>	
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .					<b>44</b>



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

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return <b>Shoebill Unlimited</b>	Business or activity to which this form relates <b>Dairy Products MFG</b>	Identifying number <b>69-0000005</b>
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**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 Maximum amount (see instructions) . . . . .	<b>1</b>	
2 Total cost of section 179 property placed in service (see instructions) . . . . .	<b>2</b>	
3 Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .	<b>3</b>	
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	<b>4</b>	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions . . . . .	<b>5</b>	
<b>6</b> (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property. Enter the amount from line 29 . . . . .	<b>7</b>	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	<b>8</b>	
9 Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8 . . . . .	<b>9</b>	
10 Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . .	<b>10</b>	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	<b>11</b>	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 . . . . .	<b>12</b>	
13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 ▶	<b>13</b>	

**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 during the tax year (see instructions) . . . . .	<b>14</b>	
15 Property subject to section 168(f)(1) election . . . . .	<b>15</b>	
16 Other depreciation (including ACRS) . . . . .	<b>16</b>	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . .	<b>17</b>	<b>5,075,260</b>
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here . . . . . <input type="checkbox"/>		

**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
<b>19a</b> 3-year property						
<b>b</b> 5-year property		<b>2,642,388</b>	<b>5</b>	<b>HY</b>	<b>200 DB</b>	<b>528,478</b>
<b>c</b> 7-year property						
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs.		S/L	
<b>h</b> Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
<b>i</b> Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

**Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

<b>20a</b> Class life						
<b>b</b> 12-year		<b>2,935,176</b>	12 yrs.		S/L	<b>122,299</b>
<b>c</b> 40-year			40 yrs.	MM	S/L	

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

21 Listed property. Enter amount from line 28 . . . . .	<b>21</b>	
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 . . . . .	<b>22</b>	<b>5,726,037</b>
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . . . .	<b>23</b>	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

**24a** Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If "Yes," is the evidence written?  Yes  No

(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) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .						<b>25</b>		
<b>26</b> Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						<b>28</b>		
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							<b>29</b>	

**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.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles) .												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven . . . . .												
<b>33</b> Total miles driven during the year. Add lines 30 through 32 . . . . .												
<b>34</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>36</b> 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).

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
<b>39</b> Do you treat all use of vehicles by employees as personal use? . . . . .		
<b>40</b> 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? . . . . .		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2012 tax year (see instructions):					
<b>43</b> Amortization of costs that began before your 2012 tax year . . . . .				<b>43</b>	
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .					<b>44</b>

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

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return <b>Shoebill Unlimited</b>	Business or activity to which this form relates <b>Dairy Products MFG</b>	Identifying number <b>69-0000005</b>
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**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 Maximum amount (see instructions) . . . . .	<b>1</b>	
2 Total cost of section 179 property placed in service (see instructions) . . . . .	<b>2</b>	
3 Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .	<b>3</b>	
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	<b>4</b>	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions . . . . .	<b>5</b>	
<b>6</b> (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property. Enter the amount from line 29 . . . . .	<b>7</b>	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	<b>8</b>	
9 Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8 . . . . .	<b>9</b>	
10 Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . .	<b>10</b>	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	<b>11</b>	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 . . . . .	<b>12</b>	
13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 ▶	<b>13</b>	

**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 during the tax year (see instructions) . . . . .	<b>14</b>	<b>22,361</b>
15 Property subject to section 168(f)(1) election . . . . .	<b>15</b>	
16 Other depreciation (including ACRS) . . . . .	<b>16</b>	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . .	<b>17</b>	<b>131,190</b>
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here . . . . . <input type="checkbox"/>		

**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
<b>19a</b> 3-year property		<b>6,120</b>	<b>3</b>	<b>NY</b>	<b>S/L</b>	<b>1,020</b>
<b>b</b> 5-year property		<b>29,304</b>	<b>5</b>	<b>HY</b>	<b>200 DB</b>	<b>5,861</b>
<b>c</b> 7-year property		<b>10,885</b>	<b>7</b>	<b>HY</b>	<b>200 DB</b>	<b>1,555</b>
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs.		S/L	
<b>h</b> Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
<b>i</b> Nonresidential real property	<b>2012-4</b>	<b>9,856</b>	39 yrs.	MM	S/L	<b>253</b>
				MM	S/L	

**Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

<b>20a</b> Class life						
<b>b</b> 12-year			12 yrs.		S/L	
<b>c</b> 40-year			40 yrs.	MM	S/L	

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

21 Listed property. Enter amount from line 28 . . . . .	<b>21</b>	
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 . . . . .	<b>22</b>	<b>162,240</b>
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . . . .	<b>23</b>	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

**24a** Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If "Yes," is the evidence written?  Yes  No

(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) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .						<b>25</b>		
<b>26</b> Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						<b>28</b>		
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							<b>29</b>	

**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.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles) .												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven . . . . .												
<b>33</b> Total miles driven during the year. Add lines 30 through 32 . . . . .												
<b>34</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>36</b> 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).

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
<b>39</b> Do you treat all use of vehicles by employees as personal use? . . . . .		
<b>40</b> 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? . . . . .		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2012 tax year (see instructions):					
<b>43</b> Amortization of costs that began before your 2012 tax year . . . . .				<b>43</b>	
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .				<b>44</b>	

**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](http://www.irs.gov/form4797).**

Name(s) shown on return <b>Shoebill Unlimited</b>	Identifying number <b>69-0000005</b>
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**1** 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) . . . . . **1**

**Part I 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)

<b>2</b>	<b>(a)</b> Description of property	<b>(b)</b> Date acquired (mo., day, yr.)	<b>(c)</b> Date sold (mo., day, yr.)	<b>(d)</b> Gross sales price	<b>(e)</b> Depreciation allowed or allowable since acquisition	<b>(f)</b> Cost or other basis, plus improvements and expense of sale	<b>(g)</b> Gain or (loss) Subtract (f) from the sum of (d) and (e)

**3** Gain, if any, from Form 4684, line 39 . . . . . **3**

**4** Section 1231 gain from installment sales from Form 6252, line 26 or 37 . . . . . **4** **237,975**

**5** Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . . . **5**

**6** Gain, if any, from line 32, from other than casualty or theft. . . . . **6**

**7** Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . . . . . **7** **237,975**

**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) . . . . . **8**

**9** 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) . . . . . **9**

**Part II Ordinary Gains and Losses** (see instructions)

**10** Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):


**11** Loss, if any, from line 7 . . . . . **11** ( )

**12** Gain, if any, from line 7 or amount from line 8, if applicable . . . . . **12**

**13** Gain, if any, from line 31 . . . . . **13** **150,000**

**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** Combine lines 10 through 16 . . . . . **17** **150,000**

**18** 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**

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

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)		
A See Form 6252		04/30/2011	06/30/2012		
B					
C					
D					
These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	3,150,000		
21	Cost or other basis plus expense of sale	21	600,000		
22	Depreciation (or depletion) allowed or allowable	22	150,000		
23	Adjusted basis. Subtract line 22 from line 21.	23	450,000		
24	Total gain. Subtract line 23 from line 20	24	2,700,000		
<b>25 If section 1245 property:</b>					
a	Depreciation allowed or allowable from line 22	25a	150,000		
b	Enter the smaller of line 24 or 25a	25b	150,000		
<b>26 If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a	Additional depreciation after 1975 (see instructions)	26a			
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
d	Additional depreciation after 1969 and before 1976	26d			
e	Enter the smaller of line 26c or 26d	26e			
f	Section 291 amount (corporations only)	26f			
g	Add lines 26b, 26e, and 26f.	26g			
<b>27 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).					
a	Soil, water, and land clearing expenses	27a			
b	Line 27a multiplied by applicable percentage (see instructions)	27b			
c	Enter the smaller of line 24 or 27b	27c			
<b>28 If section 1254 property:</b>					
a	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			
<b>29 If section 1255 property:</b>					
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a			
b	Enter the smaller of line 24 or 29a (see instructions)	29b			

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	2,700,000
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	150,000
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(see instructions)

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

# Installment Sale Income

OMB No. 1545-0228

**2012**  
Attachment  
Sequence No. **79**

▶ **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](http://www.irs.gov/form6252).**

Name(s) shown on return

Shoebill Unlimited

Identifying number

69-0000005

- 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 "No," complete Part III for the year of sale and the 2 years after the year of sale . . . . .  Yes  No

**Part I Gross Profit and Contract Price.** Complete this part for the year of sale only.

<b>5</b>	Selling price including mortgages and other debts. <b>Do not</b> include interest, whether stated or unstated	<b>5</b>	<b>3,150,000</b>
<b>6</b>	Mortgages, debts, and other liabilities the buyer assumed or took the property subject to (see instructions)	<b>6</b>	
<b>7</b>	Subtract line 6 from line 5	<b>7</b>	<b>3,150,000</b>
<b>8</b>	Cost or other basis of property sold	<b>8</b>	<b>600,000</b>
<b>9</b>	Depreciation allowed or allowable	<b>9</b>	<b>150,000</b>
<b>10</b>	Adjusted basis. Subtract line 9 from line 8	<b>10</b>	<b>450,000</b>
<b>11</b>	Commissions and other expenses of sale	<b>11</b>	
<b>12</b>	Income recapture from Form 4797, Part III (see instructions)	<b>12</b>	<b>150,000</b>
<b>13</b>	Add lines 10, 11, and 12	<b>13</b>	<b>600,000</b>
<b>14</b>	Subtract line 13 from line 5. If zero or less, <b>do not</b> complete the rest of this form (see instructions)	<b>14</b>	<b>2,550,000</b>
<b>15</b>	If the property described on line 1 above was your main home, enter the amount of your excluded gain (see instructions). Otherwise, enter -0-	<b>15</b>	
<b>16</b>	<b>Gross profit.</b> Subtract line 15 from line 14	<b>16</b>	<b>2,550,000</b>
<b>17</b>	Subtract line 13 from line 6. If zero or less, enter -0-	<b>17</b>	
<b>18</b>	<b>Contract price.</b> Add line 7 and line 17	<b>18</b>	<b>3,150,000</b>

**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.

<b>19</b>	Gross profit percentage (expressed as a decimal amount). Divide line 16 by line 18. For years after the year of sale, see instructions	<b>19</b>	<b>.80952</b>
<b>20</b>	If this is the year of sale, enter the amount from line 17. Otherwise, enter -0-	<b>20</b>	
<b>21</b>	Payments received during year (see instructions). <b>Do not</b> include interest, whether stated or unstated	<b>21</b>	
<b>22</b>	Add lines 20 and 21	<b>22</b>	
<b>23</b>	Payments received in prior years (see instructions). <b>Do not</b> include interest, whether stated or unstated	<b>23</b>	
<b>24</b>	<b>Installment sale income.</b> Multiply line 22 by line 19	<b>24</b>	
<b>25</b>	Enter the part of line 24 that is ordinary income under the recapture rules (see instructions)	<b>25</b>	
<b>26</b>	Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions).	<b>26</b>	

**Part III Related Party Installment Sale Income.** **Do not** complete if you received the final payment this tax year.

- 27** Name, address, and taxpayer identifying number of related party \_\_\_\_\_
- 28** Did the related party resell or dispose of the property ("second disposition") during this tax year? . . . . .  Yes  No
- 29** If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check the box that applies.
  - a**  The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (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 after the first disposition.
  - d**  The second disposition occurred after the death of the original seller or buyer.
  - e**  It can be established to the satisfaction of the 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)
- 31** Enter contract price from line 18 for year of first sale
- 32** Enter the **smaller** 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** Enter the part of line 35 that is ordinary income under the recapture rules (see instructions)
- 37** Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions).

# Installment Sale Income

OMB No. 1545-0228

**2012**  
Attachment  
Sequence No. **79**

▶ **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](http://www.irs.gov/form6252).**

Name(s) shown on return

**Shoebill Unlimited**

Identifying number

**69-000005**

- 1** Description of property ▶ **Pasteurizer**
- 2a** Date acquired (mm/dd/yyyy) ▶ **01/01/1984**      b Date sold (mm/dd/yyyy) ▶ **06/30/2004**
- 3** Was the property sold to a related party (see instructions) after May 14, 1980? If "No," skip line 4 . . . . .  Yes  No
- 4** Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and the 2 years after the year of sale . . . . .  Yes  No

**Part I Gross Profit and Contract Price.** Complete this part for the year of sale only.

<b>5</b>	Selling price including mortgages and other debts. <b>Do not</b> include interest, whether stated or unstated	<b>5</b>	
<b>6</b>	Mortgages, debts, and other liabilities the buyer assumed or took the property subject to (see instructions)	<b>6</b>	
<b>7</b>	Subtract line 6 from line 5	<b>7</b>	
<b>8</b>	Cost or other basis of property sold	<b>8</b>	
<b>9</b>	Depreciation allowed or allowable	<b>9</b>	
<b>10</b>	Adjusted basis. Subtract line 9 from line 8	<b>10</b>	
<b>11</b>	Commissions and other expenses of sale	<b>11</b>	
<b>12</b>	Income recapture from Form 4797, Part III (see instructions)	<b>12</b>	
<b>13</b>	Add lines 10, 11, and 12	<b>13</b>	
<b>14</b>	Subtract line 13 from line 5. If zero or less, <b>do not</b> complete the rest of this form (see instructions)	<b>14</b>	
<b>15</b>	If the property described on line 1 above was your main home, enter the amount of your excluded gain (see instructions). Otherwise, enter -0-	<b>15</b>	
<b>16</b>	<b>Gross profit.</b> Subtract line 15 from line 14	<b>16</b>	
<b>17</b>	Subtract line 13 from line 6. If zero or less, enter -0-	<b>17</b>	
<b>18</b>	<b>Contract price.</b> Add line 7 and line 17	<b>18</b>	

**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.

<b>19</b>	Gross profit percentage (expressed as a decimal amount). Divide line 16 by line 18. For years after the year of sale, see instructions	<b>19</b>	<b>.42018</b>
<b>20</b>	If this is the year of sale, enter the amount from line 17. Otherwise, enter -0-	<b>20</b>	
<b>21</b>	Payments received during year (see instructions). <b>Do not</b> include interest, whether stated or unstated	<b>21</b>	<b>566,365</b>
<b>22</b>	Add lines 20 and 21	<b>22</b>	<b>566,365</b>
<b>23</b>	Payments received in prior years (see instructions). <b>Do not</b> include interest, whether stated or unstated	<b>23</b>	<b>1,000,001</b>
<b>24</b>	<b>Installment sale income.</b> Multiply line 22 by line 19	<b>24</b>	<b>237,975</b>
<b>25</b>	Enter the part of line 24 that is ordinary income under the recapture rules (see instructions)	<b>25</b>	
<b>26</b>	Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions).	<b>26</b>	<b>237,975</b>

**Part III Related Party Installment Sale Income.** **Do not** complete if you received the final payment this tax year.

- 27** Name, address, and taxpayer identifying number of related party \_\_\_\_\_
- 28** Did the related party resell or dispose of the property ("second disposition") during this tax year? . . . . .  Yes  No
- 29** If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check the box that applies.
  - a**  The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (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 after the first disposition.
  - d**  The second disposition occurred after the death of the original seller or buyer.
  - e**  It can be established to the satisfaction of the 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)
- 31** Enter contract price from line 18 for year of first sale
- 32** Enter the **smaller** 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** Enter the part of line 35 that is ordinary income under the recapture rules (see instructions)
- 37** Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions).



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

OMB No. 1545-1186

▶ See instructions on back.

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

Name <b>Shoebill Unlimited</b>	Employer identification number <b>69-0000005</b>
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<b>1</b>	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, state, ZIP code	Type—Enter code 1-8; see page 2 for list	Fair Rental Days	Personal Use Days
<b>A</b>	1201 New File Ave Modern, UT 84101	Commercial	365	
<b>B</b>				
<b>C</b>				
<b>D</b>				

		Properties			
		A	B	C	D
<b>Rental Real Estate Income</b>					
<b>2</b>	Gross rents . . . . .	2	7,381,514		
<b>Rental Real Estate Expenses</b>					
<b>3</b>	Advertising . . . . .	3	4,230		
<b>4</b>	Auto and travel . . . . .	4	7,135		
<b>5</b>	Cleaning and maintenance . . . . .	5			
<b>6</b>	Commissions . . . . .	6	21,300		
<b>7</b>	Insurance . . . . .	7	155,940		
<b>8</b>	Legal and other professional fees . . . . .	8	38,342		
<b>9</b>	Interest . . . . .	9	406,581		
<b>10</b>	Repairs . . . . .	10	3,220		
<b>11</b>	Taxes . . . . .	11	5,704		
<b>12</b>	Utilities . . . . .	12	7,311		
<b>13</b>	Wages and salaries . . . . .	13	126,211		
<b>14</b>	Depreciation (see instructions) . . . . .	14	5,726,037		
<b>15</b>	Other (list) ▶ ----- ----- -----	15			
<b>16</b>	Total expenses for each property. Add lines 3 through 15 . . . . .	16	6,502,011		
<b>17</b>	Income or (Loss) from each property. Subtract line 16 from line 2 . . . . .	17	879,503		
<b>18a</b>	Total gross rents. Add gross rents from line 2, columns A through H . . . . .	18a	7,381,514		
<b>b</b>	Total expenses. Add total expenses from line 16, columns A through H . . . . .	18b	( 6,502,011 )		
<b>19</b>	Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities . . . . .	19	150,000		
<b>20a</b>	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>b</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  ----- -----  ----- -----				
<b>21</b>	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	21	1,029,503		

<b>1</b>	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.			
	Physical address of each property—street, city, state, ZIP code	Type—Enter code 1-8; see below for list	Fair Rental Days	Personal Use Days
<b>E</b>	.....	.....	.....	.....
<b>F</b>	.....	.....	.....	.....
<b>G</b>	.....	.....	.....	.....
<b>H</b>	.....	.....	.....	.....

		Properties							
		E		F		G		H	
<b>Rental Real Estate Income</b>									
<b>2</b> Gross rents . . . . .	<b>2</b>								
<b>Rental Real Estate Expenses</b>									
<b>3</b> Advertising . . . . .	<b>3</b>								
<b>4</b> Auto and travel . . . . .	<b>4</b>								
<b>5</b> Cleaning and maintenance . .	<b>5</b>								
<b>6</b> Commissions . . . . .	<b>6</b>								
<b>7</b> Insurance . . . . .	<b>7</b>								
<b>8</b> Legal and other professional fees	<b>8</b>								
<b>9</b> Interest . . . . .	<b>9</b>								
<b>10</b> Repairs . . . . .	<b>10</b>								
<b>11</b> Taxes . . . . .	<b>11</b>								
<b>12</b> Utilities . . . . .	<b>12</b>								
<b>13</b> Wages and salaries . . . . .	<b>13</b>								
<b>14</b> Depreciation (see instructions)	<b>14</b>								
<b>15</b> Other (list) ▶ .....	<b>15</b>								
.....									
.....									
<b>16</b> Total expenses for each property. Add lines 3 through 15 . . . .	<b>16</b>								
<b>17</b> Income or (Loss) from each property. Subtract line 16 from line 2	<b>17</b>								

**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)  
Department of the Treasury  
Internal Revenue Service

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

OMB No. 1545-0099

▶ **Attach to Form 1065. See separate instructions.**

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? . . . . .		✓
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)? . . . . .		✓
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 F (Form 1040)

Profit or Loss From Farming

OMB No. 1545-0074

2012

Attachment Sequence No. 14

Department of the Treasury Internal Revenue Service (99)

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.

Name of proprietor: Browns Cowns Social security number (SSN):

A Principal crop or activity: Dairy Cattle B Enter code from Part IV: 112120 C Accounting method: [X] Cash [ ] Accrual D Employer ID number (EIN): 690000025

E Did you "materially participate" in the operation of this business during 2012? [X] Yes [ ] No F Did you make any payments in 2012 that would require you to file Form(s) 1099? [ ] Yes [X] No G If "Yes," did you or will you file required Forms 1099? [ ] Yes [ ] No

Part I Farm Income - Cash Method. Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 9.)

Table with 9 rows for Farm Income. Line 1a: 135,960; Line 1b: 65,230; Line 1c: 70,730; Line 2: 2,630,180; Line 3a: 11,450; Line 3b: 11,450; Line 4a: 67,810; Line 4b: 67,810; Line 5a: 6,650; Line 5c: ; Line 6a: ; Line 6b: ; Line 6d: ; Line 7: 12,580; Line 8: 1,420; Line 9: 2,800,820.

Part II Farm Expenses - Cash and Accrual Method. Do not include personal or living expenses (see instructions).

Table with 32 rows for Farm Expenses. Line 10: ; Line 11: 49,640; Line 12: 67,810; Line 13: 80,550; Line 14: 338,370; Line 15: ; Line 16: 508,140; Line 17: 65,440; Line 18: 37,130; Line 19: 62,160; Line 20: 33,620; Line 21: ; Line 21a: 31,750; Line 21b: 77,380; Line 22: 263,680; Line 23: ; Line 24: ; Line 24a: 96,600; Line 24b: 135,040; Line 25: 58,750; Line 26: 11,680; Line 27: 74,330; Line 28: 32,010; Line 29: 55,040; Line 30: 85,080; Line 31: ; Line 32: ; Line 32a-f: ;

33 Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions. 33 2,164,250 34 Net farm profit or (loss). Subtract line 33 from line 9. 34 636,670

35 Did you receive an applicable subsidy in 2012? [ ] Yes [X] No 36 Check the box that describes your investment in this activity and see instructions for where to report your loss. a [ ] All investment is at risk. b [ ] Some investment is not at risk.

**Part III Farm Income—Accrual Method** (see instructions).

<b>37</b>	Sales of livestock, produce, grains, and other products (see instructions)			<b>37</b>	
<b>38a</b>	Cooperative distributions (Form(s) 1099-PATR)	<b>38a</b>		<b>38b</b>	Taxable amount
<b>39a</b>	Agricultural program payments	<b>39a</b>		<b>39b</b>	Taxable amount
<b>40</b>	Commodity Credit Corporation (CCC) loans:				
<b>a</b>	CCC loans reported under election			<b>40a</b>	
<b>b</b>	CCC loans forfeited	<b>40b</b>		<b>40c</b>	Taxable amount
<b>41</b>	Crop insurance proceeds			<b>41</b>	
<b>42</b>	Custom hire (machine work) income			<b>42</b>	
<b>43</b>	Other income (see instructions)			<b>43</b>	
<b>44</b>	Add amounts in the right column for lines 37 through 43 (lines 37, 38b, 39b, 40a, 40c, 41, 42, and 43)			<b>44</b>	
<b>45</b>	Inventory of livestock, produce, grains, and other products at beginning of the year. Do not include sales reported on Form 4797	<b>45</b>			
<b>46</b>	Cost of livestock, produce, grains, and other products purchased during the year	<b>46</b>			
<b>47</b>	Add lines 45 and 46	<b>47</b>			
<b>48</b>	Inventory of livestock, produce, grains, and other products at end of year	<b>48</b>			
<b>49</b>	Cost of livestock, produce, grains, and other products sold. Subtract line 48 from line 47* . . . . .			<b>49</b>	
<b>50</b>	<b>Gross income.</b> Subtract line 49 from line 44. Enter the result here and on Part I, line 9 . . . . .			<b>50</b>	

\*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 farming
- 111210 Vegetable and melon farming

- 111300 Fruit and tree nut farming
- 111400 Greenhouse, nursery, and floriculture production
- 111900 Other crop farming

**Animal Production**

- 112111 Beef cattle ranching and farming
- 112112 Cattle feedlots
- 112120 Dairy cattle and milk production
- 112210 Hog and pig farming
- 112300 Poultry and egg 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)**

Department of the Treasury  
Internal Revenue Service

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

▶ Attach to Form 1065 or Form 1065-B.

OMB No. 1545-0099

**2012**

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

Name of partnership

Shoebill Unlimited

Employer identification number

69-0000005

**This Schedule M-3 is being filed because (check all that apply):**

- A**  The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
- B**  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 71,419,054.
- 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 60,582,694.
- 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

**E**  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?
  - Yes.** 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.
- 2** Enter the income statement period: Beginning 01 / 01 / 2012 Ending 12 / 31 / 2012
- 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.)
  - No.**

<b>4a</b> Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	<b>4a</b>	<b>16,839,091</b>
<b>b</b> Indicate accounting standard used for line 4a (see instructions):		
<b>1</b> <input checked="" type="checkbox"/> GAAP <b>2</b> <input type="checkbox"/> IFRS <b>3</b> <input type="checkbox"/> 704(b)		
<b>4</b> <input type="checkbox"/> Tax-basis <b>5</b> <input type="checkbox"/> Other: (Specify) ▶ _____		
<b>5a</b> Net income from nonincludible foreign entities (attach statement) . . . . .	<b>5a</b>	( )
<b>b</b> Net loss from nonincludible foreign entities (attach statement and enter as a positive amount) . . . . .	<b>5b</b>	
<b>6a</b> Net income from nonincludible U.S. entities (attach statement) . . . . .	<b>6a</b>	( )
<b>b</b> Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount) . . . . .	<b>6b</b>	
<b>7a</b> Net income (loss) of other foreign disregarded entities (attach statement) . . . . .	<b>7a</b>	
<b>b</b> Net income (loss) of other U.S. disregarded entities (attach statement) . . . . .	<b>7b</b>	
<b>8</b> Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement) . . . . .	<b>8</b>	
<b>9</b> Adjustment to reconcile income statement period to tax year (attach statement) . . . . .	<b>9</b>	
<b>10</b> Other adjustments to reconcile to amount on line 11 (attach statement) . . . . .	<b>10</b>	
<b>11</b> <b>Net income (loss) per income statement of the partnership.</b> Combine lines 4a through 10 . . . . .	<b>11</b>	<b>16,839,091</b>

**Note.** Part I, line 11, must equal the amount on Part II, line 26, column (a).

**12** 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:

	Total Assets	Total Liabilities
<b>a</b> Included on Part I, line 4	<b>71,419,054</b>	<b>36,504,982</b>
<b>b</b> Removed on Part I, line 5		
<b>c</b> Removed on Part I, line 6		
<b>d</b> Included on Part I, line 7		

Name of partnership

Employer identification number

Shoebill Unlimited

69-0000005

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

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

**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 <b>Shoebill Unlimited</b>	Employer identification number <b>69-0000005</b>
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**Part III Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return—Expense/Deduction Items**

	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
<b>1</b> State and local current income tax expense . . . . .				
<b>2</b> State and local deferred income tax expense . . . . .				
<b>3</b> Foreign current income tax expense (other than foreign withholding taxes) . . . . .				
<b>4</b> Foreign deferred income tax expense . . . . .				
<b>5</b> Equity-based compensation . . . . .				
<b>6</b> Meals and entertainment . . . . .	1,846,744		(923,372)	923,372
<b>7</b> Fines and penalties . . . . .				
<b>8</b> Judgments, damages, awards, and similar costs . . . . .				
<b>9</b> Guaranteed payments . . . . .				
<b>10</b> Pension and profit-sharing . . . . .				
<b>11</b> Other post-retirement benefits . . . . .				
<b>12</b> Deferred compensation . . . . .				
<b>13</b> Charitable contribution of cash and tangible property . . . . .				
<b>14</b> Charitable contribution of intangible property . . . . .				
<b>15</b> Organizational expenses as per Regulations section 1.709-2(a) . . . . .				
<b>16</b> Syndication expenses as per Regulations section 1.709-2(b) . . . . .				
<b>17</b> Current year acquisition/reorganization investment banking fees . . . . .				
<b>18</b> Current year acquisition/reorganization legal and accounting fees . . . . .				
<b>19</b> Amortization/impairment of goodwill . . . . .				
<b>20</b> Amortization of acquisition, reorganization, and start-up costs . . . . .				
<b>21</b> Other amortization or impairment write-offs . . . . .				
<b>22</b> Section 198 environmental remediation costs . . . . .				
<b>23a</b> Depletion—Oil & Gas . . . . .				
<b>b</b> Depletion—Other than Oil & Gas . . . . .				
<b>24</b> Intangible drilling & development costs . . . . .				
<b>25</b> Depreciation . . . . .				
<b>26</b> Bad debt expense . . . . .				
<b>27</b> Interest expense (attach Form 8916-A) . . . . .				
<b>28</b> Purchase versus lease (for purchasers and/ or lessees) . . . . .				
<b>29</b> Research and development costs . . . . .				
<b>30</b> Other expense/deduction items with differences (attach statement) . . . . .				
<b>31 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 . . . . .	1,846,744		(923,372)	923,072



Final K-1  Amended K-1

**Schedule K-1  
 (Form 1065)**

**2012**

Department of the Treasury  
 Internal Revenue Service

For calendar year 2012, or tax  
 year beginning 01/01, 2012  
 ending 12/31, 20 12

**Partner's Share of Income, Deductions,  
 Credits, etc.**

▶ See back of form and separate instructions.

**Part I Information About the Partnership**

**A** Partnership's employer identification number  
 69-0000005

**B** Partnership's name, address, city, state, and ZIP code  
 Shoebill Unlimited  
 5551 Elliot Road  
 Salt Lake City, UT 84101

**C** IRS Center where partnership filed return  
 Ogden

**D**  Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

**E** Partner's identifying number  
 69-4000004

**F** Partner's name, address, city, state, and ZIP code  
 Redbird Trees  
 7272 West Truman Ave  
 Sacramento, CA 95813

**G**  General partner or LLC member-manager  Limited partner or other LLC member

**H**  Domestic partner  Foreign partner

**I1** What type of entity is this partner? (see instructions) Partnership

**I2** If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

**J** Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	25 %	25 %
Loss	25 %	25 %
Capital	25 %	25 %

**K** Partner's share of liabilities at year end:

Nonrecourse . . . . . \$ \_\_\_\_\_

Qualified nonrecourse financing . . . \$ \_\_\_\_\_

Recourse . . . . . \$ \_\_\_\_\_

**L** Partner's capital account analysis:

Beginning capital account . . . . .	\$	4,393,744
Capital contributed during the year . . . . .	\$	125,000
Current year increase (decrease) . . . . .	\$	4,209,773
Withdrawals & distributions . . . . .	\$	( )
Ending capital account . . . . .	\$	8,728,517

Tax basis  GAAP  Section 704(b) book

Other (explain)

**M** Did the partner contribute property with a built-in gain or loss?  
 Yes  No  
 If "Yes," attach statement (see instructions)

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

<b>1</b>	Ordinary business income (loss)	<b>15</b>	Credits
	3,043,345		
<b>2</b>	Net rental real estate income (loss)		
	257,376		
<b>3</b>	Other net rental income (loss)	<b>16</b>	Foreign transactions
<b>4</b>	Guaranteed payments		
<b>5</b>	Interest income		
	442,901		
<b>6a</b>	Ordinary dividends		
<b>6b</b>	Qualified dividends		
<b>7</b>	Royalties		
	637,500		
<b>8</b>	Net short-term capital gain (loss)		
<b>9a</b>	Net long-term capital gain (loss)	<b>17</b>	Alternative minimum tax (AMT) items
<b>9b</b>	Collectibles (28%) gain (loss)		A 200,000
<b>9c</b>	Unrecaptured section 1250 gain		
<b>10</b>	Net section 1231 gain (loss)	<b>18</b>	Tax-exempt income and nondeductible expenses
	59,495		
<b>11</b>	Other income (loss)		
<b>12</b>	Section 179 deduction		
<b>13</b>	Other deductions		
<b>14</b>	Self-employment earnings (loss)		
			A 442,901
<b>19</b>	Distributions		
<b>20</b>	Other information		

\*See attached statement for additional information.

For IRS Use Only

Final K-1  Amended K-1

**Schedule K-1  
 (Form 1065)**

**2012**

Department of the Treasury  
 Internal Revenue Service

For calendar year 2012, or tax  
 year beginning 01/01, 2012  
 ending 12/31, 20 12

**Partner's Share of Income, Deductions,  
 Credits, etc.**

▶ See back of form and separate instructions.

**Part I Information About the Partnership**

**A** Partnership's employer identification number  
 69-0000005

**B** Partnership's name, address, city, state, and ZIP code  
 Shoebill Unlimited  
 5551 Elliot Road  
 Salt Lake City, UT 84101

**C** IRS Center where partnership filed return  
 Ogden

**D**  Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

**E** Partner's identifying number  
 000-40-0002

**F** Partner's name, address, city, state, and ZIP code  
 Joshua Plum  
 2894 N 6352 South  
 Reno, NV 89510

**G**  General partner or LLC member-manager  Limited partner or other LLC member

**H**  Domestic partner  Foreign partner

**I1** What type of entity is this partner? (see instructions) Individual

**I2** If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

**J** Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	25 %	25 %
Loss	25 %	25 %
Capital	25 %	25 %

**K** Partner's share of liabilities at year end:

Nonrecourse . . . . . \$ \_\_\_\_\_

Qualified nonrecourse financing . . . \$ \_\_\_\_\_

Recourse . . . . . \$ \_\_\_\_\_

**L** Partner's capital account analysis:

Beginning capital account . . . . .	\$	4,393,744
Capital contributed during the year . . . . .	\$	125,000
Current year increase (decrease) . . . . .	\$	4,209,773
Withdrawals & distributions . . . . .	\$	( )
Ending capital account . . . . .	\$	8,728,517

Tax basis  GAAP  Section 704(b) book

Other (explain)

**M** Did the partner contribute property with a built-in gain or loss?  
 Yes  No  
 If "Yes," attach statement (see instructions)

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

<b>1</b>	Ordinary business income (loss) 3,043,345	<b>15</b>	Credits
<b>2</b>	Net rental real estate income (loss)		
<b>3</b>	Other net rental income (loss)	<b>16</b>	Foreign transactions
<b>4</b>	Guaranteed payments		
<b>5</b>	Interest income 442,901		
<b>6a</b>	Ordinary dividends		
<b>6b</b>	Qualified dividends		
<b>7</b>	Royalties 637,500		
<b>8</b>	Net short-term capital gain (loss)		
<b>9a</b>	Net long-term capital gain (loss)	<b>17</b>	Alternative minimum tax (AMT) items
<b>9b</b>	Collectibles (28%) gain (loss)		A 200,000
<b>9c</b>	Unrecaptured section 1250 gain		
<b>10</b>	Net section 1231 gain (loss) 59,495	<b>18</b>	Tax-exempt income and nondeductible expenses
<b>11</b>	Other income (loss)		
<b>12</b>	Section 179 deduction		
<b>13</b>	Other deductions		
<b>14</b>	Self-employment earnings (loss)		
		<b>19</b>	Distributions
		<b>20</b>	Other information
			A 442,901

\*See attached statement for additional information.

For IRS Use Only

Final K-1

Amended K-1

Schedule K-1 (Form 1065)

2012

Department of the Treasury Internal Revenue Service

For calendar year 2012, or tax year beginning 01/01, 2012 ending 12/31, 2012

Partner's Share of Income, Deductions, Credits, etc.

See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number 69-0000005
B Partnership's name, address, city, state, and ZIP code
Shoebill Unlimited
5551 Elliot Road
Salt Lake City, UT 84101
C IRS Center where partnership filed return
Ogden
D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number 000-40-0001
F Partner's name, address, city, state, and ZIP code
David Boxwood
348 Nixon Circle
Boise, ID 83708
G General partner or LLC member-manager
H Domestic partner
I1 What type of entity is this partner? Individual
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
J Partner's share of profit, loss, and capital (see instructions):
Beginning Ending
Profit 25 % 25 %
Loss 25 % 25 %
Capital 25 % 25 %
K Partner's share of liabilities at year end:
Nonrecourse \$
Qualified nonrecourse financing \$
Recourse \$
L Partner's capital account analysis:
Beginning capital account \$ 4,393,744
Capital contributed during the year \$ 125,000
Current year increase (decrease) \$ 4,209,773
Withdrawals & distributions \$ ( )
Ending capital account \$ 8,728,517
M Did the partner contribute property with a built-in gain or loss?
Yes No

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Table with 4 columns: Line number, Description, Amount, and Other information. Rows include Ordinary business income (loss) 3,043,345, Net rental real estate income (loss) 257,376, Other net rental income (loss) 16 Foreign transactions, Guaranteed payments, Interest income 442,901, Ordinary dividends, Qualified dividends, Royalties 637,500, Net short-term capital gain (loss), Net long-term capital gain (loss) 17 Alternative minimum tax (AMT) items, Collectibles (28%) gain (loss) A 200,000, Unrecaptured section 1250 gain, Net section 1231 gain (loss) 59,495, 18 Tax-exempt income and nondeductible expenses, Other income (loss), Section 179 deduction, Other deductions, 19 Distributions, 20 Other information, Self-employment earnings (loss) A3,300,721, B 700,205 C 3,300,721

\*See attached statement for additional information.

For IRS Use Only

Final K-1  Amended K-1

**Schedule K-1  
 (Form 1065)**

**2012**

Department of the Treasury  
 Internal Revenue Service

For calendar year 2012, or tax  
 year beginning 01/01, 2012  
 ending 12/31, 20 12

**Partner's Share of Income, Deductions,  
 Credits, etc.**

▶ See back of form and separate instructions.

**Part I Information About the Partnership**

**A** Partnership's employer identification number  
 69-0000005

**B** Partnership's name, address, city, state, and ZIP code  
 Shoebill Unlimited  
 5551 Elliot Road  
 Salt Lake City, UT 84101

**C** IRS Center where partnership filed return  
 Ogden

**D**  Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

**E** Partner's identifying number  
 000-40-0003

**F** Partner's name, address, city, state, and ZIP code  
 Tony Cypress  
 4810 South 19 West  
 San Francisco, CA 94104

**G**  General partner or LLC member-manager  Limited partner or other LLC member

**H**  Domestic partner  Foreign partner

**I1** What type of entity is this partner? (see instructions) Unindividual

**I2** If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

**J** Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	25 %	25 %
Loss	25 %	25 %
Capital	25 %	25 %

**K** Partner's share of liabilities at year end:

Nonrecourse . . . . . \$ \_\_\_\_\_

Qualified nonrecourse financing . . . \$ \_\_\_\_\_

Recourse . . . . . \$ \_\_\_\_\_

**L** Partner's capital account analysis:

Beginning capital account . . . . .	\$	4,393,744
Capital contributed during the year . . . . .	\$	125,000
Current year increase (decrease) . . . . .	\$	4,209,773
Withdrawals & distributions . . . . .	\$	( )
Ending capital account . . . . .	\$	8,728,517

Tax basis  GAAP  Section 704(b) book

Other (explain)

**M** Did the partner contribute property with a built-in gain or loss?  
 Yes  No  
 If "Yes," attach statement (see instructions)

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

<b>1</b>	Ordinary business income (loss)	<b>15</b>	Credits
	3,043,345		
<b>2</b>	Net rental real estate income (loss)		
	257,376		
<b>3</b>	Other net rental income (loss)	<b>16</b>	Foreign transactions
<b>4</b>	Guaranteed payments		
<b>5</b>	Interest income		
	442,901		
<b>6a</b>	Ordinary dividends		
<b>6b</b>	Qualified dividends		
<b>7</b>	Royalties		
	637,500		
<b>8</b>	Net short-term capital gain (loss)		
<b>9a</b>	Net long-term capital gain (loss)	<b>17</b>	Alternative minimum tax (AMT) items
<b>9b</b>	Collectibles (28%) gain (loss)		A 200,000
<b>9c</b>	Unrecaptured section 1250 gain		
<b>10</b>	Net section 1231 gain (loss)	<b>18</b>	Tax-exempt income and nondeductible expenses
	59,495		
<b>11</b>	Other income (loss)		
<b>12</b>	Section 179 deduction		
<b>13</b>	Other deductions		
<b>14</b>	Self-employment earnings (loss)		
			A 442,901
<b>19</b>	Distributions		
<b>20</b>	Other information		

\*See attached statement for additional information.

For IRS Use Only

**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: 555-555-5555**  
**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**

**IRS PAYMENT:**

**N/A**

**Details for attachments to Form**

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

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

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

<b>Type</b>	<b>Amount</b>
<b>Other Costs</b>	<b>\$576,000</b>

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

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

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

<b>Professional Fee</b>	<b>\$57,140</b>
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**Attachment 5, Form 1065-B, Page 5, Schedule M-1, Line 7 (Itemized Deductions Not Charged Against Books Statement)**

<b>Survey Cost</b>	<b>\$74,212</b>
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Form **1065-B**

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

OMB No. 1545-1626

Department of the Treasury  
Internal Revenue Service

Information about Form 1065-B and its separate instructions is at [www.irs.gov/form1065b](http://www.irs.gov/form1065b).

**2012**

For calendar year 2012, or tax year beginning , 2012, and ending , 20

<b>A</b> Principal business activity <b>Mining</b>	<b>TYPE or PRINT</b>	Name of partnership <b>ABC Oil and Gas LP</b>	<b>D</b> Employer identification number <b>69-0000006</b>
<b>B</b> Principal product or service <b>Oil &amp; Gas</b>		Number, street, and room or suite no. If a P.O. box, see instructions. <b>28 Oil Rig Rd</b>	<b>E</b> Date business started <b>11/08/1999</b>
<b>C</b> Business code no. (see instructions) <b>211110</b>		City or town, state, and ZIP code <b>Anytown, TX 79001</b>	<b>F</b> Total assets (see instructions) <b>\$ 5,617,088</b>

- G** Check applicable boxes: (1)  Final return (2)  Name change (3)  Address change (4)  Amended return
- H** Check accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) ▶
- I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ **100**
- J** Check if Schedule M-3 (Form 1065) is attached ▶

**Part I Taxable Income or Loss From Passive Loss Limitation Activities**

<b>Income</b>	<b>1a</b> Gross receipts or sales	<b>2,512,000</b>	<b>b</b> Less returns and allowances		<b>c</b> Bal ▶	<b>1c</b>	<b>2,512,000</b>
	<b>2</b> Cost of goods sold (attach Form 1125-A)					<b>2</b>	<b>576,000</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c					<b>3</b>	<b>1,936,000</b>
	<b>4</b> Net rental real estate income (loss) (attach Form 8825)					<b>4</b>	
	<b>5</b> Net income (loss) from other rental activities (attach statement)					<b>5</b>	
	<b>6</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)					<b>6</b>	
	<b>7</b> Net farm profit (loss) (attach Schedule F (Form 1040))					<b>7</b>	
	<b>8</b> Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 19)					<b>8</b>	
	<b>9</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)					<b>9</b>	
	<b>10</b> Other income (loss) (see instructions) (attach statement)					<b>10</b>	
	<b>11 Total income (loss).</b> Combine lines 3 through 10					<b>11</b>	<b>1,936,000</b>
<b>Deductions</b>	<b>12</b> Salaries and wages (other than to partners) (less employment credits)					<b>12</b>	
	<b>13</b> Guaranteed payments to partners					<b>13</b>	
	<b>14</b> Repairs and maintenance					<b>14</b>	
	<b>15</b> Bad debts					<b>15</b>	
	<b>16</b> Rent					<b>16</b>	
	<b>17</b> Taxes and licenses					<b>17</b>	
	<b>18</b> Interest					<b>18</b>	
	<b>19a</b> Depreciation and section 179 expense deduction (see instructions)	<b>19a</b>				<b>19c</b>	
	<b>b</b> Less: depreciation reported on Form 1125-A and elsewhere on return	<b>19b</b>					
	<b>20</b> Depletion					<b>20</b>	<b>148,180</b>
	<b>21</b> Retirement plans, etc.					<b>21</b>	
<b>22</b> Employee benefit programs					<b>22</b>		
<b>23</b> Other deductions (attach statement)					<b>23</b>	<b>226,740</b>	
<b>24 Total deductions.</b> Add the amounts shown in the far right column for lines 12 through 23					<b>24</b>	<b>599,085</b>	
<b>25 Taxable income (loss) from passive loss limitation activities.</b> Subtract line 24 from line 11					<b>25</b>	<b>1,336,915</b>	
<b>Tax and Payments</b>	<b>26</b> Tax (see instructions). Check if from: <b>a</b> <input type="checkbox"/> Form 4255 <b>b</b> <input type="checkbox"/> Form 8611					<b>26</b>	
	<b>27</b> Other payments. Check if from: <b>a</b> <input type="checkbox"/> Form 2439 <b>b</b> <input type="checkbox"/> Form 4136					<b>27</b>	
	<b>28</b> Amount owed. Enter the excess of line 26 over line 27					<b>28</b>	
	<b>29</b> Overpayment. Enter the excess of line 27 over line 26					<b>29</b>	

**Sign Here** 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 manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager \_\_\_\_\_ Date \_\_\_\_\_

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN <b>P00000006</b>
	Firm's name ▶ <b>Electronic Tax Filers INC</b>			Firm's EIN ▶ <b>69-0000098</b>	
	Firm's address ▶ <b>1065 e-file Dr. Anytown, TX 79001</b>			Phone no. <b>(555) 631-5555</b>	

**Part II Taxable Income or Loss From Other Activities**

<b>1</b>	Interest . . . . .		<b>1</b>	550
<b>2a</b>	Total ordinary dividends . . . . .	<b>2a</b>		
<b>b</b>	Qualified dividends . . . . .	<b>2b</b>		
<b>c</b>	Nonqualified dividends (subtract line 2b from 2a) . . . . .		<b>2c</b>	
<b>3</b>	Gross royalties . . . . .		<b>3</b>	
<b>4</b>	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 22) . . . . .		<b>4</b>	
<b>5</b>	Other income (loss) (see instructions) (attach statement) . . . . .		<b>5</b>	
<b>6</b>	<b>Total income (loss).</b> Add lines 1, 2c, 3, 4, and 5 . . . . .		<b>6</b>	550
<b>7</b>	Interest expense on investment debts (attach Form 4952) . . . . .		<b>7</b>	
<b>8</b>	State and local income taxes (see instructions) . . . . .		<b>8</b>	
<b>9</b>	Charitable contributions (see instructions for limitations and required attachment) . . . . .		<b>9</b>	
<b>10a</b>	Total miscellaneous itemized deductions . . . . .	<b>10a</b>		
<b>b</b>	Deductible amount. Multiply line 10a by 30% . . . . .		<b>10b</b>	
<b>11</b>	Other deductions (attach statement) . . . . .		<b>11</b>	
<b>12</b>	<b>Total deductions.</b> Add lines 7, 8, 9, 10b, and 11 . . . . .		<b>12</b>	
<b>13</b>	<b>Taxable income (loss) from other activities.</b> Subtract line 12 from line 6 . . . . .		<b>13</b>	550

**Schedule B Other Information** (see instructions)

	Yes	No
<b>1</b> What type of entity is filing this return? Check the applicable box:		
<b>a</b> <input type="checkbox"/> Domestic general partnership		
<b>b</b> <input checked="" type="checkbox"/> Domestic limited partnership		
<b>c</b> <input type="checkbox"/> Domestic limited liability company		
<b>d</b> <input type="checkbox"/> Domestic limited liability partnership		
<b>e</b> <input type="checkbox"/> Foreign partnership		
<b>f</b> <input type="checkbox"/> Other ▶		
<b>2</b> Are any partners in this partnership also partnerships? . . . . .		✓
<b>3</b> 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 . . . . .		✓
<b>4</b> Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805, and 8813. (See instructions.) . . . . .		✓
<b>5</b> Is this partnership a publicly traded partnership as defined in section 469(k)(2)? . . . . .		✓
<b>6</b> Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction? . . . . .		✓
<b>7</b> 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. ▶		✓
<b>8</b> 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 . . . . .		✓
<b>9</b> Enter the number of <b>Forms 8865</b> , Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
		0



**Schedule D Capital Gains and Losses** (Use Form 8949 to list your transactions for lines 1, 2, 3, 8, 9, and 10.)**Part I—Short-Term Capital Gains and Losses—Assets Held One Year or Less**

Complete Form 8949 before completing line 1, 2, or 3.  
This form may be easier to complete 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)
<b>1</b> Short-term totals from all Forms 8949 with <b>box A</b> checked in <b>Part I</b> . . . . .				
<b>2</b> Short-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part I</b> . . . . .				
<b>3</b> Short-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part I</b> . . . . .				
<b>4</b> Short-term capital gain from installment sales from Form 6252, line 26 or 37 . . . . .			<b>4</b>	
<b>5</b> Short-term capital gain or (loss) from like-kind exchanges from Form 8824 . . . . .			<b>5</b>	
<b>6</b> Reserved for future use . . . . .			<b>6</b>	
<b>7</b> <b>Net short-term capital gain or (loss).</b> Combine lines 1 through 5 in column (h) . . . . .			<b>7</b>	

**Part II—Long-Term Capital Gains and Losses—Assets Held More Than One Year**

Complete Form 8949 before completing line 8, 9, or 10.  
This form may be easier to complete 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)
<b>8</b> Long-term totals from all Forms 8949 with <b>box A</b> checked in <b>Part II</b> . . . . .				
<b>9</b> Long-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part II</b> . . . . .				
<b>10</b> Long-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part II</b> . . . . .				
<b>11</b> Enter gain from Form 4797, Part I . . . . .			<b>11</b>	2,500
<b>12</b> Long-term capital gain from installment sales from Form 6252, line 26 or 37 . . . . .			<b>12</b>	
<b>13</b> Long-term capital gain or (loss) from like-kind exchanges from Form 8824 . . . . .			<b>13</b>	
<b>14</b> <b>Net long-term capital gain or (loss).</b> Combine lines 8 through 13 in column (h) . . . . .			<b>14</b>	2,500

**Part III—Summary of Parts I and II**

<b>15</b> Combine lines 7 and 14 and enter the net gain (loss) . . . . .	<b>15</b>	2,500
<b>16</b> Enter excess of net short-term capital gain (line 7) over net long-term capital loss (line 14) . . . . .	<b>16</b>	
<b>17</b> <b>Net capital gain or (loss).</b> Subtract line 16 from line 15 . . . . .	<b>17</b>	2,500

**Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities**

<b>18</b> Redetermine the amount on line 16 by taking into account only gains and losses from passive loss limitation activities . . . . .	<b>18</b>	
<b>19</b> <b>Excess of net short-term capital gain over net long-term capital loss.</b> Enter the <b>smaller</b> of the amount on line 16 or line 18. Enter here and on page 1, Part I, line 8 . . . . .	<b>19</b>	
<b>20</b> Redetermine the amount on line 17 by taking into account only gains and losses from passive loss limitation activities . . . . .	<b>20</b>	
<b>21</b> <b>Net capital gain or (loss) from passive loss limitation activities.</b> If lines 17 and 20 are both 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 . . . . .	<b>21</b>	
<b>Note.</b> When figuring whether line 17 or line 20 is <b>smaller</b> , treat both numbers as positive.		

**Part V—Net Capital Gain (Loss) From Other Activities**

<b>22</b> <b>Excess of net short-term capital gain over net long-term capital loss.</b> Subtract line 19 from line 16. Enter here and on page 2, Part II, line 4 . . . . .	<b>22</b>	
<b>23</b> <b>Net capital gain or (loss) from other activities.</b> Subtract line 21 from line 17. Enter here and on Schedule K, line 4b . . . . .	<b>23</b>	2,500

**Schedule K Partners' Shares of Income, Credits, Deductions, etc.**

(a) Distributive share items				(b) Total amount	
<b>1a</b>	Taxable income (loss) from passive loss limitation activities (Part I, line 25)			<b>1a</b>	1,336,915
<b>b</b>	Amount on line 1a allocated to general partners as:				
	<b>(1)</b>	Taxable income (loss) from trade or business activities	668,458		
	<b>(2)</b>	Taxable income (loss) from rental real estate activities			
	<b>(3)</b>	Taxable income (loss) from other rental activities			
<b>c</b>	Total amount on line 1a allocated to general partners. Combine lines 1b(1) through 1b(3)			<b>1c</b>	
<b>d</b>	Taxable income (loss) from passive loss limitation activities allocated to limited partners. Subtract line 1c from line 1a (report on Schedules K-1, box 1)			<b>1d</b>	668,457
<b>2</b>	Taxable income (loss) from other activities (Part II, line 13)			<b>2</b>	550
<b>3</b>	Qualified dividends from other activities (Part II, line 2b)			<b>3</b>	
<b>4a</b>	Net capital gain (loss) from passive loss limitation activities (Schedule D, line 21)			<b>4a</b>	
<b>b</b>	Net capital gain (loss) from other activities (Schedule D, line 23)			<b>4b</b>	2,500
<b>5</b>	Net passive alternative minimum tax adjustment			<b>5</b>	
<b>6</b>	Net other alternative minimum tax adjustment			<b>6</b>	
<b>7</b>	Guaranteed payments			<b>7</b>	
<b>8</b>	Income from discharge of indebtedness			<b>8</b>	
<b>9</b>	Tax-exempt interest income			<b>9</b>	
<b>10</b>	General credits (see instructions)			<b>10</b>	
<b>11</b>	Low-income housing credit (see instructions)			<b>11</b>	
<b>12</b>	Rehabilitation credit from rental real estate activities (attach Form 3468)			<b>12</b>	
<b>13a</b>	Net earnings (loss) from self-employment			<b>13a</b>	668,458
<b>b</b>	Gross nonfarm income			<b>13b</b>	668,458
<b>14a</b>	Name of foreign country or U.S. possession ▶				
<b>b</b>	Gross income from all sources			<b>14b</b>	
<b>c</b>	Gross income sourced at partner level (attach statement)			<b>14c</b>	
<b>d</b>	Foreign gross income sourced at partnership level:				
	<b>(1)</b>	Passive category		<b>14d(1)</b>	
	<b>(2)</b>	General category		<b>14d(2)</b>	
	<b>(3)</b>	Other (attach statement)		<b>14d(3)</b>	
<b>e</b>	Deductions allocated and apportioned at partner level:				
	<b>(1)</b>	Interest expense		<b>14e(1)</b>	
	<b>(2)</b>	Other		<b>14e(2)</b>	
<b>f</b>	Deductions allocated and apportioned at partnership level to foreign source income:				
	<b>(1)</b>	Passive category		<b>14f(1)</b>	
	<b>(2)</b>	General category		<b>14f(2)</b>	
	<b>(3)</b>	Other (attach statement)		<b>14f(3)</b>	
<b>g</b>	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>			<b>14g</b>	
<b>h</b>	Reduction in taxes available for credit (attach statement)			<b>14h</b>	
<b>15</b>	Other items and amounts required to be reported separately to partners (attach statement)				

**Analysis of Net Income (Loss)**

<b>1</b>	Net income (loss). In column (b), add lines 1c through 4b, 7, and 8. From the result, subtract line 14g						<b>1</b>	1,339,965
<b>2</b>	Analysis by partner type:							
	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other		
<b>a</b>	General partners							
		669,982						
<b>b</b>	Limited partners							
			669,983					

**Schedule L Balance Sheets per Books**

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
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 partners) . . . . .				
b Mortgage and real estate loans . . . . .				
8 Other investments (attach statement) . . . . .				
9a Buildings and other depreciable assets . . . . .				
b Less accumulated depreciation . . . . .				
10a Depletable assets . . . . .	3,140,260		3,140,260	
b Less accumulated depletion . . . . .	375,140	2,765,120	523,320	2,616,940
11 Land (net of any amortization) . . . . .		10,000		
12a Intangible assets (amortizable only) . . . . .				
b Less accumulated amortization . . . . .				
13 Other assets (attach statement) . . . . .				
14 <b>Total assets</b> . . . . .		5,200,850		5,617,088
<b>Liabilities and Capital</b>				
15 Accounts payable . . . . .		470,588		205,366
16 Mortgages, notes, bonds payable in less than 1 year . . . . .				
17 Other current liabilities (attach statement) . . . . .				
18 All nonrecourse loans . . . . .		2,254,137		1,205,380
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 Partners' capital accounts . . . . .		2,476,125		4,206,342
22 <b>Total liabilities and capital</b> . . . . .		5,200,850		5,617,088

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**

**Note.** Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1 Net income (loss) per books . . . . .	1,357,037	6 Income recorded on books this year not included on Schedule K, lines 1c through 4b, and 8 (itemize):	
2 Income included on Schedule K, lines 1c through 4b, and 8, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments . . . . .			
4 Expenses recorded on books this year not included on Schedule K, lines 1c through 4b, and 14g (itemize):		7 Deductions included on Schedule K, lines 1c through 4b, and 14g, not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation \$	
b Travel and entertainment \$			
Professional fees			74,212
	57,140	8 Add lines 6 and 7 . . . . .	74,212
5 Add lines 1 through 4 . . . . .	1,414,177	9 Income (loss). (Analysis of Net Income (Loss), line 1.) Subtract line 8 from line 5	1,339,965

**Schedule M-2 Analysis of Partners' Capital Accounts**

1 Balance at beginning of year . . . . .	2,476,125	6 Distributions:   a Cash . . . . .	
2 Capital contributed:   a Cash . . . . .	373,180	b Property . . . . .	
b Property . . . . .		7 Other decreases (itemize):	
3 Net income (loss) per books . . . . .	1,357,037		
4 Other increases (itemize):		8 Add lines 6 and 7 . . . . .	0
		9 Balance at end of year. Subtract line 8 from line 5 . . . . .	4,206,342
5 Add lines 1 through 4 . . . . .	4,206,342		

(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 [www.irs.gov/form1125a](http://www.irs.gov/form1125a).**

Name <b>ABC Oil and GAS LP</b>		Employer identification number <b>69-0000006</b>	
<b>1</b>	Inventory at beginning of year . . . . .	<b>1</b>	
<b>2</b>	Purchases . . . . .	<b>2</b>	
<b>3</b>	Cost of labor . . . . .	<b>3</b>	
<b>4</b>	Additional section 263A costs (attach schedule) . . . . .	<b>4</b>	
<b>5</b>	Other costs (attach schedule) . . . . .	<b>5</b>	<b>576,000</b>
<b>6</b>	<b>Total.</b> Add lines 1 through 5 . . . . .	<b>6</b>	<b>576,000</b>
<b>7</b>	Inventory at end of year . . . . .	<b>7</b>	
<b>8</b>	<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) . . . . .	<b>8</b>	<b>576,000</b>
<b>9a</b>	Check all methods used for valuing closing inventory: (i) <input type="checkbox"/> Cost (ii) <input type="checkbox"/> Lower of cost or market (iii) <input type="checkbox"/> Other (Specify method used and attach explanation.) ▶		
<b>b</b>	Check if there was a writedown of subnormal goods . . . . .		<input type="checkbox"/>
<b>c</b>	Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) . . . . .		<input type="checkbox"/>
<b>d</b>	If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO . . . . .	<b>9d</b>	
<b>e</b>	If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)? . . . . .	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>f</b>	Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation . . . . .	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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.

**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](http://www.irs.gov/form4797).**

Name(s) shown on return <b>ABC Oil and GAS LP</b>	Identifying number <b>69-0000006</b>
--	---

<b>1</b> 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)	<b>1</b>
---	----------

**Part I 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)

<b>2</b>	<b>(a)</b> Description of property	<b>(b)</b> Date acquired (mo., day, yr.)	<b>(c)</b> Date sold (mo., day, yr.)	<b>(d)</b> Gross sales price	<b>(e)</b> Depreciation allowed or allowable since acquisition	<b>(f)</b> Cost or other basis, plus improvements and expense of sale	<b>(g)</b> Gain or (loss) Subtract (f) from the sum of (d) and (e)
	<b>Land</b>	<b>07/01/2000</b>	<b>06/30/2009</b>	<b>12,500</b>		<b>10,000</b>	<b>2,500</b>

<b>3</b> Gain, if any, from Form 4684, line 39	<b>3</b>
<b>4</b> Section 1231 gain from installment sales from Form 6252, line 26 or 37	<b>4</b>
<b>5</b> Section 1231 gain or (loss) from like-kind exchanges from Form 8824	<b>5</b>
<b>6</b> Gain, if any, from line 32, from other than casualty or theft	<b>6</b>
<b>7</b> Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:	<b>7</b> <b>2,500</b>

**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.

<b>8</b> Nonrecaptured net section 1231 losses from prior years (see instructions)	<b>8</b>
<b>9</b> 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)	<b>9</b>

**Part II Ordinary Gains and Losses** (see instructions)

**10** Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):


<b>11</b> Loss, if any, from line 7	<b>11</b> ( )
<b>12</b> Gain, if any, from line 7 or amount from line 8, if applicable	<b>12</b>
<b>13</b> Gain, if any, from line 31	<b>13</b>
<b>14</b> Net gain or (loss) from Form 4684, lines 31 and 38a	<b>14</b>
<b>15</b> Ordinary gain from installment sales from Form 6252, line 25 or 36	<b>15</b>
<b>16</b> Ordinary gain or (loss) from like-kind exchanges from Form 8824	<b>16</b>
<b>17</b> Combine lines 10 through 16	<b>17</b>

**18** 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
- 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

<b>18a</b>	
<b>18b</b>	

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

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

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

<b>30</b> Total gains for all properties. Add property columns A through D, line 24 . . . . .	<b>30</b>
<b>31</b> Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 . . . . .	<b>31</b>
<b>32</b> Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 . . . . .	<b>32</b>

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(see instructions)

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

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. <b>ABC Oil and GAS LP</b> <b>28 Oil Rig RD</b> <b>Anytown, TX 79001</b>		<b>1</b> Taxable income (loss) from passive activities <b>13,370</b>	OMB No. 1545-1626 <b>2012</b> Schedule K-1 (Form 1065-B)
		<b>2</b> Taxable income (loss) from other activities <b>6</b>	
PARTNERSHIP'S Employer I.D. number <b>69-0000006</b>	PARTNER'S identifying number <b>000-50-0001</b>	<b>3</b> Qualified dividends	
PARTNER'S name <b>Jonathan Walker</b>		<b>4a</b> Net capital gain (loss) from passive activities	<b>4b</b> Net capital gain (loss) from other activities <b>25</b>
Street address (including apt. no.) <b>1657 E Forks Rd</b>		<b>5</b> Net passive AMT adjustment	<b>6</b> Net other AMT adjustment
		<b>7</b> General credits	<b>8</b> Low-income housing credit
City, state, and ZIP code <b>Bay Shore, NY 11706</b>		<b>9</b> Other <b>J1 13,370</b> <b>J2 13,370</b>	
Partner's share of liabilities:			
<b>a</b> Nonrecourse . . . . . \$ <b>12,554</b>			
<b>b</b> Qualified nonrecourse financing . . . . . \$ _____			
<b>c</b> Other . . . . . \$ _____			

**Partner's Share of Income (Loss) From an Electing Large Partnership**

**Copy A**

**For Internal Revenue Service Center**

File with Form 1065-B.

For Paperwork Reduction Act Notice and instructions for completing this form, see the **2012 Instructions for Form 1065-B**, U.S. Return of Income for Electing Large Partnerships.

**Schedule K-1 (Form 1065-B)**

Cat. No. 25437H

IRS.gov/form1065b

Department of the Treasury - Internal Revenue Service

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CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. <b>ABC Oil and GAS LP</b> <b>28 Oil Rig RD</b> <b>Anytown, TX 79001</b>		<b>1</b> Taxable income (loss) from passive activities  <b>13,370</b>	OMB No. 1545-1626  <b>2012</b>  Schedule K-1 (Form 1065-B)
		<b>2</b> Taxable income (loss) from other activities  <b>6</b>	
PARTNERSHIP'S Employer I.D. number <b>69-0000006</b>	PARTNER'S identifying number <b>000-50-0002</b>	<b>3</b> Qualified dividends	
PARTNER'S name <b>Julius Caesar Walker</b>		<b>4a</b> Net capital gain (loss) from passive activities	<b>4b</b> Net capital gain (loss) from other activities  <b>25</b>
Street address (including apt. no.) <b>1675 E Forks Rd</b>		<b>5</b> Net passive AMT adjustment	<b>6</b> Net other AMT adjustment
		<b>7</b> General credits	<b>8</b> Low-income housing credit
City, state, and ZIP code <b>Bay Shore, NY 11706</b>		<b>9</b> Other	
Partner's share of liabilities:			
<b>a</b> Nonrecourse . . . . . \$ <b>12,054</b>			
<b>b</b> Qualified nonrecourse financing . . . . . \$ _____			
<b>c</b> Other . . . . . \$ _____			

**Partner's Share of Income (Loss) From an Electing Large Partnership**

**Copy A**

**For Internal Revenue Service Center**

File with Form 1065-B.

For Paperwork Reduction Act Notice and instructions for completing this form, see the **2012 Instructions for Form 1065-B**, U.S. Return of Income for Electing Large Partnerships.

**Schedule K-1 (Form 1065-B)**

Cat. No. 25437H

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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

**IRS PAYMENT:**

**N/A**

**Details for attachments to Form**

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

<b>Type</b>	<b>Amount</b>
<b>Professional Fees</b>	<b>\$528,000</b>
<b>Permits</b>	<b>\$125,000</b>
<b>Insurance</b>	<b>\$325,000</b>
<b>Others</b>	<b>\$544,700</b>

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

<b>Code Number</b>	<b>Type</b>	<b>Code Name</b>	<b>Amount</b>
<b>A1</b>		<b>General Partners</b>	<b>\$3,477,193</b>
<b>B1</b>		<b>N/A</b>	<b>\$242,500</b>

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

<b>Explanation of Qualified Nonrecourse Financing</b>
---

Form **1065-B**

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

OMB No. 1545-1626

Department of the Treasury  
Internal Revenue Service

Information about Form 1065-B and its separate instructions is at [www.irs.gov/form1065b](http://www.irs.gov/form1065b).

**2012**

For calendar year 2012, or tax year beginning , 2012, and ending , 20

<b>A</b> Principal business activity <b>Cement Manufacturing</b>	<b>TYPE or PRINT</b>	Name of partnership <b>ABC Cement Manufacturing</b>	<b>D</b> Employer identification number <b>69-0000007</b>
<b>B</b> Principal product or service <b>Cement</b>		Number, street, and room or suite no. If a P.O. box, see instructions. <b>100 Concrete Ln</b>	<b>E</b> Date business started <b>01/19/1998</b>
<b>C</b> Business code no. (see instructions) <b>327300</b>		City or town, state, and ZIP code <b>Anytown, TX 55001</b>	<b>F</b> Total assets (see instructions) <b>\$ 17,565,232</b>

- G** Check applicable boxes: (1)  Final return (2)  Name change (3)  Address change (4)  Amended return
- H** Check accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) ▶
- I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ **100**
- J** Check if Schedule M-3 (Form 1065) is attached ▶

**Part I Taxable Income or Loss From Passive Loss Limitation Activities**

<b>Income</b>	<b>1a</b> Gross receipts or sales	<b>41,175,200</b>	<b>b</b> Less returns and allowances		<b>c</b> Bal ▶	<b>1c</b>	<b>41,175,200</b>
	<b>2</b> Cost of goods sold (attach Form 1125-A)					<b>2</b>	<b>26,654,578</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c					<b>3</b>	<b>14,220,622</b>
	<b>4</b> Net rental real estate income (loss) (attach Form 8825)					<b>4</b>	<b>485,000</b>
	<b>5</b> Net income (loss) from other rental activities (attach statement)					<b>5</b>	
	<b>6</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)					<b>6</b>	
	<b>7</b> Net farm profit (loss) (attach Schedule F (Form 1040))					<b>7</b>	
	<b>8</b> Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 19)					<b>8</b>	
	<b>9</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)					<b>9</b>	
	<b>10</b> Other income (loss) (see instructions) (attach statement)					<b>10</b>	
	<b>11 Total income (loss).</b> Combine lines 3 through 10					<b>11</b>	<b>14,705,622</b>
<b>Deductions</b>	<b>12</b> Salaries and wages (other than to partners) (less employment credits)					<b>12</b>	<b>1,937,201</b>
	<b>13</b> Guaranteed payments to partners					<b>13</b>	
	<b>14</b> Repairs and maintenance					<b>14</b>	<b>1,036,752</b>
	<b>15</b> Bad debts					<b>15</b>	
	<b>16</b> Rent					<b>16</b>	
	<b>17</b> Taxes and licenses					<b>17</b>	<b>1,414,186</b>
	<b>18</b> Interest					<b>18</b>	
	<b>19a</b> Depreciation and section 179 expense deduction (see instructions)	<b>19a</b>	<b>447,655</b>				
	<b>b</b> Less: depreciation reported on Form 1125-A and elsewhere on return	<b>19b</b>	<b>26,438</b>			<b>19c</b>	<b>421,217</b>
	<b>20</b> Depletion					<b>20</b>	
	<b>21</b> Retirement plans, etc.					<b>21</b>	<b>148,180</b>
	<b>22</b> Employee benefit programs					<b>22</b>	<b>786,000</b>
	<b>23</b> Other deductions (attach statement)					<b>23</b>	<b>1,522,700</b>
	<b>24 Total deductions.</b> Add the amounts shown in the far right column for lines 12 through 23					<b>24</b>	<b>7,266,236</b>
<b>25 Taxable income (loss) from passive loss limitation activities.</b> Subtract line 24 from line 11					<b>25</b>	<b>7,439,386</b>	
<b>Tax and Payments</b>	<b>26</b> Tax (see instructions). Check if from: <b>a</b> <input type="checkbox"/> Form 4255 <b>b</b> <input type="checkbox"/> Form 8611					<b>26</b>	
	<b>27</b> Other payments. Check if from: <b>a</b> <input type="checkbox"/> Form 2439 <b>b</b> <input type="checkbox"/> Form 4136					<b>27</b>	
	<b>28</b> Amount owed. Enter the excess of line 26 over line 27					<b>28</b>	
	<b>29</b> Overpayment. Enter the excess of line 27 over line 26					<b>29</b>	

**Sign Here**

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 manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager

Date

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN <b>P00000007</b>
Firm's name ▶ <b>Electronic Tax Filers INC</b>			Firm's EIN ▶	<b>69-0000098</b>
Firm's address ▶ <b>1065 e-file Dr. Anytown, TX 79001</b>			Phone no.	<b>(555) 631-5555</b>

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 26265H

Form **1065-B** (2012)

**Part II Taxable Income or Loss From Other Activities**

<b>1</b>	Interest . . . . .		<b>1</b>	37,412
<b>2a</b>	Total ordinary dividends . . . . .	<b>2a</b>		
<b>b</b>	Qualified dividends . . . . .	<b>2b</b>		
<b>c</b>	Nonqualified dividends (subtract line 2b from 2a) . . . . .		<b>2c</b>	
<b>3</b>	Gross royalties . . . . .		<b>3</b>	
<b>4</b>	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 22) . . . . .		<b>4</b>	
<b>5</b>	Other income (loss) (see instructions) (attach statement) . . . . .		<b>5</b>	
<b>6</b>	<b>Total income (loss).</b> Add lines 1, 2c, 3, 4, and 5 . . . . .		<b>6</b>	37,412
<b>7</b>	Interest expense on investment debts (attach Form 4952) . . . . .		<b>7</b>	
<b>8</b>	State and local income taxes (see instructions) . . . . .		<b>8</b>	
<b>9</b>	Charitable contributions (see instructions for limitations and required attachment) . . . . .		<b>9</b>	
<b>10a</b>	Total miscellaneous itemized deductions . . . . .	<b>10a</b>		
<b>b</b>	Deductible amount. Multiply line 10a by 30% . . . . .		<b>10b</b>	
<b>11</b>	Other deductions (attach statement) . . . . .		<b>11</b>	
<b>12</b>	<b>Total deductions.</b> Add lines 7, 8, 9, 10b, and 11 . . . . .		<b>12</b>	
<b>13</b>	<b>Taxable income (loss) from other activities.</b> Subtract line 12 from line 6 . . . . .		<b>13</b>	37,412

**Schedule B Other Information** (see instructions)

	Yes	No
<b>1</b> What type of entity is filing this return? Check the applicable box:		
<b>a</b> <input type="checkbox"/> Domestic general partnership		
<b>b</b> <input type="checkbox"/> Domestic limited partnership		
<b>c</b> <input checked="" type="checkbox"/> Domestic limited liability company		
<b>d</b> <input type="checkbox"/> Domestic limited liability partnership		
<b>e</b> <input type="checkbox"/> Foreign partnership		
<b>f</b> <input type="checkbox"/> Other ▶		
<b>2</b> Are any partners in this partnership also partnerships? . . . . .		✓
<b>3</b> 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 . . . . .		✓
<b>4</b> Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805, and 8813. (See instructions.) . . . . .		✓
<b>5</b> Is this partnership a publicly traded partnership as defined in section 469(k)(2)? . . . . .		✓
<b>6</b> Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction? . . . . .		✓
<b>7</b> 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. ▶		✓
<b>8</b> 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 . . . . .		✓
<b>9</b> Enter the number of <b>Forms 8865</b> , Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
		0

**Schedule D Capital Gains and Losses** (Use Form 8949 to list your transactions for lines 1, 2, 3, 8, 9, and 10.)

**Part I—Short-Term Capital Gains and Losses—Assets Held One Year or Less**

Complete Form 8949 before completing line 1, 2, or 3. This form may be easier to complete 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)
<b>1</b>	Short-term totals from all Forms 8949 with <b>box A</b> checked in <b>Part I</b> . . . . .				
<b>2</b>	Short-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part I</b> . . . . .				
<b>3</b>	Short-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part I</b> . . . . .				
<b>4</b>	Short-term capital gain from installment sales from Form 6252, line 26 or 37 . . . . .			<b>4</b>	
<b>5</b>	Short-term capital gain or (loss) from like-kind exchanges from Form 8824 . . . . .			<b>5</b>	
<b>6</b>	Reserved for future use . . . . .			<b>6</b>	
<b>7</b>	<b>Net short-term capital gain or (loss).</b> Combine lines 1 through 5 in column (h) . . . . .			<b>7</b>	

**Part II—Long-Term Capital Gains and Losses—Assets Held More Than One Year**

Complete Form 8949 before completing line 8, 9, or 10. This form may be easier to complete 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)
<b>8</b>	Long-term totals from all Forms 8949 with <b>box A</b> checked in <b>Part II</b> . . . . .				
<b>9</b>	Long-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part II</b> . . . . .				
<b>10</b>	Long-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part II</b> . . . . .				
<b>11</b>	Enter gain from Form 4797, Part I . . . . .			<b>11</b>	
<b>12</b>	Long-term capital gain from installment sales from Form 6252, line 26 or 37 . . . . .			<b>12</b>	
<b>13</b>	Long-term capital gain or (loss) from like-kind exchanges from Form 8824 . . . . .			<b>13</b>	
<b>14</b>	<b>Net long-term capital gain or (loss).</b> Combine lines 8 through 13 in column (h) . . . . .			<b>14</b>	

**Part III—Summary of Parts I and II**

<b>15</b>	Combine lines 7 and 14 and enter the net gain (loss) . . . . .	<b>15</b>	
<b>16</b>	Enter excess of net short-term capital gain (line 7) over net long-term capital loss (line 14) . . . . .	<b>16</b>	
<b>17</b>	<b>Net capital gain or (loss).</b> Subtract line 16 from line 15 . . . . .	<b>17</b>	

**Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities**

<b>18</b>	Redetermine the amount on line 16 by taking into account only gains and losses from passive loss limitation activities . . . . .	<b>18</b>	
<b>19</b>	<b>Excess of net short-term capital gain over net long-term capital loss.</b> Enter the <b>smaller</b> of the amount on line 16 or line 18. Enter here and on page 1, Part I, line 8 . . . . .	<b>19</b>	
<b>20</b>	Redetermine the amount on line 17 by taking into account only gains and losses from passive loss limitation activities . . . . .	<b>20</b>	
<b>21</b>	<b>Net capital gain or (loss) from passive loss limitation activities.</b> If lines 17 and 20 are both 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 . . . . .	<b>21</b>	

**Note.** When figuring whether line 17 or line 20 is **smaller**, treat both numbers as positive.

**Part V—Net Capital Gain (Loss) From Other Activities**

<b>22</b>	<b>Excess of net short-term capital gain over net long-term capital loss.</b> Subtract line 19 from line 16. Enter here and on page 2, Part II, line 4 . . . . .	<b>22</b>	
<b>23</b>	<b>Net capital gain or (loss) from other activities.</b> Subtract line 21 from line 17. Enter here and on Schedule K, line 4b . . . . .	<b>23</b>	

**Schedule K Partners' Shares of Income, Credits, Deductions, etc.**

(a) Distributive share items		(b) Total amount	
<b>1a</b>	Taxable income (loss) from passive loss limitation activities (Part I, line 25)	<b>1a</b>	7,439,386
<b>b</b>	Amount on line 1a allocated to general partners as:		
	(1) Taxable income (loss) from trade or business activities	<b>1b(1)</b>	3,477,193
	(2) Taxable income (loss) from rental real estate activities	<b>1b(2)</b>	242,500
	(3) Taxable income (loss) from other rental activities	<b>1b(3)</b>	
<b>c</b>	Total amount on line 1a allocated to general partners. Combine lines 1b(1) through 1b(3)	<b>1c</b>	3,719,693
<b>d</b>	Taxable income (loss) from passive loss limitation activities allocated to limited partners. Subtract line 1c from line 1a (report on Schedules K-1, box 1)	<b>1d</b>	3,719,693
<b>2</b>	Taxable income (loss) from other activities (Part II, line 13)	<b>2</b>	37,412
<b>3</b>	Qualified dividends from other activities (Part II, line 2b)	<b>3</b>	
<b>4a</b>	Net capital gain (loss) from passive loss limitation activities (Schedule D, line 21)	<b>4a</b>	
<b>b</b>	Net capital gain (loss) from other activities (Schedule D, line 23)	<b>4b</b>	
<b>5</b>	Net passive alternative minimum tax adjustment	<b>5</b>	
<b>6</b>	Net other alternative minimum tax adjustment	<b>6</b>	
<b>7</b>	Guaranteed payments	<b>7</b>	
<b>8</b>	Income from discharge of indebtedness	<b>8</b>	
<b>9</b>	Tax-exempt interest income	<b>9</b>	
<b>10</b>	General credits (see instructions)	<b>10</b>	
<b>11</b>	Low-income housing credit (see instructions)	<b>11</b>	
<b>12</b>	Rehabilitation credit from rental real estate activities (attach Form 3468)	<b>12</b>	
<b>13a</b>	Net earnings (loss) from self-employment	<b>13a</b>	3,719,693
<b>b</b>	Gross nonfarm income	<b>13b</b>	3,719,693
<b>14a</b>	Name of foreign country or U.S. possession ▶		
<b>b</b>	Gross income from all sources	<b>14b</b>	
<b>c</b>	Gross income sourced at partner level (attach statement)	<b>14c</b>	
<b>d</b>	Foreign gross income sourced at partnership level:		
	(1) Passive category	<b>14d(1)</b>	
	(2) General category	<b>14d(2)</b>	
	(3) Other (attach statement)	<b>14d(3)</b>	
<b>e</b>	Deductions allocated and apportioned at partner level:		
	(1) Interest expense	<b>14e(1)</b>	
	(2) Other	<b>14e(2)</b>	
<b>f</b>	Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive category	<b>14f(1)</b>	
	(2) General category	<b>14f(2)</b>	
	(3) Other (attach statement)	<b>14f(3)</b>	
<b>g</b>	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	<b>14g</b>	
<b>h</b>	Reduction in taxes available for credit (attach statement)	<b>14h</b>	
<b>15</b>	Other items and amounts required to be reported separately to partners (attach statement)		

**Analysis of Net Income (Loss)**

<b>1</b>	Net income (loss). In column (b), add lines 1c through 4b, 7, and 8. From the result, subtract line 14g	<b>1</b>	7,476,798
<b>2</b>	Analysis by partner type:		
	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)
<b>a</b>	General partners	3,738,399	
<b>b</b>	Limited partners		3,738,399
	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other

**Schedule L Balance Sheets per Books**

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash . . . . .		1,565,000		4,791,818
2a Trade notes and accounts receivable . . . . .	3,525,697		3,100,000	
b Less allowance for bad debts . . . . .	200,000	3,325,697	200,000	2,900,000
3 Inventories . . . . .		3,211,146		2,816,414
4 U.S. government obligations . . . . .				
5 Tax-exempt securities . . . . .				
6 Other current assets (attach statement) . . . . .				
7a 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 . . . . .	7,500,000		7,957,000	
b Less accumulated depreciation . . . . .	1,500,000	6,000,000	1,900,000	6,057,000
10a Depletable assets . . . . .				
b Less accumulated depletion . . . . .				
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) . . . . .				
14 <b>Total assets</b> . . . . .		15,101,843		17,565,232
<b>Liabilities and Capital</b>				
15 Accounts payable . . . . .		944,231		157,620
16 Mortgages, notes, bonds payable in less than 1 year . . . . .				
17 Other current liabilities (attach statement) . . . . .				
18 All nonrecourse loans . . . . .		12,000,000		6,000,000
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 Partners' capital accounts . . . . .		2,157,612		11,407,612
22 <b>Total liabilities and capital</b> . . . . .		15,101,843		17,565,232

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**

**Note.** Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1 Net income (loss) per books . . . . .		6 Income recorded on books this year not included on Schedule K, lines 1c through 4b, and 8 (itemize):	
2 Income included on Schedule K, lines 1c through 4b, and 8, not recorded on books this year (itemize): _____		a Tax-exempt interest \$ _____	
3 Guaranteed payments . . . . .		7 Deductions included on Schedule K, lines 1c through 4b, and 14g, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1c through 4b, and 14g (itemize):		a Depreciation \$ _____	
a Depreciation \$ _____		8 Add lines 6 and 7 . . . . .	
b Travel and entertainment \$ _____		9 Income (loss). (Analysis of Net Income (Loss), line 1.) Subtract line 8 from line 5	
5 Add lines 1 through 4 . . . . .			

**Schedule M-2 Analysis of Partners' Capital Accounts**

1 Balance at beginning of year . . . . .	2,157,612	6 Distributions:	
2 Capital contributed:		a Cash . . . . .	
a Cash . . . . .	2,000,000	b Property . . . . .	
b Property . . . . .		7 Other decreases (itemize): _____	
3 Net income (loss) per books . . . . .	7,250,000	8 Add lines 6 and 7 . . . . .	0
4 Other increases (itemize): _____		9 Balance at end of year. Subtract line 8 from line 5 . . . . .	11,407,612
5 Add lines 1 through 4 . . . . .	11,407,612		

▶ **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](http://www.irs.gov/form1125a).**

Name <b>ABC Cement Manufacturing</b>		Employer identification number <b>69-000007</b>	
<b>1</b>	Inventory at beginning of year . . . . .	<b>1</b>	<b>3,211,146</b>
<b>2</b>	Purchases . . . . .	<b>2</b>	<b>22,247,630</b>
<b>3</b>	Cost of labor . . . . .	<b>3</b>	<b>4,312,216</b>
<b>4</b>	Additional section 263A costs (attach schedule) . . . . .	<b>4</b>	
<b>5</b>	Other costs (attach schedule) . . . . .	<b>5</b>	
<b>6</b>	<b>Total.</b> Add lines 1 through 5 . . . . .	<b>6</b>	<b>29,770,992</b>
<b>7</b>	Inventory at end of year . . . . .	<b>7</b>	<b>2,816,414</b>
<b>8</b>	<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) . . . . .	<b>8</b>	<b>26,954,578</b>

**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 . . . . . ▶

**c** 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** \_\_\_\_\_

**e** If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)? . . .  Yes  No

**f** Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation . . . . .  Yes  No

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)**

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return <b>ABC Cement Manufacturing</b>	Business or activity to which this form relates <b>Cement Manufacturing</b>	Identifying number <b>69-000007</b>
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**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 Maximum amount (see instructions) . . . . .	<b>1</b>	<b>250,000</b>
2 Total cost of section 179 property placed in service (see instructions) . . . . .	<b>2</b>	
3 Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .	<b>3</b>	<b>800,000</b>
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	<b>4</b>	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions . . . . .	<b>5</b>	
<b>6</b> (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property. Enter the amount from line 29 . . . . .	<b>7</b>	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	<b>8</b>	
9 Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8 . . . . .	<b>9</b>	
10 Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . .	<b>10</b>	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	<b>11</b>	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 . . . . .	<b>12</b>	
13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 ▶	<b>13</b>	

**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 during the tax year (see instructions) . . . . .	<b>14</b>	
15 Property subject to section 168(f)(1) election . . . . .	<b>15</b>	
16 Other depreciation (including ACRS) . . . . .	<b>16</b>	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . .	<b>17</b>	<b>26,438</b>
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here . . . . . <input type="checkbox"/>		

**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
<b>19a</b> 3-year property						
<b>b</b> 5-year property						
<b>c</b> 7-year property						
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs.		S/L	
<b>h</b> Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
<b>i</b> Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

**Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

<b>20a</b> Class life						
<b>b</b> 12-year			12 yrs.		S/L	
<b>c</b> 40-year			40 yrs.	MM	S/L	

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

21 Listed property. Enter amount from line 28 . . . . .	<b>21</b>	
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 . . . . .	<b>22</b>	<b>26,438</b>
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . . . .	<b>23</b>	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

**24a** Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If "Yes," is the evidence written?  Yes  No

(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) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .						<b>25</b>		
<b>26</b> Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						<b>28</b>		
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							<b>29</b>	

**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.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles) .												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven . . . . .												
<b>33</b> Total miles driven during the year. Add lines 30 through 32 . . . . .												
<b>34</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>36</b> 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).

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
<b>39</b> Do you treat all use of vehicles by employees as personal use? . . . . .		
<b>40</b> 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? . . . . .		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2012 tax year (see instructions):					
<b>43</b> Amortization of costs that began before your 2012 tax year . . . . .				<b>43</b>	
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .					<b>44</b>

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

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return <b>ABC Cement Manufacturing</b>	Business or activity to which this form relates <b>Cement Manufacturing</b>	Identifying number <b>69-0000007</b>
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**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 Maximum amount (see instructions) . . . . .	<b>1</b>	250,000
2 Total cost of section 179 property placed in service (see instructions) . . . . .	<b>2</b>	80,500
3 Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .	<b>3</b>	800,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	<b>4</b>	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions . . . . .	<b>5</b>	125,000
<b>6</b> (a) Description of property	(b) Cost (business use only)	(c) Elected cost
Dump Truck	80,500	80,500
7 Listed property. Enter the amount from line 29 . . . . .	<b>7</b>	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	<b>8</b>	80,500
9 Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8 . . . . .	<b>9</b>	80,500
10 Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . .	<b>10</b>	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	<b>11</b>	125,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 . . . . .	<b>12</b>	80,500
13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 ▶	<b>13</b>	

**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 during the tax year (see instructions) . . . . .	<b>14</b>	
15 Property subject to section 168(f)(1) election . . . . .	<b>15</b>	
16 Other depreciation (including ACRS) . . . . .	<b>16</b>	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . .	<b>17</b>	280,063
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here . . . . . <input type="checkbox"/>		

**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
<b>19a</b> 3-year property						
<b>b</b> 5-year property		120,000	5	HY	200 DB	24,000
<b>c</b> 7-year property		256,500	7	HY	200 DB	36,654
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs.		S/L	
<b>h</b> Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
<b>i</b> Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

**Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

<b>20a</b> Class life					S/L	
<b>b</b> 12-year			12 yrs.		S/L	
<b>c</b> 40-year			40 yrs.	MM	S/L	

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

21 Listed property. Enter amount from line 28 . . . . .	<b>21</b>	
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 . . . . .	<b>22</b>	421,217
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . . . .	<b>23</b>	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

**24a** Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If "Yes," is the evidence written?  Yes  No

(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) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .						<b>25</b>		
<b>26</b> Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						<b>28</b>		
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							<b>29</b>	

**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.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles) .												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven . . . . .												
<b>33</b> Total miles driven during the year. Add lines 30 through 32 . . . . .												
<b>34</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>36</b> 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).

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
<b>39</b> Do you treat all use of vehicles by employees as personal use? . . . . .		
<b>40</b> 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? . . . . .		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2012 tax year (see instructions):					
<b>43</b> Amortization of costs that began before your 2012 tax year . . . . .				<b>43</b>	
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .					<b>44</b>

**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.

Name ABC Cement Manufacturing Employer identification number 69-0000007

1	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, state, ZIP code	Type—Enter code 1-8; see page 2 for list	Fair Rental Days	Personal Use Days
<b>A</b>	<u>Warehouse</u> <u>200 Metamorphic Rd, Anytown MN 55001</u>			
<b>B</b>				
<b>C</b>				
<b>D</b>				

Rental Real Estate Income		Properties					
		A	B	C	D		
<b>2</b>	Gross rents . . . . .	<b>2</b>	<u>615,000</u>				
<b>Rental Real Estate Expenses</b>							
<b>3</b>	Advertising . . . . .	<b>3</b>	<u>24,000</u>				
<b>4</b>	Auto and travel . . . . .	<b>4</b>					
<b>5</b>	Cleaning and maintenance . . . . .	<b>5</b>					
<b>6</b>	Commissions . . . . .	<b>6</b>					
<b>7</b>	Insurance . . . . .	<b>7</b>	<u>26,500</u>				
<b>8</b>	Legal and other professional fees . . . . .	<b>8</b>					
<b>9</b>	Interest . . . . .	<b>9</b>	<u>42,312</u>				
<b>10</b>	Repairs . . . . .	<b>10</b>					
<b>11</b>	Taxes . . . . .	<b>11</b>	<u>10,750</u>				
<b>12</b>	Utilities . . . . .	<b>12</b>					
<b>13</b>	Wages and salaries . . . . .	<b>13</b>					
<b>14</b>	Depreciation (see instructions) . . . . .	<b>14</b>	<u>26,438</u>				
<b>15</b>	Other (list) ▶ . . . . .	<b>15</b>					
<b>16</b>	Total expenses for each property. Add lines 3 through 15 . . . . .	<b>16</b>	<u>130,000</u>				
<b>17</b>	Income or (Loss) from each property. Subtract line 16 from line 2 . . . . .	<b>17</b>					
<b>18a</b>	Total gross rents. Add gross rents from line 2, columns A through H . . . . .	<b>18a</b>				<u>615,000</u>	
<b>18b</b>	Total expenses. Add total expenses from line 16, columns A through H . . . . .	<b>18b</b>				<u>(130,000)</u>	
<b>19</b>	Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities . . . . .	<b>19</b>					
<b>20a</b>	Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1) . . . . .	<b>20a</b>					
<b>20b</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 . . . . .						
<b>21</b>	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	<b>21</b>				<u>485,000</u>	

<b>1</b>	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.			
	Physical address of each property—street, city, state, ZIP code	Type—Enter code 1-8; see below for list	Fair Rental Days	Personal Use Days
<b>E</b>	.....	.....	.....	.....
<b>F</b>	.....	.....	.....	.....
<b>G</b>	.....	.....	.....	.....
<b>H</b>	.....	.....	.....	.....

		Properties							
		E		F		G		H	
<b>Rental Real Estate Income</b>									
<b>2</b> Gross rents . . . . .	<b>2</b>								
<b>Rental Real Estate Expenses</b>									
<b>3</b> Advertising . . . . .	<b>3</b>								
<b>4</b> Auto and travel . . . . .	<b>4</b>								
<b>5</b> Cleaning and maintenance . .	<b>5</b>								
<b>6</b> Commissions . . . . .	<b>6</b>								
<b>7</b> Insurance . . . . .	<b>7</b>								
<b>8</b> Legal and other professional fees	<b>8</b>								
<b>9</b> Interest . . . . .	<b>9</b>								
<b>10</b> Repairs . . . . .	<b>10</b>								
<b>11</b> Taxes . . . . .	<b>11</b>								
<b>12</b> Utilities . . . . .	<b>12</b>								
<b>13</b> Wages and salaries . . . . .	<b>13</b>								
<b>14</b> Depreciation (see instructions)	<b>14</b>								
<b>15</b> Other (list) ▶ .....	<b>15</b>								
.....									
.....									
Total expenses for each property.									
<b>16</b> Add lines 3 through 15 . . . .	<b>16</b>								
Income or (Loss) from each									
<b>17</b> property. Subtract line 16 from line 2	<b>17</b>								

**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)**

Department of the Treasury  
Internal Revenue Service

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

▶ Attach to Form 1065 or Form 1065-B.

OMB No. 1545-0099

**2012**

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

Name of partnership

Employer identification number

**This Schedule M-3 is being filed because (check all that apply):**

- A**  The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
- B**  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 17,565,232.
- 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 41,827,612.
- 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

**E**  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?
  - Yes.** 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.
- 2** Enter the income statement period: Beginning 01 / 01 / 2012 Ending 12 / 31 / 2012
- 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.)
  - No.**

<b>4a</b> Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	<b>4a</b>	7,250,000
<b>b</b> Indicate accounting standard used for line 4a (see instructions):		
1 <input checked="" type="checkbox"/> GAAP      2 <input type="checkbox"/> IFRS      3 <input type="checkbox"/> 704(b)		
4 <input type="checkbox"/> Tax-basis      5 <input type="checkbox"/> Other: (Specify) ▶ _____		
<b>5a</b> Net income from nonincludible foreign entities (attach statement)	<b>5a</b>	( )
<b>b</b> Net loss from nonincludible foreign entities (attach statement and enter as a positive amount)	<b>5b</b>	
<b>6a</b> Net income from nonincludible U.S. entities (attach statement)	<b>6a</b>	( )
<b>b</b> Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount)	<b>6b</b>	
<b>7a</b> Net income (loss) of other foreign disregarded entities (attach statement)	<b>7a</b>	
<b>b</b> Net income (loss) of other U.S. disregarded entities (attach statement)	<b>7b</b>	
<b>8</b> Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement)	<b>8</b>	
<b>9</b> Adjustment to reconcile income statement period to tax year (attach statement)	<b>9</b>	
<b>10</b> Other adjustments to reconcile to amount on line 11 (attach statement)	<b>10</b>	
<b>11</b> <b>Net income (loss) per income statement of the partnership.</b> Combine lines 4a through 10	<b>11</b>	7,250,000

**Note.** Part I, line 11, must equal the amount on Part II, line 26, column (a).

**12** 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:

	Total Assets	Total Liabilities
<b>a</b> Included on Part I, line 4	17,565,232	6,157,620
<b>b</b> Removed on Part I, line 5		
<b>c</b> Removed on Part I, line 6		
<b>d</b> Included on Part I, line 7		

Name of partnership <b>ABC Cement Manufacturing</b>	Employer identification number <b>69-0000007</b>
--	---

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

Income (Loss) Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
(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 . . . . .			
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 . . . . .			
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)			
23	<b>Total income (loss) items.</b> Combine lines 1 through 22 . . . . .			
24	<b>Total expense/deduction items.</b> (from Part III, line 31) (see instructions) . . . . .	(737,801)	163,450	63,438
25	Other items with no differences . . . . .	7,987,801		7,987,801
26	<b>Reconciliation totals.</b> Combine lines 23 through 25	7,250,000	163,450	63,348
				7,476,798

**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

**ABC Cement Manufacturing**

**69-0000007**

**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
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 . . . . .				
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 . . . . .				
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 <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 . . . . .	737,801	(163,450)	(63,348)	511,003

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. <b>ABC Cement Manufacturing</b> <b>100 Concrete Ln</b> <b>Anytown, MN 55001</b>		<b>1</b> Taxable income (loss) from passive activities  <b>74,394</b>	OMB No. 1545-1626  <b>2012</b>  Schedule K-1 (Form 1065-B)
PARTNERSHIP'S Employer I.D. number <b>69-0000007</b>		PARTNER'S identifying number <b>000-60-0001</b>	<b>2</b> Taxable income (loss) from other activities  <b>374</b>
PARTNER'S name <b>John MacBeth</b>		<b>3</b> Qualified dividends	<b>4b</b> Net capital gain (loss) from other activities
Street address (including apt. no.) <b>1168 Beech St</b>		<b>4a</b> Net capital gain (loss) from passive activities	
City, state, and ZIP code <b>Central Islip, NY 11722</b>		<b>5</b> Net passive AMT adjustment	<b>6</b> Net other AMT adjustment
Partner's share of liabilities:		<b>7</b> General credits	<b>8</b> Low-income housing credit
<b>a</b> Nonrecourse . . . . . \$ -----		<b>9</b> Other	
<b>b</b> Qualified nonrecourse financing . . . . . \$ ----- <b>60,000</b>		<b>A1 74,394</b>	
<b>c</b> Other . . . . . \$ -----		<b>B2 74,394</b>	

**Partner's Share of Income (Loss) From an Electing Large Partnership**

**Copy A**

**For Internal Revenue Service Center**

File with Form 1065-B.

For Paperwork Reduction Act Notice and instructions for completing this form, see the **2012 Instructions for Form 1065-B**, U.S. Return of Income for Electing Large Partnerships.

**Schedule K-1 (Form 1065-B)**

Cat. No. 25437H

IRS.gov/form1065b

Department of the Treasury - Internal Revenue Service

**Do NOT Cut or Separate Forms on This Page**

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. <b>ABC Cement Manufacturing</b> <b>100 Concrete Ln</b> <b>Anytown, MN 55001</b>		<b>1</b> Taxable income (loss) from passive activities  <b>74,394</b>	OMB No. 1545-1626  <b>2012</b>
		<b>2</b> Taxable income (loss) from other activities  <b>374</b>	<b>Schedule K-1 (Form 1065-B)</b>
PARTNERSHIP'S Employer I.D. number <b>69-0000007</b>	PARTNER'S identifying number <b>000-60-0002</b>	<b>3</b> Qualified dividends	
PARTNER'S name <b>John Capulet</b>		<b>4a</b> Net capital gain (loss) from passive activities	<b>4b</b> Net capital gain (loss) from other activities
Street address (including apt. no.) <b>1175 Beech St</b>		<b>5</b> Net passive AMT adjustment	<b>6</b> Net other AMT adjustment
		<b>7</b> General credits	<b>8</b> Low-income housing credit
City, state, and ZIP code <b>Central Islip, NY 11722</b>		<b>9</b> Other	
Partner's share of liabilities:			
<b>a</b> Nonrecourse . . . . . \$ -----			
<b>b</b> Qualified nonrecourse financing . . . . . \$ ----- <b>60,000</b>			
<b>c</b> Other . . . . . \$ -----			

**Partner's Share of Income (Loss) From an Electing Large Partnership**

**Copy A**

**For Internal Revenue Service Center**

**File with Form 1065-B.**

For Paperwork Reduction Act Notice and instructions for completing this form, see the **2012 Instructions for Form 1065-B**, U.S. Return of Income for Electing Large Partnerships.

**Schedule K-1 (Form 1065-B)**

Cat. No. 25437H

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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:**

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**

**IRS PAYMENT:**                                      **N/A**

**Details for attachments to Form**

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

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

Form **1065-B**

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

OMB No. 1545-1626

Department of the Treasury  
Internal Revenue Service

Information about Form 1065-B and its separate instructions is at [www.irs.gov/form1065b](http://www.irs.gov/form1065b).

**2012**

For calendar year 2012, or tax year beginning , 2012, and ending , 20

<b>A</b> Principal business activity <b>Mining</b>	<b>TYPE or PRINT</b>	Name of partnership <b>Black Coal Industries LLC</b>	<b>D</b> Employer identification number <b>69-0000008</b>
<b>B</b> Principal product or service <b>Coal</b>		Number, street, and room or suite no. If a P.O. box, see instructions. <b>100 Main St</b>	<b>E</b> Date business started <b>08/03/1998</b>
<b>C</b> Business code no. (see instructions) <b>212110</b>		City or town, state, and ZIP code <b>Anytown, TX 25001</b>	<b>F</b> Total assets (see instructions) <b>\$ 20,440,320</b>

- G** Check applicable boxes: (1)  Final return (2)  Name change (3)  Address change (4)  Amended return
- H** Check accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) ▶
- I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ **100**
- J** Check if Schedule M-3 (Form 1065) is attached ▶

**Part I Taxable Income or Loss From Passive Loss Limitation Activities**

<b>Income</b>	<b>1a</b> Gross receipts or sales	<b>101,256,342</b>	<b>b</b> Less returns and allowances		<b>c</b> Bal ▶	<b>1c</b>	<b>101,256,342</b>
	<b>2</b> Cost of goods sold (attach Form 1125-A)					<b>2</b>	<b>58,332,511</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c					<b>3</b>	<b>42,923,831</b>
	<b>4</b> Net rental real estate income (loss) (attach Form 8825)					<b>4</b>	
	<b>5</b> Net income (loss) from other rental activities (attach statement)					<b>5</b>	
	<b>6</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)					<b>6</b>	
	<b>7</b> Net farm profit (loss) (attach Schedule F (Form 1040))					<b>7</b>	
	<b>8</b> Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 19)					<b>8</b>	
	<b>9</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)					<b>9</b>	
	<b>10</b> Other income (loss) (see instructions) (attach statement)					<b>10</b>	
	<b>11</b> <b>Total income (loss).</b> Combine lines 3 through 10					<b>11</b>	<b>42,923,831</b>
<b>Deductions</b>	<b>12</b> Salaries and wages (other than to partners) (less employment credits)					<b>12</b>	<b>12,487,136</b>
	<b>13</b> Guaranteed payments to partners					<b>13</b>	
	<b>14</b> Repairs and maintenance					<b>14</b>	<b>4,842,657</b>
	<b>15</b> Bad debts					<b>15</b>	
	<b>16</b> Rent					<b>16</b>	<b>1,720,000</b>
	<b>17</b> Taxes and licenses					<b>17</b>	<b>4,106,315</b>
	<b>18</b> Interest					<b>18</b>	
	<b>19a</b> Depreciation and section 179 expense deduction (see instructions)	<b>19a</b>				<b>19c</b>	
	<b>b</b> Less: depreciation reported on Form 1125-A and elsewhere on return	<b>19b</b>					
	<b>20</b> Depletion					<b>20</b>	<b>1,520,108</b>
	<b>21</b> Retirement plans, etc.					<b>21</b>	
	<b>22</b> Employee benefit programs					<b>22</b>	<b>1,218,412</b>
	<b>23</b> Other deductions (attach statement)					<b>23</b>	<b>5,554,374</b>
	<b>24</b> <b>Total deductions.</b> Add the amounts shown in the far right column for lines 12 through 23					<b>24</b>	<b>31,449,002</b>
<b>25</b> <b>Taxable income (loss) from passive loss limitation activities.</b> Subtract line 24 from line 11					<b>25</b>	<b>11,474,829</b>	
<b>Tax and Payments</b>	<b>26</b> Tax (see instructions). Check if from: <b>a</b> <input type="checkbox"/> Form 4255 <b>b</b> <input type="checkbox"/> Form 8611					<b>26</b>	
	<b>27</b> Other payments. Check if from: <b>a</b> <input type="checkbox"/> Form 2439 <b>b</b> <input type="checkbox"/> Form 4136					<b>27</b>	
	<b>28</b> Amount owed. Enter the excess of line 26 over line 27					<b>28</b>	
	<b>29</b> Overpayment. Enter the excess of line 27 over line 26					<b>29</b>	

**Sign Here** 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 manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager \_\_\_\_\_ Date \_\_\_\_\_

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN <b>P00000008</b>
	Firm's name ▶ <b>Electronic Tax Filers INC</b>			Firm's EIN ▶ <b>69-0000098</b>	
	Firm's address ▶ <b>1065 e-file Dr. Anytown, TX 25001</b>			Phone no. <b>(555) 631-1212</b>	

**Part II Taxable Income or Loss From Other Activities**

<b>1</b>	Interest . . . . .		<b>1</b>	357,610
<b>2a</b>	Total ordinary dividends . . . . .	<b>2a</b>		
<b>b</b>	Qualified dividends . . . . .	<b>2b</b>		
<b>c</b>	Nonqualified dividends (subtract line 2b from 2a) . . . . .		<b>2c</b>	
<b>3</b>	Gross royalties . . . . .		<b>3</b>	1,569,721
<b>4</b>	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 22) . . . . .		<b>4</b>	
<b>5</b>	Other income (loss) (see instructions) (attach statement) . . . . .		<b>5</b>	
<b>6</b>	<b>Total income (loss).</b> Add lines 1, 2c, 3, 4, and 5 . . . . .		<b>6</b>	1,927,331
<b>7</b>	Interest expense on investment debts (attach Form 4952) . . . . .		<b>7</b>	
<b>8</b>	State and local income taxes (see instructions) . . . . .		<b>8</b>	
<b>9</b>	Charitable contributions (see instructions for limitations and required attachment) . . . . .		<b>9</b>	
<b>10a</b>	Total miscellaneous itemized deductions . . . . .	<b>10a</b>		
<b>b</b>	Deductible amount. Multiply line 10a by 30% . . . . .		<b>10b</b>	
<b>11</b>	Other deductions (attach statement) . . . . .		<b>11</b>	
<b>12</b>	<b>Total deductions.</b> Add lines 7, 8, 9, 10b, and 11 . . . . .		<b>12</b>	
<b>13</b>	<b>Taxable income (loss) from other activities.</b> Subtract line 12 from line 6 . . . . .		<b>13</b>	1,927,331

**Schedule B Other Information** (see instructions)

	Yes	No
<b>1</b> What type of entity is filing this return? Check the applicable box:		
<b>a</b> <input type="checkbox"/> Domestic general partnership		
<b>b</b> <input type="checkbox"/> Domestic limited partnership		
<b>c</b> <input checked="" type="checkbox"/> Domestic limited liability company		
<b>d</b> <input type="checkbox"/> Domestic limited liability partnership		
<b>e</b> <input type="checkbox"/> Foreign partnership		
<b>f</b> <input type="checkbox"/> Other ▶		
<b>2</b> Are any partners in this partnership also partnerships? . . . . .		✓
<b>3</b> 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 . . . . .		✓
<b>4</b> Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805, and 8813. (See instructions.) . . . . .		✓
<b>5</b> Is this partnership a publicly traded partnership as defined in section 469(k)(2)? . . . . .		✓
<b>6</b> Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction? . . . . .		✓
<b>7</b> 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. ▶		✓
<b>8</b> 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 . . . . .		✓
<b>9</b> Enter the number of <b>Forms 8865</b> , Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		

0

**Schedule D Capital Gains and Losses** (Use Form 8949 to list your transactions for lines 1, 2, 3, 8, 9, and 10.)

**Part I—Short-Term Capital Gains and Losses—Assets Held One Year or Less**

Complete Form 8949 before completing line 1, 2, or 3. This form may be easier to complete 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)
<b>1</b>	Short-term totals from all Forms 8949 with <b>box A</b> checked in <b>Part I</b> . . . . .				
<b>2</b>	Short-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part I</b> . . . . .				
<b>3</b>	Short-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part I</b> . . . . .				
<b>4</b>	Short-term capital gain from installment sales from Form 6252, line 26 or 37 . . . . .			<b>4</b>	
<b>5</b>	Short-term capital gain or (loss) from like-kind exchanges from Form 8824 . . . . .			<b>5</b>	
<b>6</b>	Reserved for future use . . . . .			<b>6</b>	
<b>7</b>	<b>Net short-term capital gain or (loss).</b> Combine lines 1 through 5 in column (h) . . . . .			<b>7</b>	

**Part II—Long-Term Capital Gains and Losses—Assets Held More Than One Year**

Complete Form 8949 before completing line 8, 9, or 10. This form may be easier to complete 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)
<b>8</b>	Long-term totals from all Forms 8949 with <b>box A</b> checked in <b>Part II</b> . . . . .				
<b>9</b>	Long-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part II</b> . . . . .				
<b>10</b>	Long-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part II</b> . . . . .				
<b>11</b>	Enter gain from Form 4797, Part I . . . . .			<b>11</b>	
<b>12</b>	Long-term capital gain from installment sales from Form 6252, line 26 or 37 . . . . .			<b>12</b>	
<b>13</b>	Long-term capital gain or (loss) from like-kind exchanges from Form 8824 . . . . .			<b>13</b>	
<b>14</b>	<b>Net long-term capital gain or (loss).</b> Combine lines 8 through 13 in column (h) . . . . .			<b>14</b>	

**Part III—Summary of Parts I and II**

<b>15</b>	Combine lines 7 and 14 and enter the net gain (loss) . . . . .	<b>15</b>		
<b>16</b>	Enter excess of net short-term capital gain (line 7) over net long-term capital loss (line 14) . . . . .	<b>16</b>		
<b>17</b>	<b>Net capital gain or (loss).</b> Subtract line 16 from line 15 . . . . .	<b>17</b>		

**Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities**

<b>18</b>	Redetermine the amount on line 16 by taking into account only gains and losses from passive loss limitation activities . . . . .	<b>18</b>		
<b>19</b>	<b>Excess of net short-term capital gain over net long-term capital loss.</b> Enter the <b>smaller</b> of the amount on line 16 or line 18. Enter here and on page 1, Part I, line 8 . . . . .	<b>19</b>		
<b>20</b>	Redetermine the amount on line 17 by taking into account only gains and losses from passive loss limitation activities . . . . .	<b>20</b>		
<b>21</b>	<b>Net capital gain or (loss) from passive loss limitation activities.</b> If lines 17 and 20 are both 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 . . . . . <b>Note.</b> When figuring whether line 17 or line 20 is <b>smaller</b> , treat both numbers as positive.	<b>21</b>		

**Part V—Net Capital Gain (Loss) From Other Activities**

<b>22</b>	<b>Excess of net short-term capital gain over net long-term capital loss.</b> Subtract line 19 from line 16. Enter here and on page 2, Part II, line 4 . . . . .	<b>22</b>		
<b>23</b>	<b>Net capital gain or (loss) from other activities.</b> Subtract line 21 from line 17. Enter here and on Schedule K, line 4b . . . . .	<b>23</b>		



**Schedule K Partners' Shares of Income, Credits, Deductions, etc.**

(a) Distributive share items		(b) Total amount	
<b>1a</b>	Taxable income (loss) from passive loss limitation activities (Part I, line 25)	<b>1a</b>	11,474,829
<b>b</b>	Amount on line 1a allocated to general partners as:		
	(1) Taxable income (loss) from trade or business activities	<b>1b(1)</b>	
	(2) Taxable income (loss) from rental real estate activities	<b>1b(2)</b>	
	(3) Taxable income (loss) from other rental activities	<b>1b(3)</b>	
<b>c</b>	Total amount on line 1a allocated to general partners. Combine lines 1b(1) through 1b(3)	<b>1c</b>	
<b>d</b>	Taxable income (loss) from passive loss limitation activities allocated to limited partners. Subtract line 1c from line 1a (report on Schedules K-1, box 1)	<b>1d</b>	11,474,829
<b>2</b>	Taxable income (loss) from other activities (Part II, line 13)	<b>2</b>	1,927,331
<b>3</b>	Qualified dividends from other activities (Part II, line 2b)	<b>3</b>	
<b>4a</b>	Net capital gain (loss) from passive loss limitation activities (Schedule D, line 21)	<b>4a</b>	
<b>b</b>	Net capital gain (loss) from other activities (Schedule D, line 23)	<b>4b</b>	
<b>5</b>	Net passive alternative minimum tax adjustment	<b>5</b>	
<b>6</b>	Net other alternative minimum tax adjustment	<b>6</b>	
<b>7</b>	Guaranteed payments	<b>7</b>	
<b>8</b>	Income from discharge of indebtedness	<b>8</b>	
<b>9</b>	Tax-exempt interest income	<b>9</b>	
<b>10</b>	General credits (see instructions)	<b>10</b>	
<b>11</b>	Low-income housing credit (see instructions)	<b>11</b>	
<b>12</b>	Rehabilitation credit from rental real estate activities (attach Form 3468)	<b>12</b>	
<b>13a</b>	Net earnings (loss) from self-employment	<b>13a</b>	
<b>b</b>	Gross nonfarm income	<b>13b</b>	
<b>14a</b>	Name of foreign country or U.S. possession ▶		
<b>b</b>	Gross income from all sources	<b>14b</b>	
<b>c</b>	Gross income sourced at partner level (attach statement)	<b>14c</b>	
<b>d</b>	Foreign gross income sourced at partnership level:		
	(1) Passive category	<b>14d(1)</b>	
	(2) General category	<b>14d(2)</b>	
	(3) Other (attach statement)	<b>14d(3)</b>	
<b>e</b>	Deductions allocated and apportioned at partner level:		
	(1) Interest expense	<b>14e(1)</b>	
	(2) Other	<b>14e(2)</b>	
<b>f</b>	Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive category	<b>14f(1)</b>	
	(2) General category	<b>14f(2)</b>	
	(3) Other (attach statement)	<b>14f(3)</b>	
<b>g</b>	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	<b>14g</b>	
<b>h</b>	Reduction in taxes available for credit (attach statement)	<b>14h</b>	
<b>15</b>	Other items and amounts required to be reported separately to partners (attach statement)		

**Analysis of Net Income (Loss)**

<b>1</b>	Net income (loss). In column (b), add lines 1c through 4b, 7, and 8. From the result, subtract line 14g	<b>1</b>	13,402,160
<b>2</b>	Analysis by partner type:		
	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)
	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
<b>a</b>	General partners		
<b>b</b>	Limited partners		13,402,160

**Schedule L Balance Sheets per Books**

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash		2,468,821		2,612,147
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories		5,650,225		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 partners)				
b Mortgage and real estate loans				
8 Other investments (attach statement)				
9a Buildings and other depreciable assets				
b Less accumulated depreciation				
10a Depletable assets	4,227,116		7,297,740	
b Less accumulated depletion	1,392,032	2,835,084	2,912,140	4,385,600
11 Land (net of any amortization)		7,220,410		7,220,410
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets (attach statement)				
14 <b>Total assets</b>		18,174,540		20,440,320
<b>Liabilities and Capital</b>				
15 Accounts payable		2,147,882		2,110,320
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach statement)				
18 All nonrecourse loans		10,376,658		5,263,460
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 Partners' capital accounts		5,650,000		13,066,540
22 <b>Total liabilities and capital</b>		18,174,540		20,440,320

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**

**Note.** Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1 Net income (loss) per books		6 Income recorded on books this year not included on Schedule K, lines 1c through 4b, and 8 (itemize):	
2 Income included on Schedule K, lines 1c through 4b, and 8, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments			
4 Expenses recorded on books this year not included on Schedule K, lines 1c through 4b, and 14g (itemize):		7 Deductions included on Schedule K, lines 1c through 4b, and 14g, not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation \$	
b Travel and entertainment \$			
		8 Add lines 6 and 7	
5 Add lines 1 through 4		9 Income (loss). (Analysis of Net Income (Loss), line 1.) Subtract line 8 from line 5	

**Schedule M-2 Analysis of Partners' Capital Accounts**

1 Balance at beginning of year	5,650,000	6 Distributions: a Cash	5,000,000
2 Capital contributed: a Cash		b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	12,416,540		
4 Other increases (itemize):		8 Add lines 6 and 7	5,000,000
		9 Balance at end of year. Subtract line 8 from line 5	13,066,540
5 Add lines 1 through 4	18,066,540		

▶ **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](http://www.irs.gov/form1125a).**

Name <b>Black Coal Industries LLC</b>		Employer identification number <b>69-0000008</b>	
<b>1</b>	Inventory at beginning of year . . . . .	<b>1</b>	<b>5,650,225</b>
<b>2</b>	Purchases . . . . .	<b>2</b>	<b>57,478,827</b>
<b>3</b>	Cost of labor . . . . .	<b>3</b>	<b>1,425,622</b>
<b>4</b>	Additional section 263A costs (attach schedule) . . . . .	<b>4</b>	
<b>5</b>	Other costs (attach schedule) . . . . .	<b>5</b>	
<b>6</b>	<b>Total.</b> Add lines 1 through 5 . . . . .	<b>6</b>	<b>64,554,674</b>
<b>7</b>	Inventory at end of year . . . . .	<b>7</b>	<b>6,222,163</b>
<b>8</b>	<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) . . . . .	<b>8</b>	<b>58,332,511</b>

**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 . . . . . ▶

**c** 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** \_\_\_\_\_

**e** If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)? . . .  Yes  No

**f** Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation . . . . .  Yes  No

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.

Form **8308**

(Rev. October 2005)

Department of the Treasury  
Internal Revenue Service**Report of a Sale or Exchange of  
Certain Partnership Interests**

OMB No. 1545-0941

▶ Please print or type.

Name of partnership <b>Black Coal Industries</b>	Telephone number ( <b>555</b> ) <b>555-5555</b>	Employer identification number <b>69-00000008</b>
---	--	--

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

**100 Main St**

City or town, state, and ZIP code

**Anytown, WV 25001****Part I** **Transferor Information** (Beneficial owner of the partnership interest immediately before the transfer of that interest)

Name <b>Bronco Juno</b>	Identifying number <b>000-70-0002</b>
----------------------------	--

Number and street (including apt. no.)

**300 Main St**

City or town, state, and ZIP code

**Anytown, WV 25001****Notice to Transferors:** *The information on this form has been supplied to the Internal Revenue Service. The transferor in a section 751(a) exchange is required to treat a portion of the gain realized from the exchange as ordinary income. For more details, see Pub. 541, Partnerships.***Statement by Transferor:** *The transferor in a section 751(a) exchange is required under Regulations section 1.751-1(a)(3) to attach a statement relating to the sale or exchange to his or her return. See Instructions to Transferors for more details.***Part II** **Transferee Information** (Beneficial owner of the partnership interest immediately after the transfer of that interest)

Name <b>Bubba Christmas</b>	Identifying number <b>000-70-0001</b>
--------------------------------	--

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.

**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.
- Learning about the law or the form** . . . 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)**

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

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

OMB No. 1545-0099

▶ **Attach to Form 1065. See separate instructions.**

Name of partnership

**ABC Cement Manufacturing**

Employer identification number

**69-0000008**

		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? . . . . .		✓
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)? . . . . .		✓
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)**

Department of the Treasury  
Internal Revenue Service

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

▶ Attach to Form 1065 or Form 1065-B.

OMB No. 1545-0099

**2012**

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

Name of partnership

**Black Coal Industries, LLC**

Employer identification number

**69-0000008**

**This Schedule M-3 is being filed because (check all that apply):**

- A**  The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
- B**  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 25,440,320.
- 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 103,183,673.
- 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

**E**  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?
  - Yes.** 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.
- 2** Enter the income statement period: Beginning 01 / 01 / 2012 Ending 12 / 31 / 2012
- 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.)
  - No.**

<b>4a</b> Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	<b>4a</b>	<b>12,416,540</b>
<b>b</b> Indicate accounting standard used for line 4a (see instructions):		
<b>1</b> <input checked="" type="checkbox"/> GAAP <b>2</b> <input type="checkbox"/> IFRS <b>3</b> <input type="checkbox"/> 704(b)		
<b>4</b> <input type="checkbox"/> Tax-basis <b>5</b> <input type="checkbox"/> Other: (Specify) ▶ _____		
<b>5a</b> Net income from nonincludible foreign entities (attach statement) . . . . .	<b>5a</b>	( )
<b>b</b> Net loss from nonincludible foreign entities (attach statement and enter as a positive amount) . . . . .	<b>5b</b>	
<b>6a</b> Net income from nonincludible U.S. entities (attach statement) . . . . .	<b>6a</b>	( )
<b>b</b> Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount) . . . . .	<b>6b</b>	
<b>7a</b> Net income (loss) of other foreign disregarded entities (attach statement) . . . . .	<b>7a</b>	
<b>b</b> Net income (loss) of other U.S. disregarded entities (attach statement) . . . . .	<b>7b</b>	
<b>8</b> Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement) . . . . .	<b>8</b>	
<b>9</b> Adjustment to reconcile income statement period to tax year (attach statement) . . . . .	<b>9</b>	
<b>10</b> Other adjustments to reconcile to amount on line 11 (attach statement) . . . . .	<b>10</b>	
<b>11</b> <b>Net income (loss) per income statement of the partnership.</b> Combine lines 4a through 10 . . . . .	<b>11</b>	<b>12,416,540</b>

**Note.** Part I, line 11, must equal the amount on Part II, line 26, column (a).

**12** 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:

	Total Assets	Total Liabilities
<b>a</b> Included on Part I, line 4	<b>20,440,320</b>	<b>7,373,780</b>
<b>b</b> Removed on Part I, line 5		
<b>c</b> Removed on Part I, line 6		
<b>d</b> Included on Part I, line 7		

Name of partnership

**Black Coal Industries, LLC**

Employer identification number

**69-0000008**

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

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

**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**

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
<b>1</b> State and local current income tax expense . . . . .				
<b>2</b> State and local deferred income tax expense . . . . .				
<b>3</b> Foreign current income tax expense (other than foreign withholding taxes) . . . . .				
<b>4</b> Foreign deferred income tax expense . . . . .				
<b>5</b> Equity-based compensation . . . . .				
<b>6</b> Meals and entertainment . . . . .				
<b>7</b> Fines and penalties . . . . .				
<b>8</b> Judgments, damages, awards, and similar costs . . . . .				
<b>9</b> Guaranteed payments . . . . .				
<b>10</b> Pension and profit-sharing . . . . .				
<b>11</b> Other post-retirement benefits . . . . .				
<b>12</b> Deferred compensation . . . . .				
<b>13</b> Charitable contribution of cash and tangible property . . . . .				
<b>14</b> Charitable contribution of intangible property . . . . .				
<b>15</b> Organizational expenses as per Regulations section 1.709-2(a) . . . . .				
<b>16</b> Syndication expenses as per Regulations section 1.709-2(b) . . . . .				
<b>17</b> Current year acquisition/reorganization investment banking fees . . . . .				
<b>18</b> Current year acquisition/reorganization legal and accounting fees . . . . .				
<b>19</b> Amortization/impairment of goodwill . . . . .				
<b>20</b> Amortization of acquisition, reorganization, and start-up costs . . . . .				
<b>21</b> Other amortization or impairment write-offs . . . . .				
<b>22</b> Section 198 environmental remediation costs . . . . .				
<b>23a</b> Depletion—Oil & Gas . . . . .				
<b>b</b> Depletion—Other than Oil & Gas . . . . .				
<b>24</b> Intangible drilling & development costs . . . . .				
<b>25</b> Depreciation . . . . .				
<b>26</b> Bad debt expense . . . . .				
<b>27</b> Interest expense (attach Form 8916-A) . . . . .				
<b>28</b> Purchase versus lease (for purchasers and/ or lessees) . . . . .				
<b>29</b> Research and development costs . . . . .				
<b>30</b> Other expense/deduction items with differences (attach statement) . . . . .				
<b>31 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 . . . . .				

CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. <b>Black Coal Industries LLC</b> <b>100 Main St</b> <b>Anytown, WV 25001</b>		<b>1</b> Taxable income (loss) from passive activities <b>114,749</b>	OMB No. 1545-1626 <b>2012</b> Schedule K-1 (Form 1065-B)
PARTNERSHIP'S Employer I.D. number <b>69-0000008</b>		PARTNER'S identifying number <b>000-70-0002</b>	<b>2</b> Taxable income (loss) from other activities <b>19,274</b>
PARTNER'S name <b>Bronco Juno</b>		<b>3</b> Qualified dividends	<b>4b</b> Net capital gain (loss) from other activities
Street address (including apt. no.) <b>300 Main St</b>		<b>4a</b> Net capital gain (loss) from passive activities	
City, state, and ZIP code <b>Anytown, WV 25001</b>		<b>5</b> Net passive AMT adjustment	<b>6</b> Net other AMT adjustment
Partner's share of liabilities:		<b>7</b> General credits	<b>8</b> Low-income housing credit
<b>a</b> Nonrecourse . . . . . \$ <b>52,635</b>		<b>9</b> Other	
<b>b</b> Qualified nonrecourse financing . . . . . \$ _____			
<b>c</b> Other . . . . . \$ _____			

**Partner's Share of Income (Loss) From an Electing Large Partnership**

**Copy A**

**For Internal Revenue Service Center**

File with Form 1065-B.

For Paperwork Reduction Act Notice and instructions for completing this form, see the **2012 Instructions for Form 1065-B**, U.S. Return of Income for Electing Large Partnerships.

**Schedule K-1 (Form 1065-B)**

Cat. No. 25437H

IRS.gov/form1065b

Department of the Treasury - Internal Revenue Service

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CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. <b>Black Coal Industries LLC</b> <b>100 Main St</b> <b>Anytown, WV 25001</b>		<b>1</b> Taxable income (loss) from passive activities <b>52,635</b>	OMB No. 1545-1626 <b>2012</b> Schedule K-1 (Form 1065-B)
PARTNERSHIP'S Employer I.D. number <b>69-0000008</b>		PARTNER'S identifying number <b>000-70-0001</b>	<b>2</b> Taxable income (loss) from other activities <b>19,274</b>
PARTNER'S name <b>Bubba Christmas</b>		<b>3</b> Qualified dividends	<b>4b</b> Net capital gain (loss) from other activities
Street address (including apt. no.) <b>200 Main St</b>		<b>4a</b> Net capital gain (loss) from passive activities	
City, state, and ZIP code <b>Anytown, WV 25001</b>		<b>5</b> Net passive AMT adjustment	<b>6</b> Net other AMT adjustment
Partner's share of liabilities:		<b>7</b> General credits	<b>8</b> Low-income housing credit
<b>a</b> Nonrecourse . . . . . \$ <b>52,635</b>		<b>9</b> Other	
<b>b</b> Qualified nonrecourse financing . . . . . \$ _____			
<b>c</b> Other . . . . . \$ _____			

**Partner's Share of Income (Loss) From an Electing Large Partnership**

**Copy A**

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File with Form 1065-B.

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**Schedule K-1 (Form 1065-B)**

Cat. No. 25437H

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Department of the Treasury - Internal Revenue Service

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CORRECTED

PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. <b>Black Coal Industries LLC</b> <b>100 Main St</b> <b>Anytown, WV 25001</b>		<b>1</b> Taxable income (loss) from passive activities <b>114,749</b>	OMB No. 1545-1626 <b>2012</b> Schedule K-1 (Form 1065-B)
PARTNERSHIP'S Employer I.D. number <b>69-0000008</b>		PARTNER'S identifying number <b>000-70-1001</b>	<b>2</b> Taxable income (loss) from other activities <b>19,273</b>
PARTNER'S name <b>Taxpayer B1</b>		<b>3</b> Qualified dividends	<b>4b</b> Net capital gain (loss) from other activities
Street address (including apt. no.) <b>1001 Main St</b>		<b>4a</b> Net capital gain (loss) from passive activities	
City, state, and ZIP code <b>Anytown, WV 25001</b>		<b>5</b> Net passive AMT adjustment	<b>6</b> Net other AMT adjustment
Partner's share of liabilities:		<b>7</b> General credits	<b>8</b> Low-income housing credit
<b>a</b> Nonrecourse . . . . . \$ <b>52,635</b>		<b>9</b> Other	
<b>b</b> Qualified nonrecourse financing . . . . . \$ _____			
<b>c</b> Other . . . . . \$ _____			

**Partner's Share of Income (Loss) From an Electing Large Partnership**

**Copy A**

**For Internal Revenue Service Center**

File with Form 1065-B.

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**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 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: 555-555-5555**  
**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**

**IRS PAYMENT:**

**N/A**

**Details for attachments to Form**

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

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

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

<b>Childcare</b>	<b>35,600</b>
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**Schedule L Other Assets Statement (Form 1065, Page 4, Schedule L, Line 13b and 13d)**

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

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

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

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

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return <b>San Starling, LLP</b>	Business or activity to which this form relates <b>Legal Services</b>	Identifying number <b>69-0000001</b>
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**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 Maximum amount (see instructions) . . . . .	<b>1</b>	
2 Total cost of section 179 property placed in service (see instructions) . . . . .	<b>2</b>	
3 Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .	<b>3</b>	
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	<b>4</b>	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions . . . . .	<b>5</b>	
<b>6</b> (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property. Enter the amount from line 29 . . . . .	<b>7</b>	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	<b>8</b>	
9 Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8 . . . . .	<b>9</b>	
10 Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . .	<b>10</b>	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	<b>11</b>	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 . . . . .	<b>12</b>	
13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 ▶	<b>13</b>	

**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 during the tax year (see instructions) . . . . .	<b>14</b>	3,258,175
15 Property subject to section 168(f)(1) election . . . . .	<b>15</b>	
16 Other depreciation (including ACRS) . . . . .	<b>16</b>	625,392

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . .	<b>17</b>	2,745,142
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here . . . . . <input type="checkbox"/>		

**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
<b>19a</b> 3-year property						285,740
<b>b</b> 5-year property						325,098
<b>c</b> 7-year property						
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs.		S/L	
<b>h</b> Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
<b>i</b> Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	35,069

**Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

<b>20a</b> Class life					S/L	
<b>b</b> 12-year			12 yrs.		S/L	
<b>c</b> 40-year			40 yrs.	MM	S/L	

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

21 Listed property. Enter amount from line 28 . . . . .	<b>21</b>	
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 . . . . .	<b>22</b>	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 . . . . .	<b>23</b>	



**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

**24a** Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If "Yes," is the evidence written?  Yes  No

(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) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .						<b>25</b>		
<b>26</b> Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						<b>28</b>		
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							<b>29</b>	

**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.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles) .												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven . . . . .												
<b>33</b> Total miles driven during the year. Add lines 30 through 32 . . . . .												
<b>34</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>36</b> 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).

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
<b>39</b> Do you treat all use of vehicles by employees as personal use? . . . . .		
<b>40</b> 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? . . . . .		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2012 tax year (see instructions):					
<b>43</b> Amortization of costs that began before your 2012 tax year . . . . .				<b>43</b>	
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .				<b>44</b>	

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

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return <b>Sam Starling</b>	Business or activity to which this form relates <b>Rental</b>	Identifying number <b>69-0000001</b>
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**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 Maximum amount (see instructions) . . . . .	<b>1</b>	
2 Total cost of section 179 property placed in service (see instructions) . . . . .	<b>2</b>	
3 Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .	<b>3</b>	
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	<b>4</b>	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions . . . . .	<b>5</b>	
<b>6</b> (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property. Enter the amount from line 29 . . . . .	<b>7</b>	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	<b>8</b>	
9 Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8 . . . . .	<b>9</b>	
10 Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . .	<b>10</b>	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	<b>11</b>	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 . . . . .	<b>12</b>	
13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 ▶	<b>13</b>	

**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 during the tax year (see instructions) . . . . .	<b>14</b>	
15 Property subject to section 168(f)(1) election . . . . .	<b>15</b>	
16 Other depreciation (including ACRS) . . . . .	<b>16</b>	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . .	<b>17</b>	<b>18,275</b>
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here . . . . . <input type="checkbox"/>		

**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
<b>19a</b> 3-year property						
<b>b</b> 5-year property						
<b>c</b> 7-year property						
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs.		S/L	
<b>h</b> Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
<b>i</b> Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

**Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

<b>20a</b> Class life						
<b>b</b> 12-year			12 yrs.		S/L	
<b>c</b> 40-year			40 yrs.	MM	S/L	

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

21 Listed property. Enter amount from line 28 . . . . .	<b>21</b>	
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 . . . . .	<b>22</b>	<b>18,275</b>
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . . . .	<b>23</b>	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

**24a** Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If "Yes," is the evidence written?  Yes  No

(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) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .						<b>25</b>		
<b>26</b> Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						<b>28</b>		
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							<b>29</b>	

**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.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles) .												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven . . . . .												
<b>33</b> Total miles driven during the year. Add lines 30 through 32 . . . . .												
<b>34</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>36</b> 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).

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
<b>39</b> Do you treat all use of vehicles by employees as personal use? . . . . .		
<b>40</b> 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? . . . . .		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2012 tax year (see instructions):					
<b>43</b> Amortization of costs that began before your 2012 tax year . . . . .				<b>43</b>	
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .					<b>44</b>

**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](http://www.irs.gov/form4797).

Name(s) shown on return <b>Sam Starling, LLP</b>	Identifying number <b>69-0000001</b>
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**1** 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) . . . . . **1**

**Part I 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)

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 other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
<b>3</b>	Gain, if any, from Form 4684, line 39 . . . . .						<b>3</b>
<b>4</b>	Section 1231 gain from installment sales from Form 6252, line 26 or 37 . . . . .						<b>4</b>
<b>5</b>	Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . . .						<b>5</b>
<b>6</b>	Gain, if any, from line 32, from other than casualty or theft. . . . .						<b>6</b>
<b>7</b>	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . . . . .						<b>7</b>
	<b>Partnerships (except electing large partnerships) and S corporations.</b> 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.						
	<b>Individuals, partners, S corporation shareholders, and all others.</b> 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.						
<b>8</b>	Nonrecaptured net section 1231 losses from prior years (see instructions) . . . . .						<b>8</b>
<b>9</b>	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) . . . . .						<b>9</b>

**Part II Ordinary Gains and Losses** (see instructions)

**10** Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

<b>11</b>	Loss, if any, from line 7 . . . . .						<b>11</b> ( )
<b>12</b>	Gain, if any, from line 7 or amount from line 8, if applicable . . . . .						<b>12</b>
<b>13</b>	Gain, if any, from line 31 . . . . .						<b>13</b> 10,000
<b>14</b>	Net gain or (loss) from Form 4684, lines 31 and 38a . . . . .						<b>14</b>
<b>15</b>	Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . . .						<b>15</b>
<b>16</b>	Ordinary gain or (loss) from like-kind exchanges from Form 8824. . . . .						<b>16</b>
<b>17</b>	Combine lines 10 through 16 . . . . .						<b>17</b> 10,000
<b>18</b>	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:						
	<b>a</b> 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 . . . . .						<b>18a</b>
	<b>b</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 . . . . .						<b>18b</b>

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

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)		
<b>A Furniture and Fixtures</b>		10/01/2011	01/19/2012		
<b>B</b>					
<b>C</b>					
<b>D</b>					
These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B	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		
23	Adjusted basis. Subtract line 22 from line 21. . . . .	23			
24	Total gain. Subtract line 23 from line 20 . . . . .	24	10,000		
<b>25 If section 1245 property:</b>					
a	Depreciation allowed or allowable from line 22 . . . . .	25a	10,000		
b	Enter the <b>smaller</b> of line 24 or 25a . . . . .	25b	10,000		
<b>26 If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a	Additional depreciation after 1975 (see instructions) . . . . .	26a			
b	Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions) . . . . .	26b			
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e . . . . .	26c			
d	Additional depreciation after 1969 and before 1976. . . . .	26d			
e	Enter the <b>smaller</b> of line 26c or 26d . . . . .	26e			
f	Section 291 amount (corporations only) . . . . .	26f			
g	Add lines 26b, 26e, and 26f. . . . .	26g			
<b>27 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).					
a	Soil, water, and land clearing expenses . . . . .	27a			
b	Line 27a multiplied by applicable percentage (see instructions) . . . . .	27b			
c	Enter the <b>smaller</b> of line 24 or 27b . . . . .	27c			
<b>28 If section 1254 property:</b>					
a	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			
<b>29 If section 1255 property:</b>					
a	Applicable percentage of payments excluded from income under section 126 (see instructions) . . . . .	29a			
b	Enter the <b>smaller</b> of line 24 or 29a (see instructions) . . . . .	29b			

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24 . . . . .	30	10,000
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 . . . . .	31	10,000
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 . . . . .	32	

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(see instructions)

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

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

OMB No. 1545-1186

▶ See instructions on back.

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

Name <b>Sam Starling, LLP</b>	Employer identification number <b>69-0000001</b>
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<b>1</b>	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, state, ZIP code	Type—Enter code 1-8; see page 2 for list	Fair Rental Days	Personal Use Days
<b>A</b>	125 Modernized Street Newtown, NV 89510	Rental	365	
<b>B</b>				
<b>C</b>				
<b>D</b>				

		Properties			
		A	B	C	D
<b>Rental Real Estate Income</b>					
<b>2</b>	Gross rents . . . . .	2	1,234,900		
<b>Rental Real Estate Expenses</b>					
<b>3</b>	Advertising . . . . .	3			
<b>4</b>	Auto and travel . . . . .	4			
<b>5</b>	Cleaning and maintenance . . . . .	5			
<b>6</b>	Commissions . . . . .	6			
<b>7</b>	Insurance . . . . .	7			
<b>8</b>	Legal and other professional fees . . . . .	8			
<b>9</b>	Interest . . . . .	9			
<b>10</b>	Repairs . . . . .	10			
<b>11</b>	Taxes . . . . .	11			
<b>12</b>	Utilities . . . . .	12			
<b>13</b>	Wages and salaries . . . . .	13			
<b>14</b>	Depreciation (see instructions) . . . . .	14	18,275		
<b>15</b>	Other (list) ▶ <u>Ground Lease, Fees</u>	15	1,013,500		
<b>16</b>	Total expenses for each property. Add lines 3 through 15 . . . . .	16	1,031,775		
<b>17</b>	Income or (Loss) from each property. Subtract line 16 from line 2 . . . . .	17	203,125		
<b>18a</b>	Total gross rents. Add gross rents from line 2, columns A through H . . . . .	18a	1,234,900		
<b>18b</b>	Total expenses. Add total expenses from line 16, columns A through H . . . . .	18b	( 1,031,775 )		
<b>19</b>	Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities . . . . .	19			
<b>20a</b>	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>b</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		
	-----		-----		
	-----		-----		
<b>21</b>	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	21	203,125		

<b>1</b>	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.			
	Physical address of each property—street, city, state, ZIP code	Type—Enter code 1-8; see below for list	Fair Rental Days	Personal Use Days
<b>E</b>	.....	.....	.....	.....
<b>F</b>	.....	.....	.....	.....
<b>G</b>	.....	.....	.....	.....
<b>H</b>	.....	.....	.....	.....

		Properties							
		E		F		G		H	
<b>Rental Real Estate Income</b>									
<b>2</b> Gross rents . . . . .	<b>2</b>								
<b>Rental Real Estate Expenses</b>									
<b>3</b> Advertising . . . . .	<b>3</b>								
<b>4</b> Auto and travel . . . . .	<b>4</b>								
<b>5</b> Cleaning and maintenance . .	<b>5</b>								
<b>6</b> Commissions . . . . .	<b>6</b>								
<b>7</b> Insurance . . . . .	<b>7</b>								
<b>8</b> Legal and other professional fees	<b>8</b>								
<b>9</b> Interest . . . . .	<b>9</b>								
<b>10</b> Repairs . . . . .	<b>10</b>								
<b>11</b> Taxes . . . . .	<b>11</b>								
<b>12</b> Utilities . . . . .	<b>12</b>								
<b>13</b> Wages and salaries . . . . .	<b>13</b>								
<b>14</b> Depreciation (see instructions)	<b>14</b>								
<b>15</b> Other (list) ▶ .....	<b>15</b>								
.....									
.....									
<b>16</b> Total expenses for each property. Add lines 3 through 15 . . . .	<b>16</b>								
<b>17</b> Income or (Loss) from each property. Subtract line 16 from line 2	<b>17</b>								

**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)

## Credit for Employer-Provided Childcare Facilities and Services

▶ Attach to your tax return.

Name(s) shown on return <b>Sam Starling, LLP</b>		Identifying number <b>69-0000001</b>	
1	Qualified childcare facility expenditures paid or incurred . . . . .	1	
2	Enter 25% (.25) of line 1 . . . . .	2	
3	Qualified childcare resource and referral expenditures paid or incurred	3	
4	Enter 10% (.10) of line 3 . . . . .	4	
5	Credit for employer-provided childcare facilities and services from partnerships, S corporations, estates, and trusts . . . . .	5	<b>35,000</b>
6	Add lines 2, 4, and 5 . . . . .	6	<b>35,000</b>
7	Enter the <b>smaller</b> of line 6 or <b>\$150,000</b> . 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, report the credit on the applicable line of Form 3800, (e.g., line 1n of the 2006 Form 3800) . . . . .	7	<b>35,000</b>
8	Amount allocated to beneficiaries of the estate or trust (see instructions) . . . . .	8	
9	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) . . . . .	9	

### General Instructions

Section references are to the Internal Revenue Code.

#### What's New

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

#### Purpose of Form

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

For details, see section 45F.

#### How To Figure the Credit

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

*Qualified childcare expenditures* are amounts paid or incurred:

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

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

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

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



**SCHEDULE C  
(Form 1065)**

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

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

OMB No. 1545-0099

▶ **Attach to Form 1065. See separate instructions.**

Name of partnership

**Sam Starling, LLP**

Employer identification number

**69-0000001**

		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? . . . . .		✓
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)? . . . . .		✓
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)**

Department of the Treasury  
Internal Revenue Service

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

▶ Attach to Form 1065 or Form 1065-B.

OMB No. 1545-0099

**2012**

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

Name of partnership  
**Sam Starling, LLP**

Employer identification number  
**69-0000001**

**This Schedule M-3 is being filed because (check all that apply):**

- A**  The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
- B**  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 183,508,229.
- 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 323,558,263.
- 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

**E**  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?
  - Yes.** 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.
- 2** Enter the income statement period: Beginning 01 / 01 / 2012 Ending 12 / 31 / 2012
- 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.)
  - No.**

<b>4a</b> Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	<b>4a</b>	<b>121,435,397</b>
<b>b</b> Indicate accounting standard used for line 4a (see instructions):		
1 <input checked="" type="checkbox"/> GAAP      2 <input type="checkbox"/> IFRS      3 <input type="checkbox"/> 704(b)		
4 <input type="checkbox"/> Tax-basis      5 <input type="checkbox"/> Other: (Specify) ▶ _____		
<b>5a</b> Net income from nonincludible foreign entities (attach statement) . . . . .	<b>5a</b>	( )
<b>b</b> Net loss from nonincludible foreign entities (attach statement and enter as a positive amount) . . . . .	<b>5b</b>	
<b>6a</b> Net income from nonincludible U.S. entities (attach statement) . . . . .	<b>6a</b>	( )
<b>b</b> Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount) . . . . .	<b>6b</b>	
<b>7a</b> Net income (loss) of other foreign disregarded entities (attach statement) . . . . .	<b>7a</b>	
<b>b</b> Net income (loss) of other U.S. disregarded entities (attach statement) . . . . .	<b>7b</b>	
<b>8</b> Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement) . . . . .	<b>8</b>	
<b>9</b> Adjustment to reconcile income statement period to tax year (attach statement) . . . . .	<b>9</b>	
<b>10</b> Other adjustments to reconcile to amount on line 11 (attach statement) . . . . .	<b>10</b>	
<b>11</b> <b>Net income (loss) per income statement of the partnership.</b> Combine lines 4a through 10 . . . . .	<b>11</b>	<b>121,435,397</b>

**Note.** Part I, line 11, must equal the amount on Part II, line 26, column (a).

**12** 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:

	Total Assets	Total Liabilities
<b>a</b> Included on Part I, line 4	<b>108,367,919</b>	<b>17,183,000</b>
<b>b</b> Removed on Part I, line 5		
<b>c</b> Removed on Part I, line 6		
<b>d</b> Included on Part I, line 7		

Name of partnership

Employer identification number

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

**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

**Sam Starling, LLP**

**69-0000001**

**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
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 . . . . .				
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 . . . . .				
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 <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 . . . . .	12,959,862	(4,116,715)	21,899,903	30,743,050

Final K-1

Amended K-1

Schedule K-1 (Form 1065)

2012

Department of the Treasury Internal Revenue Service

For calendar year 2012, or tax year beginning 01/01, 2012 ending 12/31, 2012

Partner's Share of Income, Deductions, Credits, etc.

See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number 69-0000001
B Partnership's name, address, city, state, and ZIP code Sam Starling, LLP 631 N McKinley Drive Reno, NV 89510
C IRS Center where partnership filed return Ogden
D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number 000-00-0022
F Partner's name, address, city, state, and ZIP code Sam Starling P.O. Box 99 & Birch Branch St Johns, NFLD Canada, AIC5N5
G General partner or LLC member-manager Limited partner or other LLC member
H Domestic partner Foreign partner
I1 What type of entity is this partner? Individual
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
J Partner's share of profit, loss, and capital (see instructions): Beginning Ending Profit 10% 10% Loss 10% 10% Capital 10% 10%
K Partner's share of liabilities at year end: Nonrecourse \$ 1,100,000
Qualified nonrecourse financing \$
Recourse \$

L Partner's capital account analysis: Beginning capital account \$ 4,488,892 Capital contributed during the year \$ Current year increase (decrease) \$ 12,143,540 Withdrawals & distributions \$ (7,514,031) Ending capital account \$ 9,118,401

Tax basis GAAP Section 704(b) book Other (explain)
M Did the partner contribute property with a built-in gain or loss? Yes No If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Table with 4 columns: Line number, Description, Amount, and Code. Rows include: 1 Ordinary business income (loss) 8,068,141 15 Credits; 2 Net rental real estate income (loss) 20,312 P 3,560; 3 Other net rental income (loss) 16 Foreign transactions; 4 Guaranteed payments; 5 Interest income 9,265; 6a Ordinary dividends; 6b Qualified dividends; 7 Royalties; 8 Net short-term capital gain (loss); 9a Net long-term capital gain (loss) 17 Alternative minimum tax (AMT) items; 9b Collectibles (28%) gain (loss) A 19,946; 9c Unrecaptured section 1250 gain; 10 Net section 1231 gain (loss) 18 Tax-exempt income and nondeductible expenses; 11 Other income (loss) C 77,513; 12 Section 179 deduction; 13 Other deductions A 7,514,031; 14 Self-employment earnings (loss); 19 Distributions; 20 Other information A 9,265

\*See attached statement for additional information.

For IRS Use Only

Final K-1

Amended K-1

Schedule K-1 (Form 1065)

2012

Department of the Treasury Internal Revenue Service

For calendar year 2012, or tax year beginning 01/01, 2012 ending 12/31, 2012

Partner's Share of Income, Deductions, Credits, etc.

See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number 69-0000001
B Partnership's name, address, city, state, and ZIP code Sam Starling, LLP 631 N McKinley Drive Reno, NV 89510
C IRS Center where partnership filed return Ogden
D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number 69-1000001
F Partner's name, address, city, state, and ZIP code Barton and Jenkins Enterprise RR 510 W Anchorage, AK 99502
G General partner or LLC member-manager
H Domestic partner
I1 What type of entity is this partner? Partnership
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
J Partner's share of profit, loss, and capital (see instructions): Beginning Ending Profit 40% 40% Loss 40% 40% Capital 40% 40%
K Partner's share of liabilities at year end: Nonrecourse \$ 4,400,000
Qualified nonrecourse financing \$
Recourse \$

L Partner's capital account analysis: Beginning capital account \$ 17,955,568 Capital contributed during the year \$ Current year increase (decrease) \$ 48,574,160 Withdrawals & distributions \$ (30,056,124) Ending capital account \$ 36,473,604

Partner's share of liabilities at year end: Nonrecourse \$ 4,400,000
Qualified nonrecourse financing \$
Recourse \$
M Did the partner contribute property with a built-in gain or loss? Yes No

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Table with 4 columns: Line number, Description, Amount, and Code. Rows include: 1 Ordinary business income (loss) 32,272,562 15 Credits; 2 Net rental real estate income (loss) 81,8250 F 14,240; 3 Other net rental income (loss) 16 Foreign transactions; 4 Guaranteed payments 22,675,031; 5 Interest income 37,060; 6a Ordinary dividends; 6b Qualified dividends; 7 Royalties; 8 Net short-term capital gain (loss); 9a Net long-term capital gain (loss) 17 Alternative minimum tax (AMT) items; 9b Collectibles (28%) gain (loss) A 79,782; 9c Unrecaptured section 1250 gain; 10 Net section 1231 gain (loss) 18 Tax-exempt income and nondeductible expenses; 11 Other income (loss) C 310,052; 12 Section 179 deduction; 13 Other deductions A 30,056,124; 14 Self-employment earnings (loss) A 55,024,842 C 55,024,842; 19 Distributions; 20 Other information A 37,060

\*See attached statement for additional information.

For IRS Use Only

Final K-1

Amended K-1

Schedule K-1 (Form 1065)

2012

Department of the Treasury Internal Revenue Service

For calendar year 2012, or tax year beginning 01/01, 2012 ending 12/31, 2012

Partner's Share of Income, Deductions, Credits, etc.

See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number 69-0000001
B Partnership's name, address, city, state, and ZIP code Sam Starling, LLP 631 N McKinley Drive Reno, NV 89510
C IRS Center where partnership filed return Ogden
D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number 990-00-0001
F Partner's name, address, city, state, and ZIP code Taxpayer 1 P.O. Box 0001 Reno, NV 89510
G General partner or LLC member-manager Limited partner or other LLC member
H Domestic partner Foreign partner
I1 What type of entity is this partner? Individual
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
J Partner's share of profit, loss, and capital (see instructions): Beginning Ending Profit 2% 2% Loss 2% 2% Capital 2% 2%
K Partner's share of liabilities at year end: Nonrecourse \$ 55,000 Qualified nonrecourse financing \$ Recourse \$

L Partner's capital account analysis: Beginning capital account \$ 224,445 Capital contributed during the year \$ Current year increase (decrease) \$ 607,177 Withdrawals & distributions \$ (375,702) Ending capital account \$ 455,920
Tax basis GAAP Section 704(b) book Other (explain)
M Did the partner contribute property with a built-in gain or loss? Yes No

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Table with 4 columns: Line number, Description, Amount, and Code. Rows include: 1 Ordinary business income (loss) 15 Credits 1,613,628; 2 Net rental real estate income (loss) P 712 4,063; 3 Other net rental income (loss) 16 Foreign transactions; 4 Guaranteed payments; 5 Interest income 1,853; 6a Ordinary dividends; 6b Qualified dividends; 7 Royalties; 8 Net short-term capital gain (loss); 9a Net long-term capital gain (loss) 17 Alternative minimum tax (AMT) items; 9b Collectibles (28%) gain (loss) A 3,989; 9c Unrecaptured section 1250 gain; 10 Net section 1231 gain (loss) 18 Tax-exempt income and nondeductible expenses; 11 Other income (loss) C 15,503; 12 Section 179 deduction; 13 Other deductions A 1,502,806; 14 Self-employment earnings (loss); 19 Distributions; 20 Other information A 1,853

\*See attached statement for additional information.

For IRS Use Only

### 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**

**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: 555-555-5555**  
**Email Address: Anymail@email.com**  
**Date Signed: 03/15/2013**

**Preparer:** Name: John Smith  
 PTIN: P0000010  
 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 or Trusts Name	Address	EIN	Trade or Business Activity	Amount
Mai Tai Investments	1-2-3 Ginsu Chuo-Ku Tokyo, 190-2182	69-0000099	Security Dealing	\$10,229,525

**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	Entity Name	EIN	Country
Partnership	MaiTai Partnership	69-0000099	Japan

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

<b>Name of Partnership</b>	<b>Carlton Asset Management L P</b>
<b>Partnership Address</b>	<b>1678 South Hoover Blvd San Francisco, CA 94101</b>
<b>Section 754 Declaration</b>	<b>Made a Section 754 Declaration</b>

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

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

**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")**

Form **1065**  
 Department of the Treasury  
 Internal Revenue Service

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

For calendar year 2012, or tax year beginning \_\_\_\_\_, 2012, ending \_\_\_\_\_, 20\_\_\_\_

OMB No. 1545-0099

**2012**

► Information about Form 1065 and its separate instructions is at [www.irs.gov/form1065](http://www.irs.gov/form1065).

<b>A</b> Principal business activity <b>Management</b>	<b>Print or type.</b>	Name of partnership <b>Carlton Assets Management, LP</b>	<b>D</b> Employer identification number <b>69-0000003</b>
<b>B</b> Principal product or service <b>Financial Invest</b>		Number, street, and room or suite no. If a P.O. box, see the instructions. <b>1678 South Hoover Blvd</b>	<b>E</b> Date business started <b>10/23/1998</b>
<b>C</b> Business code number <b>523900</b>		City or town, state, and ZIP code <b>San Francisco, CA 94101</b>	<b>F</b> Total assets (see the instructions) <b>\$ 6,275,256</b>

- G** Check applicable boxes: (1)  Initial return (2)  Final return (3)  Name change (4)  Address change (5)  Amended return  
 (6)  Technical termination - also check (1) or (2)
- H** Check accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) ► \_\_\_\_\_
- I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ► **101**
- J** Check if Schedules C and M-3 are attached

**Caution.** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>Income</b>	<b>1a</b> Gross receipts or sales	<b>1a</b>		
	<b>b</b> Returns and allowances	<b>1b</b>		
	<b>c</b> Balance. Subtract line 1b from line 1a			<b>1c</b>
	<b>2</b> Cost of goods sold (attach Form 1125-A)			<b>2</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c			<b>3</b>
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			<b>4</b> 10,229,525
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040))			<b>5</b>
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			<b>6</b>
<b>7</b> Other income (loss) (attach statement)			<b>7</b> 400,420,252	
<b>8</b> <b>Total income (loss).</b> Combine lines 3 through 7			<b>8</b> 410,649,777	
<b>Deductions</b> <small>(see the instructions for limitations)</small>	<b>9</b> Salaries and wages (other than to partners) (less employment credits)			<b>9</b> 1,179,658
	<b>10</b> Guaranteed payments to partners			<b>10</b> 561,900
	<b>11</b> Repairs and maintenance			<b>11</b> 8,610
	<b>12</b> Bad debts			<b>12</b>
	<b>13</b> Rent			<b>13</b> 729,654
	<b>14</b> Taxes and licenses			<b>14</b> 871,972
	<b>15</b> Interest			<b>15</b>
	<b>16a</b> Depreciation (if required, attach Form 4562)	<b>16a</b>		
	<b>b</b> Less depreciation reported on Form 1125-A and elsewhere on return	<b>16b</b>		<b>16c</b> 62,765
	<b>17</b> Depletion ( <b>Do not deduct oil and gas depletion.</b> )			<b>17</b>
	<b>18</b> Retirement plans, etc.			<b>18</b> 345,678
	<b>19</b> Employee benefit programs			<b>19</b>
	<b>20</b> Other deductions (attach statement)			<b>20</b> 398,652
	<b>21</b> <b>Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 20.			<b>21</b> 4,158,889
<b>22</b> <b>Ordinary business income (loss).</b> Subtract line 21 from line 8			<b>22</b> 406,490,888	

**Sign Here**

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 manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager \_\_\_\_\_ Date \_\_\_\_\_

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

**Paid Preparer Use Only**

Print/Type preparer's name <b>John Smith</b>	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN <b>P0000010</b>
Firm's name ► <b>ELECTRIC TAX FILERS INC</b>	Firm's EIN ► <b>69-0000098</b>		Phone no. <b>555-631-1212</b>	
Firm's address ► <b>1065 EFILE DRIVE, ANYTOWN, NV 89501</b>				

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11390Z

Form **1065** (2012)

**Schedule B Other Information**

<b>1</b>	What type of entity is filing this return? Check the applicable box:	<b>Yes</b>	<b>No</b>
<b>a</b>	<input type="checkbox"/> Domestic general partnership		
<b>b</b>	<input checked="" type="checkbox"/> Domestic limited partnership		
<b>c</b>	<input type="checkbox"/> Domestic limited liability company		
<b>d</b>	<input type="checkbox"/> Domestic limited liability partnership		
<b>e</b>	<input type="checkbox"/> Foreign partnership		
<b>f</b>	<input type="checkbox"/> Other ▶		

<b>2</b>	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?	<input checked="" type="checkbox"/>	
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<b>3</b>	At the end of the tax year:		
<b>a</b>	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	<input checked="" type="checkbox"/>	

<b>b</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		<input checked="" type="checkbox"/>
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<b>4</b>	At the end of the tax year, did the partnership:		
<b>a</b>	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		<input checked="" type="checkbox"/>

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

<b>b</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	<input checked="" type="checkbox"/>	
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(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

<b>5</b>	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		<input checked="" type="checkbox"/>
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<b>6</b>	Does the partnership satisfy <b>all four</b> of the following conditions?		
<b>a</b>	The partnership's total receipts for the tax year were less than \$250,000.		
<b>b</b>	The partnership's total assets at the end of the tax year were less than \$1 million.		
<b>c</b>	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.		

<b>d</b>	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.		<input checked="" type="checkbox"/>
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<b>7</b>	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		<input checked="" type="checkbox"/>
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<b>8</b>	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?		<input checked="" type="checkbox"/>
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<b>9</b>	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		<input checked="" type="checkbox"/>
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<b>10</b>	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. ▶		<input checked="" type="checkbox"/>
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**Schedule B Other Information (continued)**

	Yes	No
<b>11</b> 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>12a</b> 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>b</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 . . . . .		✓
<b>c</b> 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.		✓
<b>13</b> 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) . . . . . <input type="checkbox"/>		
<b>14</b> 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>15</b> 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 ▶		
<b>16</b> 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. ▶		✓
<b>17</b> Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
<b>18a</b> 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? . . . . .		✓
<b>19</b> Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		
<b>20</b> Enter the number of partners that are foreign governments under section 892. ▶		

**Designation of Tax Matters Partner** (see instructions)

Enter below the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP	XYZ Management	Identifying number of TMP	69-3000001
If the TMP is an entity, name of TMP representative	Juan Mefilers	Phone number of TMP	555-555-5555
Address of designated TMP	7272 W Truman Ave Sacramento, CA 99502		

<b>Schedule K Partners' Distributive Share Items</b>		<b>Total amount</b>	
<b>Income (Loss)</b>	<b>1</b> Ordinary business income (loss) (page 1, line 22) . . . . .	<b>1</b>	406,490,888
	<b>2</b> Net rental real estate income (loss) (attach Form 8825) . . . . .	<b>2</b>	203,125
	<b>3a</b> Other gross rental income (loss) . . . . . <b>3a</b>		
	<b>b</b> Expenses from other rental activities (attach statement) . . . . . <b>3b</b>		
	<b>c</b> Other net rental income (loss). Subtract line 3b from line 3a . . . . .	<b>3c</b>	
	<b>4</b> Guaranteed payments . . . . .	<b>4</b>	561,900
	<b>5</b> Interest income . . . . .	<b>5</b>	36,525
	<b>6</b> Dividends: <b>a</b> Ordinary dividends . . . . .	<b>6a</b>	
	<b>b</b> Qualified dividends . . . . . <b>6b</b>		
	<b>7</b> Royalties . . . . .	<b>7</b>	
	<b>8</b> Net short-term capital gain (loss) (attach Schedule D (Form 1065)) . . . . .	<b>8</b>	
<b>9a</b> Net long-term capital gain (loss) (attach Schedule D (Form 1065)) . . . . .	<b>9a</b>		
<b>b</b> Collectibles (28%) gain (loss) . . . . . <b>9b</b>			
<b>c</b> Unrecaptured section 1250 gain (attach statement) . . . . . <b>9c</b>			
<b>10</b> Net section 1231 gain (loss) (attach Form 4797) . . . . .	<b>10</b>		
<b>11</b> Other income (loss) (see instructions) Type ▶	<b>11</b>		
<b>Deductions</b>	<b>12</b> Section 179 deduction (attach Form 4562) . . . . .	<b>12</b>	43,332
	<b>13a</b> Contributions . . . . .	<b>13a</b>	
	<b>b</b> Investment interest expense . . . . .	<b>13b</b>	
	<b>c</b> Section 59(e)(2) expenditures: <b>(1)</b> Type ▶ <b>(2)</b> Amount ▶	<b>13c(2)</b>	
<b>d</b> Other deductions (see instructions) Type ▶	<b>13d</b>		
<b>Self-Employment</b>	<b>14a</b> Net earnings (loss) from self-employment . . . . .	<b>14a</b>	41,210,989
	<b>b</b> Gross farming or fishing income . . . . .	<b>14b</b>	
	<b>c</b> Gross nonfarm income . . . . .	<b>14c</b>	41,210,989
<b>Credits</b>	<b>15a</b> Low-income housing credit (section 42(j)(5)) . . . . .	<b>15a</b>	
	<b>b</b> Low-income housing credit (other) . . . . .	<b>15b</b>	
	<b>c</b> Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) . . . . .	<b>15c</b>	
	<b>d</b> Other rental real estate credits (see instructions) Type ▶	<b>15d</b>	
	<b>e</b> Other rental credits (see instructions) Type ▶	<b>15e</b>	
	<b>f</b> Other credits (see instructions) Type ▶	<b>15f</b>	
<b>Foreign Transactions</b>	<b>16a</b> Name of country or U.S. possession ▶		
	<b>b</b> Gross income from all sources . . . . .	<b>16b</b>	10,229,530
	<b>c</b> Gross income sourced at partner level . . . . .	<b>16c</b>	
	Foreign gross income sourced at partnership level		
	<b>d</b> Passive category ▶ <b>e</b> General category ▶ <b>f</b> Other ▶	<b>16f</b>	
	Deductions allocated and apportioned at partner level		
	<b>g</b> Interest expense ▶ <b>h</b> Other ▶	<b>16h</b>	
	Deductions allocated and apportioned at partnership level to foreign source income		
	<b>i</b> Passive category ▶ <b>j</b> General category ▶ <b>k</b> Other ▶	<b>16k</b>	
	<b>l</b> Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/> . . . . .	<b>16l</b>	632,510
<b>m</b> Reduction in taxes available for credit (attach statement) . . . . .	<b>16m</b>		
<b>n</b> Other foreign tax information (attach statement) . . . . .			
<b>Alternative Minimum Tax (AMT) Items</b>	<b>17a</b> Post-1986 depreciation adjustment . . . . .	<b>17a</b>	
	<b>b</b> Adjusted gain or loss . . . . .	<b>17b</b>	
	<b>c</b> Depletion (other than oil and gas) . . . . .	<b>17c</b>	
	<b>d</b> Oil, gas, and geothermal properties—gross income . . . . .	<b>17d</b>	
	<b>e</b> Oil, gas, and geothermal properties—deductions . . . . .	<b>17e</b>	
	<b>f</b> Other AMT items (attach statement) . . . . .	<b>17f</b>	
<b>Other Information</b>	<b>18a</b> Tax-exempt interest income . . . . .	<b>18a</b>	
	<b>b</b> Other tax-exempt income . . . . .	<b>18b</b>	
	<b>c</b> Nondeductible expenses . . . . .	<b>18c</b>	1,111
	<b>19a</b> Distributions of cash and marketable securities . . . . .	<b>19a</b>	408,202,737
	<b>b</b> Distributions of other property . . . . .	<b>19b</b>	
	<b>20a</b> Investment income . . . . .	<b>20a</b>	36,525
<b>b</b> Investment expenses . . . . .	<b>20b</b>		
<b>c</b> Other items and amounts (attach statement) . . . . .			

**Analysis of Net Income (Loss)**

<b>1</b>	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					<b>1</b>	<b>406,413,471</b>
<b>2</b>	Analysis by partner type:						
	<b>(i) Corporate</b>	<b>(ii) Individual (active)</b>	<b>(iii) Individual (passive)</b>	<b>(iv) Partnership</b>	<b>(v) Exempt organization</b>	<b>(vi) Nominee/Other</b>	
<b>a</b>	General partners			<b>41,147,057</b>			
<b>b</b>	Limited partners		<b>4,058,516</b>	<b>361,207,898</b>			

<b>Schedule L Balance Sheets per Books</b>		Beginning of tax year		End of tax year	
		<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
<b>Assets</b>					
<b>1</b>	Cash		<b>5,232,390</b>		<b>6,027,450</b>
<b>2a</b>	Trade notes and accounts receivable				
<b>b</b>	Less allowance for bad debts				
<b>3</b>	Inventories				
<b>4</b>	U.S. government obligations				
<b>5</b>	Tax-exempt securities				
<b>6</b>	Other current assets (attach statement)				
<b>7a</b>	Loans to partners (or persons related to partners)				
<b>b</b>	Mortgage and real estate loans				
<b>8</b>	Other investments (attach statement)				
<b>9a</b>	Buildings and other depreciable assets	<b>1,621,740</b>		<b>1,682,950</b>	
<b>b</b>	Less accumulated depreciation	<b>1,372,379</b>	<b>249,361</b>	<b>1,435,144</b>	<b>247,806</b>
<b>10a</b>	Depletable assets				
<b>b</b>	Less accumulated depletion				
<b>11</b>	Land (net of any amortization)				
<b>12a</b>	Intangible assets (amortizable only)				
<b>b</b>	Less accumulated amortization				
<b>13</b>	Other assets (attach statement)				
<b>14</b>	<b>Total assets</b>		<b>5,481,751</b>		<b>6,275,256</b>
<b>Liabilities and Capital</b>					
<b>15</b>	Accounts payable		<b>1,567,523</b>		<b>3,049,605</b>
<b>16</b>	Mortgages, notes, bonds payable in less than 1 year				
<b>17</b>	Other current liabilities (attach statement)				
<b>18</b>	All nonrecourse loans				<b>540,000</b>
<b>19a</b>	Loans from partners (or persons related to partners)				
<b>b</b>	Mortgages, notes, bonds payable in 1 year or more				
<b>20</b>	Other liabilities (attach statement)				
<b>21</b>	Partners' capital accounts		<b>3,914,128</b>		<b>2,685,651</b>
<b>22</b>	<b>Total liabilities and capital</b>		<b>61,367,069</b>		<b>6,275,256</b>

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**  
**Note.** Schedule M-3 may be required instead of Schedule M-1 (see instructions).

<b>1</b>	Net income (loss) per books		<b>6</b>	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
<b>2</b>	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		<b>a</b>	Tax-exempt interest \$	
<b>3</b>	Guaranteed payments (other than health insurance)		<b>7</b>	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
<b>4</b>	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		<b>a</b>	Depreciation \$	
<b>a</b>	Depreciation \$		<b>8</b>	Add lines 6 and 7	
<b>b</b>	Travel and entertainment \$		<b>9</b>	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	
<b>5</b>	Add lines 1 through 4				

**Schedule M-2 Analysis of Partners' Capital Accounts**

<b>1</b>	Balance at beginning of year	<b>3,914,128</b>	<b>6</b>	Distributions: <b>a</b> Cash	<b>408,202,737</b>
<b>2</b>	Capital contributed: <b>a</b> Cash		<b>b</b> Property		
	<b>b</b> Property		<b>7</b>	Other decreases (itemize):	
<b>3</b>	Net income (loss) per books	<b>406,974,260</b>	<b>8</b>	Add lines 6 and 7	<b>408,202,737</b>
<b>4</b>	Other increases (itemize):		<b>9</b>	Balance at end of year. Subtract line 8 from line 5	<b>2,685,651</b>
<b>5</b>	Add lines 1 through 4	<b>410,888,388</b>			



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

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return <b>Carlton Asset Management, LP</b>	Business or activity to which this form relates <b>Carlton Asset Management, LP</b>	Identifying number <b>69-0000003</b>
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**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 Maximum amount (see instructions) . . . . .	<b>1</b>	250,000
2 Total cost of section 179 property placed in service (see instructions) . . . . .	<b>2</b>	43,332
3 Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .	<b>3</b>	800,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	<b>4</b>	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions . . . . .	<b>5</b>	250,000
<b>6</b> (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 . . . . .	<b>7</b>	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	<b>8</b>	43,332
9 Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8 . . . . .	<b>9</b>	43,332
10 Carryover of disallowed deduction from line 13 of your 2011 Form 4562 . . . . .	<b>10</b>	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	<b>11</b>	250,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 . . . . .	<b>12</b>	43,332
13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 ▶	<b>13</b>	

**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 during the tax year (see instructions) . . . . .	<b>14</b>	
15 Property subject to section 168(f)(1) election . . . . .	<b>15</b>	
16 Other depreciation (including ACRS) . . . . .	<b>16</b>	43,766

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2012 . . . . .	<b>17</b>	18,999
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here . . . . . <input type="checkbox"/>		

**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
<b>19a</b> 3-year property						
<b>b</b> 5-year property						
<b>c</b> 7-year property						
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs.		S/L	
<b>h</b> Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
<b>i</b> Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

**Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

<b>20a</b> Class life					S/L	
<b>b</b> 12-year			12 yrs.		S/L	
<b>c</b> 40-year			40 yrs.	MM	S/L	

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

21 Listed property. Enter amount from line 28 . . . . .	<b>21</b>	
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 . . . . .	<b>22</b>	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 . . . . .	<b>23</b>	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.**

**Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

**24a** Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If "Yes," is the evidence written?  Yes  No

(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) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .						<b>25</b>		
<b>26</b> Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						<b>28</b>		
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							<b>29</b>	

**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.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year ( <b>do not</b> include commuting miles) .												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven . . . . .												
<b>33</b> Total miles driven during the year. Add lines 30 through 32 . . . . .												
<b>34</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>36</b> 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).

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
<b>39</b> Do you treat all use of vehicles by employees as personal use? . . . . .		
<b>40</b> 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? . . . . .		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2012 tax year (see instructions):					
<b>43</b> Amortization of costs that began before your 2012 tax year . . . . .				<b>43</b>	
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .					<b>44</b>

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

**2012**

Department of the Treasury  
Internal Revenue Service

▶ **Information about Form 8865 and its separate instructions at [www.irs.gov/form8865](http://www.irs.gov/form8865).**

Information furnished for the foreign partnership's tax year beginning \_\_\_\_\_, 2012 and ending \_\_\_\_\_, 20\_\_\_\_\_

Attachment  
Sequence No. **118**

Name of person filing this return: **Carlton Asset Management, LP** Filer's identifying number: **69-0000003**

Filer's address (if you are not filing this form with your tax return): **1678 S. Hoover Blvd. San Francisco, CA 94101**  
A Category of filer (see **Categories of Filers** in the instructions and check applicable box(es)): 1  2  3  4   
B Filer's tax year beginning \_\_\_\_\_, 20\_\_\_\_\_, and ending \_\_\_\_\_, 20\_\_\_\_\_

C Filer's share of liabilities: Nonrecourse \$ \_\_\_\_\_ Qualified nonrecourse financing \$ **4,800,000** Other \$ \_\_\_\_\_

D If filer is a member of a consolidated group but not the parent, enter the following information about the parent:  
Name \_\_\_\_\_ EIN \_\_\_\_\_  
Address \_\_\_\_\_

E Information about certain other partners (see instructions)

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Category 1	Category 2	Constructive owner

F1 Name and address of foreign partnership: **Mai Tai Investment 1-2-3 Ginsu, Chuo-ku Tokyo, 190-2182**  
2(a) EIN (if any): **69-0000099**  
2(b) Reference ID number (see instr.): \_\_\_\_\_  
3 Country under whose laws organized: \_\_\_\_\_

4 Date of organization: **09/13/1992** 5 Principal place of business: **Japan** 6 Principal business activity code number: **523110** 7 Principal business activity: **Security Dealing** 8a Functional currency: **Yen** 8b Exchange rate (see instr.): **.8739**

G Provide the following information for the foreign partnership's tax year:  
1 Name, address, and identifying number of agent (if any) in the United States: \_\_\_\_\_  
2 Check if the foreign partnership must file:  Form 1042  Form 8804  Form 1065 or 1065-B Service Center where Form 1065 or 1065-B is filed: **E-File**  
3 Name and address of foreign partnership's agent in country of organization, if any: \_\_\_\_\_  
4 Name and address of person(s) with custody of the books and records of the foreign partnership, and the location of such books and records, if different: \_\_\_\_\_

- 5 Were any special allocations made by the foreign partnership?  Yes  No
- 6 Enter the number of Forms 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, attached to this return (see instructions) \_\_\_\_\_
- 7 How is this partnership classified under the law of the country in which it is organized? \_\_\_\_\_
- 8 Did the partnership own any separate units within the meaning of Regulations section 1.1503-2(c)(3), (4), or 1.1503(d)-1(b)(4)?  Yes  No
- 9 Does this partnership meet **both** of the following requirements?
  - The partnership's total receipts for the tax year were less than \$250,000 and
  - 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.  Yes  No

Sign Here Only if You Are Filing This Form Separately and Not With Your Tax Return. Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member: \_\_\_\_\_ Date: \_\_\_\_\_  
Print/Type preparer's name: \_\_\_\_\_ Preparer's signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Firm's name: **Electronic Tax Filers Inc.** Check  if self-employed PTIN: **P0000010**  
Firm's address: **123 Any Street, Anytown, NY 11717** Firm's EIN: **69-0000098**  
Phone no.: **555-631-1212**

**Schedule A Constructive Ownership of Partnership Interest.** Check the boxes that apply to the filer. If you check box **b**, enter the name, address, and U.S. taxpayer identifying number (if any) of the person(s) whose interest you constructively own. See instructions.

**a**  Owns a direct interest **b**  Owns a constructive interest

Name	Address	Identifying number (if any)	Check if foreign person	Check if direct partner
Carlton Asset Management, LP	1678 Hoover Blvd San Francisco, CA 94101	69-0000003		<input checked="" type="checkbox"/>

**Schedule A-1 Certain Partners of Foreign Partnership** (see instructions)

Name	Address	Identifying number (if any)	Check if foreign person

Does the partnership have any other foreign person as a direct partner?  Yes  No

**Schedule A-2 Affiliation Schedule.** List all partnerships (foreign or domestic) in which the foreign partnership owns a direct interest or indirectly owns a 10% interest.

Name	Address	EIN (if any)	Total ordinary income or loss	Check if foreign partnership

**Schedule B Income Statement—Trade or Business Income**

**Caution.** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>Income</b>	<b>1 a</b> Gross receipts or sales	<b>1 a</b>	50,000,000		
	<b>b</b> Less returns and allowances	<b>1 b</b>		<b>1 c</b>	
	<b>2</b> Cost of goods sold			<b>2</b>	5,000,000
	<b>3</b> Gross profit. Subtract line 2 from line 1c			<b>3</b>	45,000,000
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			<b>4</b>	
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040))			<b>5</b>	
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			<b>6</b>	
	<b>7</b> Other income (loss) (attach statement)			<b>7</b>	
<b>8 Total income (loss).</b> Combine lines 3 through 7			<b>8</b>	45,000,000	
<b>Deductions</b> (see instructions for limitations)	<b>9</b> Salaries and wages (other than to partners) (less employment credits)			<b>9</b>	2,000,000
	<b>10</b> Guaranteed payments to partners			<b>10</b>	
	<b>11</b> Repairs and maintenance			<b>11</b>	
	<b>12</b> Bad debts			<b>12</b>	
	<b>13</b> Rent			<b>13</b>	2,081,900
	<b>14</b> Taxes and licenses			<b>14</b>	
	<b>15</b> Interest			<b>15</b>	
	<b>16 a</b> Depreciation (if required, attach Form 4562)	<b>16 a</b>			
	<b>b</b> Less depreciation reported elsewhere on return	<b>16 b</b>		<b>16 c</b>	
	<b>17</b> Depletion ( <b>Do not</b> deduct oil and gas depletion.)			<b>17</b>	
	<b>18</b> Retirement plans, etc.			<b>18</b>	
	<b>19</b> Employee benefit programs			<b>19</b>	
	<b>20</b> Other deductions (attach statement)			<b>20</b>	
	<b>21 Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 20			<b>21</b>	4,081,900
<b>22 Ordinary business income (loss)</b> from trade or business activities. Subtract line 21 from line 8			<b>22</b>	4,918,100	

<b>Schedule K</b>		<b>Partners' Distributive Share Items</b>		<b>Total amount</b>	
<b>Income (Loss)</b>	<b>1</b>	Ordinary business income (loss) (page 2, line 22)		<b>1</b>	40,918,100
	<b>2</b>	Net rental real estate income (loss) (attach Form 8825)		<b>2</b>	
	<b>3a</b>	Other gross rental income (loss)	<b>3a</b>		
	<b>b</b>	Expenses from other rental activities (attach statement)	<b>3b</b>		
	<b>c</b>	Other net rental income (loss). Subtract line 3b from line 3a		<b>3c</b>	
	<b>4</b>	Guaranteed payments		<b>4</b>	
	<b>5</b>	Interest income		<b>5</b>	
	<b>6</b>	Dividends: <b>a</b> Ordinary dividends		<b>6a</b>	
		<b>b</b> Qualified dividends	<b>6b</b>		
	<b>7</b>	Royalties		<b>7</b>	
	<b>8</b>	Net short-term capital gain (loss) (attach Schedule D (Form 1065))		<b>8</b>	
<b>9a</b>	Net long-term capital gain (loss) (attach Schedule D (Form 1065))		<b>9a</b>		
	<b>b</b> Collectibles (28%) gain (loss)	<b>9b</b>			
	<b>c</b> Unrecaptured section 1250 gain (attach statement)	<b>9c</b>			
<b>10</b>	Net section 1231 gain (loss) (attach Form 4797)		<b>10</b>		
<b>11</b>	Other income (loss) (see instructions) Type ▶		<b>11</b>		
<b>Deductions</b>	<b>12</b>	Section 179 deduction (attach Form 4562)		<b>12</b>	
	<b>13a</b>	Contributions		<b>13a</b>	
	<b>b</b>	Investment interest expense		<b>13b</b>	
	<b>c</b>	Section 59(e)(2) expenditures: <b>(1)</b> Type ▶ <b>(2)</b> Amount ▶		<b>13c(2)</b>	
	<b>d</b> Other deductions (see instructions) Type ▶		<b>13d</b>		
<b>Self-Employment</b>	<b>14a</b>	Net earnings (loss) from self-employment		<b>14a</b>	
	<b>b</b>	Gross farming or fishing income		<b>14b</b>	
	<b>c</b>	Gross nonfarm income		<b>14c</b>	
<b>Credits</b>	<b>15a</b>	Low-income housing credit (section 42(j)(5))		<b>15a</b>	
	<b>b</b>	Low-income housing credit (other)		<b>15b</b>	
	<b>c</b>	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)		<b>15c</b>	
	<b>d</b>	Other rental real estate credits (see instructions) Type ▶		<b>15d</b>	
	<b>e</b>	Other rental credits (see instructions) Type ▶		<b>15e</b>	
	<b>f</b>	Other credits (see instructions) Type ▶		<b>15f</b>	
<b>Foreign Transactions</b>	<b>16a</b>	Name of country or U.S. possession ▶			
	<b>b</b>	Gross income from all sources		<b>16b</b>	40,918,100
	<b>c</b>	Gross income sourced at partner level		<b>16c</b>	
		Foreign gross income sourced at partnership level			
	<b>d</b>	Passive category ▶ <b>e</b> General category ▶ <b>f</b> Other (attach statement) ▶		<b>16f</b>	
		Deductions allocated and apportioned at partner level			
	<b>g</b>	Interest expense ▶ <b>h</b> Other ▶		<b>16h</b>	
		Deductions allocated and apportioned at partnership level to foreign source income			
	<b>i</b>	Passive category ▶ <b>j</b> General category ▶ <b>k</b> Other (attach statement) ▶		<b>16k</b>	
	<b>l</b>	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued		<b>16l</b>	2,530,040
<b>m</b>	Reduction in taxes available for credit (attach statement)		<b>16m</b>		
<b>n</b>	Other foreign tax information (attach statement)				
<b>Alternative Minimum Tax (AMT) items</b>	<b>17a</b>	Post-1986 depreciation adjustment		<b>17a</b>	
	<b>b</b>	Adjusted gain or loss		<b>17b</b>	
	<b>c</b>	Depletion (other than oil and gas)		<b>17c</b>	
	<b>d</b>	Oil, gas, and geothermal properties—gross income		<b>17d</b>	
	<b>e</b>	Oil, gas, and geothermal properties—deductions		<b>17e</b>	
	<b>f</b>	Other AMT items (attach statement)		<b>17f</b>	
<b>Other Information</b>	<b>18a</b>	Tax-exempt interest income		<b>18a</b>	
	<b>b</b>	Other tax-exempt income		<b>18b</b>	
	<b>c</b>	Nondeductible expenses		<b>18c</b>	
	<b>19a</b>	Distributions of cash and marketable securities		<b>19a</b>	
	<b>b</b>	Distributions of other property		<b>19b</b>	
	<b>20a</b>	Investment income		<b>20a</b>	
	<b>b</b>	Investment expenses		<b>20b</b>	
<b>c</b>	Other items and amounts (attach statement)				

**Schedule L Balance Sheets per Books.** (Not required if Item G9, page 1, is answered "Yes.")

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
<b>1</b> Cash . . . . .		1,750		2,250
<b>2a</b> Trade notes and accounts receivable . . .	27,000,000			
<b>b</b> Less allowance for bad debts . . . . .		27,000,000		14,000,000
<b>3</b> Inventories . . . . .				
<b>4</b> U.S. government obligations . . . . .				
<b>5</b> Tax-exempt securities . . . . .				
<b>6</b> Other current assets (attach statement) . .				
<b>7a</b> Loans to partners (or persons related to partners) . . . . .				
<b>b</b> Mortgage and real estate loans . . . . .				
<b>8</b> Other investments (attach statement) . . .				
<b>9a</b> Buildings and other depreciable assets . .	115,000,000			
<b>b</b> Less accumulated depreciation . . . . .	11,000,000	104,000,000		183,918,100
<b>10a</b> Depletable assets . . . . .				
<b>b</b> Less accumulated depletion . . . . .				
<b>11</b> Land (net of any amortization) . . . . .				
<b>12a</b> Intangible assets (amortizable only) . . .				
<b>b</b> Less accumulated amortization . . . . .				
<b>13</b> Other assets (attach statement) . . . . .				
<b>14 Total assets</b> . . . . .		131,001,750		197,920,350
<b>Liabilities and Capital</b>				
<b>15</b> Accounts payable . . . . .		1,000,000		1,500,000
<b>16</b> Mortgages, notes, bonds payable in less than 1 year				
<b>17</b> Other current liabilities (attach statement) .				
<b>18</b> All nonrecourse loans . . . . .				
<b>19a</b> Loans from partners (or persons related to partners)				
<b>b</b> Mortgages, notes, bonds payable in 1 year or more				
<b>20</b> Other liabilities (attach statement) . . . . .				
<b>21</b> Partners' capital accounts . . . . .		130,001,750		196,420,350
<b>22 Total liabilities and capital</b> . . . . .		131,001,750		197,920,350

**Schedule M Balance Sheets for Interest Allocation**

	(a) Beginning of tax year	(b) End of tax year
<b>1</b> Total U.S. assets . . . . .		
<b>2</b> Total foreign assets:		
<b>a</b> Passive category . . . . .		
<b>b</b> General category . . . . .		
<b>c</b> Other (attach statement) . . . . .		

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return.** (Not required if Item G9, page 1, is answered "Yes.")

<b>1</b> Net income (loss) per books . . . . .	40,968,100	<b>6</b> Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
<b>2</b> Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11 not recorded on books this year (itemize):		<b>a</b> Tax-exempt interest \$	
<b>3</b> Guaranteed payments (other than health insurance) . . . . .		<b>7</b> Deductions included on Schedule K, lines 1 through 13d, and 16l not charged against book income this year (itemize):	
<b>4</b> Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		<b>a</b> Depreciation \$	
<b>a</b> Depreciation \$			50,000,000
<b>b</b> Travel and entertainment \$		<b>8</b> Add lines 6 and 7 . . . . .	
<b>5</b> Add lines 1 through 4 . . . . .		<b>9</b> Income (loss). Subtract line 8 from line 5 . . . . .	40,918,100

**Schedule M-2 Analysis of Partners' Capital Accounts.** (Not required if Item G9, page 1, is answered "Yes.")

<b>1</b> Balance at beginning of year . . . . .	130,001,750	<b>6</b> Distributions: <b>a</b> Cash . . . . .	
<b>2</b> Capital contributed:		<b>b</b> Property . . . . .	
<b>a</b> Cash . . . . .	9,450,500	<b>7</b> Other decreases (itemize):	
<b>b</b> Property . . . . .	16,000,000		
<b>3</b> Net income (loss) per books . . . . .	3,968,100	<b>8</b> Add lines 6 and 7 . . . . .	
<b>4</b> Other increases (itemize):		<b>9</b> Balance at end of year. Subtract line 8 from line 5 . . . . .	196,420,350
<b>5</b> Add lines 1 through 4 . . . . .	196,420,350		

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



**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**

OMB No. 1545-0099

▶ Attach to Form 1065. See instructions on back.

Name of partnership

Employer identification number (EIN)

**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

## 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)**

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

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

OMB No. 1545-0099

▶ **Attach to Form 1065. See separate instructions.**

Name of partnership

**Carlton Asset Management, LP**

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? . . . . .		✓
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)? . . . . .		✓
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)**

Department of the Treasury  
Internal Revenue Service

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

▶ Attach to Form 1065 or Form 1065-B.

OMB No. 1545-0099

**2012**

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

Name of partnership

**Carlton Asset Management, LP**

Employer identification number

**69-0000003**

**This Schedule M-3 is being filed because (check all that apply):**

- A**  The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
- B**  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

**E**  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?
  - Yes.** 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.
- 2** Enter the income statement period: Beginning 01 / 01 / 2012 Ending 12 / 31 / 2012
- 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.)
  - No.**

<b>4a</b> Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	<b>4a</b>	<b>406,974,260</b>
<b>b</b> Indicate accounting standard used for line 4a (see instructions):		
<b>1</b> <input checked="" type="checkbox"/> GAAP <b>2</b> <input type="checkbox"/> IFRS <b>3</b> <input type="checkbox"/> 704(b)		
<b>4</b> <input type="checkbox"/> Tax-basis <b>5</b> <input type="checkbox"/> Other: (Specify) ▶ _____		
<b>5a</b> Net income from nonincludible foreign entities (attach statement) . . . . .	<b>5a</b>	( )
<b>b</b> Net loss from nonincludible foreign entities (attach statement and enter as a positive amount) . . . . .	<b>5b</b>	
<b>6a</b> Net income from nonincludible U.S. entities (attach statement) . . . . .	<b>6a</b>	( )
<b>b</b> Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount) . . . . .	<b>6b</b>	
<b>7a</b> Net income (loss) of other foreign disregarded entities (attach statement) . . . . .	<b>7a</b>	
<b>b</b> Net income (loss) of other U.S. disregarded entities (attach statement) . . . . .	<b>7b</b>	
<b>8</b> Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement) . . . . .	<b>8</b>	
<b>9</b> Adjustment to reconcile income statement period to tax year (attach statement) . . . . .	<b>9</b>	
<b>10</b> Other adjustments to reconcile to amount on line 11 (attach statement) . . . . .	<b>10</b>	
<b>11</b> <b>Net income (loss) per income statement of the partnership.</b> Combine lines 4a through 10 . . . . .	<b>11</b>	<b>406,974,260</b>

**Note.** Part I, line 11, must equal the amount on Part II, line 26, column (a).

**12** 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:

	Total Assets	Total Liabilities
<b>a</b> Included on Part I, line 4	<b>6,275,256</b>	<b>3,589,605</b>
<b>b</b> Removed on Part I, line 5		
<b>c</b> Removed on Part I, line 6		
<b>d</b> Included on Part I, line 7	<b>6,275,256</b>	<b>3,589,605</b>

Name of partnership <b>Carlton Asset Management, LP</b>	Employer identification number <b>69-0000003</b>
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**Part II Reconciliation of Net Income (Loss) per Income Statement of Partnership with Income (Loss) per Return**

Income (Loss) Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
(Attach statements for lines 1 through 9)				
<b>1</b> Income (loss) from equity method foreign corporations				
<b>2</b> Gross foreign dividends not previously taxed . . . . .				
<b>3</b> Subpart F, QEF, and similar income inclusions . . . . .				
<b>4</b> Gross foreign distributions previously taxed . . . . .				
<b>5</b> Income (loss) from equity method U.S. corporations				
<b>6</b> U.S. dividends . . . . .				
<b>7</b> Income (loss) from U.S. partnerships . . . . .				
<b>8</b> Income (loss) from foreign partnerships . . . . .	10,229,525			10,229,525
<b>9</b> Income (loss) from other pass-through entities . . . . .				
<b>10</b> Items relating to reportable transactions (attach statement)				
<b>11</b> Interest income (attach Form 8916-A) . . . . .				
<b>12</b> Total accrual to cash adjustment . . . . .				
<b>13</b> Hedging transactions . . . . .				
<b>14</b> Mark-to-market income (loss) . . . . .				
<b>15</b> Cost of goods sold (attach Form 8916-A) . . . . .	( )			( )
<b>16</b> Sale versus lease (for sellers and/or lessors) . . . . .				
<b>17</b> Section 481(a) adjustments . . . . .				
<b>18</b> Unearned/deferred revenue . . . . .				
<b>19</b> Income recognition from long-term contracts . . . . .				
<b>20</b> Original issue discount and other imputed interest . . . . .				
<b>21a</b> Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities . . . . .				
<b>b</b> Gross capital gains from Schedule D, excluding amounts from pass-through entities . . . . .				
<b>c</b> Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .				
<b>d</b> Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .				
<b>e</b> Abandonment losses . . . . .				
<b>f</b> Worthless stock losses (attach statement) . . . . .				
<b>g</b> Other gain/loss on disposition of assets other than inventory . . . . .				
<b>22</b> Other income (loss) items with differences (attach statement)				
<b>23 Total income (loss) items.</b> Combine lines 1 through 22 . . . . .	10,229,525			10,229,525
<b>24 Total expense/deduction items.</b> (from Part III, line 31) (see instructions) . . . . .	(2,222)		(560,789)	(563,011)
<b>25</b> Other items with no differences . . . . .	396,746,957			396,746,957
<b>26 Reconciliation totals.</b> 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
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 . . . . .				
8 Judgments, damages, awards, and similar costs . . . . .				
9 Guaranteed payments . . . . .			561,900	561,900
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 . . . . .				
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 <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 . . . . .	2,222		560,789	563,011

**SCHEDULE O**  
**(Form 8865)**

Department of the Treasury  
Internal Revenue Service

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

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

OMB No. 1545-1668

**2012**

Name of transferor <b>Carlton Asset Management, LP</b>		Filer's identifying number <b>69-0000003</b>
Name of foreign partnership <b>Mai Tai Investments</b>	EIN (if any)	Reference ID number (see instructions)

**Part I Transfers Reportable Under Section 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 Information Required To Be Reported (see instructions):

**Part II Dispositions Reportable Under Section 6038B**

(a) Type of property	(b) Date of original transfer	(c) Date of disposition	(d) Manner of disposition	(e) Gain recognized by partnership	(f) Depreciation recapture recognized by partnership	(g) Gain allocated to partner	(h) Depreciation recapture allocated to partner

**Part III** Is any transfer reported on this schedule subject to gain recognition under section 904(f)(3) or section 904(f)(5)(F)?  Yes  No

Schedule K-1 (Form 1065)

2012

Department of the Treasury Internal Revenue Service

For calendar year 2012, or tax year beginning \_\_\_\_\_, 2012 ending \_\_\_\_\_, 20\_\_\_\_\_

Partner's Share of Income, Deductions, Credits, etc. See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number 69-000003
B Partnership's name, address, city, state, and ZIP code Carlton Asset Management, LP 1678 S Hoover Blvd San Francisco, CA 94101
C IRS Center where partnership filed return Ogden
D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number 69-3000002
F Partner's name, address, city, state, and ZIP code ABC Investments 93 Oaks Drive Los Angeles, CA 90052
G General partner or LLC member-manager Limited partner or other LLC member
H Domestic partner Foreign partner
I1 What type of entity is this partner? Partnership
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
J Partner's share of profit, loss, and capital (see instructions): Beginning Ending
Profit 5 % 5 %
Loss 5 % 5 %
Capital 5 % 5 %
K Partner's share of liabilities at year end: Nonrecourse \$ 2,700
Qualified nonrecourse financing \$
Recourse \$

L Partner's capital account analysis: Beginning capital account \$ 19,571
Capital contributed during the year \$
Current year increase (decrease) \$ 2,034,872
Withdrawals & distributions \$ (2,041,014)
Ending capital account \$ 13,429
Tax basis GAAP Section 704(b) book
Other (explain)
M Did the partner contribute property with a built-in gain or loss? Yes No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Table with 4 columns: Line number, Description, Amount, and Other information. Includes rows for Ordinary business income (loss), Net rental real estate income (loss), Other net rental income (loss), Guaranteed payments, Interest income, Ordinary dividends, Qualified dividends, Royalties, Net short-term capital gain (loss), Net long-term capital gain (loss), Collectibles (28%) gain (loss), Unrecaptured section 1250 gain, Net section 1231 gain (loss), Other income (loss), Section 179 deduction, Other deductions, Self-employment earnings (loss), and Distributions.

\*See attached statement for additional information. For IRS Use Only



Schedule K-1 (Form 1065)

2012

Department of the Treasury Internal Revenue Service

For calendar year 2012, or tax year beginning \_\_\_\_\_, 2012 ending \_\_\_\_\_, 20\_\_\_\_\_

Partner's Share of Income, Deductions, Credits, etc. See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number 69-000003
B Partnership's name, address, city, state, and ZIP code Carlton Asset Management, LP 1678 S Hoover Blvd San Francisco, CA 94101
C IRS Center where partnership filed return Ogden
D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number 990-00-0001
F Partner's name, address, city, state, and ZIP code Taxpayer B1 888 NW Peach Street San Francisco, CA 94101
G General partner or LLC member-manager Limited partner or other LLC member
H Domestic partner Foreign partner
I1 What type of entity is this partner? Individual
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
J Partner's share of profit, loss, and capital (see instructions):
Beginning Ending
Profit 1 % 1 %
Loss 1 % 1 %
Capital 1 % 1 %
K Partner's share of liabilities at year end:
Nonrecourse \$ 5,400
Qualified nonrecourse financing \$
Recourse \$

L Partner's capital account analysis:
Beginning capital account \$ 39,141
Capital contributed during the year \$
Current year increase (decrease) \$ 4,069,743
Withdrawals & distributions \$ (4,082,027)
Ending capital account \$ 26,857
Tax basis GAAP Section 704(b) book
Other (explain)
M Did the partner contribute property with a built-in gain or loss?
Yes No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Table with 4 columns: Line number, Description, Amount, and Code. Rows include Ordinary business income (loss) 4,064,909, Net rental real estate income (loss), Other net rental income (loss), Guaranteed payments, Interest income 365, Ordinary dividends, Qualified dividends, Royalties, Net short-term capital gain (loss), Net long-term capital gain (loss), Collectibles (28%) gain (loss), Unrecaptured section 1250 gain, Net section 1231 gain (loss), Other income (loss), Section 179 deduction 433, Other deductions, Self-employment earnings (loss), and Distributions.

\*See attached statement for additional information.
For IRS Use Only

Schedule K-1 (Form 1065)

2012

Department of the Treasury Internal Revenue Service

For calendar year 2012, or tax year beginning \_\_\_\_\_, 2012 ending \_\_\_\_\_, 20\_\_\_\_\_

Partner's Share of Income, Deductions, Credits, etc. See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number 69-000003
B Partnership's name, address, city, state, and ZIP code Carlton Asset Management, LP 1678 S Hoover Blvd San Francisco, CA 94101
C IRS Center where partnership filed return Ogden
D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number 69-3000001
F Partner's name, address, city, state, and ZIP code XYZ Management 7272 W Truman Ave Sacramento, CA 95813
G General partner or LLC member-manager Limited partner or other LLC member
H Domestic partner Foreign partner
I1 What type of entity is this partner? Partnership
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
J Partner's share of profit, loss, and capital (see instructions):
Beginning Ending
Profit 5 % 5 %
Loss 5 % 5 %
Capital 5 % 5 %
K Partner's share of liabilities at year end:
Nonrecourse \$ 2,700
Qualified nonrecourse financing \$
Recourse \$

L Partner's capital account analysis:
Beginning capital account \$ 19,571
Capital contributed during the year \$
Current year increase (decrease) \$ 2,034,872
Withdrawals & distributions \$ (2,041,014)
Ending capital account \$ 13,429
Tax basis GAAP Section 704(b) book
Other (explain)
M Did the partner contribute property with a built-in gain or loss?
Yes No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Table with 4 columns: Line number, Description, Amount, and Code. Rows include: 1 Ordinary business income (loss) 2,032,455 15 Credits; 2 Net rental real estate income (loss); 3 Other net rental income (loss) 16 Foreign transactions; 4 Guaranteed payments 561,900 A Japan; 5 Interest income 183 B 51,148; 6a Ordinary dividends D 51,148; 6b Qualified dividends L 3,163; 7 Royalties; 8 Net short-term capital gain (loss); 9a Net long-term capital gain (loss) 17 Alternative minimum tax (AMT) items; 9b Collectibles (28%) gain (loss); 9c Unrecaptured section 1250 gain; 10 Net section 1231 gain (loss) 18 Tax-exempt income and nondeductible expenses; 11 Other income (loss) C 6; 12 Section 179 deduction 217 19 Distributions; 13 Other deductions A 2,041,014; 20 Other information A 183; 14 Self-employment earnings (loss)

\*See attached statement for additional information.
For IRS Use Only